

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

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Consolidated financial statements for the period
between January 1 – December 31, 2015
together with independent auditors' report**

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Independent auditors' report on the consolidated financial statements

To the Board of Directors of Logo Yazılım Sanayi ve Ticaret A.Ş;

We have audited the accompanying consolidated balance sheet of Logo Yazılım Sanayi ve Ticaret A.Ş. (the Company) and its Subsidiaries (together will be referred to as the "Group") as at December 31, 2015 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

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

Independent auditors' responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Logo Yazılım Sanayi ve Ticaret A.Ş. and its Subsidiaries as at December 31, 2015 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on other responsibilities arising from regulatory requirements

- 1) Auditors' report on Risk Management System and 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 February 11, 2016.
- 2) In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2015 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ferzan Ülgen, SMMM
Partner

February 11, 2016
İstanbul, Türkiye

(Convenience translation of a report and financial statements originally issued in Turkish)

Table of contents	Page
Independent auditors' report on consolidated financial statements.....	1 - 2
Consolidated statement of financial position	3-4
Consolidated statement of profit or loss	5
Consolidated statement of other comprehensive income	6
Consolidated statement of changes in shareholders' equity.....	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9 - 59

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statement of financial position

as at December 31, 2015

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

		Audited Current period December 31, 2015	Audited Prior period December 31, 2014
	Notes		
Assets			
Current assets		124.544.398	104.903.678
Cash and cash equivalents	4	51.529.036	48.639.563
Financial assets	5	-	67.980
Trade receivables		71.945.027	53.651.215
- Due from related parties	25	8.032	5.362
- Due from third parties	7	71.936.995	53.645.853
Other receivables		10.164	10.050
- Due from third parties	8	10.164	10.050
Inventories	9	310.553	516.649
Prepaid expenses	15	449.905	1.614.227
Other current assets	15	299.713	403.994
Non-current assets		77.801.400	61.238.916
Other receivables		1.114.561	951.364
- Due from third parties	8	1.114.561	951.364
Financial assets	5	130.653	130.653
Property and equipment	10	15.488.784	15.073.538
Intangible assets		58.759.039	43.621.108
- Goodwill	12	7.478.652	5.892.252
- Other intangible assets	11	51.280.387	37.728.856
Prepaid expenses		35.727	138.743
Deferred tax assets	23	2.272.636	1.323.510
Total assets		202.345.798	166.142.594

These consolidated financial statements have been approved by Board of Directors on February 11, 2016 and signed on its behalf by Buğra Koyuncu, Chief Executive Officer and Gülnur Anlaş, Chief Financial Officer.

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

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statement of financial position

as at December 31, 2015

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

		Audited Current period December 31, 2015	Audited Prior period December 31, 2014
	Notes		
Liabilities			
Current liabilities			
		83.490.361	58.630.831
Short-term financial liabilities	6	993.182	780.239
Short-term portion of long-term financial liabilities	6	1.092.524	6.350.232
Trade payables		10.027.920	6.167.018
- Due to third parties	7	10.027.920	6.167.018
Employee benefit obligations	15	1.252.651	5.055.560
Other payables		6.468.494	3.941.104
- Due to third parties	8	6.468.494	3.941.104
Provision for employee benefits	14	9.056.999	5.509.259
Deferred revenue	15	53.876.841	30.403.189
Current income tax liability	23	398.889	189.584
Other current liabilities		322.861	234.646
Non-current liabilities			
		8.555.573	19.937.308
Long-term financial liabilities	6	313.019	16.069.350
Other Payables		3.736.690	-
- Due to third parties	8	3.736.690	-
Provisions for employee benefits	14	4.107.271	3.867.958
Deferred tax liabilities	23	398.593	-
Equity			
Equity attributable to equity holders of the parent			
		108.545.294	86.142.497
Share capital	16	25.000.000	25.000.000
Adjustment to share capital	16	2.991.336	2.991.336
Restricted reserves	16	6.993.951	3.960.394
Treasury shares	16	(4.632.563)	(2.649.415)
Actuarial losses		(1.681.596)	(821.754)
Retained earnings		39.979.376	30.109.530
Net income for the period		39.894.790	27.552.406
Non-controlling interests			
		1.754.570	1.431.958
Total equity			
		110.299.864	87.574.455
Total equity and liabilities			
		202.345.798	166.142.594

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

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statement of profit or loss
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

		Audited Current period	Audited Prior period
		January 1 – December 31, 2015	January 1 – December 31, 2014
	Notes		
Sales	18	128.777.388	104.030.635
Cost of sales (-)	18	(3.254.820)	(4.655.177)
Gross profit		125.522.568	99.375.458
Marketing, selling and distribution expenses (-)	19	(34.685.456)	(28.552.852)
General administration expenses (-)	19	(13.530.205)	(11.988.169)
Research and development expenses (-)	19	(36.847.268)	(29.270.750)
Other operating income	22	2.994.570	2.162.116
Other operating expenses (-)	22	(3.591.600)	(1.853.092)
Operating profit		39.862.609	29.872.711
Income from investment activities	22	288.705	373.070
Operating profit before financial income/expenses		40.151.314	30.245.781
Financial income	20	2.692.993	1.025.796
Financial expenses (-)	21	(2.856.320)	(4.093.253)
Income before income taxes		39.987.987	27.178.324
Taxation on income			
Current income tax charge	23	(560.664)	(189.585)
Deferred income tax charge	23	790.079	747.067
Net income for the period		40.217.402	27.735.806
Net income attributable to			
Non-controlling interests		322.612	183.400
Equity holders of the parent		39.894.790	27.552.406
		40.217.402	27.735.806
Earnings per share per thousands of shares with nominal value 1 Kr each	24	15,96	11,02

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

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statement of other comprehensive income
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

		Audited	Audited
		Current period	Prior period
		January 1 –	January 1 –
	Notes	December 31,	December 31,
		2015	2014
Net income for the period		40.217.402	27.735.806
<i>Income/expense not to be reclassified to profit or loss</i>			
Actuarial loss arising from employee benefits	14	(935.955)	(421.760)
Tax effect	23	76.113	38.542
Other comprehensive loss		(859.842)	(383.218)
Total comprehensive income		39.357.560	27.352.588
Total comprehensive income attributable to			
Non-controlling interests		322.612	183.400
Equity holders of the parent		39.034.948	27.169.188
		39.357.560	27.352.588

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

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Consolidated statement of changes in shareholders' equity
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

	Share capital	Adjustment to share capital	Treasury shares	Restricted reserves	Other comprehensive income or loss items not to be reclassified to profit or loss in subsequent periods	Retained earnings		Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
					Actuarial gain and losses arising from employee benefits	Retained earnings	Net income for the period			
January 1, 2014	25.000.000	2.991.336	(2.649.415)	3.666.269	(438.536)	11.275.706	19.280.168	59.125.528	-	59.125.528
Transfer to retained earnings	-	-	-	294.125	-	18.986.043	(19.280.168)	-	-	-
Sale of shares in subsidiaries (*)	-	-	-	-	-	(298.558)	-	(298.558)	1.248.558	950.000
Share increase in subsidiaries (**)	-	-	-	-	-	-	-	-	2.060.971	2.060.971
Gain from minority shares purchase	-	-	-	-	-	146.339	-	146.339	(2.060.971)	(1.914.632)
Net income for the period	-	-	-	-	-	-	27.552.406	27.552.406	183.400	27.735.806
Other comprehensive loss	-	-	-	-	(383.218)	-	-	(383.218)	-	(383.218)
Total comprehensive income	-	-	-	-	(383.218)	-	27.552.406	27.169.188	183.400	27.352.588
December 31, 2014	25.000.000	2.991.336	(2.649.415)	3.960.394	(821.754)	30.109.530	27.552.406	86.142.497	1.431.958	87.574.455
January 1, 2015	25.000.000	2.991.336	(2.649.415)	3.960.394	(821.754)	30.109.530	27.552.406	86.142.497	1.431.958	87.574.455
Transfer to retained earnings	-	-	-	3.033.557	-	24.518.849	(27.552.406)	-	-	-
Dividends paid (Note 16)	-	-	-	-	-	(14.649.003)	-	(14.649.003)	-	(14.649.003)
Treasury shares	-	-	(1.983.148)	-	-	-	-	(1.983.148)	-	(1.983.148)
Net income for the period	-	-	-	-	-	-	39.894.790	39.894.790	322.612	40.217.402
Other comprehensive loss	-	-	-	-	(859.842)	-	-	(859.842)	-	(859.842)
Total comprehensive income	-	-	-	-	(859.842)	-	39.894.790	39.034.948	322.612	39.357.560
December 31, 2015	25.000.000	2.991.336	(4.632.563)	6.993.951	(1.681.596)	39.979.376	39.894.790	108.545.294	1.754.570	110.299.864

(*) The Group sold 9,5% shares of E-Logo in exchange of 950.000 TL on 22 October 2014 and ownership interest in E-Logo decrease to 90,5%.

(**) The Company has acquired 40% of LogoBI in exchange of TL 810.000 with share purchase agreement signed on 26 December 2013.

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

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statement of cash flows
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

		Audited Current period December 31, 2015	Audited Prior period December 31, 2014
	Notes		
Income before income tax		39.987.987	27.178.324
Depreciation and amortization	10, 11	13.246.368	10.060.473
Deferred revenue	15	23.067.290	12.302.393
Increase in provision for employee termination benefits	14	523.188	415.928
Increase /(Decrease) in unused vacation liability	14	122.612	(275.892)
Personnel bonus accrual	14	3.547.740	1.049.312
Interest expenses	21	1.702.231	3.411.186
Interest income	20	(1.037.909)	(897.128)
Gain from bargain purchase	22	-	(243.883)
Changes in doubtful receivable provision	7	99.493	(59.770)
Gain on sales of property plant and equipment	22	(119.917)	(37.506)
Operating income before changes in working capital		81.139.083	52.903.437
Change in trade receivables, prepaid expenses and other receivables		(16.554.775)	5.821.104
Change in inventories		206.096	(95.128)
Change in other current/ non-current assets		104.281	(1.144.023)
Change in trade payables		2.904.252	2.809.862
Change in other payables and liabilities and employee benefits obligations		(1.428.304)	(3.863.964)
Change in advances received	15	406.362	70.986
Taxes paid		(35.700)	(70.252)
Employee termination benefits paid	14	(1.354.843)	(552.162)
Net cash generated from operating activities		65.386.452	55.879.860
Investing activities:			
Purchase of property and equipment and intangible assets	10, 11	(2.119.493)	(2.388.153)
Cash used in development activities	11	(16.992.155)	(13.265.198)
Acquisition of subsidiary, excluding cash acquired	3	(5.475.659)	(6.602.145)
Change in shares in subsidiaries		-	(964.632)
Change in financial assets	5	67.980	102.583
Interest received		1.037.909	897.128
Cash obtained from sales of property and equipment		119.917	43.423
Net cash used in investing activities		(23.361.501)	(22.176.994)
Financial activities:			
Decrease in bank borrowings	6	(20.801.096)	(1.035.387)
Interest paid		(1.702.231)	(3.296.031)
Cash paid for treasury shares	16	(1.983.148)	-
Dividend paid		(14.649.003)	-
Net cash used in financing activities		(39.135.478)	(4.331.418)
Net increase in cash and cash equivalents		2.889.473	29.371.448
Cash and cash equivalents at beginning of the period	4	48.639.563	19.268.115
Cash and cash equivalents at end of the period	4	51.529.036	48.639.563

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

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

1. Organization and nature of operations

Logo Yazılım Sanayi ve Ticaret Anonim Şirketi ("Logo Yazılım" or the "Company") was established in 1986 and became a corporation on September 30, 1999. The Company is domiciled in Turkey and operates under the Turkish Commercial Code.

The main activity of the Company is production, development, processing, multiplication and distribution to all physical and electronic environment of operating system, application software, databases, software increasing productivity, multimedia software products and all types of similar software processed inside all types of computer hardware and to carry out all the services such as technical support, training and technical service activities.

As of December 31, 2015 the Group has 506 employees (December 31, 2014: 474).

The address of the registered office is as follows:

Şahabettin Bilgisu Caddesi, No:609
Gebze Organize Sanayi Bölgesi
Gebze, Kocaeli

The subsidiaries of Logo Yazılım and their nature of business are as follows:

Subsidiary	Country of incorporation	Nature of business
Logo Elektronik Ticaret Hizmetleri A.Ş. ("e-Logo")	Turkey	Development and marketing of computer software
Logo Business Software GmbH ("Logo GMBH")	Germany	Development and marketing of computer software
Logo Business Solutions FZ-LLC ("Logo FFC-LLC")	United Arab Emirates	Marketing of computer software

Processes relating to the Group's facilitated merger of its wholly owned subsidiaries Logobi Yazılım Sanayi ve Ticaret A.Ş., Coretech Bilgi Teknolojisi Hizmetleri A.Ş. and Netsis Yazılım Sanayi ve Ticaret A.Ş., acquiring their assets and liabilities in entirety, has been concluded and the merge has been officially registered to the Registry of Commerce as of July 28, 2015. Pursuant to the Capital Markets Board of Turkey ("CMB") decision taken at their 17/853 numbered meeting on July 3, 2015, the Turkish Code of Commerce, Capital Markets Law, Corporate Tax Law and relevant provisions of the CMB "Mergers and Divisions Communication" numbered II-23.2 the announcement made regarding the facilitated merger process has been approved by the CMB.

On February 20, 2014, the Company acquired the shares representing 80% of the capital of Logo Elektronik Ticaret Hizmetleri A.Ş. for TL 8.000.000 and the remaining 20% of shares for TL 1.914.632 on July 14, 2014 and its shareholding rate increased to 100%. On October 22, 2014, the Company sold the shares representing 9,5% of the capital of Logo Elektronik Ticaret Hizmetleri A.Ş. for TL 950.000 under a loan and share procurement agreement.

Upon the signing of the share purchase agreement on September 8, 2015, the Company acquired 100% shares of Vardar. (Note 3)

The company took over 50,1% of Interimat shares on 5 January and the remaining 49,90% on 28 July 2015 in the framework of Share Transfer and Option Contract (Note 3).

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

1. Organization and nature of operations (continued)

The Company has purchased 100% of Sempa shares through a share transfer agreement signed on September 18, 2015.

Processes relating to the Group's facilitated merger of its wholly owned subsidiaries Vardar, Sempa and Intermat acquiring their assets and liabilities in entirety, has been concluded and the merge has been officially registered to the Registry of Commerce as of December 31, 2015. Pursuant to the CMB decision taken at their 36/1656 numbered meeting on December 28, 2015, the Turkish Code of Commerce, Capital Markets Law, Corporate Tax Law and relevant provisions of the CMB "Mergers and Divisions Communication" numbered II-23.2 the announcement made regarding the facilitated merger process has been approved by the CMB.

The Company's Board of Directors resolved on April 22, 2009 to close Logo Business Solutions FZ-LLC due to the foreseen negative effects of the global crisis in 2009 on the Company's domestic and international sales and marketing activities and to execute international sales and marketing activities from the head office. As of December 31, 2015, the liquidation process has been substantially completed.

The Company's foreign sales and marketing activities are managed from its headquarter in Turkey.

Logo Yazılım and its subsidiaries (all together referred to as the "Group") operate in the software industry. Therefore segment reporting is not applicable.

Since the information related to the operational segments as of December 31, 2015 taking into consideration the operations' of the Group's consolidated financial statements in general and monetary significance into account is not reportable in terms of geographical segments outside of Turkey, is not disclosed in the consolidated financial statements.

2. Basis of presentation of consolidated financial statements

2.1 Basis of presentation

2.1.1 Financial reporting standards

The accompanying consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards ("TAS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") in compliance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the CMB on June 13, 2013 which is published on Official Gazette numbered 28676. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards and related supplements and interpretations ("TAS/TFRS"). TAS/TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

With the decision taken on March 17, 2005, CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for listed companies in Turkey. The Group's consolidated financial statements have been prepared in accordance with this decision.

Consolidated financial statements have been prepared under the historical cost convention except for the financial assets presented at fair values and revaluations related to the differences between carrying value and fair value of tangible and intangible assets arising from business combinations.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

2.1.2 Financial statements of subsidiaries operating in foreign countries

Financial statements of subsidiaries, operating in countries other than Turkey, are adjusted to TAS/IFRS for the purpose of fair presentation. Subsidiaries' assets and liabilities are translated into Turkish Lira from the foreign exchange rate at the balance sheet date and income and expenses are translated into Turkish Lira at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet dates are included in the "currency translation difference" under the shareholders' equity.

2.1.3 Basis of consolidation

The consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the year ended December 31, 2015 include the accounts for Logo Yazılım and its subsidiaries.

The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company at December 31, 2015 and 2014:

Subsidiaries:	Direct and indirect ownership interests by the Company (%)	
	December 31, 2015	December 31, 2014
Logo Business Software GmbH	100,0	100,0
Logo Elektronik Ticaret Hizmetleri A.Ş.	90,5	90,5
Netsis Yazılım Sanayi ve Ticaret A.Ş.	-	100,0
Coretech Bilgi Teknolojisi Hizmetleri A.Ş.	-	100,0
Logobi Yazılım Sanayi ve Ticaret A.Ş.	-	100,0

2.1.4 Use of estimates

The preparation of these consolidated financial statements in accordance with TAS/IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and operating expenses during the reporting period.

Although these estimates are based on management's best knowledge of current event and actions, actual results may differ from these estimates.

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

- Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognised for tax losses carried forward (if any) and all deductible temporary differences. For the period ended December 31, 2015, since the assumptions are adequate that the Group will have taxable profits in the foreseeable future, deferred tax asset has been recognized.
- Reserve for retirement pay liability is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates).

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

- c) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than related parties and key customers are assessed with their prior year performances, their credit risk in the current market, and their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.
- d) When allocating provision for legal cases, the probabilities of failure in the cases and the possible liabilities to be arisen in the case of failure are evaluated by the Group management through being counseled by legal advisors of the Group and experts. The Group management determines the amount of the provisions based on their best estimates.
- e) The Group management has made certain important assumptions based on experiences of their technical personnel in determining useful economic life of the property, plant and equipment and intangible assets
- f) The Group uses percentage of completion method in accounting of its software licence revenues and customized software revenues. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of total services to be performed.
- g) Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and an intangible asset arising from development is recognized by the Group. Management determines the cost of employees to be capitalized taking into account time spent by each employee on research and development activities. The costs of employees relating to research are expensed as incurred.
- h) Logo Enterprise Membership is an insurance package that provides free ownership for all the charged version updates which protect enterprises against all the legal amendments and which includes new features that will contribute new values to the products throughout the year. Since the free of charge LEM products given the first year are given along with the currently up-to-date software, they do not bring significant updates for the user and their commercial value is lower compared to the LEM products provided in the subsequent years. Thus, related sales amounts are recognized as revenue within the transaction year.

2.2 Summary of significant accounting policies

The significant accounting policies followed in the preparation of these consolidated financial statements are summarized below:

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognized in general administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed are recognized at TFRS 3 fair values on the date of acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting. Temporarily determined business combination accounting has to be completed within twelve months following the combination date and adjustment entries have to be made beginning from combination date.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the aggregate of the consideration transferred measured at fair value at the date of acquisition and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed at fair value in accordance with IFRS 3 on the date of acquisition. The goodwill for associates is recorded in consolidated statement of financial position under associates accounted for using the equity method.

In the event the amount paid in an acquisition is lower than the fair value of the acquired net assets and liabilities the difference is recognised as income.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition, irrespective of whether other assets or liabilities are assigned to these units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amounts of the net assets assigned to the cash-generating unit, an impairment loss is recognized. The impairment of goodwill cannot be cancelled. The Group tests the impairments of goodwill as of December 31.

The profit and losses generated from the sale of a business include the goodwill on the sold business.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows

	<u>Useful life</u>
Leasehold improvements relating to building	5 - 49
Machinery and equipment	5
Motor vehicles	5
Furniture and fixtures	3 - 15

Gains or losses on disposals of property and equipment are determined by comparing proceeds with carrying amounts and are included in income and expense from investment activities accounts.

Intangible assets

Intangible assets include acquired rights, development costs, software and technology, customer relationships and other identifiable rights acquired in business combinations. Intangible assets are carried at cost less accumulated amortization. These are accounted by cost of acquisition and are subjected to straight-line depreciation method with their useful lives starting from the date of acquisition.

	<u>Years</u>
Development costs	5
Technology developed	7 - 10
Customer relations	8 - 20
Agreement for restriction of competition	3 - 4
Other intangible assets	3 - 5

Intangible assets acquired in business combinations are accounted for over their fair values at the acquisition date. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

Research and development costs

Research is defined as the original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. The expenditure on research is recognized as an expense when it is incurred.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and an intangible asset arising from development is recognized when the following are demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- b) Its intention to complete the intangible asset and use or sell it,
- c) Its ability to use or sell the intangible asset,
- d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs comprise salaries, wages and related costs of the staff working directly in development activities and other directly attributable costs. The government grants related development costs are deducted from the carrying value of associated development costs.

Impairment of assets

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the statement of income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

Government grants

Logo Yazılım benefits from research and development ("R&D") grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey ("TÜBİTAK") and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognized when there is reasonable assurance that Logo Yazılım will comply with the conditions attaching to them and the grants will be received.

The government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognized as income over the periods and in the proportions in which depreciation on those assets is charged.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

Gains arising from incentives for investment and research and development activities together with government grants are recognized when there is a reasonable assurance for the necessary conditions to be fulfilled and incentive to be acquired by the Group. Vested government grants related with expense or capitalization realized in previous accounting periods, are recognized in statements of profit or loss when collectible

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Net realizable value is the estimated selling price in the ordinary course of business, less marketing, selling and other various expenses to be incurred in order to realize sale.

Financial instruments

Financial assets consist of cash and cash equivalents, trade receivables, financial assets, other receivables, derivative financial assets (if any) and receivable from related parties. Financial liabilities consist of bank borrowings, trade payables, due to related parties, derivative financial liabilities (if any), and other payables.

Financial assets and financial liabilities are recognized on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

When a financial instrument gives rise to a contractual obligation on the part of the Group to deliver cash or another financial asset or to exchange another financial instrument under conditions that are potentially unfavorable, it is classified as a financial liability. The instrument is equity instrument if, are met:

- a) The instrument includes no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.
- b) If the instrument will or may be settled in the Group's own equity instruments, it is a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at banks and highly liquid investments with maturity periods of less than three- months

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

Trading securities

Trading securities are recognized initially at cost including transaction costs incurred and subsequently measured at their fair values. Fair value gains and losses are recognized in profit or loss.

Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, and which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale. These are included in non-current assets unless management has the expressed intention of holding the investments for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. The appropriate classification of investments is determined at the time of the purchase and re-evaluated by management on a regular basis.

All investment securities are initially recognized at cost. Transaction costs are included in the initial measurement of debt securities. Available-for-sale debt and equity investment securities are subsequently re-measured at fair value if their fair values can be reliably measured.

Other investments in which the Group has interest below 20% that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value.

Trade receivables and impairment provision

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Short term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

Trade and other payables

Trade and other payables are initially measured at fair value. None interest rate bearing short term payables are measured at original invoice amount unless the effect of imputing interest is significant.

Financial borrowings

Interest-bearing financial borrowings are initially measured at the fair value of the consideration received, less directly attributable costs and are subsequently measured at amortized cost, using the effective interest rate method. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset which requires substantial period of time to get ready for its intended use or sale shall be capitalized over the cost of the asset. Other borrowing costs shall be recognized as an expense in the period it incurs.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired, the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass-through' arrangement or the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Related Parties

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

- (b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (i) The entity and the company are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

For the purpose of these consolidated financial statements, shareholders, associated entities, key management personnel and Board of Directors members, in each case together with their families and companies controlled or affiliated with them are considered and referred to as related parties. As a result of ordinary business operations, Company may have business relations with the related parties.

Taxation and deferred taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

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

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

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Deferred income tax assets and liabilities related to income taxes levied by the same taxation authority and deferred tax assets and deferred tax liabilities are offset accordingly. The deferred income taxes are classified as non-current in the accompanying consolidated financial statements.

Revenue recognition

The Group mainly generates revenue from sale of off-the-shelf software, sale of Logo Enterprise Membership, sale of SaaS membership, after-sales services revenue, Netsis software licence revenues, development of customized software and version upgrade package sales.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

Off-the-shelf software sales - licence model

Revenues on off-the-shelf software sales are recognized on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of consideration received or receivable. Net sales represent the invoiced value less sales returns and discounts. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

On the off-the-shelf software sales, Logo Yazılım charge its customers a one-time fee and the customers are entitled to use the current release and version indefinitely. Accordingly, the Company does not have obligation following the point of sale.

Off-the-shelf software sales - pay as you go model

In the sales model where the licence rights are not transferred to customers, but usage right of the package programme is made available for a limited period of time, the revenues are accounted for on accrual basis.

e-Logo Private Integrator service sales

Companies issuing e-invoice can exchange electronic invoice via data processing system of a private integrator having technical capability rather than using their own data processing system infrastructure. e-Logo, which has a permission of private integration from Turkish Revenue Administration, provides opportunity to its users to realize their electronic invoice exchanges with its capacity of 130.000.000 invoices processes a day and thanks to a swift and secure system working 7/24 actively. Companies getting e-Logo private Integrator Service manage their approval processes on web. Private Integrator Service is carried out as credit sales. Revenue recognition is made according to rates of credit usage.

Logo Enterprise Membership ("LEM") sales and version upgrade package sales

Logo Enterprise Membership is an insurance package that provides free ownership for all the charged version updates which protect enterprises against all the legal amendments and which includes new features that will contribute new values to the products throughout the year. Enterprises which buy LEM obtain the basic maintenance and support services necessary for high performance functioning of Enterprise Resource Planning, besides receiving all the legal changes and charged version changes free of charge. LEM sales are recognized on an accrual basis over the contract period. The Group started LEM sales in August 2007. The Group applies to give the LEM as a free product with the main software in first sale of license. The Group's management mentioned that collection of the sales transaction was reflected to the main software product and LEM products was sold free. Since the free of charge LEM products given the first year are given along with the currently up-to-date software, they do not bring significant updates for the user and their commercial value is lower compared to the LEM products provided in the subsequent years. The fee is charged by the Group for the renewal of LEM agreements.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

SaaS subscription income

SaaS subscription income is allocated to customers on a monthly basis. Income is invoiced and recognised as part of a periodic invoicing process and the source of income is accounted for as soon as the service is rendered.

Post delivery customer support

The revenues from post delivery customer support are recognized on the accrual basis based on the terms of the agreements. The post delivery customer support services are mainly provided by the business partners.

Customized software development

The revenues from customized software development are recognized by reference to the stage of completion of the contract activity at the balance sheet date.

Other revenues

Other revenues earned by the Group are recognized on the following basis:
Royalty and rental income - on an accrual basis,
Interest income - on an effective yield basis,
Dividend income - when the Company's right to receive payment is established

Provisions

Provisions are recognized when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Contingent assets and liabilities

Possible assets or obligations that arise 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 Group are not included in financial statements and treated as contingent assets or liabilities.

Contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. If an outflow of resources has become probable, contingent liabilities are recognised in the financial statements. Contingent assets are not recognised in financial statements but disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

Employee benefits

Payments to defined contribution retirement benefit plans are charged as an expense in the year in which the contributions relate to. Payments made to the Social Security Institution of Turkey and Turkish Republic Retirement Fund are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense in the period to which the employee's service relates.

For defined benefit plans and other long-term employment benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation and vacation liability recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for any unrecognized past service cost. There is no funding requirement for defined benefit plans. The Group recognizes actuarial gains and losses in the consolidated statement of comprehensive income.

Equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as revaluation value increase fund to share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders.

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized by deducting from retained earnings in the period in which they are declared.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them. Share options exercised during the reporting period are satisfied with treasury shares.

Foreign currency transactions

Transactions in foreign currencies during the period 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 into Turkish Lira at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the income statement.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

Earnings/loss per share

Earnings/loss per share disclosed in these statements of income/loss is determined by dividing net income/loss by the weighted average number of shares that have been outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in TL, which is the functional currency of Logo and the presentation currency of the Group.

2.3 Change in accounting policies

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January - 30 June 2015 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2014, except for the new and amended TAS/TFRS standards which are valid as of 1 January 2015 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarised below.

Standards, amendments and interpretations effective as of 1 January 2015:

- TAS 19 - Defined Benefit Plans: Employee Contributions (Amendment)
- Improvements to TFRSs - 2010 - 2012 Cycle
- Annual Improvements to TFRSs - 2011 - 2013 Cycle measurement (Amendments)

These amendments did not have any impact on the financial position or performance of the Group.

Standards, amendments and improvements issued but not yet effective and not early adopted:

- TFRS 9 Financial Instruments - Classification and Measurement
- TFRS 11 - Acquisition of an Interest in a Joint Operation (Amendment)
- TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)
- TAS 16 - Property, Plant and Equipment and TAS 41 Agriculture (Amendment) - Bearer Plants
- TAS 27 - Equity Method in Separate Financial Statements - Amendments to TAS 27
- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10 and TAS 28)
- TAS 1: Disclosure Initiative (Amendments to TAS 1)
- Improvements to TFRSs, 2012 - 2014 Cycle

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

2. Basis of presentation of consolidated financial statements (continued)

New standards, amendments and interpretations that are issued by the International Accounting Standard Boards (IASB) but not issued by POA:

- Improvements to IFRSs - 2010 - 2012 Cycle (IFRS 13 - Fair Value Measurement Basis for Conclusions)
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 9 - Financial Instruments - Final standard (2014)

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed

3. Business combinations

Intermat acquisition

The Company has purchased 50,1% of Intermat shares for 2.000.000 TL through Share Transfer and Option agreement signed on January 5, 2015. It is adjudicated with the Share Transfer and Option Contract concluded on the same date that the Company has the right to take over the remaining 49,9% shares in 12 months following the date of transfer at a price of not less than 1.500.000 TL and more than 3.500.000 TL and Intermat has the right to sell to the Company with same terms. 49,9% of Intermat shares were transferred to the Company on 28 July 2015 and a cost at an amount of 268.000 TL was paid during this transfer and shall net off from the additional payment amount which will be determined as 50% of turnover amount which will be realized until the end of 2017.

Purchase price – cash	2.000.000
Purchase price – cash	268.000
Purchase price – future payments	2.307.398
Total purchase price	4.575.398

(*) Future payment amounts estimated over possible turnover amounts of Intermat until 2017 have been discounted to date and the amount of future payments is determined.

The Group, with respect to aforementioned acquisition process, applied provisional acquisition accounting and accounted Intermat as a subsidiary in accordance with TFRS 3 "Business Combination". Fair value of identifiable liabilities and identifiable assets owned as a result of aforementioned business combination as of acquisition date is determined with the draft valuation report.

The identifiable assets acquired and liabilities assumed were booked over their following values:

Total assets	539.268
Intangible assets – advanced technology	3.502.958
Intangible assets – non-compete agreement	499.151
Total liabilities	(303.041)
Fair value of net assets	4.238.336
Less: purchase consideration	4.575.398
Goodwill	337.062

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

3. Business combinations (continued)

Identifiable assets such as advanced technology and non-compete agreement which were determined as a result of purchase price allocation study of Intermat are amortized over 7 years and 3 years respectively.

Detail of cash outflows due to purchase as of December, 2015 is as follows:

Purchase price – cash paid in 2015	2.268.000
Cash and cash equivalents – acquired	11.296
Cash outflow due to purchase, net	2.256.704

The share of Intermat in the sales revenue earned after the acquisition date is 1.608.193 TL in 2015 consolidated income statement. The contribution of Intermat in consolidated net profit for the same period is 637.768 TL.

If Intermat was included in consolidation starting from January 1, 2015, it would have an additional contribution to the consolidated sales revenue of the Group in 2015 at an amount of 5.000 TL.

Sempa acquisition

The Company has purchased 100% of Sempa shares for 3.000.000 TL through a share transfer agreement signed on June 18, 2015 and has become Sempa's sole shareholder. Full purchase price was paid in advance. The share transfer agreement entered into force as of June 18, 2015. 856.631 TL that was paid in scope of the acquisition in the measurement period was added to purchase price.

Within the framework of the Share Transfer agreement signed on June 18, 2015; 50% of the positive difference between Sempa's sales revenue to be realized in 2015 and the 2014 sales revenue amounting to 2.017.938 TL ("Base Performance Fee") will be paid to Sempa's previous shareholders as a "Performance Fee" which will not exceed 500.000 TL.

Purchase price – cash	3.856.631
Purchase price – future payments	241.000
Total purchase price	4.097.631

The Group, with respect to aforementioned acquisition process, applied provisional acquisition accounting and accounted Sempa as a subsidiary in accordance with TFRS 3 "Business Combination". Fair value of identifiable liabilities and identifiable assets owned as a result of aforementioned business combination as of acquisition date is determined with the draft valuation report.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

3. Business combinations (continued)

The identifiable assets acquired and liabilities assumed were booked over their following values:

Total assets	1.601.189
Intangible assets – advanced technology	1.378.000
Intangible assets – customer relations	303.000
Intangible assets – non-compete agreement	267.000
Total liabilities	(354.558)
<hr/>	
Fair value of net assets	3.194.631
Less: purchase consideration	4.097.631
Goodwill	903.000

Identifiable assets such as advanced technology, customer relations and non-compete agreement, which are determined as a result of purchase price allocation study of Sempa, are amortized over 7 years, 8 years and 3 years respectively.

Detail of cash outflows due to purchase as of December 31, 2015 is as follows:

Purchase price – cash paid in 2015	3.856.631
Cash and cash equivalents – acquired	1.240.069
Cash outflow due to purchase, net	2.616.562

The share of Sempa in the sales revenue earned after the acquisition date is 1.678.600 TL in consolidated revenue statement of 2015. The effect of Sempa on consolidated net profit for the same period is 1.057.263 TL.

If Sempa was included in consolidation starting from January 1, 2015, it would have an additional contribution to the consolidated sales revenue of the Group in 2015 at an amount of 688.738 TL.

Vardar acquisition

The Company has purchased 100% of Vardar shares for 604.794 TL through a share transfer agreement signed on September 8, 2015. A performance payment at a total amount of 2.000.000 TL shall be made in scope of this agreement consisting of 1.000.000 TL, occurring following the determination of completion of the Vardar's products improvement effectively and become in a position to be sold in sales network of LOGO and 1.000.000 TL which occurs after the sales amount of Vardar's products exceeds 1.000.000 TL plus VAT in sales network of Logo.

Purchase price – cash	604.794
Purchase price – future payments	1.429.292
Total purchase price	2.034.086

(*) Performance payments which shall be made for Vardar have been discounted to date considering that the estimated dates in which the related conditions will be ensured, and the amount of future payments is determined

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

3. Business combinations (continued)

The Group, with respect to aforementioned acquisition process, applied provisional acquisition accounting and accounted Vardar as a subsidiary in accordance with TFRS 3 "Business Combination". Fair value of identifiable liabilities and identifiable assets owned as a result of aforementioned business combination as of acquisition date is determined with the draft valuation report.

The identifiable assets acquired and liabilities assumed were booked over their following values:

Total Assets	1.084.068
Intangible assets – advanced technology	1.130.198
Intangible assets – non-compete agreement	41.570
Total Liabilities	(568.088)
Fair value of net assets	1.687.748
Less: purchase consideration	2.034.086
Goodwill	346.338

Identifiable assets such as advanced technology and non-compete agreement which are determined as a result of purchase price distribution study of Sempa, are amortized over 7 years and 3 years respectively.

Detail of cash outflows due to purchase as of December 31, 2015 is as follows:

Purchase price – cash paid in 2015	604.794
Cash and cash equivalents – acquired	2.401
Cash outflow due to purchase, net	602.393

The share of Vardar in the sales revenue earned after the acquisition date is 8.800 TL in 2015 consolidated income statement. The effect of Vardar on consolidated net profit is 70.102 TL loss in the same period.

If Vardar was included in consolidation starting from January 1, 2015, it would have an additional contribution to the consolidated sales revenue of the Group in 2015 at an amount of 30.700 TL.

4. Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash	15.700	8.754
Banks		
- Demand deposits - TL	797.117	3.444.600
- Demand deposits - foreign currency	810.892	1.063.254
- Time deposits - TL	18.113.439	22.995.000
- Time deposits - foreign currency	5.011.271	1.588.880
Credit card receivables	26.780.617	19.539.075
	51.529.036	48.639.563

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

4. Cash and cash equivalents (continued)

As of December 31, 2015, the weighted average effective annual interest rates for TL time deposits are between 11,00% and 13,75% (December 31, 2014: 8,60% and 10%). As of December 31, 2015 and 2014, the maturity of time deposits is less than three months. As of December 31, 2015 and 2014, the maturity of credit card receivables is less than three months.

As of December 31, 2015 and 2014, the cash and cash equivalents included in the consolidated statement of cash flows are as follows:

	December 31, 2015	December 31, 2014
Cash and cash equivalents	51.529.036	48.639.563

5. Financial assets

Trading securities

The analysis of financial assets at fair value through profit and loss at December 31, 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
Mutual funds		
- Gold fund	-	67.980
	-	67.980

The analysis of non-current financial assets at December 31, 2015 and 2014 is as follows:

	December 31, 2015		December 31, 2014	
	Share %	Carrying amount	Share %	Carrying amount
Available-for-sale equity securities:				
İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş.	2,00	80.653	2,00	80.653
Dokuz Eylül Teknoloji Geliştirme Bölgesi A.Ş.	0,67	50.000	0,67	50.000
		130.653		130.653

İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. is assessed as available-for-sale financial asset as of December 31, 2015 and December 31, 2014. Since İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. does not have any quoted market price in active market, its fair value cannot be measured reliably and since it is immaterial to the consolidated financial statements, it is carried at cost.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

6. Bank borrowings:

Short-term bank borrowings:	December 31, 2015	December 31, 2014	
Short-term bank borrowings	782.893	665.613	
Credit card payables	210.289	114.626	
Current portion of long-term bank borrowings	1.092.524	6.350.232	
	2.085.706	7.130.471	
Long-term bank borrowings:	December 31, 2015	December 31, 2014	
Long-term bank borrowings	313.019	16.069.350	
		December 31, 2015	
	Weighted average effective interest rate p.a. (%)	Original balance	TL equivalent
Short term bank borrowings	-	782.893	782.893
Credit card payables	-	210.289	210.289
Total short-term bank borrowings			993.182
Current portion of long-term bank borrowings			
<i>Fixed rate loans</i>			
TL loans	10,32-%13,68	1.092.524	1.092.524
Total current portion of long-term bank borrowings			1.092.524
Long term bank borrowings			
<i>Fixed rate loans</i>			
TL loans	10,32-%13,68	313.019	313.019
Total long-term bank borrowings			313.019

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

6. Bank borrowings (continued)

		December 31, 2014	
	Weighted average effective interest rate p.a. (%)	Original balance	TL equivalent
Credit card payables	-	665.613	665.613
Short-term bank borrowings	-	114.626	114.626
Total short-term bank borrowings			780.239
Current portion of long-term bank borrowings			
<i>Floating rate loans</i>			
TL loans	12,96%	5.460.632	5.460.632
<i>Fixed rate loans</i>			
TL loans	15,84%	869.012	869.012
Usd loans	-	8.879	20.588
Total current portion of long-term bank borrowings			6.350.232
Long term bank borrowings:			
<i>Floating rate loans</i>			
TL loans	12,96%	14.666.667	14.666.667
<i>Fixed rate loans</i>			
TL loans	15,84%	1.402.683	1.402.683
Total long-term bank borrowings			16.069.350

(*) The whole amount regarding the loan contract having a floating rate and 5 years maturity at an amount of 20 million TL which was concluded between the Group and International Finance Corporation on 23 November 2013 was paid off as of 16 March 2015 through using break option.

The redemption schedules of long-term bank borrowings at December 31, 2015 and 2014 are as follows:

	2015	2014
1 to 2 years	313.019	6.412.533
2 to 3 years	-	5.656.817
3 to 4 years	-	4.000.000
	313.019	16.069.350

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015 (continued)
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

7. Trade receivables and payables

Short-term other trade receivables:	December 31, 2015	December 31, 2014
Trade receivables	40.329.386	39.124.002
Credit card receivables	36.054.297	17.875.519
Cheques and notes receivables	4.101.042	4.148.480
Income accruals	646.936	440.565
Less: provision for doubtful receivables	(6.451.544)	(6.352.051)
Less: unearned credit finance income	(2.743.122)	(1.590.662)
	71.936.995	53.645.853

As of December 31, 2015, the average receivables turnover rate is 146 days (2014:164 days), excluding the average credit cards receivables turnover rate is 89 days (2014:102 days), the rediscount rate applied on the receivables are 11,75% (2014: 9,55%).

As of December 31, 2015, trade receivables of TL 3.454.145 (2014: TL 3.878.518) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	December 31, 2015	December 31, 2014
Up to 1 month	1.985.998	1.194.847
1 to 3 months	530.271	614.652
Over 3 months	937.876	2.069.019
	3.454.145	3.878.518

Amount of risk covered by guarantees **604.263** 399.400

The movement of provision for doubtful receivables for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
As of January 1	6.352.051	6.411.821
Current year additions	122.304	73.705
Provisions no longer required	(22.811)	(133.475)
December 31	6.451.544	6.352.051

Trade payables to third parties	December 31, 2015	December 31, 2014
Trade payables	10.027.920	6.167.018

As of December 31, 2015, the average debt payment period is 64 days (2014: 55 days), rediscount rate applied to the debt not overdue is 11,97% (2014: 9,55%).

Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

7. Trade receivables and payables (continued)

The maximum exposure of the Group to credit risk as of December 31, 2015 and 2014 as follows:

December 31, 2015	Trade receivables		Other receivables		Bank balances and credit card receivables
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date	8.032	71.936.995	-	1.124.725	51.513.336
<i>- Amount risk covered by guarantees</i>	-	604.263	-	-	-
Net carrying value of not past due and not impaired financial assets	8.032	68.482.850	-	1.124.725	51.513.336
Net carrying value of past due but not impaired financial assets	-	3.454.145	-	-	-
<i>- Amount of risk covered by guarantees</i>	-	604.263	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
<i>- Past due (gross carrying value)</i>	-	6.451.544	-	-	-
<i>- Provision for impairment (-)</i>	-	(6.451.544)	-	-	-
<i>- Amount of risk covered by guarantees</i>	-	-	-	-	-

The guarantees which cover the credit risk include guarantee cheques, mortgages and letter of guarantees.

Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

7. Trade receivables and payables (continued)

December 31, 2014	Trade receivables		Other receivables		Bank balances and credit card receivables
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date	5.362	53.645.853	-	961.414	48.630.809
- Amount risk covered by guarantees	-	399.400	-	-	-
Net carrying value of not past due and not impaired financial assets	5.362	49.767.335	-	961.414	48.630.809
Net carrying value of past due but not impaired financial assets	-	3.878.518	-	-	-
- Amount of risk covered by guarantees	-	399.400	-	-	-
Net carrying value of impaired assets	-	6.352.051	-	-	-
- Past due (gross carrying value)	-	(6.352.051)	-	-	-
- Provision for impairment (-)	-	(6.352.051)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

The guarantees which cover the credit risk include guarantee cheques, mortgages and letter of guarantees.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

8. Other receivables and payables

Other current receivables	December 31, 2015	December 31, 2014
Short term		
Deposits and guarantees given	10.164	10.050
Long Term		
Receivables arising from the sale of E-Logo shares	950.000	950.000
Other	164.561	1.364
	1.114.561	951.364

Other non-current payables	December 31, 2015	December 31, 2014
Taxes payable	5.496.868	3.941.104
Short term payables regarding Sempa acquisition (Note 3)	241.000	-
Trade payables, third parties	730.626	-
	6.468.494	3.941.104
Long term payables regarding Intermat acquisition (Note 3)	2.307.398	-
Long term payables regarding Vardar acquisition (Note 3)	1.429.292	-
	3.736.690	-

9. Inventories

	December 31, 2015	December 31, 2014
Materials	160.730	388.882
Merchandises	127.072	127.767
Other goods	22.751	-
	310.553	516.649

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

10. Property and equipment

	January 1, 2015	Additions	Acquisitions	Disposals	Transfers	December 31, 2015
Cost:						
Machinery and equipment	5.866.902	753.871	-	(14.625)	-	6.606.148
Motor vehicles	244.598	-	-	(189.216)	-	55.382
Furniture and fixtures	3.619.890	260.066	73.732	(52.447)	-	3.901.241
Leasehold improvements	19.458.301	526.975	-	-	-	19.985.276
Total	29.189.691	1.540.912	73.732	(256.288)	-	30.548.047
Accumulated depreciation:						
Machinery and equipment	4.995.418	380.051	-	(14.625)	-	5.360.844
Motor vehicles	241.242	-	-	(189.216)	-	52.026
Furniture and fixtures	3.012.405	258.806	-	(52.447)	-	3.218.764
Leasehold improvements	5.867.088	560.541	-	-	-	6.427.629
Total	14.116.153	1.199.398	-	(256.288)	-	15.059.263
Net book value	15.073.538					15.488.784
	January 1, 2014	Additions	Acquisitions	Disposals	Transfers	December 31, 2014
Cost:						
Machinery and equipment	5.243.543	484.494	199.621	(60.756)	-	5.866.902
Motor vehicles	233.398	-	55.383	(44.183)	-	244.598
Furniture and fixtures	3.265.571	269.739	84.580	-	-	3.619.890
Leasehold improvements	17.208.797	292.974	75.883	-	1.880.647	19.458.301
Construction in progress	711.679	1.168.968	-	-	(1.880.647)	-
Total	26.662.988	2.216.175	415.467	(104.939)	-	29.189.691
Accumulated depreciation:						
Machinery and equipment	4.708.060	282.577	65.537	(60.756)	-	4.995.418
Motor vehicles	206.747	17.378	55.383	(38.266)	-	241.242
Furniture and fixtures	2.734.309	250.691	27.405	-	-	3.012.405
Leasehold improvements	5.384.336	434.221	48.531	-	-	5.867.088
Total	13.033.452	984.867	196.856	(99.022)	-	14.116.153
Net book value	13.629.536					15.073.538

The Group leased the land where its head-office is standing on Gebze Organize Sanayi Bölgesi for a 49 year term. The costs related to the construction of the head-office building are included in leasehold improvements.

In accordance with the loan agreement signed between the Group and a financial institution ("Lender") in 2011, a pledge of TL 7.000.000 was placed on the Group's building as collateral for the loan.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

11. Intangible assets

	January 1, 2015	Additions	Acquisition of subsidiary	December 31, 2015
Cost:				
Development costs	62.864.589	16.992.155	5.600	79.862.344
Technology developed	6.449.027	-	6.011.156	12.460.183
Customer relations	11.549.175	-	303.000	11.852.175
Agreement for restriction of competition	1.940.057	-	807.721	2.747.778
Other intangible assets	4.707.710	578.581	900.288	6.186.579
Total	87.510.558	17.570.736	8.027.765	113.109.059
Accumulated amortization:				
Development costs	39.969.734	8.657.883	-	48.627.617
Technology developed	1.656.068	1.410.399	-	3.066.467
Customer relations	2.328.723	983.740	-	3.312.463
Agreement for restriction of competition	1.405.835	748.572	-	2.154.407
Other intangible assets	4.421.342	246.376	-	4.667.718
Total	49.781.702	12.046.970	-	61.828.672
Net book value	37.728.856			51.280.387
	January 1, 2014	Additions	Acquisition of subsidiary	December 31, 2014
Cost:				
Development costs	49.599.391	13.265.198	-	62.864.589
Technology developed	5.436.027	-	1.013.000	6.449.027
Customer relations	9.770.175	-	1.779.000	11.549.175
Agreement for restriction of competition	1.940.057	-	-	1.940.057
Other intangible assets	4.499.364	171.978	36.368	4.707.710
Total	71.245.014	13.437.176	2.828.368	87.510.558
Accumulated amortization:				
Development costs	33.724.170	6.245.564	-	39.969.734
Technology developed	754.156	901.912	-	1.656.068
Customer relations	1.384.230	944.493	-	2.328.723
Agreement for restriction of competition	522.504	883.331	-	1.405.835
Other intangible assets	4.296.979	100.306	24.057	4.421.342
Total	40.682.039	9.075.606	24.057	49.781.702
Net book value	30.562.975			37.728.856

All additions to development costs during the years ended December 31, 2015 and 2014 includes personnel costs.

12.799.540 TL of the current period depreciation and amortization expense has been allocated to research and development expenses, TL 173.744 has been allocated to marketing, selling and distribution expenses, TL 273.084 has been allocated to general administrative expenses (2014: TL 9.733.911 research and development expenses, TL 97.623 to marketing and selling expense, TL 228.939 to general administrative expenses).

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

12. Goodwill

	December 31, 2015	December 31, 2014
Netsis	5.892.252	5.892.252
Sempa	903.000	-
Vardar	346.338	-
İntermat	337.062	-
	7.478.652	5.892.252
	2015	2014
January 1	5.892.252	5.892.252
Acquisition during the year	1.586.400	-
December 31	7.478.652	5.892.252

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis.

Value in use is determined by discounting the expected future cash flows to be generated by the cash-generating unit. The below key assumptions are used in the calculation of the value in use as of December 31, 2015:

The projection period for the purposes of Netsis goodwill impairment testing is taken as 5 years between January 1, 2015 and December 31, 2019.

Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 5% which does not exceed the estimated average growth rate of economy of the country.

Weighted average cost of capital rate of 17% is used as after tax discount rate in order to calculate the recoverable amount of the unit.

After-tax rate was adjusted considering the tax cash outflows and other future tax related cash flows and differences between the cost of the assets and their tax bases.

Netsis operations as a cash generating unit and sensitivity to the changes in assumptions in impairment test

Recoverable value of cash generating unit is 20,4% above of goodwill included book value of related cash generating unit. In the calculation of the present value of future cash flows, estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account.

Long term growth rate

Originally, the long term growth rate is assumed to be 5%. Had the rate been assumed to be 4%, the recoverable amount would have been 15,4% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

Discount rate

Originally, the discount rate is assumed to be 17%. Had the rate been assumed to be 18%, the recoverable amount would have been 11,7% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

13. Commitments and contingent liabilities

Guarantees received:

	Original currency	December 31, 2015		December 31, 2014	
		Original amount	TL equivalent	Original currency	TL equivalent
Guarantee notes	TL	604.263	604.263	39.400	39.400
Mortgages	TL	-	-	360.000	360.000
			604.263		399.400

As of December 31, 2015 and 2014, guarantee/pledge/mortgage ("GPM") given by the Company on behalf of its legal entity are as follows:

GPM given by the Company:

	Original currency	December 31, 2015		December 31, 2014	
		Original amount	TL equivalent	Original currency	TL equivalent
Total amount of GPM the Company gave on behalf of its legal entity	TL	7.463.800	7.463.800	7.768.000	7.768.000
	USD	82.578	240.104	54.463	126.294
			7.703.904		7.894.294

GPM given by the Company includes letters of guarantee issued in the name of its legal entity. There is no GPM given by the Company falling within the following categories:

- Those given on behalf of subsidiaries,
- Those given in order to assure the liabilities of third parties in the ordinary course of business,
- Those given on behalf of parent company,
- Those given on behalf of other group companies not falling under the scope of articles (a) and (b), and
- Those given on behalf of third parties not falling under the scope of article (b).

A credit agreement amounting TL 20.000.000 and having 5 year term is signed between the Group and International Finance Corporation ("IFC"), an institution of World Bank on October 25, 2013. The Group paid off all of the relevant five year term agreement; as of 16 March 2015 through using the break option

The lawsuits filed against to the Company amounting to 4.465.893 TL. The Group management does not expect any cash outflow regarding these lawsuits and accordingly, it has not booked any provision in the consolidated financial statements

Reports and notices, issued regarding the subjects of criticism by the tax inspectors as a result of tax inspection related to year 2012 carried out in 2015 in the Company, were declared to the Company on January 13. A total amount of 1.086.101 TL is claimed for original tax and its penalty accordingly. The company evaluates using of all of its legal rights, including negotiation, regarding the aforementioned Tax and Penalty Notices.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

14. Provision for employee benefits

a) Short term provisions for employee benefits

	December 31, 2015	December 31, 2014
Personnel bonus accrual	9.056.999	5.509.259
	9.056.999	5.509.259

b) Long term provisions for employee benefits

	December 31, 2015	December 31, 2014
Provision for employee termination benefits	2.651.362	2.547.062
Provision for unused vacation	1.455.909	1.320.896
	4.107.271	3.867.958

The movement of personnel bonus provision in the years ended December 31, 2015 and 2014 is as follow:

	2015	2014
January 1	1.320.896	1.496.506
Acquisition of subsidiary	12.401	100.282
Increase in the period, net	122.612	(275.892)
December 31	1.455.909	1.320.896

Provision for employment termination benefits is calculated as explained below.

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL 3.828 (2014: TL 3.438) for each year of service at December 31, 2015. The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS/IFRS requires that actuarial valuation methods to be developed to estimate the employee termination benefit provision. The following actuarial assumptions have been used in the calculation of the total provision:

	December 31, 2015	December 31, 2014
Net discount rate	4,60%	3,33%
Turnover rate to estimate the probability of retirement	92%	90%

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

14. Provision for employee benefits (continued)

The principal assumption is that maximum liability of employee termination benefit 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. As the maximum liability is revised semi-annually, the maximum amount of TL 4.093 which is effective from January 1, 2016 has been taken into consideration in calculating the reserve for employment termination benefit of the Company.

The movements in the provision for employment termination benefits during the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
January 1	2.547.062	2.233.283
Acquisition of subsidiary	-	28.253
Service cost	306.688	223.697
Interest cost	216.500	192.231
Actuarial loss	935.955	421.760
Paid/accrued during the period	(1.354.843)	(552.162)
December 31	2.651.362	2.547.062

The sensitivity analysis of the assumption which was used for the calculation of provision for employment termination benefits as of December 31, 2015 is below:

Sensitivity level	Net discount rate		Turnover rate related to probability of retirement	
	0,5% decrease	0,5% increase	0,5% decrease	0,5% increase
Rate	4,10%	5,10%	91,71%	92,71%
Change in employee benefits liability	(70.898)	66.621	136.812	(9.071)

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

15. Prepaid expenses, other current assets, deferred revenues and employee benefit obligations

a) Prepaid expenses:

	December 31, 2015	December 31, 2014
Prepaid expenses	265.409	1.341.507
Advances given	184.496	272.720
	449.905	1.614.227

b) Other current assets:

	December 31, 2015	December 31, 2014
Prepaid taxes and funds	168.674	42.650
Job advances	71.202	89.006
Receivables from employees	22.500	23.850
Advances given to employees	14.094	22.418
Deductable value added tax	17.668	4.939
Other	5.575	221.131
	299.713	403.994

c) Deferred revenues

	December 31, 2015	December 31, 2014
Deferred revenues	52.056.481	28.989.191
Advances received	1.820.360	1.413.998
Deferred revenues- short term	53.876.841	30.403.189

Deferred revenue mainly relates to LEM sales revenue, pay as you go sales, after-sales services, Netsis licence revenues and version upgrade package sales, customized software sales and Tübitak incentives billed but not earned. The details of deferred revenues at December 31, 2015 and 2014 is as follows:

Deferred revenues:	December 31, 2015	December 31, 2014
Logo enterprise membership sales	14.785.459	10.591.723
Pay as you go sales	25.047.506	8.864.211
Version upgrade package sales	7.089.863	4.896.272
Deferred revenue from continuing projects	1.701.452	2.601.393
After-sales services revenue	285.180	67.388
Other sales revenue	3.147.021	1.968.204
	52.056.481	28.989.191

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

15. Prepaid expenses, other current assets, deferred revenues and employee benefit obligations (continued)

d) Employee benefit obligations

	December 31, 2015	December 31, 2014
Taxes, withholdings and social security payables	1.123.352	949.526
Payable to personnel	129.299	4.106.034
	1.252.651	5.055.560

16. Equity

The Company's authorized and paid-in share capital consists of 2.500.000.000 (2014: 2.500.000.000) shares with Kr 1 nominal each. The shareholding structure of the Company as of December 31, 2015 and 2014 are as follows:

	December 31, 2015		December 31, 2014	
		Share (%)		Share (%)
Logo Yatırım Holding A.Ş.	9.275.000	37,10	8.714.904	34,86
Mediterra Capital Partners I, LP (*)	9.275.000	37,10	8.714.904	34,86
Publicly owned	6.450.000	25,80	7.570.192	30,28
	25.000.000	100,00	25.000.000	100,00
Adjustment to share capital	2.991.336	-	2.991.336	-
Total paid-in share capital	27.991.336	-	27.991.336	-

(*) Consist of EAS S.A.R.L 33,51% and other.

The shares representing capital are categorized as group A and B. There are privileges given to group A shares such as election of minimum of more than half of the members of the Board of Directors of the parent, chairman of the Board of Directors and auditors. Adjustment to share capital represents the restatement effect of cash contributions to share capital.

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

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

16. Equity (continued)

In accordance with the CMB regulations effective until January 1, 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

In addition, in accordance with the CMB regulations effective until January 1, 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised only in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from January 1, 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences arised due to implementing the communique (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";
- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings",

Other equity items shall be carried at the amounts calculated based on TAS/TFRS.

Capital adjustment differences have no other use other than being transferred to share capital.

Treasury Shares

Based on the Board of Directors decision dated June 26, 2012, regarding taking back maximum 62.500.000 share certificates (each having TL 0.01 nominal value, constituting 2,5% of 2.500.000.000 paid in share capital) within lower price limit of TL 0 and upper price limit of TL 3,5 in order to decrease price fluctuations in the Company's share certificates traded in Istanbul Stock Exchange ("ISE") (now called as Borsa Istanbul ("BIST")) and evaluate current market conditions, the Company took back 171.000 share certificates traded in ISE between July 4, 2012 and November 5, 2012. The mentioned share certificates were accounted as treasury shares under equities.

Based on the Board of Directors decision dated April 19, 2013, regarding taking back maximum 100.000.000 share certificates (each having TL 0.01 nominal value, constituting 4 % of 2.500.000.000 paid in share capital) within lower price limit of TL 0 and upper price limit of TL 5,5 in order to decrease price fluctuations in the Company's share certificates traded in BIST and evaluate current market conditions, the Company took back 967.778 share certificates traded in BIST between April 25, 2013 and June 21, 2013.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

16. Equity (continued)

Based on the Board of Directors decision dated June 26, 2013, regarding taking back maximum 100.000.000 share certificates (each having TL 0.01 nominal value, constituting 4% of 2.500.000.000 paid in share capital) within lower price limit of TL 0 and upper price limit of TL 5,5 in order to decrease price fluctuations in the Company's share certificates traded in BIST and evaluate current market conditions, the Company took back 471.528 share certificates traded in BIST between July 10, 2013 and September 26, 2013.

Based on the Board of Directors decision dated October 3, 2013, regarding taking back maximum 100.000.000 share certificates within lower price limit of TL 0 and upper price limit of TL 5,5 in order to decrease price fluctuations in the Company's share certificates traded in BIST and evaluate current market conditions, the Company took back 272.189 share certificates traded in BIST between October 30, 2013 and June 30, 2013.

In accordance with Capital Markets Board's ("CMB") decision dated August 10, 2011 and numbered 26/767, the Company has repurchased 1,610,306 numbers of shares in accordance with three different "Share Repurchase Programs" which were in agenda of the Board of Directors' meetings dated June 26, 2012, April 19, 2013, and June 26, 2013. The repurchased shares constitute 6,44% of the Company's share capital as of September 26, 2013 which was the end date of the 3rd program. The Company has sold a portion of these repurchased shares having TL 1.237.500 nominal value and constituting 4,95% of the Company's share capital to Murat Ihlamur in exchange for TL 5 for each TL 1 nominal value share amounting to a total of TL 6.187.000. The sales transaction is realized in the Wholesale Market of Borsa İstanbul A.Ş. (BİAŞ) on October 10, 2013. Gain from this transaction amounted to TL 485.890 recognized under shareholders' equity.

The Company's repurchased shares in accordance with Share Repurchase Programs having TL 60.000 nominal value and constituting 0,24% of the Company's share capital have been sold to Teknoloji Yatırım A.Ş. on December 26, 2013 in exchange for each TL 5 for each TL 1 nominal value share amounting to a total of TL 300.000. Gain from this transaction amounted to TL 37.023 is recognized under shareholders equity.

Logo Yatırım Holding A.Ş. and EAS Solutions S.a.r.l.'s joint application for a voluntary takeover bid of a portion of Logo Yazılım Sanayi ve Ticaret A.Ş.'s Group B shares in circulation amounting to TL 5.696.372 has been approved through Capital Markets Board article numbered 29833736-110.05.01-502 issued on March 11, 2014. Voluntary bid price has been determined as 0,06 TL for each Group B share with TL 0,01 nominal value (Nominal value of TL 1 traded on the Istanbul Stock Exchange corresponding to TL 6,00 for every 100 share units.)

Through the voluntary bid process occurring between the dates of March 14, 2014 – March 27, 2014, Logo Yatırım Holding A.Ş. and EAS Solutions S.a.r.l have purchased 132.285 units of shares for TL 793.710.

Based on the Board of Directors decision dated September 18, 2015, regarding taking back within lower price limit of TL 0 and upper price limit of TL 30 in order to decrease price fluctuations in the Company's share certificates traded in BIST and evaluate current market conditions, the Company took back 17.932 share, amounted TL 294.476 certificates traded in BIST on September 28, 2015

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

16. Equity (continued)

Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Entities distribute dividends in accordance with their dividend payment policies settled in General Assembly in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

Companies should include at least the following in their profit distribution policies:

- a) Whether dividends will be distributed, and if distributed, the dividend distribution rate for shareholders and for others participating in the distribution.
- b) Payment type of dividend distribution.
- c) Time of dividend distribution; on condition that the distribution procedures to be started at the latest of the end of the annual period in which general assembly meeting was held in which the distribution was agreed upon.
- d) Whether dividend advances will be distributed, and if distributed, the related principles.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

As a dividend distribution policy, the Company, in line with the ongoing regulations and its financial resources, along with its long-term corporate strategy, investment plans and financing policies, and considering its profitability and cash position and provided it can be met from the profit in the statutory records intends to distribute up to 55% of the distributable profit calculated in accordance with Capital Market Regulations to its shareholders; dividend distribution may be realized in cash or by capital increase through bonus shares or partly in cash and partly through bonus shares. In the event that the dividend amount is less than 5% of the paid-in capital then such amount will not be distributed and will be retained within the company.

Dividend advance payments can be made in accordance with Turkish Commercial Code and CMB regulations provided that General Assembly authorizes the board of directors to pay dividend advance, limited to the related year, to shareholders in accordance to Articles of Incorporation. The Group aims to complete the dividend payment before the last working day of the respective year in which dividend distribution decision is held in the General Assembly and starts to payment at least as of the end of the accounting period when the General Assembly meeting is held.

The Company aims to complete the dividend payment until the last working day of the respective year that the General Assembly meeting held and starts to make dividend distribution until the end of respective period. Dividend payment can be made by installments in accordance with the decision held by General Assembly or Board of Directors (when authorized) in line with CMB regulations.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

16. Equity (continued)

The Company has decided to pay gross cash dividend at an amount of 15.000.000 TL from its distributable net profit of 2014 as a result of Ordinary Meetings of the General Assembly held on 30 April 2015. Dividend payments were made on 26 May 2015 in accordance with the aforementioned decision of the General Assembly. Cash distribution at an amount of 14.649.003 TL has been completed after deducting dividend at an amount of 350.997 TL which is equivalent to treasury stocks owned by the Company.

17. Expenses by Nature

As of December 31, 2015 and 2014, expenses are disclosed by function and the details of the expenses are summarized in Note 18 and Note 19.

18. Sales and cost of sales

	January 1 - December 31, 2015	January 1- December 31, 2014
Sales revenue	128.647.325	103.949.675
SaaS service revenue	6.844.044	4.984.021
Service revenue	1.062.011	926.631
Sales returns	(5.258.593)	(3.338.470)
Sales discounts	(2.517.399)	(2.491.222)
Net sales	128.777.388	104.030.635
Cost of sales	(3.254.820)	(4.655.177)
Gross profit	125.522.568	99.375.458

Cost of sales

	January 1 - December 31, 2015	January 1- December 31, 2014
Cost of transfer of financial rights	2.976.690	4.595.809
Cost of trade goods sold	278.130	59.368
	3.254.820	4.655.177

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

19. Marketing, selling and distribution expenses, research and development expenses, general administrative expenses

Marketing, selling and distribution expenses:	January 1- December 31, 2015	January 1- December 31, 2014
Advertising and selling expenses	18.788.813	12.528.308
Personnel expenses	12.252.544	13.018.931
Consulting expenses	1.028.201	895.964
Motor vehicle expenses	911.542	876.278
Outsourced benefits and services	450.620	390.077
Rent expenses	358.188	47.875
Travel expenses	315.080	353.782
Depreciation and amortisation expenses	173.744	97.623
Other	406.724	344.014
	34.685.456	28.552.852

Research and development expenses:	January 1- December 31, 2015	January 1- December 31, 2014
Personnel expenses	18.642.745	14.994.707
Depreciation and amortisation expenses	12.799.540	9.733.911
Motor vehicle expenses	1.380.349	1.272.524
Consulting expenses	990.931	1.183.170
Outsourced benefits and services	911.559	751.617
Travel expenses	531.814	287.694
Rent expenses	406.972	389.132
Other	1.183.358	657.995
	36.847.268	29.270.750

General administrative expenses:	January 1- December 31, 2015	January 1- December 31, 2014
Personnel expenses	9.092.368	7.964.831
Consulting expenses	2.060.485	1.766.775
Motor vehicle expenses	583.986	625.313
Outsourced benefits and services	381.039	340.581
Depreciation and amortisation expenses	273.084	228.939
Travel expenses	102.811	128.672
Rent expenses	50.460	142.338
Other	985.972	790.720
	13.530.205	11.988.169

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

20. Financial income

Financial income:	January 1- December 31, 2015	January 1- December 31, 2014
Foreign exchange gains	1.655.084	128.668
Interest income	1.037.909	897.128
	2.692.993	1.025.796

21. Financial expense

Financial expense:	January 1- December 31, 2015	January 1- December 31, 2014
Interest expense	1.349.764	3.411.186
Foreign exchange loss	704.191	-
Credit card commissions	501.782	432.994
Other financial expense	300.583	249.073
	2.856.320	4.093.253

22. Other operating income and expenses and income from investment activities

Other operating income:	January 1- December 31, 2015	January 1- December 31, 2014
Foreign exchange gain (*)	1.070.230	859.422
Overdue interest income	628.775	724.853
Rediscount income	414.525	-
Tubitak incentive income	219.986	320.756
Income from reversal of provision	1.121	31.981
Other	659.933	225.104
	2.994.570	2.162.116

Other operating expenses:	January 1- December 31, 2015	January 1- December 31, 2014
Rediscount expenses	1.625.221	820.623
Foreign exchange losses (*)	486.044	710.835
Provision expense	388.919	127.329
Other	1.091.416	194.305
	3.591.600	1.853.092

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

22. Other operating income and expenses and income from investment activities (continued)

Income from investment activities:	January 1- December 31, 2015	January 1- December 31, 2014
Gain on sale of financial instruments	168.788	91.680
Gain on sale of property and equipment	119.917	37.506
Gain on bargain purchase	-	243.884
	288.705	373.070

(*) Arising from the difference between foreign exchange differences of trade receivables and payables.

23. Tax assets and liabilities

Deferred taxes

	December 31, 2015	December 31, 2014
Deferred tax assets	2.272.636	1.323.510
Deferred tax liabilities	(398.593)	-
	1.874.043	1.323.510

The Company recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS/IFRS and their statutory tax financial statements. Deferred tax income assets and liabilities are measured at the enacted tax rate of 20% (2014: 20%) using the liability method on the temporary differences.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at December 31, 2015 and 2014 using the enacted tax rates, is as follows.

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Deferred income tax assets:				
Provision for doubtful receivables	1.907.335	1.807.841	381.467	361.568
Expense accruals	6.996.235	4.522.304	1.399.247	904.461
Provision for employee termination benefits	1.339.430	1.163.799	232.971	232.760
Rediscount of trade receivables and payables	3.285.230	1.903.890	657.046	380.778
Deferred income	2.395.500	2.506.616	479.100	501.323
			3.149.831	2.380.890
Deferred income tax liabilities:				
Difference between the tax base and carrying value of property and equipment and intangible assets	(4.800.650)	(5.152.763)	(960.130)	(1.030.553)
Other	(1.578.290)	(134.136)	(315.658)	(26.827)
			(1.275.788)	(1.057.380)
Deferred tax assets, net			1.874.043	1.323.510

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

23. Current and deferred income taxes (continued)

The reconciliation of current period tax income is as follows:

	December 31, 2015	December 31, 2014
Income before tax	39.987.987	27.178.324
Tax calculated at the current enacted tax rate	(7.997.597)	(5.435.665)
Non-deductible charges	(410.375)	(1.156.035)
Exemptions on income	8.637.387	7.149.182
Taxation on income	229.415	557.482

Corporate tax

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Turkish Corporate Tax Law has been amended by Law No. 5520 dated June 13, 2006. Most of the articles of this new Law No. 5520 have come into force effective from January 1, 2006. The Corporation tax rate for 2015 is 20% (2014: 20%).

Corporation tax rate is applicable on the total income of the companies after adjusting for certain non-deductible 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.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid 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 payable 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. The balance of the advance tax paid may be refunded or used to set off 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 within 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 during 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.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

23. Current and deferred income taxes (continued)

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.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Group are explained below:

In accordance with Tax Law No: 5035 item 44, that amends "Technology Development Regions Law" No: 4691, corporate and income taxpayers operating in technology development regions are exempt from corporate and income tax until December 31, 2023.

The investment allowance, which has been applied for many years and calculated as 40% of property plant and equipment acquisitions exceeding a certain amount, was annulled with the Law No, 5479 dated 30 March 2006, However, in accordance with the temporary Law No, 69 added to the Income Tax Law, corporate and income taxpayers can offset the investment allowance amounts present as of December 31, 2005, which could not be offset against taxable income in 2005 and:

- a) in accordance with the investment certificates prepared for applications made before 24 April 2003, investments to be made after January 1, 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No, 4842 dated 9 April 2003, and
- b) investment allowance amounts to be calculated in accordance with legislation effective at December 31, 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to January 1, 2006 in the scope of Income Tax Law 193 repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at December 31, 2005 (including provisions related to tax rates).

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on October 15, 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated January 8, 2010, and thereby the time limitation regarding investment allowance was removed. The Group has deferred investment allowance amounting to TL 1.405.908 that can be offsetted in the future.

24. Earnings/loss per share

The earnings per thousands shares with nominal value of Kr 1 amounted to TL 15,96 for the period ended December 31, 2015 (December 31, 2014: TL 11,02).

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

25. Related party disclosures

i) Due from and due to related parties at December 31, 2015 and 2014:

a) Due from related parties:	December 31, 2015	December 31, 2014
Logo Siber Güvenlik ve Ağ Tek. A.Ş. (**)	8.032	5.362
	8.032	5.362

ii) Sales to related parties, services given to related parties and financial income from related parties during the periods ended December 31, 2015 and 2014:

a) Services given to related parties:	December 31, 2015	December 31, 2014
Logo Siber Güvenlik ve Ağ Tek. A.Ş. (**)	165.829	167.688
Logo Yatırım Holding A.Ş. (*)	4.345	3.540
Logo Elektronik Ticaret Hizmetleri A.Ş.(***)	-	45.749
	170.174	216.977

iii) Services purchased from related parties and other transactions with related parties during the periods ended December 31, 2015 and 2014:

a) Services obtained from related parties:	December 31, 2015	December 31, 2014
Logo Elektronik Ticaret Hizmetleri A.Ş.(***)	-	596.760
Logo Yatırım Holding A.Ş. (*)	-	3.424
	-	600.184

(*) The main shareholder of the Company

(**) Other related party

(***) Received and rendered services amount before acquisition of e-Logo (20 February 2014).

b) Remuneration of the board of directors and executive management:

	December 31, 2015	December 31, 2014
Remuneration of the board of directors and executive management	5.288.549	2.656.735

The remuneration of board of directors and executive management (executive management includes general manager (CEO) and assistant general managers) for the years ended December 31, 2015 and 2014 comprise short-term employment benefits including salary, bonus and other short-term benefits. There have been no post-employment benefits, other long-term employment benefits, other termination benefits and share-based payments in the years ended December 31, 2015 and 2014.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

26. Nature and extent of risks arising from financial instruments

26.1 Financial Risk Management

Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are managed by limiting aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims at maintaining flexibility in funding by keeping committed credit lines available. The Group management holds adequate cash and credit commitment that will meet the need cash for recent future in order to manage its liquidity risk. In this context the Group has credit limit from bank amounting to TL 100.000.000 that the company can utilize whenever needed.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements

for the period ended December 31, 2015

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

26. Nature and extent of risks arising from financial instruments (continued)

The following table presents the maturity of Company's non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

December 31, 2015	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1-5 years	Over 5 years
Non-derivative financial instruments						
Borrowings	2.398.725	2.595.871	1.311.327	954.431	330.113	-
Trade payables - Other	10.027.920	10.027.920	10.027.920	-	-	-
Due to personnel	1.252.651	1.252.651	1.252.651	-	-	-
Other payables - Other	10.205.184	10.205.184	10.205.184	-	-	-
December 31, 2014	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1-5 years	Over 5 years
Non-derivative financial instruments						
Borrowings	23.199.821	29.420.827	3.146.565	6.853.175	19.421.087	-
Trade payables - Other	6.167.018	6.167.018	6.167.018	-	-	-
Due to personnel	5.055.560	5.055.560	5.055.560	-	-	-
Other payables - Other	3.941.104	3.941.104	3.941.104	-	-	-

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

26. Nature and extent of risks arising from financial instruments (continued)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

The Group's interest rate sensitive financial instruments are as follows:

	December 31, 2015	December 31, 2014
<u>Financial instruments with fixed interest rate</u>		
Financial assets		
- Carried at amortized cost	23.124.710	24.583.880
Financial liabilities	2.398.725	3.072.522
<u>Financial instruments with floating interest rate</u>		
Financial assets		
- Carried at amortized cost	-	67.980
Financial liabilities	-	20.127.299

Financial assets designated as fair value through profit or loss consists of fixed interest rate TL and foreign currency denominated time deposits with maturity less than three months and liquid funds.

At December 31, 2014, if interest rates of bank loans with variable interest rates has strengthened by 100 base point (1%) with all other variables held constant, income before tax would have been TL 35.424 lower/ interest rates has weakened by 100 base point (1%) with all other variables held constant, income before tax would have been TL 35.797 higher (December 31, 2015: there is no interest rate risk)

Funding risk

The ability to fund the existing and prospective debt requirements is managed as necessary by obtaining adequate committed funding lines from high quality lenders.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

26. Nature and extent of risks arising from financial instruments (continued)

Ratio of hedging of import/export and net foreign currency liability

TL equivalent of import and exports for the periods ended December 31, 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
Total exports	4.737.111	4.381.975
Foreign currency risk		
Foreign currency position:	December 31, 2015	December 31, 2014
Assets	8.324.410	4.213.726
Liabilities	(437.945)	(232.260)
Net foreign currency position	7.886.465	3.981.466

Turkish Lira equivalent of assets and liabilities denominated in foreign currency held by Logo Yazılım were as follows

		December 31, 2015		December 31, 2014	
	Original currency	Original Amount	TL equivalent	Original amount	TL equivalent
Cash and cash equivalents	US Dollar	1.609.955	4.681.104	922.833	2.139.956
	Euro	360.638	1.145.962	108.204	305.211
	Other	272	579	268	1.021
Trade receivables and due from related parties	US Dollar	745.646	2.168.041	573.983	1.331.009
	Euro	102.757	326.519	154.013	434.423
Other receivables	Euro	694	2.205	908	2.106
Foreign currency denominated assets			8.324.410		4.213.726
Trade payables and due to related parties	Euro	51.598	163.957	36.746	103.649
	US Dollar	94.232	273.988	46.584	108.023
Borrowings	US Dollar	-	-	8.879	20.588
Foreign currency denominated liabilities			437.945		232.260

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

26. Nature and extent of risks arising from financial instruments (continued)

	December 31, 2015			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation/(depreciation) of USD against TL at 10%:				
Gain /(loss) from USD net asset	657.516	(657.516)	-	-
Secured portion from USD risk (-)	-	-	-	-
US Dollar Net Effect	657.516	(657.516)	-	-
Appreciation/(depreciation) of EUR against TL at 10%:				
Gain /(loss) from EUR net liability	131.073	(131.073)	-	-
Secured portion from EUR risk (-)	-	-	-	-
EUR Net Effect	131.073	(131.073)	-	-
Appreciation/(depreciation) of Other against TL at 10%:				
Gain /(loss) from Other net liability	58	(58)	-	-
Secured portion from Other risk (-)	-	-	-	-
Other Net Effect	58	(58)	-	-
Total Net Effect	788.647	(788.647)	-	-
December 31, 2014				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of Foreign currency	Depreciation of foreign currency
Appreciation/(depreciation) of USD against TL at 10%:				
Gain /(loss) from USD net asset	334.235	(334.235)	-	-
Secured portion from USD risk (-)	-	-	-	-
US Dollar Net Effect	334.235	(334.235)	-	-
Appreciation/(depreciation) of EUR against TL at 10%:				
Gain /(loss) from EUR net liability	63.809	(63.809)	-	-
Secured portion from EUR risk (-)	-	-	-	-
EUR Net Effect	63.809	(63.809)	-	-
Appreciation/(depreciation) of Other against TL at 10%:				
Gain/(loss) from Other net liability	102	(102)	-	-
Secured portion from Other risk (-)	-	-	-	-
Other Net Effect	102	(102)	-	-
Total Net Effect	398.147	(398.147)	-	-

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

26. Nature and extent of risks arising from financial instruments (continued)

26.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may pay out dividends, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings, accounts payable and due to related parties, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

	December 31, 2015	December 31, 2014
Total bank borrowings and trade payables	12.426.645	29.366.839
Less: Cash and cash equivalents	(51.529.036)	(48.639.563)
Net Debt	(39.102.391)	(19.272.724)
Total equity attributable to equity holders of the parent	108.545.294	86.142.497
Total capital	69.443.003	66.869.773
Gearing ratio	(56)%	(29)%

27. Financial Instruments

Fair value is the amount at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Logo Yazılım Sanayi ve Ticaret A.Ş.

**Notes to the consolidated financial statements
for the period ended December 31, 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)**

27. Financial instruments (continued)

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature.

The trade receivables are carried at amortized cost using the effective yield method less provision for doubtful receivables, and hence are considered to approximate their fair values.

Financial liabilities

The fair value of long-term floating-rated funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at December 31, 2015 is as follows:

Financial assets at fair value through profit or loss:	Level 1	Level 2	Level 3
Financial assets	-	-	-

Fair value hierarchy table as at December 31, 2014 is as follows:

Financial assets at fair value through profit or loss:	Level 1	Level 2	Level 3
Financial assets	67.980	-	-

28. Subsequent events

None.