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

Logo Yazılım Sanayi ve Ticaret A.Ş.

Condensed consolidated financial statements for the period between 1 January – 30 June 2015 together with auditors' review report

(Convenience translation of a review report and financial statements originally issued in Turkish (See Note 2.1.5))

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(Convenience translation into English of auditor’s review report originally issued in Turkish)

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Logo Yazılım Sanayi ve Ticaret A.Ş. “the Company” and its subsidiaries (all together referred to as “the Group”) as of June 30, 2015, which comprise the statement of condensed consolidated financial position and the condensed consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month-period then ended and a summary of significant accounting policiesand other explanatory notes. The management of the Company is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with Turkish Accounting Standard 34, Interim Financial Reporting Standard (“TAS 34”). Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim condensed financial information is substantially less in scope than an independent audit performed in accordance with the Turkish Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which may cause us to believe that the accompanying interim condensed consolidated financial information are not prepared, in all material respects, in accordance with TAS 34.

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

Ferzan Ülgen, SMMM
Partner

August 12, 2015
İstanbul, Turkey

Interim consolidated statement of financial position
as at 30 June 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

		Current period	Prior Period
		Reviewed	Audited
	Notes	**30 June 2015**	31 December 2014
Assets			
Current assets		**75.014.386**	104.903.678
Cash and cash equivalents	4	**31.021.339**	48.639.563
Financial assets	5	**189.818**	67.980
Trade receivables		**40.239.298**	53.651.215
- Due from related parties	*25*	***86.363***	*5.362*
- Other trade receivables	*7*	***40.152.935***	*53.645.853*
Other receivables		**10.445**	10.050
- Other receivables	8	***10.445***	*10.050*
Inventories	9	**602.870**	516.649
Prepaid expenses	15	**2.265.630**	1.614.227
Other current assets	15	**684.986**	403.994
Non-current assets		**67.990.285**	61.238.916
Other receivables	8	**954.364**	951.364
- Other receivables		***954.364***	*951.364*
Financial Assets	5	**130.653**	130.653
Property and equipment	10	**15.339.240**	15.073.538
Intangible assets		**51.554.785**	43.621.108
- Goodwill	12	***5.892.252***	*5.892.252*
- Other intangible assets	*11*	***45.662.533***	*37.728.856*
Prepaid expenses	*14*	***11.243***	*138.743*
Deferred tax assets	23	**-**	1.323.510
		143.004.671	166.142.594

These interim condensed consolidated financial statements have been approved by Board of Directors on August 12, 2015 and signed on its behalf by Buğra Koyuncu, Chief Executive Officer and Gülnur Anlaş, Executive Vice President.

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

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

		Current period	Prior period
		Reviewed	Audited
	Notes	**30 June 2015**	31 December 2014
Liabilities			
Current liabilities		**44.537.773**	58.630.831
Short-term borrowings	6	**5.657.928**	780.239
Short-term portion of long-term borrowings	6	**1.112.805**	6.350.232
Trade payables		**4.845.578**	6.167.018
- Due to related parties	*25*	***4.831***	-
- Other trade payables	*7*	***4.840.747***	*6.167.018*
Employee benefit obligations	15	**3.325.794**	5.055.560
Other payables		**1.488.454**	3.941.104
- Other payables	8	***1.488.454***	*3.941.104*
Provision for employee benefits	14	**1.056.480**	5.509.259
Deferred revenue	15	**26.095.710**	30.403.189
Current income tax liabilities		**90.177**	189.584
Other current liabilities		**864.847**	234.646
Non-current liabilities		**8.846.380**	19.937.308
Long-term financial liabilities	6	**833.923**	16.069.350
Other financial liabilities	6	**3.500.000**	-
Provision for employee benefits	14	**4.162.408**	3.867.958
Deferred tax liabilities	23	**350.049**	-
Equity			
Equity attributable to equity holders of the parent		**88.266.284**	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	**(2.649.415)**	(2.649.415)
Defined benefit plans re-measurement gains and losses		**(1.992.346)**	(821.754)
Retained earnings		**36.684.780**	30.109.530
Net income for the period		**21.237.978**	27.552.406
Non-controlling interests		**1.354.234**	1.431.958
Total equity		**89.620.518**	87.574.455
Total liabilities and equity		**143.004.671**	166.142.594

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

Interim consolidated statement of profit or loss for the period ended 30 June 2015

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

	Notes	Current period Reviewed 1 January – 30 June 2015	Current period Reviewed 1 April – 30 June 2015	Prior period Reviewed 1 January – 30 June 2014	Prior period Reviewed 1 April – 30 June 2014
Sales	18	**54.319.381**	**27.879.219**	47.976.890	25.568.167
Cost of sales (-)	18	**(1.535.685)**	**(996.398)**	(1.845.460)	(542.154)
Gross profit		**52.783.696**	**26.882.821**	46.131.430	25.026.013
Marketing, selling and distribution expenses (-)	19	**(12.795.648)**	**(6.302.785)**	(10.213.847)	(5.633.557)
General administration expenses (-)	19	**(4.074.602)**	**(2.506.245)**	(5.543.712)	(2.342.543)
Research and development expenses (-)	19	**(15.349.993)**	**(8.476.865)**	(12.591.599)	(6.875.040)
Other operating income	22	**2.171.560**	**1.517.198**	1.433.894	694.490
Other operating expenses (-)	22	**(430.039)**	**(210.891)**	(1.044.035)	(75.045)
Operating profit		**22.304.974**	**10.903.233**	18.172.131	10.794.318
Income from investment activities	22	**203.200**	**168.201**	308.063	288.525
Operating profit before financial income/expenses		**22.508.174**	**11.071.434**	18.480.194	11.082.843
Financial income	20	**1.077.142**	**261.721**	494.425	214.044
Financial expenses (-)	21	**(1.576.660)**	**(354.586)**	(2.539.429)	(1.400.379)
Income before taxes		**22.008.656**	**10.978.569**	16.435.190	9.896.508
Taxation on income					
Current income tax charge	23	**(85.679)**	**(7.818)**	-	-
Deferred tax charge	23	**(762.723)**	**(140.766)**	(110.287)	(11.924)
Net income for the period		**21.160.254**	**10.829.985**	16.324.903	9.884.584
Net income attributable to					
Non-controlling interests		**(77.724)**	**(25.498)**	-	-
Equity holders of the parent		**21.237.978**	**10.855.483**	16.324.903	9.884.584
		21.160.254	**10.829.985**	16.324.903	9.884.584
Earnings per share per thousands of shares with nominal value 1 Kr each	24	**8,50**	**4,37**	6,53	3,95

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

Interim consolidated statement of other comprehensive income for the period ended 30 June 2015

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

		Current period		Prior period	
		Reviewed		Reviewed	
	Notes	1 January – 30 June 2015	1 April – 30 June 2015	1 January – 30 June 2014	1 April – 30 June 2014
Net income for the period		**21.160.254**	**10.829.985**	16.324.903	9.884.584
Accumulated other comprehensive income/ (expense) not to be reclassified to profit or loss					
Actuarial loss arising from employee benefits	14	**(1.283.449)**	**(808.521)**	(335.209)	(239.327)
Tax effect	23	**112.857**	**74.444**	30.467	36.914
Other comprehensive loss		**(1.170.592)**	**(734.077)**	(304.742)	(202.413)
Total comprehensive income		**19.989.662**	**10.095.908**	16.020.161	9.682.171
Distribution of total comprehensive income:					
Non-controlling interests		**(77.724)**	**(25.498)**	-	-
Equity holders of the parent		**20.067.386**	**10.121.406**	16.020.161	9.682.171
		19.989.662	**10.095.908**	16.020.161	9.682.171

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

Logo Yazılım Sanayi ve Ticaret A.Ş.

Interim consolidated statement of changes in equity
for the period ended 30 June 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

					Other comprehensive income or loss items not to be reclassified to profit or loss in subsequent periods					
	Share capital	Adjustment to share capital	Treasury shares	Restricted reserves	Defined benefit plans re-measurement gains and losses	Retained earnings/accumulated losses	Net income for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
1 January 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	-	-	-	-	-	19.280.168	(19.280.168)	-	-	-
Acquisition of subsidiary (Note 3)	-	-	-	-	-	-	-	-	2.060.971	2.060.971
Non-controlling shares purchase option liability (Note 6)	-	-	-	-	-	146.339	-	146.339	(2.060.971)	(1.914.632)
Net income for the period	-	-	-	-	-	-	16.324.903	16.324.903	-	16.324.903
Other comprehensive loss	-	-	-	-	(304.742)	-	-	(304.742)	-	(304.742)
Total comprehensive income	-	-	-	-	(304.742)	-	16.324.903	16.020.161	-	16.020.161
30 June 2014	25.000.000	2.991.336	(2.649.415)	3.666.269	(743.278)	30.702.213	16.324.903	75.292.028	-	75.292.028
1 January 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)**	**-**	**-**	**-**
Dividend paid (Note 16)	**-**	**-**	**-**	**-**	**-**	**(14.649.003)**	**-**	**(14.649.003)**	**-**	**(14.649.003)**
Acquisition of subsidiary (Note 3)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**205.404**	**205.404**
Non-controlling shares purchase option liability (Note 6)	**-**	**-**	**-**	**-**	**-**	**(3.294.596)**	**-**	**(3.294.596)**	**(205.404)**	**(3.500.000)**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**21.237.978**	**21.237.978**	**(77.724)**	**21.160.254**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(1.170.592)**	**-**	**-**	**(1.170.592)**	**-**	**(1.170.592)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(1.170.592)**	**-**	**21.237.978**	**20.067.386**	**(77.724)**	**19.989.662**
30 June 2015	**25.000.000**	**2.991.336**	**(2.649.415)**	**6.993.951**	**(1.992.346)**	**36.684.780**	**21.237.978**	**88.266.284**	**1.354.234**	**89.620.518**

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

Interim consolidated statement of cash flows
for the period ended 30 June 2015
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Current period Reviewed 30 June 2015	Prior period Reviewed 30 June 2014
Income before tax		**22.008.656**	16.435.190
Depreciation and amortization	10, 11	**5.981.995**	4.654.144
Deferred revenues	15	**(4.063.285)**	(662.786)
Increase in provision for employee termination benefits	14	**274.370**	228.645
Increase in unused vacation liability		**79.536**	431.890
Personnel bonus accrual	14	**1.056.480**	(3.961.015)
Interest expenses	21	**1.163.964**	1.929.992
Interest income	20	**(569.933)**	(300.144)
Gain from bargain purchase	22	-	(243.883)
Gain on sales of property, plant and equipment-net	22	**(121.763)**	(27.082)
Operating income before changes in working capital		**25.810.020**	18.484.951
Change in trade and other receivables		**15.065.443**	17.213.595
Change in inventories		**(86.221)**	(258.307)
Increase in other current assets		**(722.984)**	(1.121.186)
Increase in trade payables		**(1.377.699)**	(6.626.329)
Decrease in other payables and liabilities and employee benefits obligations		**(6.109.836)**	(1.138.553)
Taxes paid		**(202.201)**	(70.251)
Employee termination benefits paid	14	**(1.342.905)**	(436.484)
Net cash generated from operating activities		**31.033.617**	26.047.436
Investing activities:			
Purchase of property and equipment and intangible assets	10, 11	**(9.554.139)**	(6.985.340)
Cash used in purchase/generated in sale of financial investments		**(121.838)**	122.673
Acquisition of subsidiary, excluding cash acquired	3	**(4.738.459)**	(6.602.145)
Cash generated from sales of property and equipment		**121.763**	32.999
Interest received		**569.933**	300.144
Net cash used in investing activities		**(13.722.740)**	(13.131.669)
Financial activities:			
Increase/(decrease) in financial debts		**(19.154.928)**	2.345.166
Interest paid		**(1.125.170)**	(2.087.587)
Dividends paid		**(14.649.003)**	-
Net cash generated/(used in) financing activities		**(34.929.101)**	257.579
Net increase in cash and cash equivalents		**(17.618.224)**	13.173.346
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	**31.021.339**	32.441.461

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

(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 30 September 1999. The Company is domiciled in Turkey and operates under the Turkish Commercial Code.

The Company is engaged in the development and sale of operating systems, application software, databases, multi-media and other software products.

As of 30 June 2015 the Group has 495 employees (31 December 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
Netsis Yazılım Sanayi ve Ticaret A.Ş. (“Netsis”)	Turkey	Development and marketing of computer software
Coretech Bilgi Teknolojisi Hizmetleri A.Ş. (“Coretech”)	Turkey	Development and marketing of computer software
Logobi Yazılım Sanayi ve Ticaret A.Ş. (“LogoBI”)	Turkey	Development and marketing of computer software
Logo Elektronik Ticaret Hizmetleri A.Ş. (“e-Logo”)	Turkey	Development and marketing of computer software
İntermat Bilişim A.Ş.(“İntermat”)	Turkey	Development of marketing of computer software
Sempa Bilişim İşlem Sanayi ve Ticaret A.Ş. (“Sempa”)	Turkey	Development of 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

The Company has purchased 50,1% of İntermat shares for 2.000.000 TL through Share Transfer and Option agreement signed on January 5, 2015. Within the framework of the Share Transfer and Option agreement, the Company is entitled to purchase the remaining 49,9% of the shares for an amount which will be equal to the 50% of the sales revenue of İntermat through to the end of 2017. The transfer amount will be no less than TL 1.500.000 and not exceed TL 3.500.000. İntermat has the right to sell the shares to the Company under the same terms. With regard to the option agreement, Company Management has booked the potential liability amounting to TL 3.500.000 related to the purchase of the remaining 49,9% of the shares as a long-term financial liability.

1. Organization and nature of operations (continued)

The Company has purchased 100% of Sempa shares for TL 3.000.000 through a share transfer agreement signed on June18, 2015. Within the framework of the Share Transfer agreement; 50% of the positive difference between Sempa's sales revenue to be realized in 2015 and 2014 sales revenue amounting to TL 2.017.938 ("Base Performance Fee"), will be paid to Sempa's previous shareholders as a "Performance Fee" which will not exceed TL 500.000. Due to uncertainties, no provision has been booked in connection with "Performance Fee" in financial statements.

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 increasing its shareholding 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 July 25, 2013, the Company acquired all the shares in Netsis in return for TL 24.699.850. The total amount of the purchase price was paid in advance. The share purchase agreement entered into force as of September 19, 2013.

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 June 30, 2015, the liquidation process has been substantially completed.

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

Pursuant to the Capital Markets Board Mergers and Divisions Communication numbered II-23.2, the Company has applied to the Capital Markets Board on March 13, 2015 for a facilitated merger procedure by providing the relevant information and documents in relation to the facilitated merger process of its wholly owned subsidiaries Netsis Yazılım Sanayi ve Ticaret Anonim Şirketi, Logobi Yazılım Sanayi ve Ticaret Anonim Şirketi and Coretech Bilgi Teknolojisi Hizmetleri Anonim Şirketi. The merge has been officially registered to the Registry of Commerce as of July 28, 2015.

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 June 30, 2015 taking 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 condensed interim consolidated financial statements.

2. Basis of presentation of consolidated financial statements

2.1 Basis of presentation

2.1.1 Financial reporting standards

The accompanying interim 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 are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The condensed interim consolidated financial statements, the fair value indicated by financial investments and business emerged during the merger of tangible and intangible fixed in the assets, arising from the difference between the fair value and the carrying value is redrafted based on the historical cost basis, except for valuation.

With the decision taken on March 17, 2005, the 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 financial statements have been prepared in accordance with this decision.

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/TFRS 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.

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

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

2.1.3 Basis of consolidation

The condensed interim consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the year ended December 31, 2014 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 30 June 2015 and 31 December 2014:

	Direct and indirect ownership İnterests by the Company (%)	
Subsidiaries:	**30 June 2015**	**31 December 2014**
Netsis Yazılım Sanayi ve Ticaret A.Ş.	%100,00	%100,00
Coretech Bilgi Teknolojisi Hizmetleri A.Ş.	%100,00	%100,00
Logobi Yazılım Sanayi ve Ticaret A.Ş.	%100,00	%100,00
Logo Elektronik Ticaret Hizmetleri A.Ş.	%90,50	%90,50
İntermat Bilişim A.Ş.	%50,10	-
Sempa Bilgi İşlem Sanayi ve Ticaret A.Ş.	%100,00	-
Logo Business Software GmbH	%100,00	%100,00

2.1.4 Use of estimates

The condensed consolidated financial statements belonging to the six month interim period ended June 30, 2015 were prepared using significant accounting estimates and assumptions consistent with accounting estimates described in detail on the Group’s financial statements as of December 31, 2014.

2.1.5 Convenience translation into English of financial statements originally issued in Turkish

As at 30 June 2015, the accounting principles described in Note 2 (defıned as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the TAS/TFRS promulgated by POA. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.2 Summary of significant accounting policies

The condensed interim consolidated financial statements of the Group for the six months period ended June 30, 2015 have been prepared in accordance with TAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended June 30, 2015 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2014. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014.

2.3 Change in accounting policies

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 June 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2015. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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

i) The new standards, amendments and interpretations which are effective as at 1 January 2015 are as follows:

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendment did not have an impact on the consolidated financial statements of the Group.

Annual Improvements to TAS/TFRSs

In September 2014, POA issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to performance and service conditions which are vesting conditions are clarified. The amendment is effective prospectively.

TFRS 3 Business Combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) An entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:
i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

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

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. . In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The amendments did not have a significant impact on the interim condensed consolidated financial statements of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

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

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

In February 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:
- At cost
- In accordance with IFRS 9,

Or
- Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

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

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

In February 2015, amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Group.

Annual Improvements to TFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report.

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

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Annual Improvements – 2011–2013 Cycle

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 original effective date was 1 January 2017. However, in July 2015, IASB decided to defer the effective date to be effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

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

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting mdel to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

3. Business combinations

e-Logo acquisition

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 signed a put option agreement for the acquisition of the remaining 20% for TL 2.000.000 calculated in USD which was agreed upon by the parties. According to the related agreement, the remaining 20% of shares were acquired on July 14, 2014 for TL 1.914.632. The whole amount of the purchase price was paid in advance. The share transfer agreement took effective as of February 20, 2014. The gain directly associated with the purchase amounting to 243.883 TL arising from bargain purchase has been included in income gained from investment activities.

Cost amounting to TL 72.553 which is directly related with the purchase transaction has been recognized under General administration expenses account.

The management of the Company completed the works related to determining the fair values of the acquired assets and liabilities as of March 31 2014; they were recorded at the following values:

Total assets	8.892.931
Intangible assets - identifiable assets	2.792.000
Total liabilities	(1.380.077)
Fair value of net assets	10.304.854
Less: carrying value of investments in associates	8.000.000
Less: non-controlling interest	2.060.971
Gain arising from bargain purchase	**243.883**

The Group has measured the non-controlling interests at e-Logo over the recognized proportionate share of net definable assets of the company.

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

3. Business combinations (continued)

Of the identifiable assets determined as a result of e-Logo's purchase price allocation study, the technology developed is amortised over seven years, customer relations are amortised over twelve years.

Detail of cash outflows due to purchase as of 30 June 2015 is as follows:

Purchase price – cash paid in 2014	8.000.000
Cash and cash equivalents – acquired	1.397.855
Cash outflow due to purchase, net	**6.602.145**

İntermat acquisition

The Company has purchased 50,1% of İntermat shares for 2.000.000 TL through Share Transfer and Option agreement signed on January 5, 2015.

Referring to this acquisition, Group has applied TFRS 3 "Business Combinations" standard in accounting for business combinations of İntermat as a subsidiary. As of 30 June 2015, fair values of identifiable assets and assumed identifiable liabilities acquired with the scope of business combinations are identified with draft fair value measurement report. These items are reported over the temporary amounts (on provisional basis) on the consolidated financial statements. The additions and corrections of fair values of the acquired identifiable assets, liabilities and contingent liabilities are limited to 12 months from the date of acquisition.

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

Total assets	539.268
Intangible assets - identifiable assets	1.793.773
Total liabilities	(127.637)
Fair value of net assets	2.205.404
Less: purchase consideration	2.000.000
Less: non-controlling interest	205.404

The Group has measured the non-controlling interests at İntermat over the recognized proportionate share of net definable assets of the company.

Of the identifiable assets determined as a result of İntermat's purchase price allocation study, the technology developed is amortised over seven years, customer relations are amortised over twelve years.

Detail of cash outflows due to purchase as of 30 June 2015 is as follows:

Purchase price – cash paid in 2015	2.000.000
Cash and cash equivalents – acquired	11.541
Cash outflow due to purchase, net	**1.988.459**

Within the framework of the Share Transfer and Option agreement, the Company is entitled to purchase the remaining 49,9% of the shares for 50% of the revenue obtained by İntermat through to the end of 2017, provided the amount is no less than 1.500.000 TL and does not exceed 3.500.000 TL. İntermat has the right to sell to the Company under the same terms. With regard to the option agreement, Company Management has booked the potential liability amounting to 3.500.000 TL related to the purchase of the remaining 49,9% of the shares as a long-term financial liability.

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

3. Business combinations (continued)

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.

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"), up to 500.000 TL will be paid to Sempa's previous shareholders as a "Performance Fee" which will not exceed 500.000 TL.

In accordance with the Share Transfer Agreement signed by the Group and Sempa, cash amount to be acquired at the share transfer date of June 18, 2015 by the Company is limited to 250.000 TL and is referred to as the "Net Cash Amount". A commitment was made in relation to the return of cash and cash equivalents other than "Net Cash Amount" belonging to Sempa's previous shareholders to be taken place at the transfer date.

Referring to this acquisition, Group has applied TFRS 3 "Business Combinations" standard in accounting for business combinations of Sempa as a subsidiary. As of 30 June 2015, fair values of identifiable assets and assumed identifiable liabilities acquired with the scope of business combinations are identified with draft fair value measurement report. These items are reported over the temporary amounts (on provisional basis) on the consolidated financial statements. The additions and corrections of fair values of the acquired identifiable assets, liabilities and contingent liabilities are limited to 12 months from the date of acquisition.

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

Total assets	611.119
Intangible assets - identifiable assets	2.659.755
Total liabilities	(270.874)
Fair value of net assets	3.000.000
Less: purchase consideration	3.000.000

The Group has measured the non-controlling interests at Sempa over the recognized proportionate share of net definable assets of the company.

Of the identifiable assets determined as a result of Sempa's purchase price allocation study, the technology developed is amortised over seven years, customer relations are amortised over twelve years.

Detail of cash outflows due to purchase as of 30 June 2015 is as follows:

Purchase price – cash paid in 2015	3.000.000
Cash and cash equivalents – acquired	250.000
Cash outflow due to purchase, net	**2.750.000**

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

4. Cash and cash equivalents

	30 June 2015	31 December 2014
Cash	**94.963**	8.754
Banks		
- Demand deposits - TL	**3.654.769**	3.444.600
- Demand deposits - foreign currency	**1.452.432**	1.063.254
- Time deposits - TL	**1.369.021**	22.995.000
- Time deposits - foreign currency	**3.363.306**	1.588.880
Credit card receivables	**21.086.848**	19.539.075
Total	**31.021.339**	48.639.563

As of 30 June 2015, weighted average effective annual interest rates for TL time deposits are between %9,50 and %10,65, weighted average effective annual interest rates for USD time deposits are between %1,75 and %2 (31 December 2014: TL rates %8,60 - %10, USD rates %1,75 - %2). As of 30 June 2015 and 31 December 2014, the maturity of time deposits is less than three months. As of 30 June 2015 and 31 December 2014, the maturity of credit card receivables is less than three months.

As of 30 June 2015 and 31 December 2014, the cash and cash equivalents included in the consolidated statement of cash flows are as follows:

	30 June 2015	31 December 2014
Cash and cash equivalents	**31.021.339**	48.639.563

5. Financial assets

Trading securities:

The analysis of financial assets at fair value through profit and loss at 30 June 2015 and 31 December 2014 is as follows:

	30 June 2015	31 December 2014
Mutual funds		
- Liquid fund	**189.818**	-
- Gold fund	**-**	67.980
	189.818	67.980

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

5. Financial assets (continued)

The analysis of non-current financial assets at 30 June 2015 and 31 December 2014 is as follows:

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

As of 30 June 2015 and 31 December 2014, İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. is assessed as an available-for-sale financial asset. Since İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. does not have any quoted market price in active market, its fair value could not be reliably measured and their total assets have no material impact on consolidated financial statements; are reflected to condensed interim consolidated financial statements of the Group with cost value.

6. Borrowings

Short-term borrowings:	**30 June 2015**	31 December 2014
Short-term bank borrowings	**5.620.200**	665.613
Current portion of long-term bank borrowings	**1.112.805**	6.350.232
Credit card payables	**37.728**	114.626
	6.770.733	7.130.471

Long-term borrowings:	**30 June 2015**	31 December 2014
Long-term bank borrowings	**833.923**	16.069.350

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

6. Borrowings (continued)

The analysis of borrowings at 30 June 2015 and 31 December 2014 is as follows:

		30 June 2015	
	Weighted average Effective interest rate p.a. (%)	**Original Balance**	**TL equivalent**
Short-term bank borrowings	**%11,80**	**5.620.200**	**5.620.200**
Credit card payables	**-**	**37.728**	**37.728**
Total short-term borrowings			**5.657.928**
Current portion of long-term bank borrowings:			
Fixed interest rate loans			
TL denominated borrowings	**%10,32-%13,68**	**1.112.805**	**1.112.805**
USD denominated borrowings			
Total current portion of long-term borrowings			**1.112.805**
Long-term bank borrowings:			
Fixed interest rate loans			
TL denominated borrowings	**%10,32-%13,68**	**833.923**	**833.923**
Total long-term bank borrowings			**833.923**

		31 December 2014	
	Weighted average Effective interest rate p.a. (%)	**Original Balance**	**TL equivalent**
Short-term bank borrowings	-	665.613	665.613
Credit card payables	-	114.626	114.626
Total short-term borrowings			**780.239**
Current portion of long-term bank borrowings:			
Variable interest rate loans			
TL denominated borrowings (*)	%12,96	5.460.632	5.460.632
Fixed interest rate loans			
TL denominated borrowings	%15,84	869.012	869.012
USD denominated borrowings	-	8.879	20.588
Total current portion of long-term borrowings			**6.350.232**
Long-term bank borrowings:			
Variable interest rate loans			
TL denominated borrowings (*)	%12,96	14.666.667	14.666.667
Fixed interest rate loans			
TL denominated borrowings	%15,84	1.402.683	1.402.683
Total long-term bank borrowings			**16.069.350**

(*) The loan agreement amounting to TL 20.000.000 with a maturity date of 5 years and a variable interest rate which was signed between the Company and the International Finance Corporation ("IFC") on 23 November 2013 has been paid off as of 16 March 2015.

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

6. Borrowings (continued)

The redemption schedule of long-term bank borrowings at 30 June 2015 and 31 December 2014 is as follows:

	30 June 2015	31 December 2014
1-2 years	**749.681**	6.412.533
2-3 years	**84.242**	5.656.817
3-4 years	-	4.000.000
	833.923	16.069.350

Other financial liabilities

- Other long-term financial liabilities

As of 30 June 2015, the share purchase obligation amounting to 3.500.000 TL arising from the Share Transfer and Option agreement signed for the purchase of 49,9% of İntermat's shares has been booked as a long-term financial liability (Note 3).

7. Trade receivables and payables

Trade receivables from third parties:	**30 June 2015**	31 December 2014
Trade receivables	**29.994.150**	39.124.002
Credit card receivables	**14.102.159**	17.875.519
Cheques and notes receivables	**2.731.266**	4.148.480
Other trade receivables	**625.578**	440.565
Less: provision for doubtful receivables	**(6.352.051)**	(6.352.051)
Less: unearned finance income arising from credit sales	**(948.167)**	(1.590.662)
	40.152.935	53.645.853

The rediscount rate applied on the maturity of receivables is 10,80% (December 31, 2014: 9.55%).

As of 30 June 2015, trade receivables amounting to TL 4.505.478 (31 December 2014: TL 3.878.518) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	30 June 2015	31 December 2014
Up to 1 month	**650.607**	1.194.847
1 to 3 months	**933.707**	614.652
Over 3 months	**2.921.164**	2.069.019
	4.505.478	**3.878.518**
Amount of risk covered by guarantees	**699.400**	399.400

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

7. Trade receivables and payables (continued)

Trade payables due to third parties:	**30 June 2015**	31 December 2014
Trade payables	**4.840.747**	6.167.018

The movement of provision for doubtful receivables for the periods ended June 30, 2015 and December 31, 2014 is as follows:

	2015	2014
As of January 1	**6.352.051**	6.352.051
Current year additions	**-**	-
June 30	**6.352.051**	6.352.051

(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 30 June 2015 and 31 December 2014 as follows:

	Trade receivables		**Other receivables**		
30 June 2015	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits**
The maximum of credit risk exposed at the reporting date	**86.363**	**40.152.935**	**-**	**964.809**	**30.926.376**
- Amount of risk covered by guarantees	***-***	***699.400***	***-***	***-***	***-***
Net carrying value of not past due and not impaired financial assets	**86.363**	**35.647.457**	**-**	**964.809**	**30.926.376**
Net carrying value of past due but not impaired financial assets	**-**	**4.505.478**	**-**	**-**	**-**
- Amount of risk covered by guarantees		***699.400***			
Net carrying value of impaired assets	**-**	**-**	-	**-**	**-**
- Past due (gross carrying value)					
- Provision for impairment (-)	***-***	***6.352.051***	**-**	**-**	**-**
- Amount of risk covered by guarantees	***-***	***(6.352.051)***	**-**	**-**	**-**

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

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

7. Trade receivables and payables (continued)

	Trade receivables		Other receivables		
31 December 2014	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits**
The maximum of credit risk exposed at the reporting date	**5.362**	**53.645.853**	**-**	**961.414**	**48.630.809**
- Amount of 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					
- 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.

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

8. Other receivables and payables

Other receivables from third parties	**30 June 2015**	**31 December 2014**
Short-term		
Deposits and guarantees	10.445	10.050
Long-term		
Receivables arising from the sale of shares of e-Logo	950.000	950.000
Other	4.364	1.364
	954.364	**951.364**

Other short-term liabilities	**30 June 2015**	**31 December 2014**
VAT Payable	1.229.791	3.800.878
Reverse charge VAT	76.723	47.212
Other	181.940	93.014
	1.488.454	**3.941.104**

9. Inventories

	30 June 2015	**31 December 2014**
Raw materials	463.043	388.882
Trade goods	139.827	127.767
	602.870	**516.649**

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

10. Property, plant and equipment

	1 January 2015	Additions	Acquisition of Subsidiary	Disposals	30 June 2015
Cost:					
Machinery and equipment	**5.866.902**	**453.492**	**-**	**(13.675)**	**6.306.719**
Motor vehicles	**244.598**	**-**	**93.564**	**(189.215)**	**148.947**
Furniture and fixtures	**3.619.890**	**125.341**	**118.120**	**(33.743)**	**3.829.608**
Leasehold improvements	**19.458.301**	**121.728**	**-**	**-**	**19.580.029**
Total	**29.189.691**	**700.561**	**211.684**	**(236.633)**	**29.865.303**
Accumulated depreciation:					
Machinery and equipment	**4.995.418**	**172.435**	**-**	**(13.675)**	**5.154.178**
Motor vehicles	**241.241**	**3.360**	**22.145**	**(189.215)**	**77.531**
Furniture and fixtures	**3.012.406**	**123.260**	**55.455**	**(33.743)**	**3.157.378**
Leasehold improvements	**5.867.088**	**269.888**	**-**	**-**	**6.136.976**
	14.116.153	**568.943**	**77.600**	**(236.633)**	**14.526.063**
Net book value	**15.073.538**				**15.339.240**

	1 January 2014	Additions	Acquisition of Subsidiary	Disposals	30 June 2014
Cost:					
Machinery and equipment	5.243.543	323.665	199.621	-	5.766.829
Motor vehicles	233.398	-	55.383	(44.183)	244.598
Furniture and fixtures	3.265.571	134.917	84.580	-	3.485.068
Leasehold improvements	17.208.797	34.709	75.883	-	17.319.389
Construction in progress	711.679	29.289	-	-	740.968
	26.662.988	522.580	415.467	(44.183)	27.556.852
Accumulated depreciation:					
Machinery and equipment	4.708.060	121.350	65.537	-	4.894.947
Motor vehicles	206.747	10.748	55.383	(38.266)	234.612
Furniture and fixtures	2.734.309	118.382	27.405	-	2.880.096
Leasehold improvements	5.384.336	212.048	48.531	-	5.644.915
	13.033.452	462.528	196.856	(38.266)	13.654.570
Net book value	13.629.536				13.902.282

The Company leased the land; 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 Company and a financial institution ("Lender") in 2011, a pledge of TL 7.000.000 was placed on the Company's building as collateral for the loan.

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

11. Intangible assets

	1 January 2015	Additions	Acquisition of Subsidiary	30 June 2015
Cost:				
Development costs	62.864.589	8.471.598	6.000	71.342.187
Technology developed	6.449.027	-	4.487.151	10.936.178
Customer relations	11.549.175	-	-	11.549.175
Agreement for restriction of competition	1.940.057	-	-	1.940.057
Other intangible assets	4.707.710	381.980	-	5.089.690
Total	**87.510.558**	**8.853.578**	**4.493.151**	**100.857.287**
Accumulated amortization:				
Development costs	39.969.734	4.019.266	-	43.989.000
Technology developed	1.656.068	458.681	-	2.114.749
Customer relations	2.328.723	481.745	-	2.810.468
Agreement for restriction of competition	1.405.835	370.478	-	1.776.313
Other intangible assets	4.421.342	82.882	-	4.504.224
	49.781.702	**5.413.052**	**-**	**55.194.754**
Net book value	**37.728.856**			**45.662.533**

	1 January 2014	Additions	Acquisition of Subsidiary	30 June 2014
Cost:				
Development costs	49.599.391	6.323.465	-	55.922.856
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	139.294	36.368	4.675.026
	71.245.014	**6.462.759**	**2.828.368**	**80.536.141**
Accumulated amortization:				
Development costs	33.724.170	2.803.756	-	36.527.926
Technology developed	754.156	438.699	-	1.192.855
Customer relations	1.384.230	460.823	-	1.845.053
Agreement for restriction of competition	522.504	444.791	-	967.295
Other intangible assets	4.296.979	43.547	24.057	4.364.583
	40.682.039	**4.191.616**	**24.057**	**44.897.712**
Net book value	**30.562.975**			**35.638.429**

All additions to development costs during the years ended 30 June 2015 and 2014 include staff costs.

TL 5.824.215 of the current period depreciation and amortization expense has been allocated to research and development expenses, TL 44.140 has been allocated to marketing, selling and distribution expenses, TL 113.640 has been allocated to general administrative expenses (30 June 2014: TL 4.507.582 to research and development expenses, TL 47.272 to marketing, selling and distribution expenses, TL 99.288 to general administrative expenses).

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

12. Goodwill

	30 June 2015	31 December 2014
Goodwill	**5.892.252**	5.892.252
	5.892.252	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.

13. Commitments and contingent liabilities

Guarantees received:

			30 June 2015	31 December 2014	
	Original currency	**Original amount**	**TL equivalent**	Original amount	TL equivalent
Mortgages received	TL	**39.400**	**39.400**	39.400	39.400
Guarantee notes received	TL	**660.000**	**660.000**	360.000	360.000
			699.400		399.400

As of 30 June 2015 and 31 December 2014, guarantee/pledge/mortgage given by the Group on behalf of its legal entity were as follows:

Guarantee/pledge/mortgage given by the Group:

			30 June 2015		**31 December 2014**
	Original currency	**Original amount**	**TL equivalent**	**Original amount**	**TL equivalent**
Total amount of guarantee/ pledge/ mortgage the Company gave on behalf of its legal entity	TL	**7.566.360**	**7.566.360**	7.768.000	7.768.000
	USD	**91.378**	**245.469**	**54.463**	**126.294**
			7.811.829		**7.894.294**

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

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

There are cases in which the amount of TL 4.297.242 filed against the Group in the past years. Group management considers that it is probable that any outflow in relation to these cases, therefore there are no reverse in the consolidated financial statements.

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

14. Provision for employee benefits

a) Short term provisions for employee benefits

	30 June 2015	31 December 2014
Personnel bonus accrual	**1.056.480**	5.509.259
	1.056.480	5.509.259

b) Long term provisions for employee benefits

	30 June 2015	31 December 2014
Provision for employee termination benefits	**2.761.976**	2.547.062
Provision for unused vacation	**1.400.432**	1.320.896
	4.162.408	3.867.958

The movement of unused vacation liability at 30 June 2015 and 2014 is as follow:

	2015	2014
1 January	**1.320.896**	1.496.506
Acquisition of subsidiary	**9.050**	100.282
Increase in the period	**70.486**	431.890
30 June 2015	**1.400.432**	2.028.678

Provision for employment termination benefits is calculated as explained below.

Under Turkish Labour Law, the Company 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 3.541 (2014: TL 3.438) for each year of service at 30 June 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. Turkish Financial Reporting Standards require 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:

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

(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 The maximum amount of TL 3.710 which is effective from 1 July 2015 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 periods ended 30 June 2015 and 2014 were as follows:

	2015	2014
1 January	**2.547.062**	2.233.283
Service cost	**166.120**	119.355
Interest cost	**108.250**	109.290
Actuarial loss	**1.283.449**	335.209
Paid/accrued during the period	**(1.342.905)**	(436.484)
Acquisition of subsidiary	-	28.255
30 June	**2.761.976**	**2.388.908**

As of June 30, 2015, sensitivity analysis of key assumptions used in the calculation of severance pay provision is as follows:

	Net discount rate		**Turnover rate related the probability of retirement**	
Sensitivity level	**0.5% decrease**	**0.5% decrease**	**0.5% decrease**	**0.5% decrease**
Rate	**(2,83%)**	**(3,83%)**	**(91,50%)**	**(92,05%)**
Change in employee benefits liability	**105.212**	**(96.862)**	**(106.559)**	**115.447**

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

a) Prepaid expenses:

	30 June 2015	31 December 2014
Prepaid expenses	**1.184.258**	272.720
Advances given	**1.081.372**	1.341.507
	2.265.630	1.614.227

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

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

b) Other current assets:

	30 June 2015	31 December 2014
Prepaid taxes and funds	**254.300**	42.650
Job advances	**222.693**	89.006
Personnel advances	**130.515**	22.418
Other	**65.689**	221.131
Due from personnel	**6.850**	23.850
Value Added Tax ("VAT") receivables	**4.939**	4.939
	684.986	403.994

c) Deferred revenues

	30 June 2015	31 December 2014
Deferred revenues	**24.925.906**	28.989.191
Advances received (*)	**1.169.804**	1.413.998
Deferred income – Short term	**26.095.710**	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 analysis of deferred revenues at 30 June 2015 and 31 December 2014 is as follows:

Deferred revenues	**30 June 2015**	31 December 2014
Logo Enterprise Membership sales	**10.367.246**	10.591.723
Pay as you go sales	**7.726.248**	8.864.211
Version upgrade package sales	**4.576.211**	4.896.272
Deferred revenue from continuing projects	**1.990.236**	2.601.393
After-sales services revenue	**265.965**	67.388
Other sales income	-	1.968.204
	24.925.906	28.989.191

d) Employee benefit obligations

	30 June 2015	31 December 2014
Payable to personnel	**2.210.156**	4.106.034
Taxes, withholdings and social security payables	**1.115.638**	949.526
	3.325.794	5.055.560

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

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 30 June 2015 and 31 December 2014 are as follows:

	30 June 2015	**Share (%)**	31 December 2014	Share (%)
Logo Yatırım Holding A.Ş.	**8.714.904**	**34,86**	8.714.904	34,86
Mediterra Capital Partners I, LP (*)	**8.714.904**	**34,86**	8.714.904	34,86
Publicly owned-free floating	**7.570.192**	**30,28**	7.570.192	30,28
	25.000.000	**100**	25.000.000	100
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.

The aforementioned amounts shall be classified in "Restricted Reserves" in accordance with TAS/TFRS. The analysis of restricted reserves at 30 June 2015 and 31 December 2014 is as follows:

	30 June 2015	31 December 2014
Legal Reserves	**5.908.844**	2.875.287
Gain on sale of land and investments	**923.318**	923.318
Extraordinary reserves	**161.789**	161.789
	6.993.951	3.960.394

In accordance with the CMB regulations effective until 1 January 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.

16. Equity (continued)

In addition, in accordance with the CMB regulations effective until 1 January 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 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences arisen 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 26 June 2013, 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 4 July 2012 and 5 November 2012. The mentioned share certificates were accounted as treasury shares under equities.

Based on the Board of Directors decision dated 19 April 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 25 April 2013 and 21 June 2013.

Based on the Board of Directors decision dated 26 June 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 10 July 2013 and 26 September 2013

Based on the Board of Directors decision dated 3 October 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 30 October 2013 and 30 June 2013.

16. Equity (continued)

In accordance with Capital Markets Board's ("CMB") decision dated 10 August 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 26 June 2012, 19 April 2013, and 26 June 2013. The repurchased shares constitute 6,44% of the Company's share capital as of 26 September, 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 10 October 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 26 December 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 5.696.372 TL 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 0,01 TL nominal value (Nominal value of 1 TL traded on the Istanbul Stock Exchange corresponding to 6,00 TL for every 100 share units.)

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

Dividend Distribution

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

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also 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 instalments 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.

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

16. Equity (continued)

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.

In dividend distribution, the Company follows a balanced and consistent policy between the benefits of the shareholders and the benefits of the Company in accordance with the Corporate Management Principles. The Board of Directors of the Company has decided; that at least 20% of the distributable net profit for the period calculated in accordance with the TCC, CMB regulations and the main agreement should be distributed to the shareholders as dividends, taking into consideration the economic conditions, long-term investment financing and business plans as well as profitability; that the dividend to be distributed may be realized in cash or by capital increase through bonus shares or partly in cash and partly through bonus shares; that the calculable dividend amount may remain undistributed in the event that it is less than 5% of the paid-in capital; and that this dividend distribution policy should be revised annually by the Board of Directors.

The part of the accumulated losses of the companies exceeding the total of retained earnings, general legal reserves including premiums related to shares and the amounts arising from the adjustment of equity items except for capital in accordance with inflation accounting is accounted for as discount items in the calculation of net distributable profit for the period.

The Ordinary General Meeting held on April 30, 2015 as a result of the Company, TL 15.000.000 from the net distributable profit in 2014 decided to distribute a gross cash dividend. In line with this decision dividend payment has begun on May 26, 2015. Treasury shares owned by the dividend corresponding to the Company amounting to TL 350.997 are deducted and it has completed the cash distribution in the amount of TL 14.649.003.

17. Expenses by Nature

As of 30 June 2015 and 31 December 2014, expenses are disclosed by function and the analysis of the expenses is summarized in Note 18 and Note 19.

18. Sales and cost of sales

	1 January - 30 June 2015	**1 April - 30 June 2015**	1 January - 30 June 2014	1 April - 30 June 2014
Sales income	**53.762.508**	**27.177.683**	47.782.435	25.190.201
Service income	**3.191.901**	**1.904.226**	2.437.075	1.252.927
Sales returns	**(1.403.469)**	**(618.428)**	(1.148.792)	(541.279)
Sales discounts	**(1.231.559)**	**(584.262)**	(1.093.828)	(333.682)
Net sales	**54.319.381**	**27.879.219**	47.976.890	25.568.167
Cost of sales	**(1.535.685)**	**(996.398)**	(1.845.460)	(542.154)
Gross profit	**52.783.696**	**26.882.821**	46.131.430	25.026.013

For the period ended at 30 June 2015, service income consists of SaaS service income amounting to TL 2.744.181 (30 June 2014- TL 1.956.605).

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

18. Sales and cost of sales (continued)

Cost of sales

	1 January - 30 June 2015	**1 April - 30 June 2015**	1 January - 30 June 2014	1 April - 30 June 2014
Expenses for transfer of financial rights	**1.194.577**	**682.033**	1.787.235	526.178
Cost of trade goods sold	**341.108**	**314.365**	58.225	15.976
Cost of sales	**1.535.685**	**996.398**	1.845.460	542.154

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

Marketing, selling and distribution expenses:	**1 January- 30 June 2015**	**1 April- 30 June 2015**	1 January- 30 June 2014	1 January- 30 June 2014
Personnel expenses	**5.466.099**	**3.251.019**	4.618.506	2.593.832
Advertising and selling expenses	**5.670.133**	**2.065.556**	4.212.007	2.237.520
Consulting expenses	**461.745**	**323.368**	389.235	246.921
Motor vehicle expenses	**444.667**	**241.216**	460.506	232.935
Outsourced benefits and services	**213.632**	**106.472**	127.296	72.014
Rent expenses	**169.272**	**97.844**	23.395	1.583
Travel expenses	**124.572**	**52.978**	182.725	137.772
Depreciation and amortisation expenses	**44.140**	**22.563**	47.274	29.146
Other	**201.388**	**141.769**	152.903	81.834
	12.795.648	**6.302.785**	10.213.847	5.633.557

Research and development expenses:	**1 January- 30 June 2015**	**1 April- 30 June 2015**	1 January- 30 June 2014	1 April- 30 June 2014
Personnel expenses	**7.067.376**	**4.191.802**	5.833.381	3.435.665
Depreciation and amortisation expenses	**5.824.215**	**3.011.736**	4.507.582	2.348.753
Motor vehicle expenses	**652.386**	**352.968**	674.455	332.930
Outsourced benefits and services	**446.572**	**214.783**	357.801	171.531
Consulting expenses	**440.331**	**209.480**	628.790	258.696
Travel expenses	**234.007**	**122.798**	111.392	71.666
Rent expenses	**188.891**	**91.594**	181.508	123.234
Other	**496.215**	**281.704**	296.690	132.565
	15.349.993	**8.476.865**	12.591.599	6.875.040

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

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

General administrative expenses:	1 January- 30 June 2015	1 April- 30 June 2015	1 January- 30 June 2014	1April- 30 June 2014
Personnel expenses	**2.036.273**	**1.383.430**	3.668.226	1.632.204
Consulting expenses	**956.141**	**508.155**	965.393	278.558
Motor vehicle expenses	**247.177**	**125.615**	297.811	159.109
Outsourced benefits and services	**193.706**	**93.045**	169.001	89.721
Depreciation and amortisation expenses	**113.640**	**59.707**	99.288	48.744
Travel expenses	**42.617**	**29.265**	52.483	36.033
Rent expenses	**25.830**	**7.743**	56.863	27.997
Other	**459.218**	**299.285**	234.647	70.177
	4.074.602	**2.506.245**	5.543.712	2.342.543

20. Financial income

Financial income:	1 January- 30 June 2015	1 April- 30 June 2015	1 January- 30 June 2014	1 April- 30 June 2014
Interest income	**569.933**	**111.560**	300.144	170.678
Foreign exchange gains	**507.209**	**150.161**	194.281	43.366
	1.077.142	**261.721**	494.425	214.044

21. Financial expense

Financial expense:	1 January- 30 June 2015	1 April- 30 June 2015	1 January- 30 June 2014	1 April- 30 June 2014
Interest expenses	**1.163.964**	**154.004**	1.929.992	1.054.393
Credit card commissions	**232.643**	**110.549**	220.057	104.862
Foreign exchange losses	**-**	**-**	230.006	153.036
Other financial expenses	**180.053**	**90.033**	159.374	88.088
	1.576.660	**354.586**	2.539.429	1.400.379

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

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

Other operating income:	**1 January-30 June 2015**	**1 April-30 June 2015**	1 January-30 June 2014	1 April-30 June 2014
Rediscount income	**719.049**	**576.387**	596.858	457.475
Foreign exchange gain	**658.158**	**266.385**	376.519	157.122
Overdue interest income	**463.867**	**463.867**	194.220	2.823
Other income	**330.486**	**210.559**	266.297	77.070
	2.171.560	**1.517.198**	1.433.894	694.490

Other operating expenses:	**1 January-30 June 2015**	**1 April-30 June 2015**	1 January-30 June 2014	1 April-30 June 2014
Foreign exchange loss(*)	**243.248**	**94.318**	348.167	150.948
Rediscount expenses, net	**-**	**-**	599.431	(123.550)
Other expenses	**186.791**	**116.573**	96.437	47.647
	430.039	**210.891**	1.044.035	75.045

(*) Arises by current account foreign exchange differences.

Income from investment activities:	**1 January-30 June 2015**	**1 April-30 June 2015**	1 January-30 June 2014	1 April-30 June 2014
Gain from sale of property and equipment	**121.763**	**117.776**	27.082	27.082
Gain on sale of financial instruments	**81.437**	**50.425**	37.098	17.560
Gain on bargain purchase	**-**	**-**	243.883	243.883
	203.200	**168.201**	308.063	288.525

23. Current and deferred income taxes

Deferred income taxes

The Company recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under Turkish Financial Reporting Standards 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.

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

23. Current and deferred income taxes (continued)

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 30 June 2015 and 31 December 2014 using the enacted tax rates, is as follows:

	Cumulative temporary differences		**Deferred tax assets/(liabilities**	
	30 June 2015	31 December 2015	**30 June 2014**	31 December 2014
Deferred income tax assets:				
Provision for doubtful receivables	**1.807.838**	1.807.841	**361.568**	361.568
Provision for expense accrual	**2.214.177**	4.522.304	**442.835**	904.461
Provision for employee termination benefits	**1.212.731**	1.163.799	**242.546**	232.760
Rediscount of trade receivables and payables	**1.165.702**	1.903.890	**233.140**	380.778
Other	**14.371**	-	**2.875**	-
Deferred income	**2.305.061**	2.506.616	**461.013**	501.323
			1.743.977	2.380.890
Deferred income tax liabilities:				
Difference between the tax base and carrying value of property, equipment and intangible assets	**(10.470.128)**	(5.152.763)	**(2.094.026)**	(1.030.553)
Other	**-**	(134.136)	**-**	(26.827)
			(2.094.026)	(1.057.380)
Deferred income tax assets / (liabilities), net			**(350.049)**	1.323.510

The reconciliation of current period tax expense is as follows:

	30 June 2015	30 June 2014
Income before tax	**22.008.656**	16.435.190
Tax calculated at the current enacted tax rate	**(4.401.731)**	(3.287.038)
Income exempt from tax and non-deductible expenses	**3.553.329**	3.176.751
Tax income	**(848.402)**	(110.287)

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 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. The Corporation tax rate for 2015 is 20% (2014: 20%).

23. Current and deferred income taxes (continued)

Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

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.

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.

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 Company 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 31 December 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 31 December 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 1 January 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 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 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 31 December 2005 (including provisions related to tax rates).

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

23. Current and deferred income taxes (continued)

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 15 October 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 8 January 2010, and thereby the time limitation regarding investment allowance was removed. The company has deferred investment allowance amounting to TL 1.405.908 that can be offsetted in the future.

The analysis of taxation on income for the periods ended 30 June 2015 and 2014 is as follows:

	30 June 2015	30 June 2014
Current income tax charge	**85.679**	-
Deferred tax income	**762.723**	110.287
Tax provision reflected in shareholders’ equity related to long-term employee income/expense	**(112.857**	(30.467)
Total tax income	**735.545**	79.820

24. Earnings/loss per share

The earnings per 1.000 shares with nominal value of Kr 1 amounted to TL 8,50 for the period ended 30 June 2015 (30 June 2014: TL 6,53).

25. Related party disclosures

i) Due from and due to related parties at 30 June 2015 and 31 December 2014:

a) Due from related parties:	**30 June 2015**	31 December 2014
Current		
Logo Siber Güvenlik ve Ağ Tek. A.Ş. (**)	**84.593**	5.362
Logo Yatırım Holding A.Ş.(*)	**1.770**	-
Total	**86.363**	5.362

b) Due to related parties:	**30 June 2015**	31 December 2014
Current		
Logo Yatırım Holding A.Ş.	**4.831**	-
Total	**4.831**	**-**

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

25. Related party disclosures (continued)

ii) Sales to related parties, services given to related parties and financial income from related parties during the periods ended 30 June 2015 and 2014:

a) Services given to related parties:	30 June 2015	30 June 2014
Logo Siber Güvenlik ve Ağ Tek. A.Ş.	**77.921**	90.527
Logo Yatırım Holding A.Ş.	**1.770**	1.770
Logo Elektronik Ticaret Hizmetleri A.Ş.(***)	**-**	45.749
Total	**79.691**	138.046

iii) Services purchased from related parties and other transactions with related parties during the periods ended 30 June 2015 and 2014:

a) Services obtained from related parties:	30 June 2015	30 June 2014
Logo Yatırım Holding A.Ş.	**776**	713
Logo Elektronik Ticaret Hizmetleri A.Ş.(***)	**-**	596.760
	776	597.473

Remuneration of the board of directors and executive management:

	30 June 2015	30 June 2014
Remuneration of the board of directors and executive management	**1.057.630**	818.783

The remuneration of board of directors and executive management (executive management includes general manager (CEO) and assistant general managers) for the years ended 30 June 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 30 June 2015 and 2014.

(*) The main shareholder of the Company
(**) Other related party
(***) Received and rendered services amount before consolidation of Logo Elektronik Ticaret Hizmetleri A.Ş as of 20 February.

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 Company aims at maintaining flexibility in funding by keeping committed credit lines available. The company 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 Company has credit limit from bank amounting to TL 100.000.000 that the company can utilize whenever needed.

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.

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

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

30 June 2015	Carrying Value	Cash Outflow	Total Contractual Up to 3 months	Between 3-12 months	Between 1-5 years	Over 5 years
Non-derivative financial instruments						
Bank borrowings	7.604.656	8.472.676	6.547.277	988.933	936.466	-
Trade payables						
- Related Party	4.831	4.831	4.831	-	-	-
- Other	4.840.747	4.840.747	4.840.747	-	-	-
Due to personnel	3.325.794	3.325.794	3.325.794	-	-	-
Other payables						
-Other	1.488.454	1.488.454	1.488.454	-	-	-

31December 2014	Carrying Value	Total Contractual Cash Outflow	Up to 3 months	Between 3-12 months	Between 1-5 years	Over 5 years
Non-derivative financial instruments						
Bank borrowings	23.199.821	29.420.827	3.146.565	6.853.175	19.421.087	-
Trade payables						
- Related Party	-	-	-	-	-	
- 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	-	-	

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

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

Interest rate risk

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

	30 June 2015	31 December 2013
Financial instruments with fixed interest rate		
Financial assets	**4.732.328**	24.583.880
- Designated at fair value through profit or loss		
Financial liabilities	**7.604.656**	3.072.522
Financial instruments with floating interest rate		
Financial assets	**189.818**	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 30 June 2014, if interest rates of bank loans with variable interest rates has strengthened/ weakened by 500 base points (5%) with all other variables held constant, income before tax would have been TL 27.101.

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.

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

TL equivalent of import and exports for the periods ended 30 June 2015 and 2014 is as follows:

	30 June 2015	30 June 2014
Total exports	**2.513.537**	2.376.605

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2015 (Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

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

Foreign currency risk

Foreign currency position:	**30 June 2015**	31 December 2014
Assets	**7.638.407**	4.213.726
Liabilities	**(230.597)**	(232.260)
Net foreign currency position	**7.407.810**	3.981.466

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

		30 June 2015		31 December 2014	
	Original currency	**Original amount**	**TL equivalent**	Original amount	TL equivalent
Cash and cash equivalents	**USD**	**1.570.167**	**4.217.938**	922.833	2.139.956
	EURO	**197.719**	**589.637**	108.204	305.211
	OTHER	**4.762**	**12.258**	268	1.021
Trade receivables and due from related parties	**USD**	**851.602**	**2.287.659**	573.983	1.331.009
	EURO	**177.120**	**528.207**	154.013	434.423
	OTHER				
Other receivables	**EURO**	**908**	**2.708**	908	2.106
	USD				
Foreign currency denominated assets			**7.638.407**		4.213.726
Trade payables and due to related parties	**EUR**	**45.048**	**121.012**	46.584	108.023
	USD	**36.746**	**109.585**	36.746	103.649
Financial debts	**USD**	**-**	**-**	8.879	20.588
Foreign currency denominated liabilities			**230.597**		232.260

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

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

				30 June 2015
		Profit/Loss		**Equity**
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of Foreign currency**	**Appreciation of foreign currency**
Appreciation/(depreciation) of USD against TL at 10%:				
Profit/(loss) from USD net asset	**638.459**	**(638.459)**	**-**	**-**
Secured portion from USD risk (-)	**-**	**-**	**-**	**-**
USD Net Effect	**638.459**	**(638.459)**	**-**	**-**
Appreciation/(depreciation) of EUR against TL at 10%:				
Profit/(loss) from EUR net liability	**101.097**	**(101.097)**	**-**	**-**
Secured portion from EUR risk (-)	**-**	**-**	**-**	**-**
EUR Net Effect	**101.097**	**(101.097)**	**-**	**-**
Appreciation/(depreciation) of Other against TL at 10%:				
Profit/(loss) from Other net liability	**1.225**	**(1.225)**	**-**	**-**
Secured portion from Other risk (-)	**-**	**-**	**-**	**-**
Other Net Effect	**1.225**	**(1.225)**	**-**	**-**
Total Net Effect	**740.781**	**(740.781)**	**-**	**-**

				31 December 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%:				
Profit/(loss) from USD net asset	334.235	(334.235)	-	-
Secured portion from USD risk (-)	-	-	-	-
USD Net Effect	334.235	(334.235)	-	-
Appreciation/(depreciation) of EUR against TL at 10%:				
Profit/(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%:			-	
			-	-
Profit/(loss) from Other net liability	102	(102)	-	-
Secured portion from Other risk (-)	-	-	-	-
Other Net Effect	102	(102)	-	-
Total Net Effect	398.146	(398.146)	-	-

(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 Company's objectives when managing capital are to safeguard the Company'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 Company may pay out dividends, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company 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 balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

	30 June 2015	31 December 2014
Total bank borrowings and trade payables	**12.450.234**	29.366.839
Less: Cash and cash equivalents (Note 4)	**(31.021.339)**	(48.639.563)
Net Debt	**(18.571.105)**	(19.272.724)
Total equity	**88.266.284**	86.142.497
Net capital	**69.695.179**	66.869.773
Debt/equity ratio	**(27)%**	(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, judgement 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.

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 short-term 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 30 June 2015 is as follows:

Financial assets at fair value through profit or loss:	**Level 1**	**Level 2**	**Level 3**
Financial assets	**189.818**		**-**

Fair value hierarchy table as at 31 December 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

In accordance with the Share Transfer and Option Agreement related to the transfer of İntermat shares signed with Servet Bıyıklıoğlu and İsmail Metin Bıyıklıoğlu, and with both parties mutually exercising their share sale/purchase option rights, the entirety of İntermat shares amounting to 99.800 TL nominal value belonging to İsmail Metin Bıyıklıoğlu and Servet Bıyıklıoğlu have been taken over by the Group as of 28 June 2015.

As a result of this transaction, the Group has become the sole shareholder of İntermat Bilişim A.Ş.

2. 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 decision taken at their 17/853 numbered meeting, the Turkish Code of Commerce, Capital Markets Law, Corporate Tax Law and relevant provisions of the Capital Markets Board “Mergers and Divisions Communication” numbered II-23.2 the announcement made regarding the facilitated merger process has been approved by the Capital Markets Board.