

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 MARCH 2018**

**(ORIGINALLY ISSUED IN TURKISH)**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 MARCH 2018 WITH INDEPENDENT AUDITOR'S REPORT**

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<b>CONTENTS</b>	<b>PAGE</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....</b>	<b>1-2</b>
<b>CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS.....</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME .....</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....</b>	<b>5</b>
<b>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS .....</b>	<b>6</b>
<b>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>7-49</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2018**

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

	Notes	31 March 2018	Audited 31 December 2017
<b>ASSETS</b>			
<b>Current asset</b>		<b>157.883.579</b>	<b>162.176.702</b>
Cash and cash equivalents	5	53.387.634	51.633.614
Trade receivables		96.541.584	104.524.024
- <i>Trade receivables from third parties</i>	9	95.810.500	104.524.024
- <i>Trade receivables from related parties</i>		731.084	-
Other receivables		425.714	700.688
- <i>Other receivables from third parties</i>	10	425.714	700.688
Inventories	11	649.702	604.300
Prepaid expenses	17	4.123.477	2.775.530
Other current assets		2.755.468	1.938.546
<b>Non-current assets</b>		<b>233.268.723</b>	<b>220.988.786</b>
Other receivables		4.108.545	3.535.680
- <i>Other receivables from related parties</i>	9,28	3.947.933	3.375.068
- <i>Other receivables from third parties</i>	10	160.612	160.612
Financial investments	6	3.098.453	1.130.653
Investment accounted under equity method	7	1.612.556	558.663
Property, plant and equipment	12	18.959.614	19.941.705
Intangible assets		203.020.653	191.896.685
- <i>Goodwill</i>	14	89.230.787	83.294.475
- <i>Other intangible assets</i>	13	113.789.866	108.602.210
Prepaid expenses	17	1.382.255	3.006.485
Deferred tax assets	26	337.867	327.762
Other non-current assets		748.780	591.153
<b>Total assets</b>		<b>391.152.302</b>	<b>383.165.488</b>

These condensed consolidated financial statements have been approved by Board of Directors on 9 May 2018 and signed on its behalf by Buğra Koyuncu, Chief Executive Officer and Gülnur Anlaş, Chief Financial Officer.

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

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2018**

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

	Notes	31 March 2018	Audited 31 December 2017
<b>LIABILITIES</b>			
<b>Short-term liabilities</b>		<b>99.866.004</b>	<b>115.034.637</b>
Short-term borrowings	8	4.327.933	1.818.160
Short-term portion of long-term borrowings	8	18.758.403	17.466.660
Trade payables		11.322.812	20.198.763
- Trade payables to third parties	9	11.322.812	20.198.763
Employee benefit obligations	16	9.485.430	8.373.167
Other payables		2.915.458	6.892.841
- Other payables to third parties	10	2.915.458	6.892.841
Deferred revenue	17	45.913.105	46.336.515
Short-term provisions		6.639.189	12.850.335
- Provisions for employee benefits	16	6.639.189	12.850.335
Current income tax liabilities		193.131	531.612
Other current liabilities		310.543	566.584
<b>Long-term liabilities</b>		<b>59.432.487</b>	<b>58.855.384</b>
Long-term borrowings	8	47.428.158	46.173.847
Other payables		615.243	1.809.414
- Other payables to third parties	10	615.243	1.809.414
Long-term provisions		8.910.821	8.298.563
- Provisions for employment termination benefits	16	8.910.821	8.298.563
Deferred tax liabilities	26	2.478.265	2.573.560
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>231.853.811</b>	<b>208.508.292</b>
Paid-in share capital	18	25.000.000	25.000.000
Adjustment to share capital	18	2.991.336	2.991.336
Restricted reserves	18	7.196.456	7.196.456
Treasury shares (-)	18	(4.632.563)	(4.632.563)
Reserves for treasury shares	18	4.632.563	4.632.563
Other comprehensive income and expense that will not be reclassified to profit or loss		(2.323.101)	(2.669.512)
- Actuarial loss on employment termination benefits		(2.323.101)	(2.669.512)
Other comprehensive income and expense that will be reclassified to profit or loss		17.165.866	12.738.172
- Currency translation differences		17.165.866	12.738.172
Retained earnings		164.019.015	112.423.275
Net profit for the period		17.804.239	50.828.565
<b>Non-controlling interests</b>		<b>-</b>	<b>767.175</b>
<b>Total equity</b>		<b>231.853.811</b>	<b>209.275.467</b>
<b>Total liabilities</b>		<b>391.152.302</b>	<b>383.165.488</b>

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

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2018 AND 2017**

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

<b>PROFIT OR LOSS</b>	<b>Notes</b>	<b>1 January - 31 March 2018</b>	<b>1 January - 31 March 2017</b>
Revenue	20	67.378.673	53.616.690
Cost of sales (-)	20	(12.676.922)	(12.522.610)
<b>Gross profit</b>		<b>54.701.751</b>	<b>41.094.080</b>
General administrative expenses (-)	21	(8.968.709)	(5.990.340)
Marketing expenses (-)	21	(9.812.364)	(8.540.733)
Research and development expenses (-)	21	(18.897.132)	(14.401.193)
Other operating income	22	3.316.395	2.023.770
Other operating expenses (-)	22	(267.768)	(1.066.980)
<b>Operating profit</b>		<b>20.072.173</b>	<b>13.118.604</b>
Income from investing activities	23	6.407	45.460
Share of losses of investment under equity method	7	(1.456.657)	(361.675)
<b>Operating profit before financial income/(expenses)</b>		<b>18.621.923</b>	<b>12.802.389</b>
Financial income	24	780.916	1.187.539
Financial expenses (-)	25	(1.684.103)	(2.756.573)
<b>Income before taxes</b>		<b>17.718.736</b>	<b>11.233.355</b>
<b>Taxation on income / (expenses)</b>			
Current income tax expense	26	(250.368)	(540.816)
Deferred tax income / expense	26	335.871	(371.982)
<b>Profit for the period</b>		<b>17.804.239</b>	<b>10.320.557</b>
<b>Net income attributable to:</b>			
Non-controlling interests		-	(105.464)
Equity holders of the parent		17.804.239	10.426.021
		<b>17.804.239</b>	<b>10.320.557</b>
<b>Earnings per share</b>	<b>27</b>	<b>7,12</b>	<b>4,17</b>

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

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**

**FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2018 AND 2017**

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

<b>OTHER COMPREHENSIVE INCOME</b>	<b>Notes</b>	<b>1 January - 31 March 2018</b>	<b>1 January - 31 March 2017</b>
<b>Profit for the period</b>		<b>17.804.239</b>	<b>10.320.557</b>
<b>Other comprehensive income and expense that will be reclassified to profit or loss</b>		<b>4.427.694</b>	<b>2.834.013</b>
Currency translation differences		4.427.694	2.834.013
<b>Other comprehensive income and expense that will not be reclassified to profit or loss</b>		<b>346.411</b>	<b>(452.521)</b>
Actuarial gains/(losses) arising from employee benefits	16	383.967	(500.714)
Tax effect	26	(37.556)	48.193
<b>Other comprehensive income</b>		<b>4.774.105</b>	<b>2.381.492</b>
<b>Total comprehensive income</b>		<b>22.578.344</b>	<b>12.702.049</b>
<b>Other comprehensive income attributable to:</b>			
Non-controlling interest		-	(101.814)
Equity holders of the parent		22.578.344	12.803.863
		<b>22.578.344</b>	<b>12.702.049</b>

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

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2018 AND 2017**

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

	Paid-in share capital	Adjustment to share capital	Treasury shares	Reserves for treasury shares	Restricted reserves	Other comprehensive income and expense that will not be reclassified to profit or loss	Actuarial loss on employment benefits	Other comprehensive income and expense that will be reclassified to profit or loss	Currency translation differences	Retained earnings	Net income for the year	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
<b>Balances at 1 January 2017</b>	<b>25.000.000</b>	<b>2.991.336</b>	<b>(4.632.563)</b>	<b>4.632.563</b>	<b>6.993.951</b>	<b>(1.663.527)</b>		<b>6.899.780</b>	<b>79.874.166</b>	<b>45.339.470</b>	<b>160.802.613</b>	<b>3.355.252</b>	<b>164.157.865</b>	
Transfers	-	-	-	-	202.505	-	-	-	45.136.965	(45.339.470)	-	-	-	
Transactions with non-controlling interests (*)	-	-	-	-	-	-	-	-	(7.955.294)	-	(7.955.294)	(2.437.292)	(10.392.586)	
Profit for the period	-	-	-	-	-	-	-	-	-	10.426.021	10.426.021	(105.464)	10.320.557	
Other comprehensive income	-	-	-	-	-	(452.521)		2.830.363	-	-	2.377.842	3.650	2.381.492	
<b>Balances at 31 March 2017</b>	<b>25.000.000</b>	<b>2.991.336</b>	<b>(4.632.563)</b>	<b>4.632.563</b>	<b>7.196.456</b>	<b>(2.116.048)</b>		<b>9.730.143</b>	<b>117.055.837</b>	<b>10.426.021</b>	<b>165.651.182</b>	<b>816.146</b>	<b>166.467.328</b>	
<b>Balances at 1 January 2018</b>	<b>25.000.000</b>	<b>2.991.336</b>	<b>(4.632.563)</b>	<b>4.632.563</b>	<b>7.196.456</b>	<b>(2.669.512)</b>		<b>12.738.172</b>	<b>112.423.275</b>	<b>50.828.565</b>	<b>208.508.292</b>	<b>767.175</b>	<b>209.275.467</b>	
Transfers	-	-	-	-	-	-	-	-	50.828.565	(50.828.565)	-	-	-	
Transactions with non-controlling interests (**)	-	-	-	-	-	-	-	-	767.175	-	767.175	(767.175)	-	
Profit for the period	-	-	-	-	-	-	-	-	-	17.804.239	17.804.239	-	17.804.239	
Other comprehensive income	-	-	-	-	-	346.411		4.427.694	-	-	4.774.105	-	4.774.105	
<b>Balances at 31 March 2018</b>	<b>25.000.000</b>	<b>2.991.336</b>	<b>(4.632.563)</b>	<b>4.632.563</b>	<b>7.196.456</b>	<b>(2.323.101)</b>		<b>17.165.866</b>	<b>164.019.015</b>	<b>17.804.239</b>	<b>231.853.811</b>	<b>-</b>	<b>231.853.811</b>	

(\*) Note 18.

(\*\*) Note 7

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

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2018 AND 2017**

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

	Notes	1 January - 31 March 2018	1 January - 31 March 2017
<b>A. Cash generated from operating activities</b>		<b>14.000.341</b>	<b>15.333.638</b>
Net profit for the period		17.804.239	10.320.557
<b>Adjustments to reconcile profit for the period</b>		<b>4.474.617</b>	<b>4.179.753</b>
Depreciation and amortization	12, 13	7.215.704	6.072.045
Provision for employment termination benefits	16	(4.631.256)	(5.110.914)
Interest expense	25	670.496	892.421
Interest income	24	(235.132)	(18.545)
Undistributed profits of joint ventures	7	1.456.657	361.675
Changes in doubtful receivable	9	(209.756)	(473.212)
Other adjustments to reconcile the profit or loss		293.407	1.543.485
Income tax expense	26	(85.503)	912.798
<b>Changes in net working capital</b>		<b>(7.106.001)</b>	<b>2.625.518</b>
Changes in inventories		(45.402)	(311.076)
Changes in trade receivables		7.114.852	12.630.468
Changes in trade payables		(6.940.132)	(5.019.670)
Other current and non-current liabilities		(4.241.263)	(1.980.217)
Other current and non-current assets		(2.994.056)	(2.693.987)
<b>Net cash generated from operating activities</b>		<b>15.172.855</b>	<b>17.125.828</b>
Taxes paid		(588.849)	(1.628.665)
Employment termination benefits paid	16	(583.665)	(163.525)
Purchase of property and equipment and intangible assets	12, 13	(9.940.371)	(7.967.145)
Acquisition of subsidiary		-	(10.000.000)
Cash outflows from acquisitions of other operations or the shares of funds or the debt instruments		(1.967.800)	-
Contribution of increase of share capital in joint ventures	7	(500.000)	(500.000)
Interests received	24	235.132	18.545
<b>B. Cash flows generated from investing activities</b>		<b>(12.173.039)</b>	<b>(18.448.600)</b>
Repayments of borrowings		(2.312.130)	(51.968.055)
Proceeds from borrowings		2.279.183	63.601.023
Interests paid		(670.496)	(892.421)
<b>C. Cash flows from financing activities</b>		<b>(703.443)</b>	<b>10.740.547</b>
<b>Net increase in cash and cash equivalent before the effects currency translation differences (A+B+C)</b>		<b>1.123.859</b>	<b>7.625.585</b>
<b>D. Effects of currency translation differences on cash and cash equivalents.</b>		<b>630.161</b>	<b>779.583</b>
<b>Net increase in cash and cash equivalents (A+B+C+D)</b>		<b>1.754.020</b>	<b>8.405.168</b>
<b>E. Cash and cash equivalents at beginning of the period</b>	<b>5</b>	<b>51.633.614</b>	<b>43.507.923</b>
<b>Cash and cash equivalents at end of the period (A+B+C+D+E)</b>	<b>5</b>	<b>53.387.634</b>	<b>51.913.091</b>

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



# CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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

#### NOTE 1 - ORGANIZATION AND NATURE 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 main activity of the Company is production, development, processing, multiplication and distribution to all physical and electronic environment of operating system, application software, databases, software increasing productivity, multimedia software products and all types of similar software processed inside all types of computer hardware and to carry out all the services such as technical support, training and technical service activities.

As of 31 March 2018 the Group has 1.050 employees (31 December 2017: 1.041).

The address of the registered office is as follows:

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

As of 31 March 2018, main shareholders and ultimate controlling parties of Logo Yazılım are Logo Teknoloji ve Yatırım A.Ş. and Mediterra Capital Partners LLP. They jointly control the Company. The partnership structure of the Company is explained in Note 18.

The nature of businesses of subsidiaries and joint ventures of Logo Yazılım (together referred to as the “Group”) are as follows;

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>Nature of business</b>
Total Soft S.A. (“Total Soft”)	Romania	Development and marketing of software
Logo Elektronik Ticaret Hizmetleri A.Ş. (“e-Logo”)	Turkey	Development and marketing of software
Logo Business Software GmbH (“Logo GmbH”)	Germany	Development and marketing of software
Logo Business Solutions FZ-LLC (“Logo FFC-LLC”)	United Arab Emirates	Marketing of software
Logo Kobi Dijital Hizmetler A.Ş. (“Logo Kobi”)	Turkey	Development and marketing of software

  

<b>Joint Venture</b>	<b>Country of incorporation</b>	<b>Nature of business</b>
Logo Infosoft Business Technology Private Limited (“Logo Infosoft”)	India	Development and marketing of software
FIGO Ticari Bilgi ve Uygulama Platformu A.Ş. (“FIGO”)	Turkey	Development and marketing of software

# CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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

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#### NOTE 1 - ORGANIZATION AND NATURE OPERATIONS (Continued)

The Company’s Board of Directors decided at their meeting dated on 11 September 2017 to found Logo Kobi with a capital of 8.000.000 TRY and 100% owned by Logo Yazılım. Logo Kobi aims to develop cloud-based software and service-based micro solutions for newly founded, small-sized and one-person consultancy companies. As a result, information technology services will be offered to one-person-companies and small companies through web-based and mobile technologies.

The Company founded Logo Investment S.A. (“Logo Investment”) in Romania on 19 August 2016. Upon share transfer agreement signed on 2 September 2016, Logo Investment has purchased 100% of Total Soft shares. As of 30 December 2017, Logo Investment merged Total Soft with transferring all assets and liabilities of Total Soft to Logo Investment. After merger transaction, company name of Logo Investment has been changed as Total Soft S.A. (Note 4).

The Company signed an agreement with F.I.T. Bilgi İşlem Sistemleri Servisleri Sanayi ve Ticaret A.Ş. on 29 July 2016 and incorporated FIGO Ticari Bilgi ve Uygulama Platformu A.Ş. (“FIGO”). The Company participates in 50% shares of FIGO. FIGO provides companies in Turkey access to value-added services like risk appraisal, insurance, financing and collection that is predicted to facilitate their business operations through Commercial Knowledge Platform.

The Company’s Board of Directors resolved on 22 April 2009 to close Logo Business Solutions FZ-LLC due to the foreseen negative effects of the 2009 global crisis 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 31 March 2018, the liquidation process has been substantially completed. The Company’s foreign sales and marketing activities are managed from its headquarter in Turkey.

The company established Logo Infosoft with GSF Software Labs LLC on 8 December 2016 in India for software development and marketing operations.

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basis of presentation

###### 2.1.1 Financial reporting standards

The accompanying consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards (“TAS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in compliance with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the “Communiqué”) announced by the CMB on 13 June 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/IFRS”). TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

# CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.1 Basis of presentation (Continued)

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

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

##### 2.1.2 Financial statements of subsidiaries operating in foreign countries

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

##### 2.1.3 Basis of consolidation

The consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the year ended 31 March 2018 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 31 March 2018 and 2017:

<b>Subsidiaries</b>	<b>31 March 2018 (%)</b>	<b>31 December 2017 (%)</b>
Total Soft	100,00	100,00
e-Logo	100,00	100,00
Logo Infosoft (*)	-	66,66
Logo GmbH	100,00	100,00
Logo Kobi	100,00	100,00
<b>Joint Venture</b>	<b>31 March 2018 (%)</b>	<b>31 December 2017 (%)</b>
Logo Infosoft (*)	57,14	-
FIGO	50,00	50,00

(\*) The Company has joint control over Logo Infosoft as a result of the contract made with GSF Software Labs LLC on 1 January 2018. After this date Logo Infosoft has been accounted according to equity method in the condensed consolidated financial statements.

# CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.1 Basis of presentation (Continued)

###### *Subsidiaries*

Consolidated financial statements comprise the accounts of the Company and its subsidiaries that are prepared consistent with principles stated in consolidated financial statements belong to year end at 31 March 2018:

- Have the authority on the investee company/asset
- Being open to or entitled to variable returns from the investee company/asset, and
- Ability to use its power that may have effect on the returns

The balance sheets, income statements and other comprehensive income statements of the subsidiaries that are incorporated into consolidation is consolidated with using full consolidation method. The registered value of the investment recorded in the assets of the company and the amount from subsidiaries’ shareholder’s equity corresponded to company’s share are settled net. The transactions and balances between the company and subsidiaries are mutually deleted under consolidation.

###### *Joint venture*

Joint venture is a joint initiative in which, the sides who have joint control in an arrangement, have rights related to net assets in this common arrangement. Joint control is the sharing of the control over an economic activity depends on the agreement. This control is supposed to exist if the decisions about the related activity can only be made by the unanimous vote of the sides who share the control.

The investments on joint ventures is recognized with using equity method as of the time after the investee turn into subsidiary or joint venture.

##### 2.1.4 Presentation and functional currency

For the purpose of the consolidated financial statements, the results and financial position and cash flows of the Group are presented in thousands of Turkish Lira (“TRY”), which is the functional currency of Logo Yazılım.

Functional currency of Total Soft and Logo Investment is Romanian Ley (“RON”). Financial information of each entity included in consolidation are measured using the currency of the primary economic environment in which these entities operate, normally under their local currencies. Assets and liabilities for each statement of financial position presented (including comparatives) are translated to TRY at exchange rates at the statement of financial position date. Income and expenses are translated to TRY at monthly average exchange rates. Foreign currency differences arising on translation are recognized in other comprehensive income as a separate component of equity.

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.2 Going concern

The condensed consolidated financial statements including the accounts of the parent company and its subsidiary have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business

##### 2.3 Amendments to International Financial Reporting Standards

*Standards, amendments and interpretations applicable as at 31 March 2018:*

- Amendment to IAS 40, ‘Investment property’
- Amendments to IFRS 2, ‘Share based payments’
- Amendment to IAS 28, ‘Investments in associates and joint venture’
- Amendment to IFRS 9, ‘Financial instruments’
- IFRIC 22, ‘Foreign currency transactions and advance consideration’

*Standards, amendments and interpretations that are issued by IASB but not issued by POA.*

- IFRIC 23, ‘Uncertainty over income tax treatments’
- Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019.

These amendments include minor changes to:

- IFRS 3, ‘Business combinations’
- IFRS 11, ‘Joint arrangements’
- IAS 12, ‘Income taxes’
- IAS 23, ‘Borrowing costs’
- Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’

##### 2.4 Summary of significant accounting policies

The condensed consolidated interim financial statements as at and for the three months interim period ended 31 March 2018 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed consolidated financial statements as at and for the three months interim period ended 31 March 2018 are consistent with those used in the preparation of annual consolidated financial statements as of 31 December 2017. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as of 31 December 2017.

##### TFRS 9 Financial instruments

TFRS 9, ‘Financial instruments’; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. There isn’t any material impact expected on the financial position or performance of the Group related to this standard.

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of significant accounting policies (Continued)

###### TFRS 15 Revenue from contracts with customers

TFRS 15, ‘Revenue from contracts with customers’; effective from annual periods beginning on or after 1 January 2018. TFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. In the scope of the new standards, contract with customers has been assessed and performance obligations are defined as performance liability, limited with delivering of goods and is not required to allocate the sales price for performance obligations.

##### 2.5 Significant accounting estimates and assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management’s existing incidents and operations, they may differ from the actual results. The estimates and assumptions that can lead to significant adjustments on the carrying value of the assets and liabilities are as follows:

###### *Provision for doubtful receivables*

Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than related parties and key customers are assessed with their prior year performances, their credit risk in the current market, and their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.

###### *Useful lives of intangible assets*

In accordance with the accounting policy stated in Note 2.4, property and equipment are stated at historical cost less depreciation, net of any impairment charges. Depreciation on tangible assets is calculated using the straight-line method over their estimated useful lives. Useful lives depend on the best estimates of management and are reviewed in each financial period and corrected accordingly

###### *Revenue recognition*

The Group uses percentage of completion method in accounting of its software licence revenues and customized software revenues. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of total services to be performed.

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## LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.5 Significant accounting estimates and assumptions (Continued)

Logo Enterprise Membership ("LEM") is an insurance package that provides free ownership for all the charged version updates which protect enterprises against all the legal amendments and which includes new features that will contribute new values to the products throughout the year. Since the free of charge LEM products given the first year are given along with the currently up-to-date software, they do not bring significant updates for the user and their commercial value is lower compared to the LEM products provided in the subsequent years. Thus, related sales amounts are recognized as revenue within the transaction year.

##### *Cost of sales*

The cost of sales mainly consists of Total Soft's project implementation teams' cost of services in addition to cost of transfer of financial rights and cost of trade goods sold.

##### *Research and development costs*

Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and an intangible asset arising from development is recognized by the Group. Management determines the cost of employees to be capitalized taking into account time spent by each employee on research and development activities. The costs of employees relating to research are expensed as incurred.

##### *Goodwill impairment test*

Goodwill is subject to impairment test at least annually. The recoverable amounts of cash generating units are determined on fair value less cost of disposal ("FVLCD") basis. The details of estimates and assumptions used are explained in Note 14.

##### 2.6 Comparatives and adjustment of prior periods' financial statements

The condensed consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The condensed consolidated balance sheet of the Group at 31 March 2018 has been provided with the comparative financial information of 31 December 2017 and the consolidated statements of profit or loss, the consolidated statements other comprehensive income, changes in equity and cash flows for the period ended 31 March 2018 have been provided with the comparative financial information, for the period ended 31 March 2017.

In order to comply with the presentation of consolidated interim financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented. Accordingly, the following reclassification was made;

- The Group's consolidated statement of profit or loss at 31 March 2017 contains classification of "Research and development costs" related to Total Soft's project sales to "cost of sales" amounting to TRY9.715.699.

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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**NOTE 3 - SEGMENT REPORTING**

The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments. Adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Adjusted EBITDA definition includes revenue, direct cost of revenues excluding depreciation and amortization accounted for operating expenses (except other income and expenses).

<b>31 March 2018</b>	<b>Turkey</b>	<b>Romania</b>	<b>Other</b>	<b>Segmental eliminations</b>	<b>Consolidated</b>
Reportable segment assets	313.335.846	83.716.264	3.942.309	(9.842.117)	391.152.302
Reportable segment liabilities	64.963.553	100.234.746	2.676.833	(8.576.641)	159.298.491
Goodwill	89.230.787	-	-	-	89.230.787
Property and equipment and intangible assets	89.009.251	43.740.229	1.710.226	(1.710.226)	132.749.480

<b>31 March 2018</b>	<b>Turkey</b>	<b>Romania</b>	<b>Other</b>	<b>Segmental eliminations</b>	<b>Consolidated</b>
Revenue	45.977.291	21.401.382	183.802	(183.802)	67.378.673
Cost of sales	(836.366)	(11.840.556)	(139.719)	139.719	(12.676.922)
Operating expense	(28.245.395)	(9.432.810)	(1.910.812)	1.910.812	(37.678.205)
Financial income	680.570	100.346	584	(584)	780.916
Financial expense	(790.867)	(893.236)	(714)	714	(1.684.103)
Depreciation and amortization	(5.295.095)	(1.920.609)	(99.246)	99.246	(7.215.704)
Investment under accounted equity income / (loss)	(1.456.657)	-	-	-	(1.456.657)
Tax expense	(71.052)	156.555	-	-	85.503
Profit for the period	18.536.319	414.904	(2.007.323)	860.339	17.804.239
Adjusted EBITDA	22.190.625	2.048.625	(1.767.483)	1.767.483	24.239.250
Purchase of property and equipment and intangible assets	7.272.861	2.667.510	274.052	(274.052)	9.940.371

Reconciliation between adjusted EBITDA and profit before tax is as follows:

<b>31 March 2018</b>	<b>Consolidated</b>
Adjusted EBITDA	24.239.250
Depreciation and amortization	(7.215.704)
Income from investing activities	6.407
Investment under accounted equity income / (loss)	(1.456.657)
Other income from operating activities	3.316.395
Other expense from operating activities	(267.768)
Financial income	780.916
Financial expense	(1.684.103)
<b>Profit before tax</b>	<b>17.718.736</b>



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**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

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

<b>31 December 2017</b>	<b>Turkey</b>	<b>Romania</b>	<b>Other</b>	<b>Segmental eliminations</b>	<b>Consolidated</b>
Reportable segment assets	308.016.641	75.921.269	4.315.056	(5.087.478)	383.165.488
Reportable segment liabilities	85.326.963	91.640.648	2.009.888	(5.087.478)	173.890.021
Goodwill	83.294.475	-	-	-	83.294.475
Property and equipment and intangible assets	87.031.485	39.852.461	1.659.969	-	128.543.915

<b>31 March 2017</b>	<b>Turkey</b>	<b>Romania</b>	<b>Other</b>	<b>Segmental eliminations</b>	<b>Consolidated</b>
Revenue	33.422.458	20.194.232	-	-	53.616.690
Cost of sales	(725.773)	(11.796.837)	-	-	(12.522.610)
Operating expense	(20.541.230)	(8.075.304)	(315.732)	-	(28.932.266)
Financial income	349.088	838.451	-	-	1.187.539
Financial expense	(1.127.390)	(1.629.183)	-	-	(2.756.573)
Depreciation and amortization	(4.394.272)	(1.677.773)	-	-	(6.072.045)
Investment under accounted equity income/(loss)	(361.675)	-	-	-	(361.675)
Tax expense	(809.133)	(103.665)	-	-	(912.798)
Profit for the period	10.993.549	(357.260)	(315.732)	-	10.320.557
Adjusted EBITDA	16.549.727	1.999.864	(315.732)	-	18.233.859
Purchase of property and equipment and intangible assets	7.116.215	850.930	-	-	7.967.145

Reconciliation between adjusted EBITDA and profit before tax is as follows:

<b>31 March 2017</b>	<b>Consolidated</b>
Adjusted EBITDA	18.233.859
Depreciation and amortization	(6.072.045)
Income from investing activities	45.460
Investment under accounted equity income/(loss)	(361.675)
Other income from operating activities	2.023.770
Other expense from operating activities	(1.066.980)
Financial income	1.187.539
Financial expense	(2.756.573)
<b>Profit before tax</b>	<b>11.233.355</b>

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

**NOTE 4 - BUSINESS COMBINATION**

**Acquisition of Total Soft**

The Group acquired whole shares of Total Soft shares for EUR30.246.000 through Share Purchase Agreement signed on 2 September 2016. The acquisition process is completed after the purchase consideration has been paid in cash to the Total Soft's previous shareholders.

The Group, with respect to aforementioned acquisition process, accounted for Total Soft. in accordance with TFRS 3, "Business Combination". The fair values of identifiable assets acquired and liabilities were determined based on the valuation report performed as a part of purchase price allocation study.

As of the acquisition date, TRY equivalents of RON denominated identifiable assets acquired and liabilities assumed were booked over their following values:

Total assets	52.153.136
Intangible assets - Development costs	15.174.676
Intangible assets - Customer relationships	5.938.034
Intangible asset - Advanced technology	2.613.900
Intangible asset - Other	196.210
Total liabilities	(36.471.916)
<hr/>	
Fair value of net assets	39.604.040
Less: Purchase consideration	101.432.073
<hr/>	
<b>Goodwill</b>	<b>61.828.033</b>

The identifiable assets determined as a result of the purchase price allocation for Total Soft acquisition are amortized over 12 years for development costs, 10 years for customer relationship ,7 to 10 years for advanced technology and 2 to 4 years for the other intangible assets

The goodwill amount calculated is recognized in financial statements of Logo Yazılım which is the ultimate controlling party of the Group. The goodwill arising from foreign economic unit acquisition, since it is assumed as the assets of foreign economic unit, the goodwill amount of Total Soft is recognized based on the functional currency which is RON in the concept of TMS 21, "The effects of changes in foreign exchange rates". The goodwill amount calculated as of the date of acquisition is RON83.517.538.

Detail of cash outflows due to purchase is as follows:

Purchase price - cash paid in 2017	101.432.073
Cash and cash equivalents - acquired	14.393.237
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<b>Cash outflow due to purchase, net</b>	<b>87.038.836</b>

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 5 - CASH AND CASH EQUIVALENTS**

Details of cash and cash equivalents as of 31 March 2018 and 31 December 2017 is as follows:

	<b>31 March 2018</b>	<b>31 December 2017</b>
Cash	33.617	22.472
Banks		
- Demand deposits - TRY	1.573.629	2.348.730
- Demand deposits - foreign currency	9.331.073	8.763.832
- Time deposits - TRY	3.358.758	8.957.092
- Time deposits - foreign currency	5.909.585	-
Credit card slip receivables	32.597.768	30.558.652
Cheques received	238.909	245.582
Restricted cash (*)	344.295	737.254
	<b>53.387.634</b>	<b>51.633.614</b>

(\*) Restricted cash consist of cash guarantees given by the Total Soft to its customers and the maturities are less than three months.

As of 31 March 2018, the weighted average effective annual interest rates of TRY denominated time deposits are between 12,50% and 14,00%. (31 December 2017: 11,00% and 14,00%) As of 31 March 2018 the weighted average effective annual interest rates of USD time deposits are between 3,70% and 4,00% and EUR time deposits are between 1,50% and 1,55%.

**NOTE 6 - FINANCIAL ASSETS**

*Long term other financial investment:*

The analysis of financial assets at fair value through profit and loss at 31 March 2018 and 2017 is as follows:

	<b>31 March 2018</b>	<b>31 December 2017</b>
Long term other financial investment	1.967.800	-

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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**NOTE 6 - FINANCIAL ASSETS (Devamı)**

*Available-for-sale equity securities:*

The analysis of non-current financial assets at 31 March 2018 and 2017 is as follows:

	<b>31 March 2018</b>		<b>31 December 2017</b>	
	<b>Share (%)</b>	<b>Carrying amount</b>	<b>Share (%)</b>	<b>Carrying amount</b>
Logo Ventures Girişim				
Sermayesi Yatırım Fonu (“Logo Ventures”)	20,00	1.000.000	20,00	1.000.000
İnterpro Yayıncılık Araştırma ve				
Organizasyon Hizmetleri A.Ş. (“İnterpro”)	2,00	80.653	2,00	80.653
Dokuz Eylül Teknoloji				
Geliştirme Bölgesi A.Ş. (“Dokuz Eylül”)	0,67	50.000	0,67	50.000
		<b>1.130.653</b>		<b>1.130.653</b>

Logo Ventures, İnterpro and Dokuz Eylül are assessed as available-for-sale financial asset as of 31 March 2018 and 2017. Since they do not have any quoted market price in an active market, their fair value cannot be measured reliably. Their costs are not material to the consolidated financial statements, therefore they have been carried at cost.

**NOTE 7 - INVESTMENT UNDER EQUITY METHOD**

Movement of investments under equity method within the period is as follows:

	<b>2018</b>	<b>2017</b>
<b>As of 1 January</b>	<b>558.663</b>	<b>737.533</b>
Participation in capital increase of joint venture	2.510.550	500.000
Share of profits/(losses)	(1.456.657)	(361.675)
<b>As of 31 March</b>	<b>1.612.556</b>	<b>875.858</b>

*Summary of balance sheet*

*The financial information summary of investment accounted for using the equity method is as follows:*

<b>FIGO</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Cash and cash equivalents	383.021	212.059
Other current assets	279.930	247.509
Other non-current assets	122.484	160.717
<b>Total assets</b>	<b>785.435</b>	<b>620.285</b>
Other short-term liabilities	83.315	98.816
<b>Total liabilities</b>	<b>83.315</b>	<b>98.816</b>
<b>Net assets</b>	<b>702.120</b>	<b>521.469</b>

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 7 - INVESTMENT UNDER EQUITY METHOD (Continued)**

<b>Logo Infosoft</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Cash and cash equivalents	1.294	-
Other current assets	2.230.789	-
Other non-current assets	1.710.226	-
<b>Total assets</b>	<b>3.942.309</b>	<b>-</b>
Other short-term liabilities	2.676.833	-
<b>Total liabilities</b>	<b>2.676.833</b>	<b>-</b>
<b>Net assets</b>	<b>1.265.476</b>	<b>-</b>

*Summary income statement information*

<b>FIGO</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Income	18.836	8.039
Expenses (-)	(638.183)	(731.389)
<b>Net loss for the period</b>	<b>(619.347)</b>	<b>(723.350)</b>
Interest ratio of the Group Group’s share	%50 (309.674)	%50 (361.675)

<b>Logo Infosoft</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Income	186.742	-
Expenses (-)	(2.194.065)	-
<b>Net loss for the period</b>	<b>(2.007.323)</b>	<b>-</b>
Interest ratio of the Group Group’s share	%57.14 (1.146.984)	- -
<b>Share of losses of investment under equity method</b>	<b>(1.456.658)</b>	<b>(361.675)</b>

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

**NOTE 8 - BORROWINGS**

Details of borrowings as of 31 March 2018 and 31 December 2017 is as follows:

<b>Short-term bank borrowings:</b>	<b>31 March 2018</b>	<b>31 December 2017</b>	
Short-term bank borrowings	4.110.182	1.759.193	
Credit card payables	217.751	58.967	
	<b>4.327.933</b>	<b>1.818.160</b>	
<b>Short-term portion of long-term bank borrowings:</b>			
Short-term portion of long-term bank borrowings	18.245.301	16.972.616	
Financial leases	513.102	494.044	
	<b>18.758.403</b>	<b>17.466.660</b>	
<b>Total short-term bank borrowings</b>	<b>23.086.336</b>	<b>19.284.820</b>	
<b>Long-term bank borrowings:</b>			
	<b>31 March 2018</b>	<b>31 December 2017</b>	
Long-term bank borrowings	46.685.644	45.372.436	
Financial leases	742.514	801.411	
<b>Total long-term bank borrowings</b>	<b>47.428.158</b>	<b>46.173.847</b>	
	<b>31 March 2018</b>		
	<b>Weighted average annual interest rate (%)</b>	<b>Original amount</b>	<b>TRY equivalent</b>
<b>Short-term bank borrowings:</b>			
Bank borrowings - RON - unsecured	-	3.955.140	4.110.182
Credit cards- TRY	-	217.751	217.751
			<b>4.327.933</b>
<b>Short-term portion of long-term bank borrowings:</b>			
Bank borrowings- Euro - secured	Euribor+2,25	1.975.009	9.612.961
Financial leases - Euro	-	105.418	513.102
Bank borrowings - Euro	2,50	1.773.538	8.632.340
			<b>18.758.403</b>
<b>Long-term bank borrowings:</b>			
Bank borrowings - Euro - secured	2,50	9.591.692	46.685.644
Financial leases- Euro	-	152.551	742.514
			<b>47.428.158</b>
<b>Total borrowings</b>			<b>70.514.494</b>

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 8 - BORROWINGS (Continued)**

	<b>31 December 2017</b>		
	<b>Weighted average annual interest rate (%)</b>	<b>Original amount</b>	<b>TRY equivalent</b>
<b>Short-term bank borrowings:</b>			
Bank borrowings - RON - unsecured	-	1.825.381	1.759.193
Credit cards- TRY	-	58.967	58.967
			<b>1.818.160</b>
<b>Short-term portion of long-term bank borrowings:</b>			
Bank borrowings- Euro - secured	Euribor+2,25	1.802.601	8.053.667
Financial leases - Euro	-	110.579	494.044
Bank borrowings - Euro	2,50	1.996.272	8.918.949
			<b>17.466.660</b>
<b>Long-term bank borrowings:</b>			
Bank borrowings - Euro - secured	2,50	10.155.426	45.372.436
Financial leases- Euro	-	179.375	801.411
			<b>46.173.847</b>
<b>Total borrowings</b>			<b>65.458.667</b>

The redemption schedules of long-term borrowings at 31 March 2018 and 31 December 2017 are as follows:

	<b>31 March 2018</b>	<b>31 December 2017</b>
To be paid within 1-2 years	19.766.874	18.522.125
To be paid within 2-5 years	27.661.284	27.651.722
	<b>47.428.158</b>	<b>46.173.847</b>

	<b>Net book value</b>		<b>Fair value</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Borrowings	69.041.127	64.104.245	74.899.552	68.773.430
	<b>69.041.127</b>	<b>64.104.245</b>	<b>74.899.552</b>	<b>68.773.430</b>

Interest rate and currency risk of the Group are explained in Note 29.

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 9 - TRADE RECEIVABLES AND PAYABLES**

The details of trade receivables and payables as of 31 March 2018 and 31 December 2017 are as follows:

<b>Short-term trade receivables:</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Trade receivables	78.531.131	89.591.194
Credit card receivables	40.377.602	37.701.792
Cheques and notes receivables	2.850.611	2.735.947
Less: provision for doubtful receivables	(22.496.563)	(21.628.975)
Less: unearned finance income arising from credit sales	(3.452.281)	(3.875.934)
	<b>95.810.500</b>	<b>104.524.024</b>

As of 31 March 2018, the average turnover of the trade receivables is 118 days (31 December 2017: 123 days), excluding the credit card receivables, the turnover day is 76 days (31 December 2017: 83 days), The discount rate applied to the unmatured receivables is 13.32% (31 December 2017: 13.10%)

As of 31 March 2018, TRY13.685.610 of trade receivables (31 December 2017: TRY12.149.007) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	<b>31 March 2018</b>	<b>31 December 2017</b>
Up to 1 month	3.245.367	4.469.151
1-3 months	3.852.849	1.735.726
More than 3 months	6.587.394	5.944.130
	<b>13.685.610</b>	<b>12.149.007</b>

As of 31 March 2018, TRY10.637.183 of over due receivables consist of trade receivables of Total Soft (31 December 2017: TRY8.761.321). Group manages its receivables in accordance with credit risk management policies which is explained in Note 30.

The movement of provision for doubtful receivables for the periods ended 31 March 2018 and 2017 are as follows:

	<b>31 March 2018</b>	<b>31 March 2017</b>
<b>As of 1 January</b>	<b>21.628.975</b>	<b>21.095.832</b>
Provisions for the period	-	1.729.080
Releases	(209.756)	(3.721.143)
Foreign currency translation difference	1.077.344	2.525.206
	<b>22.496.563</b>	<b>21.628.975</b>

<b>Trade payables to third parties:</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Trade payables	11.322.812	20.198.763

As of 31 March 2018, the average debt payment period is 65 days (31 December 2017: 71 days).



**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)**

The table below shows the maximum exposure of the Group to credit risk as of 31 March 2018 and 31 December 2017:

31 March 2018	Trade receivables		Other receivables		Cash at bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposure at the reporting date	731.084	95.810.500	3.947.933	586.326	53.115.108
- <i>Amount of risk covered by guarantees</i>	-	582.724	-	-	-
Net carrying value of not past due and not impaired financial assets	731.084	82.124.890	3.947.933	586.326	53.115.108
Net carrying value of past due but not impaired financial assets	-	13.685.610	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- <i>Past due (gross carrying value)</i>	-	22.496.563	-	-	-
- <i>Provision for impairment (-)</i>	-	(22.496.563)	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-

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

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)**

31 December 2017	Trade receivables		Other receivables		Cash at bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposure at the reporting date	-	104.524.024	3.375.068	861.300	51.365.560
- <i>Amount of risk covered by guarantees</i>	-	582.724	-	-	-
Net carrying value of not past due and not impaired financial assets	-	92.375.017	3.375.068	861.300	51.365.560
Net carrying value of past due but not impaired financial assets	-	12.149.007	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- <i>Past due (gross carrying value)</i>	-	21.628.975	-	-	-
- <i>Provision for impairment (-)</i>	-	(21.628.975)	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-

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

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 10 - OTHER RECEIVABLES AND PAYABLES**

**Short-term other receivables from third parties:**

	<b>31 March 2018</b>	<b>31 December 2017</b>
Income accruals	405.330	311.442
Deposits and guarantees given	20.384	389.246
	<b>425.714</b>	<b>700.688</b>

**Long-term other receivables from third parties:**

	<b>31 March 2018</b>	<b>31 December 2017</b>
Long-term other receivables	160.612	160.612

**Short-term other payables to third parties:**

	<b>31 March 2018</b>	<b>31 December 2017</b>
Taxes payable	2.915.458	6.892.841

**Long-term other payables to third parties:**

	<b>31 March 2018</b>	<b>31 December 2017</b>
Long term payables for Vardar acquisition (*)	429.292	1.249.292
Long term payables for Intermat acquisition (*)	185.951	560.122
	<b>615.243</b>	<b>1.809.414</b>

(\*) Consists of performance premium payments for Vardar and Intermat.

**NOTE 11 - INVENTORIES**

	<b>31 March 2018</b>	<b>31 December 2017</b>
Trade goods	601.890	587.559
Raw materials and equipment	14.726	14.726
Other	33.086	2.015
	<b>649.702</b>	<b>604.300</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

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

	1 January 2018	Additions	Disposal of subsidiary	Disposals	Currency translation differences	31 March 2018
<b>Cost:</b>						
Machinery plant and equipment	9.081.537	69.355	(168.063)	(3.590)	116.576	9.095.815
Motor vehicles	2.237.291	-	-	-	180.586	2.417.877
Furniture and fixtures	5.510.453	121.418	(230.945)	-	29.292	5.430.218
Leasehold improvements	22.606.581	150.302	(295.937)	-	16.749	22.477.695
	<b>39.435.862</b>	<b>341.075</b>	<b>(694.945)</b>	<b>(3.590)</b>	<b>343.203</b>	<b>39.421.605</b>
<b>Accumulated Depreciation:</b>						
Machinery plant and equipment	6.914.609	282.307	(6.600)	(3.590)	45.843	7.232.569
Motor vehicles	605.486	241.260	-	-	53.184	899.930
Furniture and fixtures	3.911.284	92.022	(9.516)	-	13.403	4.007.193
Leasehold improvements	8.062.778	262.628	(11.622)	-	8.515	8.322.299
	<b>19.494.157</b>	<b>878.217</b>	<b>(27.738)</b>	<b>(3.590)</b>	<b>120.945</b>	<b>20.461.991</b>
<b>Net book value</b>	<b>19.941.705</b>					<b>18.959.614</b>
	1 January 2017	Additions	Disposals	Currency translation differences	31 March 2017	
<b>Costs:</b>						
Machinery, plant and equipment	8.040.756	92.121	-	94.199	8.227.076	
Motor vehicles	2.462.846	40.353	(92.576)	182.638	2.593.261	
Furniture and fixtures	4.781.587	73.071	-	74.337	4.928.995	
Leasehold improvements	20.618.937	711.677	-	82.762	21.413.376	
	<b>35.904.126</b>	<b>917.222</b>	<b>(92.576)</b>	<b>433.936</b>	<b>37.162.708</b>	
<b>Accumulated depreciation:</b>						
Machinery, plant and equipment	6.033.557	152.719	-	72.872	6.259.148	
Motor vehicles	244.408	107.344	(92.576)	54.049	313.225	
Furniture and fixtures	3.549.714	63.705	-	39.708	3.653.127	
Leasehold improvements	7.098.513	184.389	-	80.547	7.363.449	
	<b>16.926.192</b>	<b>508.157</b>	<b>(92.576)</b>	<b>247.176</b>	<b>17.588.949</b>	
<b>Net book value</b>	<b>18.977.934</b>					<b>19.573.759</b>

The Group constructed its headquarter building on the land which has been leased from Gebze Organize Sanayi Bolgesi for a lease period of 49 years. The cost of this building is accounted under leasehold improvements. The Group has an obligation to pay, in acknowledgement of USD7.843 of monthly rent, TRY371.655 till 1 year, TRY1.486.619 between 1-5 years and TRY6.880.954 more than 5 years for relevant land (31 March 2017: TRY342.450 till 1 year, TRY1.369.802 between 1-5 years, TRY6.682.708 more than 5 years).

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 13 - INTANGIBLE ASSETS**

	1 January 2018	Additions	Disposals of subsidiary	Currency translation differences	31 March 2018
<b>Costs:</b>					
Development costs	161.201.959	9.351.329	(1.040.579)	2.535.145	172.047.854
Advanced technology	15.656.562	-	-	199.193	15.855.755
Customer relations	19.482.447	-	-	605.274	20.087.721
Non-compete agreement	2.747.778	-	-	-	2.747.778
Other intangible assets	7.668.671	247.967	(62.260)	21.773	7.876.151
	<b>206.757.417</b>	<b>9.599.296</b>	<b>(1.102.839)</b>	<b>3.361.385</b>	<b>218.615.259</b>
<b>Accumulated depreciation:</b>					
Development costs	76.520.130	5.176.827	(110.077)	276.640	81.863.520
Advanced technology	6.452.820	472.183	-	67.273	6.992.276
Customer relations	6.988.578	528.875	-	85.724	7.603.177
Non-compete agreement	2.692.889	25.714	-	-	2.718.603
Other intangible assets	5.500.790	133.888	-	13.139	5.647.817
	<b>98.155.207</b>	<b>6.337.487</b>	<b>(110.077)</b>	<b>442.776</b>	<b>104.825.393</b>
<b>Net book value</b>	<b>108.602.210</b>				<b>113.789.866</b>

Whole additions to development costs for the period ended 31 March 2018 (31 March 2017: TRY6.703.762) consists of capitalised personnel costs.

TRY7.103.208 (31 March 2017: TRY5.521.649) of the current period’s depreciation and amortization expenses has been allocated to research and development expenses, TRY97.123 (31 March 2017: TRY89.558) has been allocated to marketing expenses, TRY15.373 (31 March 2017: TRY460.838) has been allocated to general administrative expenses (Note 21).

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 13 - INTANGIBLE ASSETS (Continued)**

	1 January 2017	Additions	Currency translation differences	31 March 2017
<b>Costs:</b>				
Development costs	119.975.822	6.795.637	1.846.828	128.618.287
Advanced technology	15.258.917	-	245.667	15.504.584
Customer relations	18.274.146	-	312.828	18.586.974
Non-compete agreement	2.747.778	-	-	2.747.778
Other intangible assets	7.117.018	254.286	44.797	7.416.101
	<b>163.373.681</b>	<b>7.049.923</b>	<b>2.450.120</b>	<b>172.873.724</b>
<b>Accumulated Depreciation:</b>				
Development costs	60.217.975	4.400.013	1.134.756	65.752.744
Advanced technology	4.555.533	460.495	155.029	5.171.057
Customer relations	4.862.180	521.816	217.152	5.601.148
Non-compete agreement	2.423.648	67.310	-	2.490.958
Other intangible assets	4.978.343	114.254	41.002	5.133.599
	<b>77.037.679</b>	<b>5.563.888</b>	<b>1.547.939</b>	<b>84.149.506</b>
<b>Net book value</b>	<b>86.336.002</b>			<b>88.724.218</b>

**NOTE 14 - GOODWILL**

	31 March 2018	31 December 2017
Total Soft	81.752.135	75.815.823
Netsis	5.892.252	5.892.252
Sempa	903.000	903.000
Vardar	346.338	346.338
Intermat	337.062	337.062
	<b>89.230.787</b>	<b>83.294.475</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 14 - GOODWILL (Continued)**

Movement table of goodwill for the years ended 31 March 2018 and 2017 are as follows;

	<b>31 March 2018</b>	<b>31 March 2017</b>
<b>As of 1 January</b>	<b>83.294.475</b>	<b>75.386.762</b>
Currency translation difference	5.936.312	7.907.713
	<b>89.230.787</b>	<b>83.294.475</b>

Goodwill is subject to impairment test every year or shorter periods if there are any triggering events which may cause an impairment on the goodwill. The recoverable amounts of cash generating units are determined on value in use basis.

Value in use is determined by discounting the expected future cash flows to be generated by the cash-generating unit.

The goodwill impairment test of goodwill arise from Total Soft acquisition was valued by an independent valuation company 31 December 2017. Since there is no triggering event which may cause an impairment losses on goodwill recognised for Total Soft acquisition, no impairment test has been performed as of 31 March 2018.

The goodwill impairment test of goodwill arise from Netsis acquisition had been performed as of 31 December 2017 and no impairment on the book value of the goodwill has been noted. Since there is no triggering event which may cause an impairment losses on goodwill recognised for Netsis acquisition, no impairment test has been performed as of 31 March 2018.

**NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES**

**Guarantees received:**

	<b>Original currency</b>	<b>31 March 2018</b>		<b>31 December 2017</b>	
		<b>Original amount</b>	<b>TRY equivalent</b>	<b>Original amount</b>	<b>TRY equivalent</b>
Guarantee notes	TRY	222.724	222.724	222.724	222.724
Mortgages	TRY	360.000	360.000	360.000	360.000
			<b>582.724</b>		<b>582.724</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

As of 31 March 2018 and 31 December 2017, guarantee/pledge/mortgage (“GPM”) given by the Company on behalf of its legal entity are as follows:

**GPM given by the Company:**

	31 March 2018				31 December 2017			
	Euro	USD	RON	TRY	Euro	USD	RON	TRY
A. Total amount of Guarantees provided by the Company on behalf of itself	-	306.348	-	643.247	-	292.616	-	409.020
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method (*)	66.008.717		66.828	-	62.970.985	-	61.976	-
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-	-	-	-	-
D. Other Guarantees given	-	-	-	-	-	-	-	-
(i) Total amount of Guarantees given on behalf of the parent Company-	-	-	-	-	-	-	-	-
(ii) Total amount of Guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-	-	-	-	-
(iii) Total amount of Guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-	-	-	-	-
	<b>66.008.717</b>	<b>306.348</b>	<b>66.828</b>	<b>643.247</b>	<b>62.970.985</b>	<b>292.616</b>	<b>61.976</b>	<b>409.020</b>

(\*) Note 8.

The lawsuits filed against the Group in the past is amounting to TRY4.424.087. The Group’s management does not expect any cash outflows regarding these lawsuits therefore, no provisions have been accounted in the consolidated financial statements.

**NOTE 16 - EMPLOYEE BENEFITS**

**Short - term payables for employee benefits: 31 March 2018 31 December 2017**

Taxes, funds and social security payables	5.758.001	4.804.739
Due to personnel	3.727.429	3.568.428

**9.485.430 8.373.167**

**Short - term provisions for employment benefits: 31 March 2018 31 December 2017**

Provision for employment benefits	6.639.189	12.850.335
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**Long - term provisions for employment benefits: 31 March 2018 31 December 2017**

Provision for unused vacation liability	4.640.936	3.956.857
Provision for employment termination benefits	4.269.885	4.341.706

**8.910.821 8.298.563**



**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 16 - EMPLOYEE BENEFITS (Continued)**

The movement of provision for unused vacation liability for the periods ended 31 March 2018 and 2017 is as follow:

	<b>2018</b>	<b>2017</b>
<b>As of 1 January</b>	<b>3.956.857</b>	<b>3.033.583</b>
Increase for the period	532.751	785.735
Currency translation difference	151.328	-
<b>As of 31 March</b>	<b>4.640.936</b>	<b>3.819.318</b>

Under the Turkish Labor 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, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month’s salary limited to a maximum of TRY5.001,76 for each year of service (31 March 2017: TRY4.426,16).

Employment termination benefit liability is not funded and there is no legal funding requirement.

TAS 19, “Employee Benefits” requires actuarial valuation methods to be developed to estimate the Group’s obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial gain/(loss) is accounted under the “Funds for actuarial gain/(loss) on employee termination benefits”:

	<b>31 March 2018</b>	<b>31 December 2017</b>
Discount rate (%)	4,69	4,69
Turnover rate to estimate the probability of retirement (%)	93,40	93,40

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every six months, the maximum amount of TRY5.001,76 which is effective from 1 January 2018 (1 January 2017: TRY4.426,16) has been taken into consideration in the calculations.

The movement in the provision for employment termination benefits during the periods ended 31 March 2018 and 2017 were as follows:

	<b>2018</b>	<b>2017</b>
<b>As of 1 January</b>	<b>4.341.706</b>	<b>3.281.749</b>
Service cost	415.373	531.953
Actuarial gains/(losses)	(383.967)	500.714
Interest cost	480.438	486.521
Payments	(583.665)	(163.525)
<b>As of 31 March</b>	<b>4.269.885</b>	<b>4.637.412</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 17 - PREPAID EXPENSES AND DEFERRED REVENUE**

<b>Short - term prepaid expenses:</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Prepaid expenses	4.123.477	2.775.530
	<b>4.123.477</b>	<b>2.775.530</b>
<b>Long - term prepaid expenses:</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Advances given	1.382.255	3.006.485
	<b>1.382.255</b>	<b>3.006.485</b>
<b>Short - term deferred revenues:</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Deferred revenue	44.038.703	45.059.647
Advances received	1.874.402	1.276.868
	<b>45.913.105</b>	<b>46.336.515</b>

Deferred revenue mainly relates to LEM sales revenue, pay as you go sales, after-sales services, Netsis licence revenues and version upgrade package sales, customized software sales and Tübitak incentives billed but not earned.

The details of deferred revenues at 31 March 2018 and 31 December 2017 as follows:

	<b>31 March 2018</b>	<b>31 December 2017</b>
LEM sales	28.875.503	29.677.483
Pay as you go sales	6.503.350	10.101.004
After-sales services revenue	4.465.515	1.012.175
Deferred revenue from continuing projects	4.194.335	4.268.985
	<b>44.038.703</b>	<b>45.059.647</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 18 - EQUITY**

The Company's authorized and paid-in share capital consists of 2,500,000,000 (31 December 2017: 2,500,000,000) shares with a nominal value of Kr 1 each. The shareholding structure of the Company as of 31 March 2018 and 31 December 2017 are as follows:

	<b>31 March 2018</b>	<b>Share (%)</b>	<b>31 December 2017</b>	<b>Share (%)</b>
Logo Teknoloji ve Yatırım A.Ş.	8.391.013	33,56	8.391.013	33,56
Mediterra Capital Partners I. LP (*)	1.279.781	5,12	1.279.781	5,12
Publicly traded	15.329.206	61,32	15.329.206	61,32
	<b>25.000.000</b>	<b>100</b>	<b>25.000.000</b>	<b>100</b>
Adjustment to share capital	2.991.336		2.991.336	
<b>Total paid-in share capital</b>	<b>27.991.336</b>		<b>27.991.336</b>	

(\*) Consist of EAS S.A.R.L 4,96% and others.

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.

**Treasury shares**

As of 31 March 2018 the amount of treasury shares which is accounted in Group's equity is TRY4.632.563 (31 December 2017: TRY4.632.563)

The amount and the number of shares related to the group shares that are bought back and the sales of these shares categorized by years are like below:

<b>Year</b>	<b>Share</b>	<b>Purchase amount</b>
2012	171.000	450.493
2013	1.711.495	8.163.509
2015	108.136	1.983.148
<b>Total purchases</b>	<b>1.990.631</b>	<b>10.597.150</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 18 - EQUITY (Continued)**

<b>Year</b>	<b>Number of share</b>	<b>Sales amount</b>	<b>Purchase amount</b>
2013	1.297.500	6.487.500	5.964.587
<b>Total sales</b>	<b>1.297.500</b>	<b>6.487.500</b>	<b>5.964.587</b>

The difference between purchase amounts and sales amounts amounting to TRY522.913 is accounted under equity on the transaction dates.

**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.

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

Dividend advance payments can be made in accordance with Turkish Commercial Code and CMB regulations provided that General Assembly authorizes the Board of Directors to pay dividend advance, limited to the related year, to shareholders in accordance with the Articles of Association. The Group aims to complete the dividend payment before the last working day of the year in which dividend distribution decision is made in the General Assembly and starts the payment latest at the end of the accounting period when the General Assembly meeting is held. General Assembly or Board of Directors, if authorized by the General Assembly, can decide to distribute dividend in instalments in line with CMB regulations.

**Transactions with non-controlling interests**

The Company owned 90,58% shares of e-Logo and it further purchased e-Logo’s minority shareholder’s 57 shares with a nominal value of TRY5.700 which is equal to 9,42% of total shares for TRY 10.000.000. This transaction has been completed with the results of the valuation report prepared in accordance with international valuation standards and drafted by an independent valuation firm. Value of the shares has been calculated by using a minority share discount and results of the negotiations with ex-shareholders.

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 19 - EXPENSES BY NATURE**

As of 31 March 2018 and 2017, expenses are disclosed by function and the details of the expenses are summarized in Note 21 and Note 22.

**NOTE 20 - SALES AND COST OF SALES**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Revenue	48.141.501	36.047.526
Service revenue	18.605.663	17.035.452
Saas service revenue	2.127.447	1.954.626
Sales returns	(918.216)	(831.630)
Sales discounts	(577.722)	(589.284)
<b>Net sales</b>	<b>67.378.673</b>	<b>53.616.690</b>
Cost of sales	(12.676.922)	(12.522.610)
<b>Gross profit</b>	<b>54.701.751</b>	<b>41.094.080</b>
<b>Cost of sales</b>		
	<b>31 March 2018</b>	<b>31 March 2017</b>
Cost of services (*)	11.840.556	9.715.699
Cost of transfer of financial rights	785.243	2.726.998
Cost of trade goods sold	51.123	79.913
<b>Cost of sales</b>	<b>12.676.922</b>	<b>12.522.610</b>

(\*) Note 2.6

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 21 - MARKETING, SELLING AND DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES, GENERAL ADMINISTRATIVE EXPENSES**

**Research and development expenses:**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Personnel	8.533.613	6.639.969
Depreciation and amortization	7.103.208	5.521.649
Motor vehicle	684.371	522.339
Consultancy	546.169	317.754
Outsourced benefits and services	402.805	368.744
Rent	343.971	194.089
Travel	231.870	195.788
Other	1.051.125	640.861
	<b>18.897.132</b>	<b>14.401.193</b>

**Marketing, selling and distribution expenses:**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Personnel	4.463.071	3.570.176
Advertising and selling	3.425.588	3.157.247
Consultancy	620.976	451.682
Motor vehicle	407.568	367.953
Outsourced benefits and services	308.539	217.266
Travel	152.482	253.551
Rent	144.435	146.905
Depreciation and amortization	97.123	89.558
Other	192.582	286.395
	<b>9.812.364</b>	<b>8.540.733</b>

**General administrative expenses:**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Personnel	5.312.180	3.475.874
Consultancy	2.452.629	712.250
Motor vehicle	273.827	184.819
Rent	109.583	85.695
Travel	97.169	89.946
Outsourced benefits and services	85.577	57.428
Depreciation and amortization	15.373	460.838
Other	622.371	923.490
	<b>8.968.709</b>	<b>5.990.340</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 22 - OTHER OPERATING INCOME/EXPENSES**

**Other operating income**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Rediscount income	578.332	368.930
Overdue interest income	566.423	419.020
Foreign exchange gains (*)	554.051	670.002
Other	1.617.589	565.818
	<b>3.316.395</b>	<b>2.023.770</b>

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

**Other operating expenses**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Rediscount expenses	154.678	241.211
Foreign exchange losses (*)	60.473	623.706
Provision expense	-	10.030
Other	52.617	192.033
	<b>267.768</b>	<b>1.066.980</b>

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

**NOTE 23 - INCOME FROM INVESTING ACTIVITIES**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Gain on sale of financial instruments	6.407	45.460
	<b>6.407</b>	<b>45.460</b>

**NOTE 24 - FINANCIAL INCOME**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Foreign exchange gains	545.784	1.168.994
Interest income	235.132	18.545
	<b>780.916</b>	<b>1.187.539</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 25 - FINANCIAL EXPENSES**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Interest expense	670.496	892.421
Interest cost of employment termination benefits	480.438	486.521
Foreign exchange losses	265.930	1.086.613
Credit card commissions	232.634	186.511
Other financial expenses	34.605	104.507
	<b>1.684.103</b>	<b>2.756.573</b>

**NOTE 26 - TAX ASSETS AND LIABILITIES**

*Deferred taxes*

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

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

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 31 March 2018 and 31 December 2017 using the enacted tax rates, is as follows:

	<b>Total temporary differences</b>		<b>Deferred tax assets/(liabilities)</b>	
	<b>31 March 2018</b>	<b>31 December 2017</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
<b>Deferred income tax assets:</b>				
Expense accruals	5.352.014	2.914.527	1.070.403	582.905
Rediscount of income	3.745.976	3.996.713	749.195	799.343
Provision for doubtful receivables	2.310.100	2.359.687	462.020	471.937
Provision for employee termination benefits	1.891.354	2.750.543	378.271	550.109
Deferred income	191.859	690.145	38.372	138.029
			<b>2.698.261</b>	<b>2.542.323</b>
<b>Deferred income tax liabilities:</b>				
Difference between the tax base and carrying value of property, equipment and intangible assets	(24.193.295)	(23.940.605)	(4.838.659)	(4.788.121)
			<b>(4.838.659)</b>	<b>(4.788.121)</b>
<b>Deferred income tax assets/(liabilities), net</b>			<b>(2.140.398)</b>	<b>(2.245.798)</b>



**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)**

The reconciliation of current period tax expense for the periods ended 31 March 2018 and 2017 is as follows:

<b>Deferred tax assets</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
To be recovered less than 12 months	2.097.772	1.767.516
To be recovered more than 12 months	600.489	774.807
	<b>2.698.261</b>	<b>2.542.323</b>
<b>Deferred tax liabilities</b>		
To be recovered more than 12 months	(4.838.659)	(4.788.121)
	<b>(4.838.659)</b>	<b>(4.788.121)</b>
<b>Deferred income tax assets/(liabilities), net</b>	<b>(2.140.398)</b>	<b>(2.245.798)</b>

Movement of deferred taxes for the periods is as follows:

	<b>2018</b>	<b>2017</b>
<b>As of 1 January</b>	<b>(2.245.798)</b>	<b>(684.221)</b>
Accounted under profit or loss	335.871	(371.982)
Currency translation difference	(192.915)	(98.866)
Accounted under other comprehensive income	(37.556)	48.193
<b>As of 31 March</b>	<b>(2.140.398)</b>	<b>(1.106.876)</b>

**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 corporate tax rate for 2017 is 22% (2017: 20%). The law regarding amendments on Certain Tax Laws was approved in the Parliament on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020. The corporate tax rate is 16% in Romania (2017:16%).

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.

# CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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

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#### NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

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

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

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

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).

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 26 - TAX ASSETS AND LIABILITIES (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.

	<b>31 March 2018</b>	<b>31 March 2017</b>
Current income tax expense	(250.368)	(540.816)
Deferred tax income /(expenses)	335.871	(371.982)
<b>Total tax income /(expenses)</b>	<b>85.503</b>	<b>(912.798)</b>

**NOTE 27 - EARNINGS PER SHARE**

The earnings per thousand shares with nominal value of Kr 1 amounted to TRY7,12 for the 31 March 2018 (31 March 2017: TRY4,17).

	<b>31 March 2018</b>	<b>31 March 2017</b>
Net income attributable to equity holders of the parent	17.804.239	10.426.021
Average number of shares for the period	2.500.000.000	2.500.000.000
<b>Earnings per share</b>	<b>7,12</b>	<b>4,17</b>

**NOTE 28 - RELATED PARTY DISCLOSURES**

a) Due from related parties at 31 March 2018 and 31 December 2017:

<b>Long-term other receivables from related parties:</b>	<b>31 March 2018</b>	<b>31 December 2017</b>
Receivables from other shareholders	3.947.933	3.375.068
	<b>3.947.933</b>	<b>3.375.068</b>

b) Sales to related parties, services given to related parties and financial income from related parties during the periods ended 31 March 2018 and 2017:

<b>Services given to related parties</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Logo Siber	128.093	78.903
Logo Teknoloji ve Yatırım A.Ş.	2.345	356.098
	<b>130.438</b>	<b>435.001</b>

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 28 - RELATED PARTY DISCLOSURES (Continued)**

- c) **Services purchased from related parties and other transactions with related parties during the periods ended 31 March 2018 and 2017:**

**Services purchase from related parties**

	<b>31 March 2018</b>	<b>31 March 2017</b>
Logo Siber	466.754	-
Logo Teknoloji ve Yatırım A.Ş.	2.649	39.660
	<b>469.403</b>	<b>39.660</b>

- d) **Remuneration of the executive management:**

	<b>2018</b>	<b>2017</b>
Paid wages and premiums to the executive management	811.420	723.609

The executive management (executive management includes general manager (CEO) and assistant general managers) for the interim periods ended 31 March 2018 and 2017 comprise short-term employment benefits including salary, bonus and other short-term benefits. The amount does not include post-employment benefits, other long-term employment benefits, other termination benefits and share-based payments in the interim periods ended 31 March 2018 and 2017.

**NOTE 29 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

**29.1 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 banks amounting to over TRY100.000.000 that can be utilized whenever needed.

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 29 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

Non-derivative financial instruments	31 March 2018					
	Carrying value	Contractual cash outflow (I+II+III+IV)	Up to 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
Borrowings	70.514.494	76.372.918	7.365.293	17.572.874	43.255.517	8.179.234
Trade payables						
- Trade payables to third parties	11.322.812	11.322.812	11.322.812	-	-	-
Due to personnel	9.485.430	9.485.430	9.485.430	-	-	-
Other payables						
- Other payables to third parties	3.530.701	3.530.701	2.915.458	-	615.243	-
<b>Total Liabilities</b>	<b>94.853.437</b>	<b>100.711.861</b>	<b>31.088.993</b>	<b>17.572.874</b>	<b>43.870.760</b>	<b>8.179.234</b>

  

Non-derivative financial instruments	31 December 2017					
	Carrying value	Contractual cash outflow (I+II+III+IV)	Up to 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
Borrowings	65.458.667	71.572.424	4.657.926	16.427.732	40.576.736	9.910.030
Trade payables						
- Trade payables to third parties	20.198.763	20.198.763	20.198.763	-	-	-
Due to personnel	8.373.167	8.373.167	8.373.167	-	-	-
Other payables						
- Other payables to third parties	8.702.255	8.702.255	6.892.841	-	1.809.414	-
<b>Total Liabilities</b>	<b>102.732.852</b>	<b>108.846.609</b>	<b>40.122.697</b>	<b>16.427.732</b>	<b>42.386.150</b>	<b>9.910.030</b>

**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:

	31 March 2018	31 December 2017
<u>Financial instruments with fixed interest rate</u>		
Financial assets		
- Financial assets	9.268.343	8.957.092
Financial liabilities	70.514.494	65.458.667
<u>Financial instruments with float interest rate</u>		
Financial liabilities	9.612.961	8.053.667

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

**CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**LOGO YAZILIM SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

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**NOTE 29 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**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.

**Foreign Currency Position**

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities with sales or purchase commitments. The policy of the Group is to compare every foreign currency type for the probable sales or purchases in the future.

Foreign exchange rates used to translate the Group’s assets and liabilities denominated in foreign currencies into TRY at 31 March 2018 and 31 December 2017 are as follows:

	<b>31 March 2018</b>	<b>31 December 2017</b>
USD	3,9489	3,7719
EUR	4,8673	4,5155

The Group is mainly exposed to foreign currency risk in USD and EUR.

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**NOTE 29 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

		<b>Foreign currency position as of 31 March 2018</b>			
		<b>TRY equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>Other</b>
1.	Trade receivables	7.436.785	580.543	1.056.906	-
2a.	Monetary financial assets, (cash, and banks accounts included)	15.302.609	1.553.211	1.882.989	4.072
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
<b>4.</b>	<b>Current assets (1+2+3)</b>	<b>22.739.394</b>	<b>2.133.754</b>	<b>2.939.895</b>	<b>4.072</b>
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
<b>8.</b>	<b>Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.</b>	<b>Total assets (4+8)</b>	<b>22.739.394</b>	<b>2.133.754</b>	<b>2.939.895</b>	<b>4.072</b>
10.	Trade payables	(1.586.454)	(26.818)	(304.184)	-
11.	Financial liabilities	(18.758.403)	-	(3.853.965)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
<b>13.</b>	<b>Non-current liabilities (10+11+12)</b>	<b>(20.344.857)</b>	<b>(26.818)</b>	<b>(4.158.149)</b>	<b>-</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(47.428.158)	-	(9.744.243)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
<b>17.</b>	<b>Non-current liabilities (14+15+16)</b>	<b>(47.428.158)</b>	<b>-</b>	<b>(9.744.243)</b>	<b>-</b>
<b>18.</b>	<b>Total liabilities (13+17)</b>	<b>(67.773.015)</b>	<b>(26.818)</b>	<b>(13.902.392)</b>	<b>-</b>
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a - 19b)	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
<b>20.</b>	<b>Net foreign assets/(liability) position (9-18+19)</b>	<b>(45.033.621)</b>	<b>2.106.936</b>	<b>(10.962.497)</b>	<b>4.072</b>
<b>21.</b>	<b>Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(45.033.621)</b>	<b>2.106.936</b>	<b>(10.962.497)</b>	<b>4.072</b>
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export*	(9.398.058)	-	-	-
24.	Import	-	-	-	-

(\*) Includes exports from the countries in which the Group operates. As of 31 March 2018 the Group's total sales made outside Turkey during the period is TRY22.600.897 (31 March 2017: TRY21,360,700).

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 29 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

		Foreign currency position as of 31 December 2017			
		TRY equivalent	USD	Euro	Other
1.	Trade receivables	8.264.904	386.244	1.507.701	-
2a.	Monetary financial assets, (cash, and banks accounts included))	7.125.605	244.260	1.373.145	3.850
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
<b>4.</b>	<b>Current assets (1+2+3)</b>	<b>15.390.509</b>	<b>630.504</b>	<b>2.880.846</b>	<b>3.850</b>
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
<b>8.</b>	<b>Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.</b>	<b>Total assets (4+8)</b>	<b>15.390.509</b>	<b>630.504</b>	<b>2.880.846</b>	<b>3.850</b>
10.	Trade payables	(747.958)	(44.097)	(128.807)	-
11.	Financial liabilities	(17.466.660)	-	(3.909.452)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
<b>13.</b>	<b>Non-current liabilities (10+11+12)</b>	<b>(18.214.618)</b>	<b>(44.097)</b>	<b>(4.038.259)</b>	<b>-</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(46.173.847)	-	(10.334.801)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
<b>17.</b>	<b>Non-current liabilities (14+15+16)</b>	<b>(46.173.847)</b>	<b>-</b>	<b>(10.334.801)</b>	<b>-</b>
<b>18.</b>	<b>Total liabilities (13+17)</b>	<b>(64.388.465)</b>	<b>(44.097)</b>	<b>(14.373.060)</b>	<b>-</b>
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a - 19b)	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
<b>20.</b>	<b>Net foreign assets/(liability) position (9-18+19)</b>	<b>(48.997.956)</b>	<b>586.407</b>	<b>(11.492.214)</b>	<b>3.850</b>
<b>21.</b>	<b>Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(48.997.956)</b>	<b>586.407</b>	<b>(11.492.214)</b>	<b>3.850</b>
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export (*)	(29.609.535)	-	-	-
24.	Import	-	-	-	-

(\*) Includes exports from the countries in which the Group operates. As of 31 December 2017 the Group's total sales made outside Turkey during the period is TRY78.968.165.



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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

**NOTE 29 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

The following table shows the TRY equivalents of Group’s sensitivity to a 10% change in USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the period and presents effect of 10% change in foreign currency rates. The positive amount indicates increase in profit/loss before tax or equity.

*Foreign currency sensitivity*

	31 March 2018			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%				
1- USD net assets/liabilities	832.007	(832.007)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>832.007</b>	<b>(832.007)</b>	-	-
Change of EUR against TRY by 10%				
4- EUR net assets/liabilities	(5.335.776)	5.335.776	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>(5.335.776)</b>	<b>5.335.776</b>	-	-
Change of other currencies against TRY by 10%				
7- Other currencies net assets/liabilities	407	(407)	-	-
8- Hedged portion from other currency risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>407</b>	<b>(407)</b>	-	-
<b>Total (3+6+9)</b>	<b>(4.503.362)</b>	<b>4.503.362</b>	-	-

	31 December 2017			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%				
1- USD net assets/liabilities	221.188	(221.188)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>221.188</b>	<b>(221.188)</b>	-	-
Change of EUR against TRY by 10%				
4- EUR net assets/liabilities	(5.189.307)	5.189.307	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>(5.189.307)</b>	<b>5.189.307</b>	-	-
Change of other currencies against TRY by 10%				
7- Other currencies net assets/liabilities	385	(385)	-	-
8- Hedged portion from other currency risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>385</b>	<b>(385)</b>	-	-
<b>Total (3+6+9)</b>	<b>(4.967.734)</b>	<b>4.967.734</b>	-	-

# CONVENIENCE TRANSLATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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

#### NOTE 29 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

##### *Capital risk management*

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

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

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

	31 March 2018	31 December 2017
Total payables	81.837.306	85.657.430
Less: Cash and cash equivalents	(53.387.634)	(51.633.614)
Net Debt	28.449.672	34.023.816
Total equity	231.853.811	208.508.292
Total capital	260.303.483	242.532.108
<b>Debt/equity ratio (%)</b>	<b>11%</b>	<b>14%</b>

#### NOTE 30 - 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.

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**NOTE 30 - FINANCIAL INSTRUMENTS (Continued)**

**Monetary 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.

**Monetary 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 contain observable market inputs

Fair value hierarchy table as at 31 March 2018 is as follows:

<b>Financial assets held at fair value through profit or loss:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Other financial investments	-	1.967.800	-

Fair value hierarchy table as at 31 December 2017 is as follows:

<b>Financial assets held at fair value through profit or loss:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial investments	-	-	-

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