

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
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FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

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

	Notes	Not Audited 30 September 2019	Audited 31 December 2018
ASSETS			
Current assets		244.716.963	227.507.326
Cash and cash equivalents	5	110.658.928	80.919.777
Trade receivables		121.917.303	137.887.595
- Trade receivables from third parties	9	119.701.619	136.480.630
- Trade receivables from related parties	29	2.215.684	1.406.965
Other receivables		1.882.451	1.583.029
- Other receivables from third parties	10	1.709.381	1.415.737
- Other receivables from related parties		173.070	167.292
Inventories	11	533.016	787.560
Prepaid expenses	18	5.167.072	2.048.483
Other current assets	10	4.558.193	4.280.882
Non-current assets		368.057.439	335.650.875
Other receivables		160.612	160.612
- Other receivables from third parties	10	160.612	160.612
Financial investments	6	12.144.144	7.323.214
Property, plant and equipment	12	19.124.009	20.708.350
Right of use asset	13	12.628.282	-
Intangible assets		320.502.139	301.095.882
- Goodwill	15	137.455.994	136.752.195
- Other intangible assets	14	183.046.145	164.343.687
Prepaid expenses	18	1.898.589	2.902.501
Deferred tax assets	27	1.014.711	3.172.018
Other non-current assets		584.953	288.298
Total assets		612.774.402	563.158.201

These condensed consolidated financial statements have been approved by Board of Directors on 06 November 2019 and signed on its behalf by Buğra Koyuncu, Logo Group CEO and Gülnur Anlaş, Logo Group Head of Finance, CFO.

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

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AS AT 30 SEPTEMBER 2019**

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

	Notes	Not Audited 30 September 2019	Audited 31 December 2018
LIABILITIES			
Short-term liabilities		119.728.530	131.938.977
Short-term borrowings	8	12.257.288	1.925.997
Short-term portion of long-term borrowings	8	5.524.454	741.292
Trade payables		22.006.622	25.500.164
- <i>Trade payables to third parties</i>	9	22.006.622	25.500.164
Employee benefit obligations	17	17.198.934	10.842.883
Other payables		6.265.615	10.795.713
- <i>Other payables to third parties</i>	10	6.265.615	10.795.713
Contract liabilities	18	53.241.631	62.213.298
Short-term provisions		1.095.840	17.515.106
- <i>Provisions for employee benefits</i>	17	1.095.840	17.515.106
Current income tax liabilities		1.836.463	1.959.386
Other current liabilities		301.683	445.138
Long-term liabilities		124.928.757	112.645.661
Long-term borrowings	8	102.796.430	96.808.339
Other payables		6.851.983	1.633.361
- <i>Other payables to third parties</i>	10	6.851.983	1.633.361
Long-term provisions		12.802.309	11.332.729
- <i>Provisions for employment termination benefits</i>	17	12.802.309	11.332.729
Deferred tax liabilities	27	2.478.035	2.871.232
EQUITY			
Equity attributable to equity holders of the parent		344.887.765	294.204.187
Paid-in share capital	19	25.000.000	25.000.000
Adjustment to share capital	19	2.991.336	2.991.336
Restricted reserves		7.196.456	7.196.456
Put option revaluation fund related with non-controlling interests		(6.236.739)	(1.018.118)
Treasury shares (-)	19	(10.054.033)	(10.054.033)
Reserves for treasury shares	19	10.054.033	10.054.033
Other comprehensive income and expense that will not be reclassified to profit or loss		(4.723.974)	(3.796.067)
- <i>Actuarial loss on employment termination benefits</i>		(4.723.974)	(3.796.067)
Other comprehensive income and expense that will be reclassified to profit or loss		35.215.040	35.382.226
- <i>Currency translation differences</i>		35.215.040	35.382.226
Retained earnings		228.448.354	160.744.977
Net profit for the period		56.997.292	67.703.377
Non-controlling interests		23.229.350	24.369.376
Total equity		368.117.115	318.573.563
Total liabilities		612.774.402	563.158.201

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

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2019 AND 2018**

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

	Notes	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Revenue	21	268.483.333	92.240.477	217.206.072	77.380.878
Cost of sales (-)	21	(54.923.213)	(17.353.386)	(44.716.816)	(17.085.616)
Gross profit		213.560.120	74.887.091	172.489.256	60.295.262
General and administrative expenses (-)	22	(40.257.864)	(13.068.622)	(25.955.377)	(9.659.807)
Marketing expenses (-)	22	(43.285.330)	(14.581.703)	(34.451.231)	(11.360.635)
Research and development expenses (-)	22	(69.913.955)	(24.608.187)	(58.178.626)	(20.952.735)
Other operating income	23	7.140.977	2.302.293	5.494.615	1.262.306
Other operating expenses (-)	23	(4.025.788)	(1.300.279)	(5.207.896)	(2.169.818)
Operating profit		63.218.160	23.630.593	54.190.741	17.414.573
Income from investing activities	24	4.125.370	1.634.181	131.601	103.532
Share of losses of investments accounted for by the equity method	7	-	-	(3.055.127)	(397.771)
Operating profit before financial income/(expenses)		67.343.530	25.264.774	51.267.215	17.120.334
Financial income	25	4.143.317	1.329.578	11.036.932	6.208.934
Financial expenses (-)	26	(9.799.799)	(3.676.305)	(7.650.082)	(3.576.794)
Income before taxes		61.687.048	22.918.047	54.654.065	19.752.474
Taxation on income:					
Current income tax expense	27	(3.764.617)	(3.016.018)	(3.644.025)	(1.898.229)
Deferred tax income/(expense)	27	(1.841.269)	(523.327)	1.434.861	(324.259)
Profit for the period		56.081.162	19.378.702	52.444.901	17.529.986
Net income attributable to:					
Non-controlling interests		(916.130)	(847.078)	-	-
Equity holders of the parent		56.997.292	20.225.780	52.444.901	17.529.986
Earnings per shares	28	22,80	8,09	20,98	7,01

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**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE
INCOME FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2019 AND 2018**

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

	Notes	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Profit for the period		56.081.162	19.378.702	52.444.901	17.529.986
<i>Other comprehensive income and expense that will be reclassified to profit or loss:</i>					
Currency translation differences		(391.082)	(7.835.623)	35.726.547	24.741.640
<i>Other comprehensive income and expense that will not be reclassified to profit or loss</i>					
Actuarial losses arising from employment termination benefits	17	(1.030.941)	(913.802)	(381.632)	(269.892)
Tax effect	27	103.034	90.733	39.415	25.739
Other comprehensive income		(1.318.989)	(8.658.692)	35.384.330	24.497.487
Total comprehensive income		54.762.173	10.720.010	87.829.231	42.027.473
<i>Other comprehensive income attributable to:</i>					
Non-controlling interest		(1.140.026)	(2.419.828)	-	-
Equity holders of the parent		55.902.199	13.139.838	87.829.231	42.027.473

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2019 AND 2018**

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

	Paid in share capital	Adjustments to share capital	Treasury shares	Reserves for treasury shares	Restricted reserves	Actuarial loss on employment termination benefits (*)	Currency translation adjustments (**)	Retained earnings	Net profit for the period	Put option revaluation fund related with non-controlling interests (***)	Equity attributable to equity holders of the parents	Non- controlling interests	Total equity
Balances at 1 January 2018	25.000.000	2.991.336	(4.632.563)	4.632.563	7.196.456	(2.669.512)	12.738.172	112.423.275	50.828.565	-	208.508.292	767.175	209.275.467
Transfer to retained earnings	-	-	-	-	-	-	-	50.828.565	(50.828.565)	-	-	-	-
Increase/decrease regarding treasury shares purchases	-	-	(5.421.470)	5.421.470	-	-	-	(5.421.470)	-	-	(5.421.470)	-	(5.421.470)
Transactions with non-controlling interests	-	-	-	-	-	-	-	767.175	-	-	767.175	(767.175)	-
Net profit for the period	-	-	-	-	-	-	-	-	52.444.901	-	52.444.901	-	52.444.901
Other comprehensive income	-	-	-	-	-	(342.217)	35.726.547	-	-	-	35.384.330	-	35.384.330
Balances at 30 September 2018	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(3.011.729)	48.464.719	158.597.545	52.444.901	-	291.683.228	-	291.683.228
Balances at 1 January 2019	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(3.796.067)	35.382.226	160.744.977	67.703.377	(1.018.118)	294.204.187	24.369.376	318.573.563
Transfer to retained earnings	-	-	-	-	-	-	-	67.703.377	(67.703.377)	-	-	-	-
Increase/(decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	(5.218.621)	(5.218.621)	-	(5.218.621)
Net profit for the period	-	-	-	-	-	-	-	-	56.997.292	-	56.997.292	(916.130)	56.081.162
Other comprehensive income	-	-	-	-	-	(927.907)	(167.186)	-	-	-	(1.095.093)	(223.896)	(1.318.989)
Balance at 30 September 2019	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(4.723.974)	35.215.040	228.448.354	56.997.292	(6.236.739)	344.887.765	23.229.350	368.117.115

(*) Other comprehensive income and expense that will not be reclassified to profit or loss.

(**) Other comprehensive income and expense that will be reclassified to profit or loss.

(***) Note 4.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE
PERIODS 1 JANUARY - 30 SEPTEMBER 2019 AND 2018**

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

	Notes	1 January - 30 September 2019	1 January - 30 September 2018
A. Cash flows from operating activities		83.456.993	64.206.211
Net profit for the period		56.081.162	52.444.901
Adjustments to reconcile profit for the year		22.445.909	25.210.467
Adjustment for depreciation and amortization	12,13,14	35.887.221	23.914.355
Adjustment for provision for employment termination benefits	17	(15.115.354)	(11.844.569)
Adjustment for interest expense	26	2.544.716	2.278.552
Adjustment for interest income	25	(957.556)	(2.231.926)
Adjustment for undistributed profits of joint ventures	7	-	3.055.127
Adjustment for impairment on receivables	9	1.742.215	(2.436.939)
Other adjustments to reconcile profit or loss		(7.261.219)	10.266.703
Adjustment for income tax expense	27	5.605.886	2.209.164
Changes in net working capital		9.714.963	(9.906.971)
Decrease/(increase) on trade receivables		14.121.074	(3.904.082)
Decrease on inventories		254.544	204.075
Increase on other current and non-current assets		(2.849.611)	(7.284.674)
Decrease on trade payables		(3.493.542)	(3.421.052)
Increase/(decrease) on other current and non-current liabilities		1.682.498	4.498.762
Cash flows used in operating activities		88.242.034	67.748.397
Taxes paid		(3.887.540)	(2.608.690)
Employment termination benefits paid	17	(897.501)	(933.496)
Purchases of property, plant and equipment and intangible assets	12,14	(47.430.275)	(36.202.681)
Cash outflows from acquisition of subsidiary	6	(4.820.930)	(4.937.250)
Proceeds from sales of property and equipment	12	29.170	2.273
Capital injections to joint ventures	7	-	(1.000.000)
Interest received		819.102	2.476.450
B. Cash flows from investing activities		(51.402.933)	(39.661.208)
Cash outflows from acquisitions of treasury shares	19	-	(5.421.470)
Repayments of borrowings	32	(42.778.631)	(16.617.313)
Proceeds from borrowings	32	47.719.138	13.692.081
Interest paid		(2.544.716)	(2.278.552)
Cash outflows on loan payments arising from lease agreements	32	(4.743.025)	-
C. Cash flows from financing activities		(2.347.234)	(10.625.254)
Net increase in cash and cash equivalents		29.706.826	13.919.749
D. Effects of currency translation differences on cash and cash equivalents		32.325	5.062.214
Cash and cash equivalents at the beginning of the period	5	80.919.777	51.633.614
Cash and cash equivalents at the end of the period	5	110.658.928	70.615.577

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2019**

(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 and multiplication of operating systems, application software, databases, software increasing productivity, multimedia software products and all types of similar software processed inside all types of computer hardware, and distribution of these at all physical and electronic environment, and to carry out all the services such as technical support, training and technical service activities.

As of 30 September 2019 the Group has 1.147 employees (31 December 2018: 1.066).

The address of the registered office is as follows:

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

The partnership structure of the Company as of 30 September 2019, is detailed in Note 19.

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

Subsidiaries	Country of incorporation	Nature of business
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 Financial Solutions GmbH (“Logo GmbH”)	Germany	Development and marketing of software
Logo Business Solutions FZ-LLC United (“Logo FFC-LLC”)	Arab Emirates	Marketing of software
Logo Kobi Dijital Hizmetler A.Ş. (“Logo Kobi”)	Turkey	Development and marketing of software
Architected Business Solutions SRL (“ABS”) (*)	Romania	Development and marketing of software
ABS Financial Services SRL (“ABS FS”) (*)	Romania	Development and marketing of software
Joint Ventures	Country of incorporation	Nature of business
FIGO Ticari Bilgi ve Uygulama Platformu A.Ş. (“FIGO”) (**)	Turkey	Development and marketing of software
Logo Infosoft Business Technology Private Limited (“Logo Infosoft”)	India	Development and marketing of software

(*) Note 4.

(**) As at 31 December 2018, the Group has transferred all of its shares in FIGO, a joint venture which the Company had 50% of shares, previously (Note 7).

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OPERATIONS (Continued)

With the share purchase agreement signed on 2 September 2016, The Company has acquired 100% of Romania based software company Total Soft’s shares. On 19 July 2018 Total Soft has acquired 100% of ABS and ABS FS shares. ABS provides retail consultancy, technology and outsourcing services and ABS FS provides financial services. (Note 4).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The accompanying condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”) 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 Capital Markets Board (“CMB”) on 13 September 2013 which is published on Official Gazette numbered 28676.

The Group prepared its condensed consolidated financial statements for the period ended 30 September 2019 in accordance with the Turkish Accounting Standards 34 (“TAS 34”), “ Financial Reporting”. condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group’s annual consolidated financial statements as of 31 December 2018.

2.1.2 Financial statements of subsidiaries operating in foreign countries

Financial statements of subsidiaries, operating in foreign countries, are adjusted to Turkish Financial Reporting Standards (“TFRS”) for the purpose of fair presentation. Subsidiaries’ assets and liabilities are translated into Turkish Lira from the foreign exchange rate at the balance sheet date, and income and expenses are translated into Turkish Lira at the average foreign exchange rate. 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 condensed consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the period ended 31 December 2018 include the accounts for Logo Yazılım and its subsidiaries.

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

2.1.3 Basis of consolidation (Continued)

The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company at 30 September 2019 and 31 December 2018:

Subsidiaries	30 September 2019 (%)	31 December 2018 (%)
Total Soft	80,00	80,00
e-Logo	100,00	100,00
Logo GmbH	100,00	100,00
Logo Kobi	100,00	100,00
ABS	80,00	80,00
ABS (FS)	80,00	80,00
Joint Venture	30 September 2019 (%)	31 December 2018 (%)
Logo Infosoft	50,00	50,00

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 30 September 2019:

- 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.

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

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 subsidiaries operates in Romania is Romanian Ley (“RON”). Functional currency of Logo Infosoft is Indian Rupee (“INR”). 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.

2.2 Going concern

Entities included to the consolidation prepared their financial statements in accordance with the going concern assumption. The Group management evaluated the ability to continue as a going concern and concluded that the Group has enough resources to continue its operation in foreseeable future as a going concern.

2.3 Amendments to TFRS

a) *Standards, amendments and interpretations applicable as at 30 September 2019:*

- **Amendment to TFRS 9, “Financial instruments”;** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.
- **Amendment to TAS 28, “Investments in associates and joint venture”;** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
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2.3 Amendments to TFRS (Continued)

a) Standards, amendments and interpretations applicable as at 30 September 2019 (continued):

- **TFRS 16, ‘Leases’;** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15 ‘Revenue from Contracts with Customers’ is also applied. This standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. In this case, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - TFRS 3, ‘Business combinations’, - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - TFRS 11, ‘Joint arrangements’, - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - TAS 12, ‘Income taxes’ - a company accounts for all income tax consequences of dividend payments in the same way.
 - TAS 23, ‘Borrowing costs’ – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
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2.3 Amendments to TFRS (Continued)

a) Standards, amendments and interpretations applicable as at 30 September 2019 (continued):

- **Amendments to TAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’;** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2019:

- **Amendments to TAS 1 and TAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, ‘Presentation of financial statements’, and TAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other TFRSs:
 - i) use a consistent definition of materiality throughout TFRS and the Conceptual Framework for Financial Reporting,
 - ii) clarify the explanation of the definition of material and
 - iii) incorporate some of the guidance in TAS 1 about immaterial information.
- **Amendments to TFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **TFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

2.4 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively. The Group has adopted TFRS 16 “Leases” as at 1 January 2019 for the first time, in line with the transition provisions of the standard. Impacts of the first time adoption of TFRS 16 on the condensed consolidated financial statements of the Group are as below:

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2.4 Restatement and errors in the accounting policies and estimates (Continued)

TFRS 16 Leases

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset.

The Group has the right to direct use of asset if either:

- i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
- ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- a) amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and

The Group subsequently measures the right of use asset:

- a) after netting-off depreciation and reducing impairment losses from right of use asset,
- b) adjusted for certain re-measurements of the lease liability recognized at the present value T.

The Group applies TMS16 “Property, Plant and Equipment” to amortize the right of use asset and to asses for any impairment.

Determine whether the right of use assets has impaired and to account for any impairment loss, applies TMS 36 Impairment of Assets standart.

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2.4 Restatement and errors in the accounting policies and estimates (Continued)

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments, including in-substance fixed payments,
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) increasing the carrying amount to reflect interest on lease liability,
- b) reducing the carrying amount to reflect the lease payments made and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Exemptions and simplifications

Short-term lease payments and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of TFRS 16. For the nine months period ended 30 September 2019, the amount recognized in the statement of profit or loss is TRY 1,426,523. (31 December 2018: TRY 574,296). Lease payments of these contracts are continued to be recognised in profit or loss in the related period. The Group applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
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2.4 Restatement and errors in the accounting policies and estimates (Continued)

IFRS 16 adoption impact

The effects of the adoption of IFRS 16 on consolidated profit or loss statement as of 30 September 2019 are as follows:

	1 January - 30 September 2019 (IFRS 16 applied)	IFRS 16 effect	1 January - 30 September 2019 (IFRS 16 excluded)
Revenue	268.483.333	-	268.483.333
Cost of sales (-)	(54.923.213)	-	(54.923.213)
Gross profit	213.560.120	-	213.560.120
General and administrative expenses (-)	(40.257.864)	(63.785)	(40.321.649)
Marketing expenses (-)	(43.285.330)	(434.443)	(43.719.773)
Research and development expenses (-)	(69.913.955)	(577.081)	(70.491.036)
Other operating income	7.140.977	-	7.140.977
Other operating expenses (-)	(4.025.788)	-	(4.025.788)
Operating profit	63.218.160	(1.075.309)	62.142.851
Income from investing activities	4.125.370	-	4.125.370
Share of losses of investments accounted for by the equity method		-	-
Operating profit before Financial income/(expenses)	67.343.530	(1.075.309)	66.268.221
Financial income	4.143.317	-	4.143.317
Financial expenses (-)	(9.799.799)	1.385.155	(8.414.644)
Income before taxes	61.687.048	309.846	61.996.894
Taxation on income:			
Current income tax expense	(3.764.617)	-	(3.764.617)
Deferred tax income/(expense)	(1.841.269)	-	(1.841.269)
Profit for the period	56.081.162	309.846	56.391.008

2.5 Summary of Significant Accounting Policies

The condensed consolidated financial statements for the nine months period ended 30 September 2019 have been prepared in accordance with TAS 34. The significant accounting policies used in preparing the condensed consolidated financial statements for the nine months period ended 30 September 2019 are consistent with the accounting policies disclosed in the consolidated financial statements as of 31 December 2018. Accordingly, the condensed consolidated financial statements should be evaluated with the consolidated financial statements for the year ended 31 December 2018. The Group has disclosed its accounting policies for the first time adoption of a new standard in Note 2.4.

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2.6 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 2.5 intangible assets are stated at historical cost less amortization, net of any impairment charges. Amortization on intangible 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's revenue mainly consists of standard package sales revenue, Logo Enterprise Membership sales revenue, retail cloud solutions (“SaaS”) subscription revenue, after sales support revenue, custom software development project revenue and upgrade package revenue.

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.

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.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
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2.6 Significant accounting estimates and assumptions (Continued)

Revenue recognition (Continued)

Companies that issue electronic invoices (e-invoices) can perform an electronic invoice by a special integrator with technical competence instead of using their own information processing infrastructure.

E-Logo, a Private Integrator Service Provider, which has received special integration permission from Revenue Administration, enables users to perform electronic invoice sending and receiving transactions with a fast and secure system running 24/7 and with a daily processing capacity of 130.000.000 invoices. Companies which receiving E-Logo Custom Integration Service, manages the approval process of e-invoices over the web.

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 15.

2.7 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 30 September 2019 has been provided with the comparative financial information of 31 December 2018 and the consolidated statements of profit or loss, the consolidated statements other comprehensive income, changes in equity and cash flows for the period ended 30 September 2019 have been provided with the comparative financial information, for the period ended 30 September 2019.

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

The money markets funds amounted to TRY2.502.350 which was accounted for “short-term financial investement” as of 31 December 2018 has been reclassified to cash and cash equivalents in these condensed consolidated financial statements.

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NOTE 3 - SEGMENT REPORTING

The authorized body of the Group is responsible to ensure that decisions are made to allocate resources and to assess the performance of the operating segments. Adjusted earning 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 is calculated as a result of the addition of depreciation expense and amortization to the net amount of the company's sales revenues, the cost of sales, the operating expenses (excluding other income and expenses from the operating activities).

30 September 2019	Turkey	Romania	Segmental eliminations	Consolidated
Reportable segment assets	443.170.768	170.527.526	(923.892)	612.774.402
Reportable segment liabilities	98.076.309	147.504.870	(923.892)	244.657.287
Goodwill	109.314.813	28.141.181	-	137.455.994
Property and equipment and intangible asset	124.007.928	90.790.508	-	214.798.436

30 September 2019	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	163.270.768	105.212.565	-	268.483.333
Cost of sales	(2.658.982)	(52.264.231)	-	(54.923.213)
Operating expenses	(110.714.893)	(42.742.256)	-	(153.457.149)
Other operating income	6.375.993	764.984	-	7.140.977
Other operating expenses	(2.263.427)	(1.762.361)	-	(4.025.788)
Income from investing activities	4.125.370	-	-	4.125.370
Financial income	3.179.208	964.109	-	4.143.317
Financial expense	(4.488.767)	(5.311.032)	-	(9.799.799)
Depreciation and amortization	(23.788.774)	(12.098.447)	-	(35.887.221)
Tax income/(expense)	(4.147.128)	(1.458.758)	-	(5.605.886)
Profit for the period	52.678.142	3.403.020	-	56.081.162
Adjusted EBITDA	73.685.667	22.304.525	-	95.990.192
Purchase of property and equipment and intangible assets	33.785.494	13.644.781	-	47.430.275

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

30 September 2019	Consolidated
Adjusted EBITDA	95.990.192
Depreciation and amortization	(35.887.221)
Income from investing activities	4.125.370
Other income from operating activities	7.140.977
Other expense from operating activities	(4.025.788)
Financial income	4.143.317
Financial expenses	(9.799.799)
Profit before tax	61.687.048

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NOTE 3 - SEGMENT REPORTING (Continued)

31 December 2018	Turkey	Romania	Segmental eliminations	Consolidated
Reportable segment assets	408.864.406	154.383.330	(89.535)	563.158.201
Reportable segment liabilities	110.923.038	133.751.135	(89.535)	244.584.638
Goodwill	108.693.333	28.058.862	-	136.752.195
Property and equipment and intangible asset	103.914.351	81.137.686	-	185.052.037

30 September 2018	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	141.849.607	75.356.465	-	217.206.072
Cost of sales	(2.124.573)	(42.592.243)	-	(44.716.816)
Operating expense	(88.429.070)	(30.156.164)	-	(118.585.234)
Other income from operating activities	3.804.847	1.689.768	-	5.494.615
Other expense from operating activities	(4.275.138)	(932.758)	-	(5.207.896)
Income from investing activities	131.601	-	-	131.601
Financial income	10.414.734	989.545	(367.347)	11.036.932
Financial expense	(3.841.253)	(4.176.176)	367.347	(7.650.082)
Depreciation and amortization	(17.020.829)	(6.893.526)	-	(23.914.355)
Investment under accounted equity income/ (loss)	(3.055.127)	-	-	(3.055.127)
Tax expense	(1.747.223)	(461.941)	-	(2.209.164)
Profit for the year	52.728.407	(283.506)	-	52.444.901
Adjusted EBITDA	68.316.793	9.501.584	-	77.818.377
Purchase of property and equipment and intangible assets	26.644.697	9.557.984	-	36.202.681

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

30 September 2018	Consolidated
Adjusted EBITDA	77.818.377
Depreciation and amortization	(23.914.355)
Income from investing activities	131.601
Investment under accounted equity income/ (loss)	(3.055.127)
Other income from operating activities	5.494.615
Other expense from operating activities	(5.207.896)
Financial income	11.036.932
Financial expenses	(7.650.082)
Profit before tax	54.654.065

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NOTE 4 - BUSINESS COMBINATION

Acquisition of ABS and ABS FS

The Group acquired ABS and ABS FS shares through Share Purchase Agreement signed on 19 July 2018. The purchase consideration of ABS and ABS-FS is 20% shareholding in Total Soft. Acquisition was completed on 30 October 2018 and the nominal value of 20% of Total Soft shares of 22.239.700 RON (28.709.229 TRY) was determined to be within a fair value range as of 30 October 2018.

The Group with respect to aforementioned acquisition process accounted for ABS and ABS FS 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	663.174
Intangible assets - Customer relationships	24.060.016
Total liabilities	(24.072.823)
<hr/>	
Fair value of net assets	650.367
Less: Purchase consideration	28.709.229
<hr/>	
Goodwill	28.058.862

The identifiable assets determined as a result of the purchase price allocation for ABS and ABS FS acquisition are amortized over 15 years for customer relationship.

The goodwill amount calculated is recognized in the financial statements of Total Soft. The goodwill arising from foreign economic unit acquisition is recognized based on the functional currency of Total Soft which is RON within the concept of TMS 21, “The effects of changes in foreign exchange rates”. The goodwill amount calculated as of the date of acquisition is RON 21,739,035.

As a result of these acquisitions, there is a sales option given to Avramos Holding Ltd. by Logo Yazılım for the 20% Total Soft shares transferred to Avramos Holding Ltd. between 1 January 2021 and 31 December 2024. As of 30 September 2019, the Company has accounted for the liability for a put option amounting to TRY 6.236.739 in the long-term liabilities account as a result of the sales option given in the consolidated financial statements (Note:10).

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NOTE 5 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as of 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019	31 December 2018
Cash	72.181	36.477
Banks		
- Demand deposits - TRY	5.934.151	661.540
- Demand deposits - foreign currency	6.321.743	6.197.342
- Time deposits - TRY	7.124.783	19.029.482
- Time deposits - foreign currency	17.719.186	9.340.088
Credit card receivables	37.372.294	41.791.108
Money market funds (**)	36.093.804	2.502.350
Cheques	20.786	260.274
Blocked deposits (*)	-	1.101.116
	110.658.928	80.919.777

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

(**) Money market funds consist of investment instruments that can be converted to cash.

As of 30 September 2019, the weighted average effective annual interest rates of TRY denominated time deposits are between 13,00% and 22,35%. (31 December 2018: 13,75% and 25,70%) As of 30 September 2019 the weighted average effective annual interest rates of USD denominated time deposits are between 1,00% and 3,00% and EUR denominated time deposits are between 0,50% and 1,00%.

NOTE 6 - FINANCIAL ASSETS

Financial assets which is accounted by it's fair value:

The analysis of non-current financial assets at 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019		31 December 2018	
	Share	Carrying	Share	Carrying
	(%)	amount	(%)	amount
Logo Ventures Girişim				
Sermayesi Yatırım Fonu (“Logo Ventures”)	20,00	1.450.000	20,00	1.450.000
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
		1.580.653		1.580.653

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NOTE 6 - FINANCIAL ASSETS (Continued)

As of 30 September 2019 and 31 December 2018, Logo Ventures, İnterpro and Dokuz Eylül have been recognized as the fair value difference is considered as the asset reflected to other comprehensive income and as of 30 September 2019, due to difference between the fair value and the cost value is not significant the cost value is reflected to the consolidated financial statements.

Other long term financial investments:

	30 September 2019	31 December 2018
Other long term financial investments (*)	10.563.491	5.742.561

(*) It consists of long-term equity convertible debt instruments issued by Logo Infosoft, a joint venture of the Company. When the related amounts are included in the share capital, the ownership rate of The Group is 66.59%. The Group did not consider the related investment for trading purposes and accounted for the fair value changes within the scope of the accounting policies explained in Note 2.5 in the other comprehensive income statement.

NOTE 7 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	2019	2018
As of 1 January	-	558.663
Effect of Logo Infosoft	-	2.010.550
Participation in capital increase of joint venture	-	1.000.000
Share of profits/(losses)	-	(3.055.127)
As of 30 September	-	514.086

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

Summary of balance sheet

Logo Infosoft	30 September 2019	31 December 2018
Cash and cash equivalents	1.969.875	494.318
Other current assets	2.616.985	2.173.129
Other non-current assets	1.451.596	1.832.886
Total assets	6.038.456	4.500.333
Other short-term liabilities	4.148.106	3.722.651
Other long-term liabilities	12.558.449	-
Total liabilities	16.706.555	3.722.651
Net (liabilities)/assets	(10.668.099)	777.682

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NOTE 7 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Summary of income statements

Logo Infosoft	30 September 2019	30 September 2018
Income	124.855	431.140
Other Income	474.600	500.153
Expenses (-)	(6.318.607)	(7.843.825)
Net loss for the period	(5.719.152)	(6.912.532)
Interest ratio of the Group	%50,00	%50,00
Group’s share	(2.859.576)	(3.456.266)
Unrecognised losses (*)	2.859.576	1.445.716
Share of losses of investment under equity method	-	(2.010.550)

(*) Logo Infosoft's portion of the Group's share of loss amounting to TRY 2.859.576 (2018: TRY 1.445.716) has not been accounted because Logo Infosoft's carrying amount has been zero.

NOTE 8 - BORROWINGS

Details of borrowings as of 30 September 2019 and 31 December 2018 is as follows:

Short-term borrowings:	30 September 2019	31 December 2018
Short-term bank borrowings	7.884.242	1.788.145
Credit card payables	100.292	137.852
Borrowings from leases	4.272.754	-
	12.257.288	1.925.997
Short-term portion of long-term bank borrowings:		
Short-term portion of long-term bank borrowings:	4.704.979	-
Financial leases	819.475	741.292
	5.524.454	741.292
Total short-term bank borrowings	17.781.742	2.667.289

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NOTE 8 - BORROWINGS (Continued)

Long-term bank borrowings:	30 September 2019	31 December 2018
Long-term bank borrowings	93.699.805	96.009.180
Borrowings from leases	8.654.332	-
Financial leases	442.293	799.159
Total long-term borrowings	102.796.430	96.808.339

	30 September 2019		
	Weighted average annual interest rate (%)	Original amount	TRY equivalent
Short-term bank borrowings:			
Bank borrowings - RON - unsecured	-	4.604.392	5.960.386
Bank borrowings TRY – unsecured	-	1.923.856	1.923.856
Credit cards -TRY	-	100.292	100.292
Borrowing from leases - Euro	-	624.025	3.858.721
Borrowing from leases - TRY	-	414.033	414.033
			12.257.288

**Short-term portion of
long-term bank borrowings:**

Financial leases - EUR	-	132.524	819.475
Bank borrowings - Euro – secured	Euribor + 2.50% - 2.95%	760.880	4.704.979
			5.524.454

Long-term bank borrowings:

Bank borrowings - Euro - secured	Euribor + 2.50% - 2.95%	15.152.954	93.699.805
Borrowing from leases - TRY	-	5.781.866	5.781.866
Borrowing from leases - EUR	-	464.530	2.872.466
Financial leases - Euro	-	71.527	442.293

102.796.430

Total borrowings

120.578.172

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NOTE 8 - BORROWINGS (Continued)

	31 December 2018		
	Weighted average annual interest rate (%)	Original amount	TRY equivalent
Short-term bank borrowings:			
Bank borrowings - TRY - unsecured	-	1.788.145	1.788.145
Credit cards- TRY	-	137.852	137.852
			1.925.997
Short-term portion of long-term bank borrowings:			
Financial leases - Euro	-	122.975	741.292
			741.292
Long-term bank borrowings:			
Bank borrowings - Euro - secured Euribor+2.50% - 2.95%		15.927.203	96.009.180
Financial leases- Euro	-	132.574	799.159
			96.808.339
Total borrowings			99.475.628

The redemption schedules of long-term borrowings on 30 September 2019 and 31 December 2018 are as follows:

	30 September 2019		31 December 2018	
	Net book value		Fair value	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Due within 1-2 years			18.632.650	9.830.270
Due within 2-5 years			35.156.568	34.443.045
Due within 5-10 years			49.007.212	52.535.024
			102.796.430	96.808.339
Bank borrowings	106.289.026	97.797.325	120.938.310	113.480.897
	106.289.026	97.797.325	120.938.310	113.480.897

Interest rate and currency risk of the Group are explained in Note 30.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables as of 30 September 2019 and 31 December 2018 are as follows:

Short-term trade receivables:	30 September 2019	31 December 2018
Trade receivables	106.463.832	116.448.525
Credit card receivables	42.546.829	46.264.280
Cheques and notes receivables	3.075.576	7.738.534
Less: provision for doubtful receivables	(27.983.280)	(26.134.062)
Less: unearned finance income arising from credit sales	(4.401.338)	(7.836.647)
	119.701.619	136.480.630

As of 30 September 2019 the average turnover of the trade receivables is 119 days (31 December 2018: 123 days), excluding the credit cards receivables average turnover day is 80 days (31 December 2018: 78 days), the discount rate applied to the unmatured receivables is 14,88% (31 December 2018: 23.48%).

The movement of provision for doubtful receivables for the periods ended 30 September 2019 and 2018 are as follows:

	2019	2018
As of 1 January	26.134.062	21.628.975
Provision for the period	2.792.439	999.784
Provisions no longer required	(1.050.224)	(3.436.723)
Foreign currency translation difference	107.003	7.522.116
As of 30 September	27.983.280	26.714.152

Trade payables to third parties:	30 September 2019	31 December 2018
Trade payables	22.006.622	25.500.164

As of 30 September 2019, the average debt payment period is 99 days (31 December 2018: 80 days).

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NOTE 10 - OTHER RECEIVABLES, PAYABLES AND OTHER ASSETS

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

	30 September 2019	31 December 2018
Income accruals	1.686.358	1.407.822
Deposits and guarantees given	7.915	7.915
Other	15.108	-
	1.709.381	1.415.737

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

	30 September 2019	31 December 2018
Long-term other receivables	160.612	160.612

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

	30 September 2019	31 December 2018
Taxes payable	6.265.615	10.360.105
Other	-	435.608
	6.265.615	10.795.713

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

	30 September 2019	31 December 2018
Other payables	6.851.983	1.633.361
	6.851.983	1.633.361

Other current assets:

	30 September 2019	31 December 2018
Personnel advances	2.226.391	1.481.654
Prepaid taxes	1.736.602	2.081.115
Other	595.200	718.113
	4.558.193	4.280.882

NOTE 11 - INVENTORIES

	30 September 2019	31 December 2018
Trade goods	503.394	772.724
Raw materials and equipment	19.311	14.726
Other	10.311	110
	533.016	787.560

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2019	Additions	Disposals of subsidiary	Disposals	Currency translation differences	30 September 2019
Costs:						
Machinery, plant and equipment	12.943.767	896.407	-	(2.953.389)	(55.099)	10.831.686
Motor vehicles	3.404.357	70.385	-	(324.331)	(81.657)	3.068.754
Furniture and fixtures	5.915.932	322.023	-	(22.194)	4.707	6.220.468
Leasehold improvements	24.194.629	973.773	-	-	1.886	25.170.288
	46.458.685	2.262.588	-	(3.299.914)	(130.163)	45.291.196
Accumulated depreciation:						
Machinery, plant and equipment	9.971.579	1.623.131	-	(2.938.706)	(94.566)	8.561.438
Motor vehicles	2.086.528	817.049	-	(309.844)	(5.935)	2.587.798
Furniture and fixtures	4.433.912	278.292	-	(22.194)	(9.418)	4.680.592
Leasehold improvements	9.258.316	1.078.827	-	-	216	10.337.359
	25.750.335	3.797.299	-	(3.270.744)	(109.703)	26.167.187
Net book value	20.708.350					19.124.009
	1 January 2018	Additions	Disposal of subsidiary	Disposals	Currency translation differences	30 September 2018
Cost:						
Machinery plant and equipment	9.081.537	1.787.627	(168.063)	(56.617)	1.171.925	11.816.409
Motor vehicles	2.237.291	372.844	-	-	1.147.342	3.757.477
Furniture and fixtures	5.510.453	153.333	(230.945)	(11.272)	199.624	5.621.193
Leasehold improvements	22.606.581	1.129.160	(295.937)	-	122.140	23.561.944
	39.435.862	3.442.964	(694.945)	(67.889)	2.641.031	44.757.023
Accumulated Depreciation:						
Machinery plant and equipment	6.914.609	1.072.606	(6.600)	(56.617)	406.936	8.330.934
Motor vehicles	605.486	846.586	-	-	465.443	1.917.515
Furniture and fixtures	3.911.284	289.717	(9.516)	(8.999)	111.533	4.294.019
Leasehold improvements	8.062.778	835.290	(11.622)	-	65.130	8.951.576
	19.494.157	3.044.199	(27.738)	(65.616)	1.049.042	23.494.044
Net book value	19.941.705					21.262.979

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NOTE 13 – RIGHT OF USE ASSETS

	1 January 2019	Additions	Disposals	Currency translation differences	30 September 2019
Costs:					
Motor vehicles	8.511.862	-	-	27.543	8.539.405
Office	9.300.845	-	(56.063)	140.847	9.385.629
	17.812.707	-	(56.063)	168.390	17.925.034
Accumulated depreciation:					
Motor vehicles	-	2.311.271	-	(5.550)	2.305.721
Office	-	3.065.811	-	(74.780)	2.991.031
	-	5.377.082	-	(80.330)	5.296.752
Net book value	17.812.707				12.628.282

NOTE 14 - INTANGIBLE ASSETS

	1 January 2019	Additions	Disposal of subsidiary	Disposals	Currency translation differences	30 September 2019
Costs:						
Development costs	218.928.412	44.191.019	-	-	(80.638)	263.038.793
Advanced technology	16.508.818	-	-	-	20.854	16.529.672
Customer relations	46.047.973	-	-	-	209.419	46.257.392
Non-compete agreement	2.747.778	-	-	-	-	2.747.778
Other intangible assets	10.804.144	976.668	-	-	13.018	11.793.830
	295.037.125	45.167.687	-	-	162.653	340.367.465
Accumulated depreciation:						
Development costs	101.458.113	21.696.101	-	-	(53.445)	123.100.769
Advanced technology	8.732.316	1.344.370	-	-	(4.234)	10.072.452
Customer relations	9.660.770	3.005.728	-	-	(36.680)	12.629.818
Non-compete agreement	2.747.778	-	-	-	-	2.747.778
Other intangible assets	8.094.461	666.641	-	-	9.401	8.770.503
	130.693.438	26.712.840	-	-	(84.958)	157.321.320
Net book value	164.343.687					183.046.145

Total additions to development costs for the period ended 30 September 2019 consist of capitalised personnel costs (30 September 2018: TRY31.275.669).

TRY28.776.979 (30 September 2018: TRY22.986.014), TRY1.458.739 (30 September 2018: TRY307.267), TRY5.184.639 (30 September 2018: TRY194.167) and TRY466.864 (30 September 2018: TRY426.907) of the depreciation and amortization expenses for the period ended 30 September 2018 have been accounted for research and development expenses, marketing expenses, general administrative expenses and cost of sales respectively (Note 22).

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NOTE 14 - INTANGIBLE ASSETS (Continued)

	1 January 2018	Additions	Disposals of subsidiary	Currency translation differences	30 September 2018
Costs:					
Development costs	161.201.959	31.875.669	(1.040.579)	18.954.533	210.991.582
Advanced technology	15.656.562	-	-	1.367.791	17.024.353
Customer relations	19.482.447	-	-	4.156.223	23.638.670
Non-compete agreement	2.747.778	-	-	-	2.747.778
Other intangible assets	7.668.671	884.048	(62.260)	196.519	8.686.978
	206.757.417	32.759.717	(1.102.839)	24.675.066	263.089.361
Accumulated depreciation:					
Development costs	76.520.130	17.170.741	(110.077)	2.645.512	96.226.306
Advanced technology	6.452.820	1.493.599	-	564.017	8.510.436
Customer relations	6.988.578	1.684.809	-	718.709	9.392.096
Non-compete agreement	2.692.889	54.889	-	-	2.747.778
Other intangible assets	5.500.790	466.118	-	114.617	6.081.525
	98.155.207	20.870.156	(110.077)	4.042.855	122.958.141
Net book value	108.602.210				140.131.220

NOTE 15 - GOODWILL

	30 September 2019	31 December 2018
Totalsoft	101.836.161	101.214.681
Totalsoft (ABS)	28.141.181	28.058.862
Netsis	5.892.252	5.892.252
Sempa	903.000	903.000
Vardar	346.338	346.338
Intermat	337.062	337.062
	137.455.994	136.752.195

The movement of goodwill for the periods ended 30 September 2019 and 2018 is as follows;

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NOTE 15 – GOODWILL (Continued)

	2019	2018
As of 1 January	136.752.195	83.294.475
Currency translation difference	703.799	40.762.785
As of 30 September	137.455.994	124.057.260

The Group applies impairment test for goodwill every year or in shorter periods in case any triggering event that shows any impairment indicator on goodwill. The recoverable amounts of cash generating units are determined based on fair value less cost of disposal.

The goodwill impairment test of goodwill arising from Totalsoft and Totalsoft (ABS) acquisition was valued by an independent valuation company on 31 December 2018. Since there is no triggering event which may cause impairment losses on goodwill recognised for Totalsoft and Totalsoft (ABS) acquisition, no impairment test has been performed as of 30 September 2019.

The goodwill impairment test of goodwill arising from Netsis acquisition had been performed by using current book value and cash flows for the year ended 31 December 2018. Since there is no triggering event which may cause impairment losses on goodwill recognised for Netsis acquisition, no impairment test has been performed as of 30 September 2019.

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

	Original currency	30 September 2019		31 December 2018	
		Original amount	TRY equivalent	Original amount	TRY equivalent
Guarantee notes	TRY	268.324	268.324	247.724	247.724
Mortgages	TRY	360.000	360.000	360.000	360.000
			628.324		607.724

As of 30 September 2019 and 31 December 2018, guarantee/pledge/mortgage (“GPM”) given by the Company on behalf of its legal entity are presented in original currency by TRY equivalent as follows:

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NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

GPM issued by the Company:

	30 September 2019				31 December 2018			
	EUR	USD	RON	TRY	EUR	USD	RON	TRY
A. Total amount of Guarantees provided by the Company on behalf of itself	-	252.764	-	688.445	-	234.978	-	1.181.997
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method (*)	109.919.483	-	42.032	-	107.348.145	-	48.117	-
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 Gurantees provided on behalf of the associates which are not in the scope of B and C.	-	-	-	-	-	-	-	-
iii) Total amount of Gurantees provided on behalf of third parties which are not in the scope of C.	-	-	-	-	-	-	-	-
	109.919.483	252.764	42.032	688.445	107.348.145	234.978	48.117	1.181.997

(*) Note 8.

The lawsuits filed against the Group in the past periods amount to TRY4.478.758. The Group’s management does not expect any cash outflows regarding these lawsuits therefore, no provisions have been accounted for in the consolidated financial statements.

NOTE 17 - EMPLOYEE BENEFITS

Short - term payables for employee benefits:	30 September 2019	31 December 2018
Due to personnel	11.448.958	5.502.751
Taxes, funds and social security payables	5.749.976	5.340.132
	17.198.934	10.842.883
Short - term provisions for employment benefits:	30 September 2019	31 December 2018
Provision for employment benefits	1.095.840	17.515.106
Long - term provisions for employment benefits:	30 September 2019	31 December 2018
Provision for employment termination benefits	7.101.814	6.009.607
Provision for unused vacation liability	5.700.495	5.323.122
	12.802.309	11.332.729

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NOTE 17 - EMPLOYEE BENEFITS (Continued)

The movement of provision for unused vacation liability for the periods ended 30 September 2019 and 2018 is as follow:

	2019	2018
As of 1 January	5.323.122	3.956.857
Increase in the period	345.145	(253.600)
Currency translation difference	32.228	945.380
As of 30 September	5.700.495	4.648.637

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 TRY6.379,86 for each year of service (31 December 2018: TRY5.434,42). Provision for employment termination benefits is calculated based on the present value of the Group’s obligation to pay in the event of retirement.

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”:

	30 September 2019	31 December 2018
Discount rate (%)	5,71	5,65
Turnover rate to estimate the probability of retirement (%)	93,40	93,50

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 nine months, the maximum amount of TRY6.379,86 which is effective as of 1 July 2019 (1 July 2018: TRY5.434,42) has been taken into consideration in the calculations.

The movement in the provision for employment termination benefits during the periods ended 30 September 2019 and 2018 were as follows:

	2019	2018
As of 1 January	6.009.607	4.341.706
Interest cost	490.086	551.079
Service cost	468.681	472.711
Actuarial losses	1.030.941	381.632
Payments	(897.501)	(933.496)
As of 30 September	7.101.814	4.813.632

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NOTE 18 - PREPAID EXPENSES AND DEFERRED REVENUE

Short - term prepaid expenses:	30 September 2019	31 December 2018
Prepaid expenses	5.167.072	2.048.483
	5.167.072	2.048.483
Long - term prepaid expenses:	30 September 2019	31 December 2018
Advances given	1.898.589	2.902.501
	1.898.589	2.902.501
Short - term deferred revenues:	30 September 2019	31 December 2018
Deferred revenue (*)	50.992.011	58.665.117
Advances received	2.249.620	3.548.181
	53.241.631	62.213.298

(*) Deferred revenue mainly relates to LEM sales revenue, pay as you go sales, after-sales services, customized software sales and Tübitak incentives related to future periods.

The details of deferred revenues at 30 September 2019 and 31 December 2018 as follows:

	30 September 2019	31 December 2018
LEM sales	29.394.223	39.102.529
Pay as you go sales	12.740.195	12.519.888
Revenue from continuing projects	6.057.397	5.400.083
After-sales services revenue	2.800.196	1.642.617
	50.992.011	58.665.117

NOTE 19 - EQUITY

The Company's authorized and paid-in share capital consists of 2.500.000.000 (31 December 2018: 2.500.000.000) shares with a nominal value of Kr 1 each. The shareholding structure of the Company as of 30 September 2019 and 31 December 2018 are as follows:

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NOTE 19 - EQUITY (Continued)

	30 September 2019	Share (%)	31 December 2018	Share (%)
Logo Teknoloji ve Yatırım A.Ş.	8.407.513	33,63	8.391.013	33,56
Mediterra Capital Partners I. LP (*)	-	-	16.500	<1,00
Publicly traded	16.592.487	66,37	16.592.487	66,44
	25.000.000	100,00	25.000.000	100,00
Adjustment to share capital	2.991.336		2.991.336	
Total paid-in share capital	27.991.336		27.991.336	

(*) Consist of Group A preferred shares Mediterra Capital Partners I. LP owns.

The shares representing capital are categorized as group A and B. The privileges of group A shares are the right to nominate candidates for half of the Board members to be elected. The Chairman of the Board is elected from among the board members nominated by Group A shareholders. Adjustment to share capital represents the restatement effect of cash contributions to share capital.

Treasury shares

As of 30 September 2019 the amount of treasure shares accounted in Group's equity is TRY10.054.033 (31 December 2018: TRY10.054.033).

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 ia as follows:

Purchase year		Quantity of stock	Purchase price
2012		171.000	450.493
2013		1.711.495	8.163.509
2015		108.136	1.983.148
2018		177.042	5.421.470
Total purchases		2.167.673	16.018.620
Sales year		Quantity of stock	Sales price
2013		1.297.500	6.487.500
Total sales		1.297.500	5.964.587

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

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NOTE 19 - EQUITY (Continued)

Dividend distribution

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

There are no privileges in the articles of association for participation to the profit of the company. Dividend policy is reviewed by the board of directors annually in line with the principles of corporate governance. A balanced and consistent policy with respect to the interests of the investors and the company is applied for profit distribution. The dividend distribution policy is prepared by the board of directors, taking into consideration the general economic conditions, long term investment and financing policies, as well as the cash position of the company. Upto 55% of the distributable net profit for the period calculated in accordance with Turkish Commercial Code and CMB regulations and the Articles of Association of our company shall be distributed to our shareholders. Dividend distribution shall be made in cash or as capital increase by bonus issue or partly in cash and partly as capital increase by bonus issue. If the amount of the dividends is less than 5% of the paid-in capital, the corresponding amount in question shall be retained in the company.

NOTE 20 - EXPENSES BY NATURE

As of 30 September 2019 and 2018, expenses are disclosed by function and the details of the expenses are summarized in Note 22 and Note 23.

NOTE 21 - SALES AND COST OF SALES

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Sales revenue	174.876.074	61.525.470	149.957.661	51.110.224
Service revenue	91.287.336	30.622.896	64.285.749	25.752.263
Saas service revenue	6.244.515	1.447.044	6.391.484	1.491.118
Sales returns	(2.506.121)	(924.586)	(2.119.811)	(593.059)
Sales discounts	(1.418.471)	(430.347)	(1.309.011)	(379.668)
Net sales	268.483.333	92.240.477	217.206.072	77.380.878
Cost of sales	(54.923.213)	(17.353.386)	(44.716.816)	(17.085.616)
Gross profit	213.560.120	74.887.091	172.489.256	60.295.262
Cost of sales				
	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Cost of services	52.265.981	16.577.560	42.596.970	16.547.442
Cost of transfer of financial rights	2.546.640	764.478	1.928.682	502.065
Cost of trade goods sold	110.592	11.348	191.164	36.109
Cost of sales	54.923.213	17.353.386	44.716.816	17.085.616

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**NOTE 22 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, AND
GENERAL ADMINISTRATIVE EXPENSES**

Research and development expenses	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Personnel	29.091.859	10.629.885	24.921.340	8.880.698
Depreciation and amortization	28.776.979	9.891.954	22.986.014	8.412.386
Outsourced benefits and services	3.066.232	1.056.891	1.849.521	834.689
Motor vehicles	1.566.377	540.572	2.339.985	869.044
Consultancy	1.460.441	350.029	1.167.042	383.752
Travel	854.294	246.673	651.778	189.802
Rent	288.913	100.576	1.145.773	429.815
Other	4.808.860	1.791.607	3.117.173	952.549
	69.913.955	24.608.187	58.178.626	20.952.735
Marketing, selling and distribution expenses	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Personnel	19.738.232	5.511.445	14.525.106	3.775.124
Advertising and sales	14.644.971	6.090.791	13.482.843	5.090.132
Consultancy	1.965.056	680.790	1.447.148	374.641
Outsourced benefits and services	1.864.639	603.790	1.426.254	602.063
Depreciation and amortization	1.458.739	510.094	307.267	108.663
Motor vehicle	1.152.856	435.395	1.354.832	521.641
Travel	801.903	204.977	615.455	290.327
Rent	708.108	219.320	662.091	357.468
Other	950.826	325.101	630.235	240.576
	43.285.330	14.581.703	34.451.231	11.360.635
General and administrative expenses	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Personnel	25.646.080	7.680.696	14.743.652	5.692.637
Consultancy	5.386.246	2.135.857	7.018.958	2.784.142
Depreciation and amortization	5.184.639	1.680.128	194.167	137.330
Motor vehicles	1.018.579	374.449	854.410	330.573
Travel	530.315	160.559	412.072	107.145
Outsourced benefits and services	451.969	142.101	464.141	337.373
Rent	-	-	401.507	156.690
Other	2.040.036	894.832	1.866.470	113.917
	40.257.864	13.068.622	25.955.377	9.659.807

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NOTE 23 - OTHER OPERATING INCOME/EXPENSES

Other operating income	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Rediscount income	4.371.328	1.633.845	494.270	204.234
Foreign exchange gains (*)	746.377	113.877	2.927.020	1.707.199
Overdue interest income	608.353	228.433	387.762	138.611
Other	1.414.919	326.138	1.685.563	(787.738)
	7.140.977	2.302.293	5.494.615	1.262.306

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

Other operating expenses	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Provision expense	1.834.220	480.756	317.998	(967.200)
Rediscount expense	936.019	322.647	2.145.549	894.443
Foreign exchange losses (*)	732.456	253.876	1.141.233	838.295
Other	523.093	243.000	1.603.116	1.404.280
	4.025.788	1.300.279	5.207.896	2.169.818

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

NOTE 24 - INCOME FROM INVESTING ACTIVITIES

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Gain on sale of financial instruments	4.125.370	1.634.181	131.601	103.532
	4.125.370	1.634.181	131.601	103.532

NOTE 25 - FINANCIAL INCOME

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Foreign exchange gains	3.185.761	1.092.635	8.805.006	5.315.977
Interest income	957.556	236.943	2.231.926	892.957
	4.143.317	1.329.578	11.036.932	6.208.934

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NOTE 26 - FINANCIAL EXPENSES

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Foreign exchange losses	4.520.263	2.066.336	3.870.289	2.080.809
Interest expenses	2.544.716	927.758	2.278.552	1.072.497
Interest expense from leases	1.385.155	431.126	-	-
Credit card commissions	771.264	234.816	853.271	409.468
Interest cost of employee termination benefits	490.086	(16.350)	551.079	(16.006)
Other financial expenses	88.315	32.619	96.891	30.026
	9.799.799	3.676.305	7.650.082	3.576.794

NOTE 27 - TAX ASSETS AND LIABILITIES

	30 September 2019	30 September 2018
Current period tax expense	(3.764.617)	(3.644.025)
Deferred tax expense/(income)	(1.841.269)	1.434.861
Current period tax expense/(income)	(5.605.886)	(2.209.164)

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 30 September 2019 and 31 December 2018 using the enacted tax rates, is as follows:

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NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

	Total temporary differences		Deferred tax assets/(liabilities)	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Deferred tax assets:				
Expense accruals	6.485.008	14.761.697	1.297.002	2.952.339
Rediscount of income	4.286.947	7.577.267	857.389	1.515.453
Provision for employee termination benefits	4.031.225	3.574.275	806.245	714.855
Deferred revenue	1.746.740	1.217.361	349.348	243.473
Unused vacation	1.615.535	1.173.194	323.107	234.639
Provision for doubtful receivables	389.850	462.957	77.970	92.591
	18.555.305	28.766.751	3.711.061	5.753.350
Deferred tax liabilities:				
Difference between the tax base and carrying value of property, equipment and intangible assets	(25.871.927)	(27.262.822)	(5.174.385)	(5.452.564)
	(25.871.927)	(27.262.822)	(5.174.385)	(5.452.564)
Deferred tax (liabilities)/assets, net			(1.463.324)	300.786

The analysis of current period tax expense is as follows:

Deferred tax assets	30 September 2019	31 December 2018
To be recovered less than 12 months	2.581.709	4.803.856
To be recovered more than 12 months	1.129.352	949.494
	3.711.061	5.753.350
Deferred tax liabilities	30 September 2019	31 December 2018
To be recovered more than 12 months	(5.174.385)	(5.452.564)
	(5.174.385)	(5.452.564)
Deferred tax (liabilities)/assets, net	(1.463.324)	300.786

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NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

Movement of deferred tax assets/(liabilities) is as follows:

	2019	2018
As of 1 January	300.786	(2.245.798)
Accounted under profit or loss	(1.841.269)	1.434.861
Accounted under other comprehensive income	103.034	39.415
Currency translation difference	(25.875)	(1.274.683)
As of 30 September	(1.463.324)	(2.046.205)

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 2019 is 22% (2018: 22%). 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. In 2019, the corporate tax rate is 16% in Romania (2018:16%).

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.

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 22% 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.

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NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

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, losses can be carried forward to offset against future taxable income for up to 5 years. 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).

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.

NOTE 28 - EARNINGS PER SHARE

The earnings per thousand shares with nominal value of 1 Kr amounted to TRY22,80 for the period end 30 September 2019 (30 September 2018: TRY20,98).

	30 September 2019	30 September 2018
Net income attributable to equity holders of the parent	56.997.292	52.444.901
Average number of shares for the period	2.500.000.000	2.500.000.000
Earnings per share	22,80	20,98

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NOTE 29 - RELATED PARTY DISCLOSURES

a) Due from related parties on 30 September 2019 and 31 December 2018:

Trade receivables from related parties:	30 September 2019	31 December 2018
Logo Infosoft	2.215.684	1.406.965
	2.215.684	1.406.965

b) Due from related parties at 30 September 2019 and 31 December 2018:

Other receivables from related parties:	30 September 2019	31 December 2018
Other	173.070	167.292
	173.070	167.292

c) Sales to related parties, services given to related parties and financial income from related parties during the periods ended 30 September 2019 and 30 September 2018:

Services given to related parties

Services given to related parties	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Logo Infosoft	710.671	374.572	606.484	206.197
Logo Siber	640.903	223.236	590.913	346.271
Logo Teknoloji ve Yatırım A.Ş.	19.173	7.274	19.264	14.137
	1.370.747	605.082	1.216.661	566.605

d) Services purchased from related parties and other transactions with related parties during the periods ended 30 September 2019 and 30 September 2018:

Services purchased from related parties

Services purchased from related parties	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Logo Siber	1.440	-	524.997	7.085
Logo Teknoloji ve Yatırım A.Ş.	-	-	46.717	17.486
	1.440	-	571.714	24.571

e) Benefits provided to executive management:

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Paid wages and premiums to executive management	3.341.411	1.147.163	2.524.080	938.335

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**NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL
INSTRUMENTS**

30.1 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.

Non-derivative financial instruments	Carrying value	30 September 2019				
		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	120.578.172	135.227.456	11.024.058	11.984.820	60.022.566	52.196.012
Trade payables						
- Trade payables to third parties	22.006.622	22.006.622	22.006.622	-	-	-
Due to personnel	17.198.934	17.198.934	17.198.934	-	-	-
Other payables						
- Other payables to third parties	13.117.598	13.117.598	6.265.615	-	6.851.983	-
Total liabilities	172.901.326	187.550.610	56.495.229	11.984.820	66.874.549	52.196.012

Non-derivative financial instruments	Carrying value	31 December 2018				
		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	99.475.628	115.159.200	2.122.926	3.329.946	53.305.432	56.400.896
Trade payables						
- Trade payables to third parties	25.500.164	25.500.164	25.500.164	-	-	-
Due to personnel	10.842.883	10.842.883	10.842.883	-	-	-
Other Payables						
- Other payables to third parties	12.429.074	12.429.074	10.795.713	-	1.633.361	-
Total Liabilities	148.247.749	163.931.321	49.261.686	3.329.946	54.938.793	56.400.896

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**NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

Interest rate risk

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

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

	30 September 2019	31 December 2018
<u>Financial instruments with fixed interest rate</u>		
Financial assets		
- <i>Financial assets at fair value through profit or loss</i>	24.843.969	28.369.570
Financial liabilities	22.173.388	3.466.448
<u>Financial instruments with float interest rate</u>		
Financial assets		
- <i>Financial assets at fair value through profit or loss</i>	36.093.804	2.502.350
Financial liabilities	98.404.784	96.009.180

Financial assets designated as fair value through profit or loss consists of fixed and floating interest rate bank deposits denominated in TRY and foreign currencies which maturities less than three months and liquid funds. Since the interest expense of the floating rate loans during the year is not significant, sensitivity analysis of interest rate change has not been presented.

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. That exchange rate risk is monitored by analyzing the foreign currency position.

Foreign exchange rates used to translate the Group's assets and liabilities denominated in foreign currencies into TRY at 30 September 2019 and 31 December 2018 are as follows:

	30 September 2019	31 December 2018
USD	5,6591	5,2609
EUR	6,1836	6,0280

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**NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

The Group is mainly exposed to USD and Euro currency risk.

		Foreign currency position as of 30 September 2019			
		TRY equivalent	USD	EUR	Other
1.	Trade receivables	10.649.191	617.396	1.157.139	-
2a.	Monetary financial assets, (cash, and banks accounts included))	22.035.910	1.590.702	2.107.275	3.434
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	32.685.101	2.208.098	3.264.414	3.434
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	-	-	-	-
9.	Total assets (4+8)	32.685.101	2.208.098	3.264.414	3.434
10.	Trade payables	(1.889.563)	(191.453)	(130.363)	-
11.	Financial liabilities	(9.383.175)	-	(1.517.429)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(11.272.738)	(191.453)	(1.647.792)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(97.014.564)	-	(15.689.010)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(97.014.564)	-	(15.689.010)	-
18.	Total liabilities (13+17)	(108.287.302)	(191.453)	(17.336.802)	-
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	-	-	-	-
20.	Net foreign assets/(liability) position (9-18+19)	(75.602.201)	2.016.645	(14.072.388)	3.434
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a- 10-11-12a-14-15-16a)	(75.602.201)	2.016.645	(14.072.388)	3.434
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export (*)	(32.182.527)	-	-	-
24.	Import	-	-	-	-

(*) Includes exports from the countries in which the Group operates. As of 30 September 2019 the Group's total sales made outside Turkey during the period is TRY 108.696.310 (30 September 2018: TRY 79.423.234).

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**NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

		Foreign currency position as of 31 December 2018			
		TRY equivalent	USD	Euro	Other
1.	Trade receivables	8.482.449	609.266	875.442	-
2a.	Monetary financial assets. (cash. and banks accounts included)	14.109.725	1.521.165	1.012.453	3.965
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	22.592.174	2.130.431	1.887.895	3.965
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	-	-	-	-
9.	Total assets (4+8)	22.592.174	2.130.431	1.887.895	3.965
10.	Trade payables	(1.285.832)	(132.369)	(97.785)	-
11.	Financial liabilities	(741.292)	-	(122.975)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Non-current liabilities (10+11+12)	(2.027.124)	(132.369)	(220.760)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(96.808.339)	-	(16.059.777)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(96.808.339)	-	(16.059.777)	-
18.	Total liabilities (13+17)	(98.835.463)	(132.369)	(16.280.537)	-
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	-	-	-	-
20.	Net foreign assets/(liability) position (9-18+19)	(76.243.289)	1.998.062	(14.392.642)	3.965
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a- 10-11-12a-14-15-16a)	(76.243.289)	1.998.062	(14.392.642)	3.965
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export (*)	(41.974.432)	-	-	-
24.	Import	-	-	-	-

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**NOTE 30 - 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

	30 September 2019			
	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	1.141.240	(1.141.240)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	1.141.240	(1.141.240)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets/liabilities	(8.701.802)	8.701.802	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	(8.701.802)	8.701.802	-	-
Change of other currencies against TRY by 10%				
7- Other currencies net assets/liabilities	343	(343)	-	-
8- Hedged portion from other currency risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	343	(343)	-	-
Total (3+6+9)	(7.560.219)	7.560.219	-	-
	31 December 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	1.051.160	(1.051.160)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	1.051.160	(1.051.160)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets/liabilities	(8.675.885)	8.675.885	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	(8.675.885)	8.675.885	-	-
Change of other currencies against TRY by 10%				
7- Other currencies net assets/liabilities	397	(397)	-	-
8- Hedged portion from other currency risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	397	(397)	-	-
Total (3+6+9)	(7.624.328)	7.624.328	-	-

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**NOTE 30 - 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.

	30 September 2019	31 December 2018
Total payables	142.584.794	124.975.792
Less: Cash and cash equivalents	(110.658.928)	(80.919.777)
Net debt	31.925.866	44.056.015
Total equity	344.887.765	294.204.187
Total capital	376.813.631	338.260.202
Debt/equity ratio (%)	8	13

NOTE 31 - 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 Group, 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 Group 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 31 - 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 carrying values of financial liabilities and other monetary liabilities approximates their fair values due to their variable interest rates.

The carrying values of trade and other payables approximates their fair values due to their variable short term maturities.

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 30 September 2019 at is as follows:

Financial assets held at fair value through profit or loss:	Level 1	Level 2	Level 3
Other financial investments	-	-	-

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

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

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NOTE 32 - NET DEBT RECONCILIATION

	Borrowings and credit cards	Lease liabilities	Total
1 January 2019	97.935.177	1.540.451	99.475.628
Increase in lease liabilities (TFRS 16)	-	17.812.707	17.812.707
Cash inflows	47.719.138	-	47.719.138
Cash outflows	(42.188.962)	(589.669)	(42.778.631)
Decrease in lease liabilities (TFRS 16)	-	(4.743.025)	(4.743.025)
Currency translation differences	2.923.965	168.390	3.092.355
30 September 2019	106.389.318	14.188.854	120.578.172
Less: cash and cash equivalents			110.658.928
Net debt			9.919.244

NOTE 33 - EVENTS AFTER THE BALANCE SHEET DATE

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