2014 ANNUAL REPORT

CONTENTS

Founded in 1984, Logo is the largest software company in Turkey for more than 30 years. Providing services for a wide range of industries including retail, distribution, manufacturing, tourism, technology and marine, Logo is prudently prepared for today from yesterday. **Today, Logo continues its efforts for developing solutions for the upcoming decades.**

COMPANY OVERVIEW

As Turkey's largest software company, we continue to grow by serving many industries.

CORPORATE PROFILE

Logo aims to provide solutions to companies for their structuring along with contemporary management principles, while increasing their efficiency and profitability by managing their processes in line with international standards.

Logo entered the industry in 1984 by developing application software for personal computers. As one of the largest software companies in Turkey, it has also become the innovative leader in the Turkish software industry with its solutions, services and innovations. Logo is the fastest growing company in the industry with more than 900 dealers and extensive network of distribution channels. Today the company provides services for more than 1.3 million users in more than 170,000 companies. Logo's products are customized in several languages, business practices and legislations of numerous countries in Europe, the Middle East, Africa and Asia, and are delivered to users through authorized business partners or fully authorized distributors in the relevant market.

Logo has transferred the know how and experience that has been accumulated in Turkey to international markets through strategic investments, and has taken considerable steps towards becoming a prominent player in markets with high growth potential.

Identifying itself as an "Efficiency Company", Logo provides solutions to companies for their structuring along contemporary management principles, while increasing their efficiency and profitability by managing their processes in line with international standards. Enterprise resource management designed for different scales, industrial software, business intelligence and e-state applications are among those solutions.

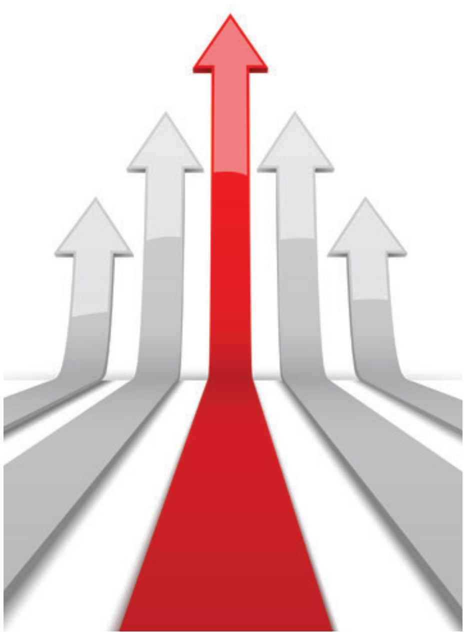
A BUSINESS MODEL THAT GROWS WITH A STRONGER CAPITAL STRUCTURE

In addition to its entrepreneurial and reliable position, Logo continues to create value for its stakeholders with its international corporate identity. Going public in May 2000, Logo is the first-ever information technology company to be listed on stock exchange in Turkey.

Throughout its experience of 30 years in the software industry, Logo has continued to invest in new business models and technologies. In 2011, Logo acquired the entire share capital of Coretech, a leading technology company providing software as a service (SaaS) applications. In the same year, the company acquired majority shares of WorldBI (renamed LogoBI), a Business Intelligence software company, and in 2013 completed this acquisition by taking over all of the remaining shares of LogoBI. This investment provided Logo with a substantial market share in the Business Intelligence market in addition to the Internet and mobile based technologies. In September 2013, the acquisition of Netsis, a prominent player in the industry, reinforced Logo's competitive position of in the Turkish market. Acquisition activities to provide strategic contributions also continued in 2014. The company acquired Logo Elektronik (e-Logo) in 2014, which has a product and service portfolio facilitating transition to e-commerce in its finest, fastest and easiest way. e-Logo is one of the e-invoice private integrators and has e-invoice and e-archive products in addition to B2B and B2C services. The company is also the representative of Alibaba in Turkey. In 2014, a Letter of Intent has been signed for the acquisition of shares of Intermat Bilişim A.Ş. Intermat has a significant market share with its software products that are compatible with Logo. The company is known particularly with its CRM solutions that are customized for different industries and provide competitive advantage to its users.

Apart from its entrepreneurial and solid position, Logo continues to add value to its stakeholders with its international identity. The company went public in May 2000 and became the first information technology company publicly traded on the stock exchange in Turkey. The shares of the company are traded on Borsa Istanbul since the year 2000 with Logo ticker in the indices BIST All (XUTUM), BIST Information Technology (XBLSM) and BIST Technology (XUTEK).

Logo is also in the Corporate Governance Index (XKURY), which includes companies complying with the Principles of Corporate Governance.



COMMERCIAL TITLE	LOGO YAZILIM SAN. VE TİC. A.Ş.
Trade Registration Number	12750
Head Office	Gebze Organize Sanayi Bölgesi Teknopark No:609 Gebze 41480 Kocaeli **T.** 0262 679 80 00 **F.** 0262 679 80 80
Liaison Offices	Istanbul Sales Office Kayışdağı Mah. Atilla Cad. No:1 Yılmaz İş Merkezi Ataşehir 34755 İstanbul **T.** 0 262 679 80 09 **F.** 0 216 645 08 07 Ankara Sales Office and R&D Center Cyberpark Cyberplaza C Blok 3. Kat No:328 06800 Ankara **T.** 0 312 265 04 00 **F.** 0 312 265 05 75 Izmir Sales Office Şehit Nevres Bulvarı Kızılay İş Merkezi Kat:6 Daire:602 Alsancak 35210 İzmir **T.** 0 232 441 87 87 **F.** 0 232 441 87 90 LOGO BUSINESS SOFTWARE GMBH Mainzer Landstrasse 27-31 60329 Frankfurt am Main **T.** +49 69 27 40 155 37 **F.** +49 69 27 40 15 172 **E.** info@logo-bs.de
Website	www.logo.com.tr

THE EXPANDING LOGO SOLUTIONS FAMILY

Turkey's leading software brand Logo, offers its customers not only software but also a platform that meets their requirements, and increases the value and efficiency of their business.

The complementary and customizable product family of Logo, covers enterprise resource planning products, industry solutions, supply and demand chain automation, business intelligence solutions and mobile solutions specifically designed for companies of different sizes and industries, in addition to a wide range of other services and solutions.

The broad product family of Logo expanded with the joining of Turkey's leading software developers as a result of recent M&A activity is presented below:

SME SOLUTIONS
- GO PLUS
- NETSİS ENTEGRE
- MALİ MÜŞAVİR PLUS
- START

ERP SOLUTIONS
- J-GUAR
- TIGER ENTERPRISE
- NETSIS ENTERPRISE
- TIGER PLUS
- NETSIS STANDARD

SAAS SOLUTIONS
- DİVA
- WEB-NETPOS
- NETLITE
- NETSİS ENTEGRE 2
- NETSİS ENTEGRE 3
- NETCRM
- NETSERVİS

INTEGRATION SOLUTIONS
- LOGO CONNECT BANKA
- LOGO CONNECT B2B
- NETSİS B2B
- LOGO CONNECT EXCEL PLUG-IN
- FDA
- LOGO MAPS
- GO GARANTİ
- TURKCELL HİZMETLERİ
- KL RETAIL
- FLOWNET

HR SOLUTIONS
- J-GUAR İK
- NETIKS
- BORDRO PLUS

REPORTING SOLUTIONS
- PERFORMA BÜTÇE
- NAVIGATOR SMART

MOBILE SOLUTIONS
- LOGO MOBILE
- LOGO MARINER MOBIL

BUSINESS INTELLIGENCE SOLUTIONS
- LOGO MIND

PERSONAL
- LOGO KEYS

MARINE SOLUTIONS
- LOGO MARINER

E-STATE SOLUTIONS
- E-DEFTER - E-FATURA
- E-ARŞİV

MISSION, VISION AND PRINCIPLES

OUR MISSION

Logo serves the country and the humanity by working for the success of entrepreneurs and SMEs in global markets to help increase the production, employment and welfare.

OUR VISION

Logo envisions an economic model in global free markets, where SMEs sustain a major role with their entrepreneurial culture, creativity, innovativeness, high added value and employment potential.

PRINCIPLES

Productivity

Our products and services focus on improving productivity in companies of our customers. We offer information technology solutions and services to ensure and increase the efficiency and profitability of the companies taking into account company specific features and contemporary management techniques.

Customer Satisfaction

Our priority is absolute customer satisfaction. It is of utmost importance for us that our products are high quality and we are committed to Total Quality Management as a management philosophy. Our main principle is to determine our policies according to market preferences and standards, as well as establish a close and long-lasting relationship with our customers.

Research and Development

We believe that efficient research and development is the main component of being competitive in today's ever-changing business environment. We allocate the largest part of our resources to research and development in order to create new products, improve our existing products and correspond to new technology and platforms for better service.

Profitability

It is our main responsibility to our employees, customers and the society in general to use our resources efficiently, and become a profitable and productive company.

Social Responsibility

We are committed to the idea that technology is an instrument that provides freedom to people by means of increasing the quality of life. Technological development should always appear in concurrence with respect towards both the people and the environment We act with a sense of responsibility towards the society and the world, and maintain a constructive approach to social problems.

Business Ethics

We support and act in compliance with the principles of market economy. We are committed to the principles of fairness, integrity, transparency and consistency in our relationship with our customers, business partners and other firms. We comply with the law and ethical principles in business in all our dealings.

Employee Happiness

We believe that products and services of good quality can only be produced by qualified and happy employees. Therefore, we place great importance on continuous training of our employees. We aim to have happy, productive and socially beneficial employees by providing them a good income, a high-class work environment, participative management and job security.

Equal Opportunity

We are committed to the principle of equal opportunity in recruitment and evaluate based on knowledge and experience only. Performance appraisal is also conducted based on productivity in line with company objectives.

LOGO'S MILESTONES THAT COVER MORE THAN 30 YEARS

1984
- Establishment of the company

1986
- Logo Commercial Systems was introduced to users
- DOS was introduced to users.

1988
- Logo Modular System (LMS) was introduced to users.

1991
- Multibase-C was introduced to users.

1992
- Logo Gold was introduced to users.

1993
- Logo Alınteri (Great Effort) was introduced to users.

1999
- Logo ERP (Unity & HR) was introduced to users.

2000
- Logo Investment Holding was established.
- Shares of the company was offered to the public.
- Logo Product Development Center was established in GOSB Technopark with an 11,000 square meter in-door area.

2001
- Logo Business Software was established in Germany.

2003
- Technological cooperation agreement was signed with IBM.

2004
- e-products were introduced to users.
- Supply Chain Execution was introduced to users.

2005
- Tiger was introduced to users.

2006
- Unity on Demand was launched.

2007
- Dubai Sales Office was established.
- GO was introduced to users.

2008
- Start was introduced to users.

2010
- GO Plus was introduced to users.
- Tiger Plus was introduced to users.
- Tiger Enterprise was introduced to users.

2011
- Coretech was acquired.
- Majority shares of World BI were acquired.
- Logo BI was introduced to users.

2012
- j-guar was introduced to users.
- Logo Mobile was introduced to users.
- Logo Store was introduced to users.
- Logo e-Defter was introduced to users.
- Logo e-Invoice was introduced to users.

2013
- Mediterra Capital Partners acquired 34.60% of the shares of Logo.
- Netsis was acquired.

2014
- Logo celebrated its 30th anniversary.
- Logo Elektronik (e-Logo) was acquired.
- A Letter of Intent has been signed for the acquisition of the shares of İntermat Bilişim.

A LOOK AT THE FUTURE

FUTURE OF THE TURKISH SOFTWARE MARKET IS BRIGHT AND WE HAVE A HIGH POTENTIAL

We do business in a country, which aims to become one of the 10 largest economies within the next decade. Despite the fact that Turkey is currently ranked the 16th, level of maturity in the software industry is as low as in underdeveloped countries. This clearly indicates great opportunities offered by the Turkish software industry, as it has to keep up with the economic growth in the country. We continue our efforts to create value with our potential by increasing our market share in Turkey and taking a larger part in the markets of the surrounding region.

Turkish Information Technology Market

Hardware **%56,1**

IT Services **%16,8**

Software **%27,1**

WHAT MATTERS IS NOT BEING THE LEADER BUT SUSTAINING IT

We are the largest Turkish company in the application software market. Logo has approximately 500,000 SMEs with sales between 1 million and 100 million TL as customers. In addition to being our customers, these companies also share our goals, as the driving force of the economy. Together, we pursue Turkey's goal for the year 2023. We will expand our cooperation with the SMEs, which have brought us the leadership in the market and sustain our efforts to become an effective player and permanent leader in the region.

Leader in the EAS market in terms of the number of customers

SOLID PERFORMANCE TO GENERATE SUSTAINABLE REVENUE

We achieved a 50% CAGR starting from 2009. In 2014, our total sales increased by 47% compared to the previous year and reached 104 million TL. As a consequence of our strategy to generate sustainable revenues, recurring sales increased by 127% to reach 37.95 million TL. Thanks to our efficient business model, we managed to have a controlled growth in operating expenses, providing 46% and 43% increases in the operating profit and net profit, respectively.

Total Sales: **104 million TL**

EBITDA: **39,6 million TL**

Net Income: **27,7 million TL**

CORPORATE GOVERNANCE MEANS "THE FUTURE" FOR US!

As the first publicly traded software company in Turkey, transparency and accountability are the essential principles for Logo. We rank in both BIST Corporate Governance Index and World Corporate Governance Index (WCGI) covering 150 countries, with our rating score of 9.03. As one of the leaders in female employment in line with its corporate structure based on contemporary management principles, the board of directors of Logo is governed by a strong board that includes women directors.

Initial Public Offering: **2000**

Free Float Rate: **%30,28**

CG Rating Score: **9,03**

FINANCIAL HIGHLIGHTS

Sales Revenue
104 milyon TL

Operating Income
29,9 milyon TL

Operating Profit Margin
%29

EBIDTA
39,6 milyon TL

EBIDTA Margin
%38

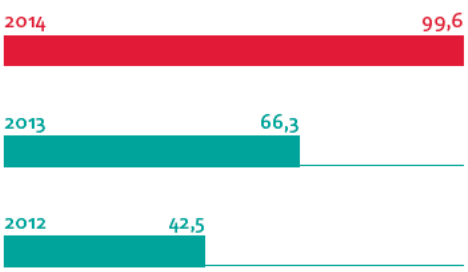
Net Profit
27,7 milyon TL

Net Profit Margin
%27

(MILLION TL)	2014	2013
Net Sales	104	70,7
Gross Profit	99,4	62,2
Operating Profit	29,9	20,4
Financial Income	1,0	0,9
Financial Expenses	(4,1)	(2,2)
Net Income Before Tax	27,2	19,2
Net Income	27,7	19,4
Earnings per Share	11,02	7,71
(MILLION TL)		
Total Assets	166,1	124,7
Current Assets	104,9	73,5
Non-Current Assets	61,2	51,2
Current Liabilities	58,6	39,2
Non-Current Liabilities	19,9	26,5
Equity	86,1	59,1
Paid-in Capital	25,0	25,0
Current Ratio	1,79	1,88
Total Liabilities /Equity	0,90	1,11
Equity/ Total Assets	0,53	0,47

FINANCIAL INDICATORS (MILLION TL)

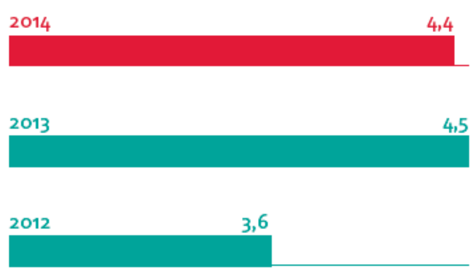
DOMESTIC SALES



%50

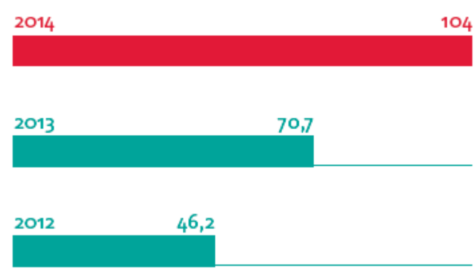
In 2014, domestic sales was up by 50% and reached 99.6 million TL.

INTERNATIONAL SALES



In 2014, international sales revenue reached 4.4 million TL.

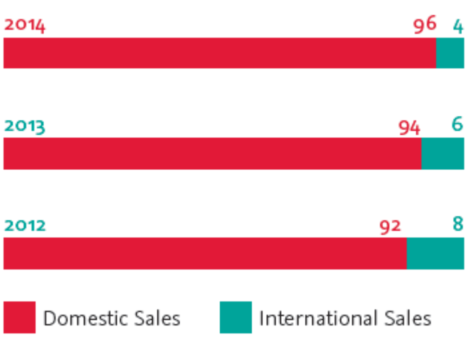
TOTAL SALES



%47

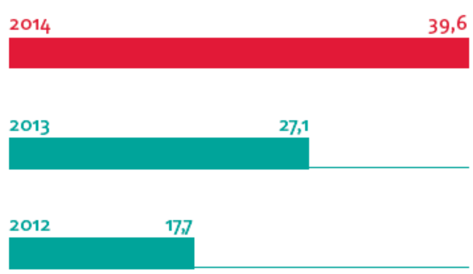
In 2014, total sales revenue rose by 47% to 104 million TL.

GEOGRAPHICAL BREAKDOWN OF SALES (%)



International markets account for 96% of total sales, whereas domestic sales accounts for 4%.

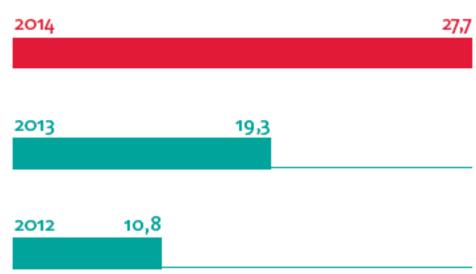
EBITDA



%46

In 2014, Logo recorded a strong EBITDA growth with 46% and reached 39.6 million TL.

NET PROFIT



%43

In 2014, net profit totaled 27.7 million following a 43% increase thanks to successful sales performance.

GEOGRAPHIC FOOTPRINT OF LOGO

Germany, Azerbaijan, United Arab Emirates, Algeria, Morocco, Iraq, Kazakhstan, Kosovo, Libya, Egypt, Pakistan, Russia, Sudan, Saudi Arabia, Turkmenistan, Ukraine, Jordan

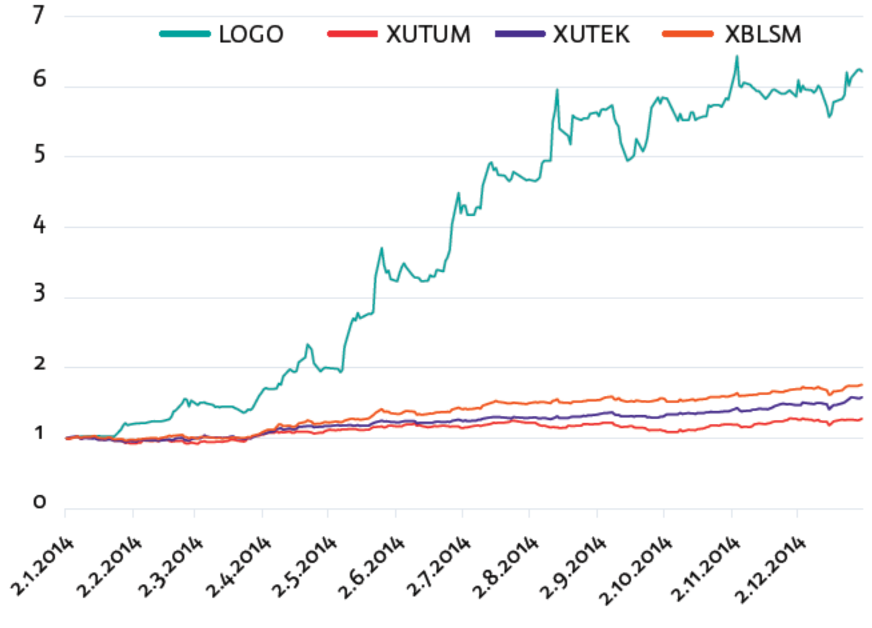

500 Employees
12 Languages
170.000 Clients

SHARE PERFORMANCE

Logo outperformed XUTUM, XUTEK and XBLSM indices in 2014 and as of December 31, 2014 the share value reached 697.5 million TL corresponding to a 520% increase in comparison to the previous year.

Initial Public Offering	May 2000
Ticker	LOGO
ISIN Code	TRALOGOW91U2
Registered Capital	-
Paid-in Capital	25 million TL
Lowest Share Price	4,47 TL
Highest Share Price	29,3 TL
Average Share Price	16,7 TL
Share Price (December 31, 2014)	27,9 TL
Market Value (December 31, 2014)	697,5 million TL

SHARE PERFORMANCE OF LOGO



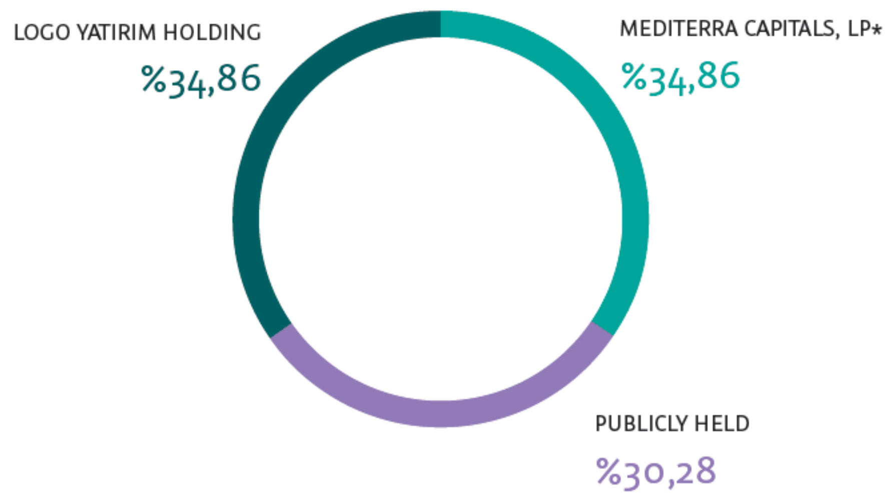
CAPITAL AND SHAREHOLDING STRUCTURE

The company's paid-in capital is 25 million TL, which is divided into 2,500,000,000 units of shares with a value of 1 kurus (one kurus) each. As of December 31, 2014, the capital of the company consists of 3,300,000 units of Group A registered shares corresponding to 33,000 TL and 2,496,700,000 units of Group B bearer shares corresponding to 24,967,000 TL. Half plus one of the board members shall be elected from among the candidates nominated by the Group A shareholders.

Breakdown of the company's capital of 25 million TL is as follows:

CLASS	NOMINAL VALUE PER SHARE	REGISTERED / BEARER	TOTAL
A	1 Kurus	Registered	33.000
B	1 Kurus	Bearer	24.967.000

SHAREHOLDING STRUCTURE



(*) consists of EAS S.A.R.L (33.81%) and other persons.

MESSAGE FROM THE CHAIRMAN

DEAR LOGO SHAREHOLDERS,

Our company that has led the software development and the establishment of the software ecosystem in Turkey and the wider region has just completed 30 years of continuous presence and it is moving towards the next phase. In this new era, we are determined to maintain our leadership in technology development in Turkey and in the wider region, while creating value for our customers together with our ecosystem.

Our goal is to become an effective regional brand in the IT industry both in Turkey and the surrounding region. Remaining faithful to this aim, we continue developing new innovative products using high technology and at the same time expanding with brand new acquisitions.

Our company is ranked in the top-tier in terms of R&D spending and is the leader for years now in terms of R&D as a percentage of total revenue. We will continue to reap the harvest of these investments in the upcoming years.

We have become the second largest company in terms of market share in our industry. As the first-ever publicly-held IT company in Turkey, we will continue our successful journey to list Logo in NASDAQ.

Despite the recession in the world economy, our company's performance is moving upwards thanks to initiatives taken in recent years and attracts the attention of customers and business partners, along with a plethora of strategic, financial and portfolio investors from all over the world. In this period, our market cap has increased more than five times and Logo shares have become one of the most efficient shares in Borsa Istanbul ("BIST").

In addition to our technical and commercial success, our management philosophy based on fairness, openness and transparency is also of utmost importance in terms of maintaining the interest and confidence of investors. Our company has uncompromisingly adopted the fundamental principles of corporate governance and is leading the business world in good governance in the BIST Corporate Governance Index with a rating of 9.03.

This proves that our success is no accident.

Promoting equal opportunity in work life, our company is committed to the employment of women executives and provides them with the opportunity to play an active role in the business world just as in any field.

We will maintain and further develop the qualities that allowed us to achieve today's success, and continue our endeavors with hard work in order to become a prominent player in the global arena. I would like to thank you for your contributions until today and guarantee you that we will enhance our efforts so that our stakeholders' interest and confidence in our company remain high.

Kind regards,

[redacted]

M. TUĞRUL TEKBULUT

MESSAGE FROM THE CEO

DEAR LOGO SHAREHOLDERS AND MEMBERS OF THE LOGO FAMILY,

Despite the slowdown of growth in the Turkish economy in 2014, the information technology industry maintained its fast-paced growth rate. We believe that the dynamism and growth trend in our industry have already provided and will continute to provide a significant contribution to Turkey's competitiveness. We are also particularly proud of the fact that Logo is moving faster than the rest of the companies operating in the IT industry and has been demonstrating higher growth rates than the overall performance within the sector.

For the last two years, in every occasion where we meet up with our business partners we emphasize on "growing together" and discuss about "managing the growth". We focus on identifying a growth strategy, "being in the right place, at the right time" for the interests of all of our stakeholders, using the opportunities of this period prudently and sustaining them. We continue our sustainable growth by taking brave and innovative initiatives towards the goal of becoming a leading regional software brand that originates from Turkey. We firmly believe that we have accomplished a series of important steps which have proven to be a major contributionto the Turkish economy.

In 2014, Logo Yazılım by increasing its market share has become the market leader in the SME segment and the second largest firm in the entire industry. In 2014, we increased our market share to 23.3% from 20.2% in 2013. As you know, we made a resolute entrance into the year 2014 as a much stronger company together with Coretech, Logo Mariner, World BI and finally Netsis. In 2014, our recurring sales revenue equalled to 36% showcasing a constant growth since 2011. Furthermore, in 2014 we maintained our fast-paced and stable growth in the Turkish market and outperformed our profitabilty targets. Our sales revenue totalled 104 million TL that corresponds to a 47.08% increase over the previous year and our net profit reached 27.7 milyon TL with an increase of 42.71%.

The strength derived from our culture of innovation supports us in carrying out a vast array of R&D activities in the software development field. Yet we believe that what matters is not the number of our R&D projects but their scope and focus. Our successful R&D activity has been reflected upon the fact that the products and services being developed in the past two years have actually generated 30% of our sales in total. In 2014, we made an R&D investment of 32.334.983 TL that equals to 31% of our total sales. 27.792.818 TL of this amount, which represents approximately 60% of the total investment, has been allocated to R&D related human resources investments. Our R&D department employs 230 people that constitute a significant portion of our total headcount of 500. We increasingly continue our investments in this area.

All of our stakeholders, particularly our employees and business partners play a major role in this successful performance. However, we still have a long way to go.

In perfect euphony with our country's priorities, e-transformation has ranked among our priorities as well. We aimed to pioneer the e-transformation process with our know-how and years of experience in the industry. Logo offers a complete set of e-transformation solutions with a wide range of services. In our perspective, the transition to e-state applications is not just an information technology project but also a comprehensive process that will change the way of doing business. We believe that the e-transformation process that started with e-invoice and continued with e-ledger and e-archive is not a matter of obligation but the starting point of a long-lasting transformation process for visionary companies.

Since our foundation, we have been offering services to 210.000 companies and more than 2 million users. We continue to create added value for our customers with our strong sustainable growth strategy, more than 900 business partners and 1000 integrated solutions in the Turkish market.

In 2015, we will take Logo further beyond by attuning our company to the changing trends and counting on the support of our stakeholders We will set sail for new horizons with a number of projects in the fields of Sales and Channel Management, Project and Services, SaaS, e-Logo and International Sales and Channel Management.

As we are all doing our full share of work and take significant steps towards our company's sustainable growth, I would like to thank everyone, who is a member of the Logo family.

I have no doubt that 2015 as well will see our vigorous advancement forward as we constantly rely on our 30 years of experience in the software industry and our family, which grows stronger every single day.

Kind regards,

[redacted]

M. BUĞRA KOYUNCU

OPERATIONAL OVERVIEW

We offer a wide range of product variety that address all requirements of our customers, together with our business partners.

FROM LOCAL TO GLOBAL WITH HIGH STANDARD PRODUCTS AND SERVICES

As companies in Turkey and the region take more and more shares from the world economy, potential for the expansion of business applications software market is on a constant rise and Logo is the strongest local player in this market.

Logo's commercial success is based on customer-centered solutions that are developed on the basis of local requirements with 30 years of experience in the software market. Logo reflects on the customers' operational processes as their value drivers, and has accumulated an extensive know-how on domestic business practices. The company develops world-class products and services based on its extensive knowledge on local business practices, rather than relying upon generally accepted formula, which are not based on specific market characteristics. Logo creates value for users by offering specific product and services that address different needs of micro-enterprises, SMEs and large corporations and offers a wide range of alternatives to its customers through expansive distribution channels.

Logo provides services and solutions to users through a strong sales and marketing network that has been established together with business partners in different countries, including Azerbaijan, Russia, United Arab Emirates, Ethiopia, Morocco, Georgia, Iraq, Iran, Kazakhstan, Kyrgyzstan, Kosovo, Libya, Egypt, Russia, Sudan, Saudi Arabia, Turkmenistan, Ukraine and Jordan. More than 900 business partners and approximately 1,000 integrated solutions developed in Logo ecosystem create added value for our customers. The extensive ecosystem of Logo that includes variable products and services is an anchor for users. Cost-effective, fast and flexible solutions that are offered in this ecosystem increase the productivity at business processes of Logo customers. One of our most important strengths is offering a product variety that addresses all kinds of customer requirements thanks to an extensive ecosystem.

Ranking first in the Turkish software industry in terms of the number of customers and second behind the largest global player in terms of turnover, Logo is well positioned to exploit the opportunities in the market. We pull out all the stops to increase the penetration of the software segment in total IT spending, and also make the best use of our competitive advantage to take a larger share in the growing market.

In addition to organic growth, Logo has increased its total market share and range of solutions by acquisition. The acquisitions of Coretech and LogoBI in 2011 and Netsis in 2013, a prominent player in the Turkish software industry, reinforced Logo's strong position in the Turkish market. As the leading player of the Turkish software industry, Logo will continue organic growth and value creating acquisition activity in the international markets for regional leadership.

MERGERS AND ACQUISITIONS THAT CREATE ADDED VALUE

CORETECH

In an ever-competitive market, the main objective of companies is to manage sales and distribution channels in the most efficient way to maintain profitability and productivity at the highest level. Since 2011, Coretech pursues domestic and international operations as a part of Logo, the largest software company in Turkey, to provide business solutions that match different needs of companies, by combining its IT expertise and experience in business processes.

Founded in 1995, Coretech is one of the leading technology companies in the field of software as a service application (SaaS). The company develops Business Management Systems, Sales Distribution, and Logistics Systems, Decision Support Systems, CRM, e-Commerce, Business Intelligence, Mobile Applications and Corporate Portals. While Coretech's business solutions meet operational requirements, they also help executives in the decision-making with reporting systems.

Coretech develops operations and management software solutions in Asia, Europe, America and Africa together with its strong solution partners such as Microsoft, Turkcell and Oracle.

The specialist project team of Coretech develops local and international business solutions in accordance with different needs of companies, including Reporting, Business Intelligence, Shop Floor Data Collection and Treasury Management.

"DIVA" OFFERS AN INNOVATIVE SERVICE MODEL

2004 yılında Diva Online İş Yönetim Since 2004, Coretech is leading the way in the industry with Diva Online Business Management System. Diva allows companies to timely respond to the needs and requirements of their customers, and to centrally control their sales and distribution channels in order to maintain a standard service quality in all points of sale.

Introducing the Software as a Service model (SaaS) for the first time in Turkey, Diva allows instant access to data without installation. Running fully over the Internet with all modules including Purchasing, Storage, Logistics, Accounting, Retail Transactions and After Sales Services, Diva provides instant access to data to all company units including branch offices, dealers, stores, technical services, customer services, and websites. Diva is designed to fully adapt especially to the dynamics of the retail industry. The fact that users access and run the Diva solution completely over the Internet, software and hardware investment costs as well as operating costs are eliminated. Diva also allows for responsive and excellent customer services, thanks to the availability of detailed and quick analysis on a central customer database system.

Offering an innovative service model, Diva's operating principle is focused on providing complete customer satisfaction and the most economically feasible solution. Diva also provides time independent and non-spatial solutions by means of mobile application alternatives. These alternatives are constantly improved to match the needs of today.

Diva contains various applications such as merchandising, online sales, service operations management, dealer integration, e-commerce and management reporting. Companies gain competitive advantage on "know your customer" basis, thanks to "Central Customer Database" that stores customer records from all different applications in a single location.

Integrated with Logo's ERP products such as GO Plus, Tiger Plus, Tiger Enterprise and j-guar, Diva provides an uninterrupted information flow between the central office and points of sale.

LOGOBI

WorldBI Yazılım Sanayi ve Ticaret A.Ş. ("WorldBI") was founded in 1997 under the commercial name Bistek to operate in the field of Business Intelligence. In 2006, Logo Investment Holding acquired 22% of the shares of WorldBI. In 2007, Teknoloji Yatırım A.Ş., the only technology investment fund in Turkey (formerly known as TTGV), joined WorldBI with a 32.2% investment, while Logo increased its shares from 22% to 27.8%. In December 2011, Logo obtained Teknoloji Yatırım's 32.2% shares in WorldBI at no charge and increased its shares to 60% to become the major shareholder. In April 2012, the company was renamed as LogoBI Yazılım Sanayi ve Ticaret A.Ş. ("LogoBI"). Thanks to Logo's marketing capabilities, widespread distribution and service network, LogoBI obtained a strong position in domestic and international business intelligence markets. LogoBI products are easy to use both in mobile and fixed media environments that are highly visual. In December 2013, Logo acquired the remaining 40% shares of LogoBI, which is now a wholly-owned subsidiary.

Business Intelligence Solutions provide competitive advantage in global markets particularly to medium sized companies by transforming data into information and thus, qualifying for faster and more accurate expedient decisions. These solutions allow companies to implement proactive management, thanks to consolidated, accurate, real time and multidimensional data. As a result of integration with Logo products, LogoBI also offers strong solutions in terms of management, integration, analysis and utilization of knowledge with its extensive experience in Business Intelligence Solutions.

MERGERS AND ACQUISITIONS THAT CREATE ADDED VALUE

NETSİS

Netsis, the second largest local company in the Turkish software industry, joined Logo in September 2013, through a 100% acquisition for 24.7 million TL in total based on a share price of 210.21 TL. Netsis' acquisition allowed Logo to increase both market share and its influence on the market. IDC Turkey Enterprise Application Software Market 2012 report indicates Logo and Netsis' total market share as 20%. Following the growth upon Netsis acquisition, Logo reached the second place in the Turkish application software market following the global leader SAP.

Offering comprehensive and diverse solutions with a wide range of products, Logo and Netsis, two pioneers of the enterprise software market, provide services primarily in the fields of Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and Supply Chain Management (SCM), in addition to Channel Management, Production Planning, Financial Management, Human Resources, Technology and Infrastructure. Netsis interprets possibilities that are brought by technology in a way to help customers increase their efficiency. The company does not limit itself only to keeping up with technological innovations, and conducts continuous R&D and innovation projects, most of which are supported by the Scientific and Technological Research Council of Turkey (TUBİTAK), backed with the academic know-how of various universities including Dokuz Eylül University, Ege University and Middle East Technical University. Apart from leading the way in the industry with firsts in business applications such as e-signature and e-bookkeeping, Netsis is the pioneer of the Cloud IT Model.

Netsis has a widespread service network and fully qualified consultants all around Turkey. The company has also located an R&D plant in Izmir High Technology Institute in Urla. The export geography of Netsis covers Azerbaijan, Belarus, Iraq, Iran, Egypt, Uzbekistan, Russia, Sudan and Ukraine.

Netsis is leading the way in different areas such as Green IT, Education, R&D and Lean Management approach and cooperating with various NGOs for equal opportunity in education, environmental protection and increasing the savings.

LOGO e-BUSINESS

Founded in 2008, Logo Elektronik Ticari Hizmetleri A.Ş. (e-Logo) provides B2B and B2I services.

Diyalogo: Diyologo.com was established for bringing SMEs together on a single platform and integrating them in a virtual environment. Diyalogo operates in the following areas:

- **Interoperability:** Software services and database solutions designed for safe flow of information and documents among banks, governmental agencies, logistics and other commercial enterprises through Logo's Enterprise Resource Planning software such as Tiger Plus and Tiger Enterprise.

e-Business/e-Commerce: Effective use of information technologies and the Internet (diyalogo.com and alibaba.com) for finding new customers, suppliers and business partners.

- **Business Process Outsourcing:** Providing services and solutions for institutional customer relationship management, creating and updating a customer database and other related processes.
- Diyalogo.com has 100,000 individual and 80,000 corporate members. As the strategic partner of Alibaba.com, Diyalogo connects Turkish users with the largest B2B market place

alibaba.com: In 2009 e-Logo became the strategic partner of alibaba.com in Turkey

e-state and e-Logo:

- In the process of transformation to electronic invoicing in Turkey, e-Logo will develop applications and services that will allow Logo customers and users of other ERP solutions to adapt e-Invoice through the method that they prefer. e-Logo is one of the 17 firms that has obtained special integration permission from the Revenue Administration.

- The adaptors developed by e-Logo are flexible enough to allow the end users to choose the desired service provider. In the context of special integration, these adaptors are compatible not only with the e-Logo solution but also with the other special integration service providers.

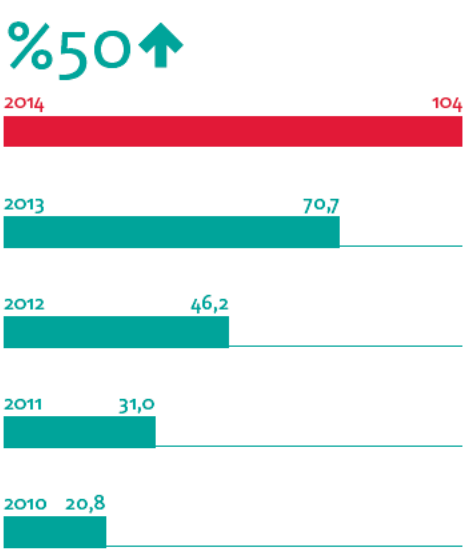
İNTERMAT

On October 27, 2014, a non-binding Letter of Intent was signed between Logo and the shareholders of Intermat Bilişim in relation to the acquisition of 50,1% of the shares of Intermat and an option to purchase the remaining 49.9% of the shares. Intermat has a significant share in the market with its software products that are integrated with Logo and provide competitive advantage to users, particularly in the field of CRM, which are adaptable to different industries. On January 5, 2015, a Share Purchase and Option Agreement was signed for the purchase of 50,1% of the shares of Intermat and for the transfer of the remaining 49,9% shares with the twelve months following the closing. Consequently, Logo has acquired 50,1% of the shares of Intermat Bilişim A.Ş.

LEADING PLAYER IN A GEOGRAPHY OFFERING UNRIVALED OPPORTUNITIES

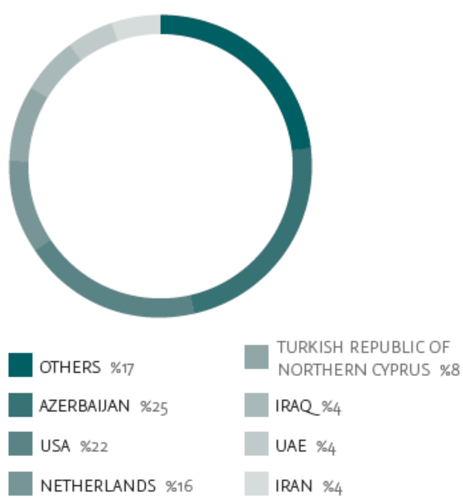
International markets constitute 4.2% of total sales by the end of 2014 and have a priority in Logo's short and mid-term plans. Logo is the market leader in Azerbaijan, which constitutes 25% of its total international sales. Logo is also realizing significant projects in other countries in Central Asia and the Middle East.

TOTAL SALES CAGR



In 2014, Logo continued to grow in the domestic market, while maintaining international sales at the same level despite geopolitical challenges in export markets.
Having achieved a 50% CAGR starting from 2009, our total sales increased by 47% compared to the previous year and reached 104 million TL in 2014. While domestic sales played a major role in this growth, international remained at the same level and totaled 4.4 million TL.

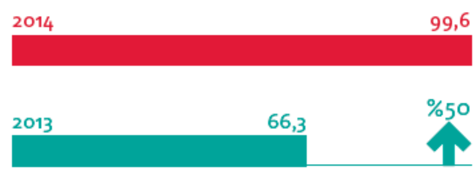
INTERNATIONAL SALES BREAKDOWN (2014)



International markets constitute 4.2% of total sales by the end of 2014 and have a priority in Logo's short and mid-term plans. Logo is the market leader in Azerbaijan, which constitutes 25% of its total international sales. Logo is also realizing significant projects in other countries in Central Asia and the Middle East. Enterprise Resource Planning (ERP) projects in various countries including Turkmenistan, Iraq, Jordan and Saudi Arabia constitute considerable investments for the future of Logo. We continue to reinforce our position in the software market in order to become a regional leader, through investments that promise rapid sales and profitability growth following an extensive adaptation process.

SALES GROWTH IN 2014

DOMESTIC SALES (%)



INTERNATIONAL SALES (%)

TOTAL SALES (%)

LOGO PUTS ITS MARK IN E-TRANSFORMATION FIELD E-TRANSFORMATION

The e-transformation that started as a result of the Revenue Administration's regulations and the obligatory integration of electronic invoice and electronic ledger to the business life become more important day by day. Logo has been following the e-transformation process closely from the beginning and is offering reliable and rapid solutions that are approved by the Revenue Administration.

In 2014, Logo continued e-state activities just like in 2013 and expanded its product portfolio, in order to provide users with a fast, practical, user friendly and reliable e-transformation platform. In September 2014, Logo obtained permission for e-archives from the Revenue Administration and extended its e-state products with e-archive, following e-invoice and e-ledger. E-archive allows issuing, submitting, receiving, and storing e-invoices that have the same legal validity with a paper invoice. This solution minimizes the operational workload and saves time, workforce and money, especially within organizations issuing high numbers of invoices.

IMPROVED COMPETITIVE ADVANTAGE WITH STRONG BUSINESS PARTNERS

A widespread, well-informed, trained and experienced distribution network that consists of more than 900 business partners is among Logo's most significant competitive advantages. Logo has the widest sales and distribution network in Turkey. In addition to Turkey, the company serves 1.3 million users in the markets of Central Asia and Middle East, with various products localized in 12 different languages.

Logo attracts qualified business partners in a very wide region thanks to its market leadership in terms of the number of customers, R&D investments and profound sales and marketing experience. Logo's business partnership model consists of Authorized Dealers serving the SME Segment, Competency Centers serving the Corporate Segment, Solution Partners developing applications based on Logo technologies and Authorized Training Centers providing occupational trainings for Logo products. SME and Corporate Business Partners are also classified under different levels with different responsibilities and advantages. Levels are determined according to the years spent in the previous status, the number of certified personnel, turnover targets and potential for growth.

Potential business partners are evaluated based on a detailed assessment process based on a number of criteria such as the market potential and the number of business partners in the region, the number of certificates held, sales capacity, customer satisfaction, project resources and the customer portfolio. Following the completion of required training program, the candidate is accepted to the business partnership program according to turnover targets. This process takes approximately six months to one year and successful candidates are accepted to the Logo ecosystem, based on their performance in terms of new customer acquisition, turnover targets, customer satisfaction and compliance with Logo's operational principles.

SMEs

AUTHORIZED DEALERS

- GO Authorized Dealers
- GO Select Authorized Dealers
- GO Elite Authorized Dealers

CORPORATES

COMPETENCY CENTERS

- Tiger Elite Competency Centers
- Tiger Premier Competency Centers

OTHERS

- Logo Solution Partners
- Authorized Training Centers

A SALES MODEL THAT INCREASES SALES AND MARKETING EFFICIENCY

The "win-win" strategy that is established with business partners constitutes a fundamental part of Logo's sales and marketing model which has been developed on the basis of a 30 year experience in the market. Thanks to the Micro Targeting System Based on Business Partners that is implemented in the channel management since 2012, the potential of companies to close a sale is increased by taking into consideration their product range and product types. Challenging targets that are set by taking into account the sales track record in previous years and the potential in the region help business partners to achieve their maximum without falling behind. This system allows Logo to increase its sales and win together with its business partners that improve their achievements.

On a quarterly basis, sales specialists and business partners assess the performance for the previous period and develop strategies for the new period. Also general evaluation and target reconciliation meetings are held annually. Logo considers constant development of its business partners as a main component of customer satisfaction and contributes to business partner development, while it strengthens sales and distribution network. Special trainings designed by Logo Academy on various subjects including technical competencies, sales, marketing, business development and customer satisfaction aims to increase the performance of business partners and reinforce their strength against their competitors.

The new hires of business partners were placed and went through a technical and applied training program offered by Logo experts to in the context of "On Campus Training Project" that was organized for the first time in 2014. Candidates who satisfied the 90% attendance requirement and who succeeded in the exams obtained official Logo certificates.

As members of the Logo ecosystem, Logo business partners enjoy the privilege of sharing their product and service related suggestions directly with the center, in addition to operating with Logo's technical assistance. Some other privileges that are provided to business partners include the right to use authorized Logo products free of charge, access to sales and marketing materials, make contact with prospects and access to a wide information network over the LOGOSPHERE system.

Logo perceived e-state applications as a vision to transform all business processes, rather than a simple legal requirement to be satisfied. Business partners and customers were offered training seminars on e-state processes. Efficient operations, compatible products and field studies also allowed business partners and customers to go through a fast, effective and healthy transformation towards e-state.

CUSTOMER ACQUISITION AND LOYALTY MANAGEMENT ACTIVITIES IN 2014

Creating trust and loyalty through positive experiences underlie Logo's successful business processes.

Recent customers and customers, who grow their business and upgrade within the Logo family receive regular welcome calls.

A total of 17,300 customers and prospects were called for introduction of product and service packages and related advantages.

We have also made e-mail notifications particularly for e-state and j-guar products.

Net Promoter Scores for the users of Logo products were calculated and evaluated based on product groups.

Customer complaints and requests in relation to products and services were diverted to relevant units for solution and followed up for finalizing the process in a positive way.

CREATING A VALUE CHAIN

Logo's main business strategy consists of meeting the expectations of customers and users at the highest quality standards. Logo puts Operational Excellence in the center of its corporate culture and structures business processes accordingly. Logo meets customer expectations at the highest level thanks to the "Value Chain" approach that combines lean organizational structure with the philosophy of agile products.

Instead of a functional organization, products that are developed on a common source code were grouped together, work steps that are related to the same product are identified as a phase in the value chain and relevant infrastructure operations are determined. Transition to lean organizational structure allowed each added value that is created for customers to be handled on a single workflow from the beginning until delivery and provided Logo experts with the chance to effectively control the entire process.

Sales, product development and support processes are regularly monitored, measured and compared for continuous improvement in the SME, Corporate and New Generation Solutions Value Chains. In the processes that are carried out with agile products philosophy, work steps are measured at each customer segment and a mutual understanding is reached on the issues to be resolved in the next version. This allows achieving better and faster production on a continuous basis.

Suggestions from employees, business partners and customers constitute the main source of innovation at Logo. Driving the Operational Excellence Process, these suggestions are recorded and statistically analyzed.

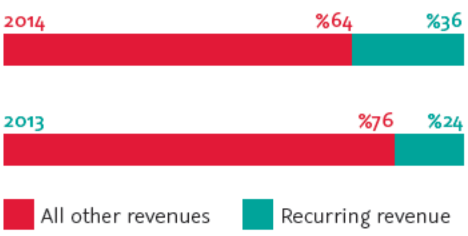
The Operational Excellence philosophy clearly revealed its effect on Logo's financial performance in terms of increased sales revenue and controlled increase in expenses. Looking at consolidated profitability of the companies that were combined in 2014 in comparison to consolidated profitability of the same companies in 2013, EBITDA margin increased to 38% from 34%, and net profit margin was increased to 27% from 24%. This proves the Logo progress in terms of creating more value by using fewer resources.

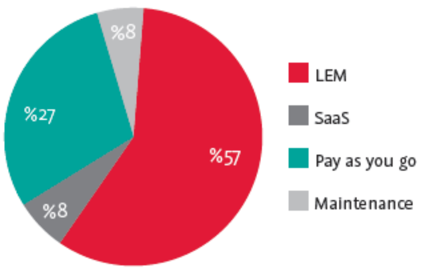
NUMBER OF SUGGESTIONS PER YEAR

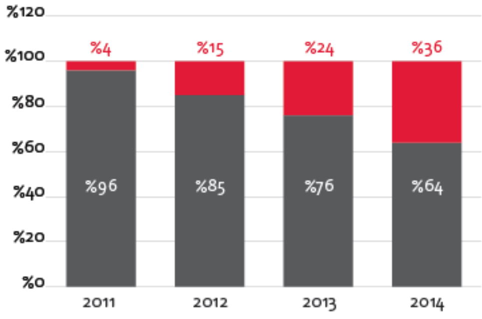
	OPEN SOURCES		WINDOWS PLATFORMU	
	RECEİVED	CLOSED	RECEİVED	CLOSED
2010	313	212	1046	410
2011	394	297	1295	402
2012	678	514	914	342
2013	941	817	802	365
2014	1606	1312	820	282

Another significant achievement towards Operational Excellence was growing share of recurring revenue in total sales from 2% in 2011 to 36% in 2014. This has improved Logo's sustainable income generation capacity. As a result of Logo's innovative characteristic, a major part of this income was obtained from the New Generation Solutions value chain, that functions as an incubation center. Logo Enterprise Membership (LEM) Program provides customer loyalty and stable revenues, while Diva, the first-ever SaaS solution in Turkey, and Netlite brought a strong position in the cloud technology market. Special integrator service revenue was another item that continued to grow, thanks to a significant market share provided by e-Logo.

SHARE OF RECURRING REVENUE (%)





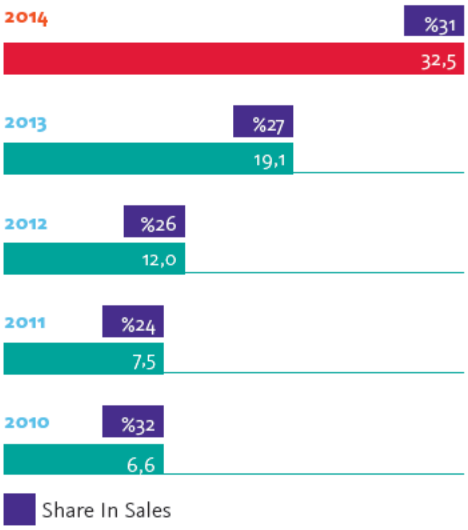


WE ARE BUILDING "LOGO" OF THE FUTURE WITH OPERATIONAL EXCELLENCE

Logo aims to create more value for its customers and users with fewer resources through Operational Excellence, its main production philosophy. The company focuses on performing better at each work step day by day. Feedback from business partners and customers, in addition to employees underlie the improvements towards continuous improvement of the Logo ecosystem. Improvement activities based on this feedback is the key element of Logo's commercial success.

CUSTOMER ORIENTED PRODUCTS SUPPORTED BY R&D

SHARE OF R&D EXPENDITURES IN SALES* (MILLION TL)



** R&D Expenditures + Capitalized R&D Expeditures - Amortization*

Founded in 1984, when the foundations of free market economy were laid in Turkey, Logo has contributed to the infrastructure of this large-scale economic transition with countless software solutions. Flexibility and solution-oriented approach of Logo that is accumulated thanks to this unique experience differentiate the company in each phase of product development process from identifying customer needs to overcoming challenges that are encountered throughout the project. Logo develops solutions with optimum workforce, in the fastest way and at the lowest cost and meets customer expectations by adapting itself to relevant market dynamics and local regulations.

Logo supports its product development operations with customer oriented R&D activities, in order to enhance its ecosystem on a constant basis with a variety of solutions that provide functionality in various industries. These include product oriented R&D for new product offerings and process oriented R&D for improvements in existing products. Sales, marketing, support and R&D staff attend annual strategy meetings to develop R&D plans for the upcoming period, based on competition analysis, the need for compatibility with new technologies and developments in the industry. The R&D performance is measured based on the number of prototypes and the use of new structures in work products.

Logo maintains leadership in terms of the share of R&D expenditures in sales for many years now. In 2014, the company allocated 32.5 million TL to R&D activities that correspond to 31% of total sales. Various R&D projects were run under Windows Enterprise Resource Planning, Open System and New Project categories. One of the most striking projects in 2013 was designing Java based programs as a 100% web-based product. This allowed Java based products to operate on an Internet browser remaining user friendly and with no installation being necessary.

Another R&D project carried out throughout the year was to develop a common reporting and data visualization infrastructure for all products. Following technology procurement or in house development decision, purpose of this activity is to generate log-based or interactive reports with modern technologies, which are compatible with all products even those that have a different structure. Logo was granted a number of awards in different categories with these projects that were carried out to increase the efficiency of Logo products in accordance with technological developments and customer requirements, as well as increase their integration to different areas.

QUALITY AND INFORMATION SECURITY MANAGEMENT SYSTEMS AT LOGO

Quality

Logo adopts continuous improvement as a principle in order to create quality awareness among all employees to increase and ensure continuity of customer satisfaction, and constantly improves the service quality. The company obtained ISO 9001 Quality Management System Certificate in 2001 and renewed ISO 9001:2008 Certificate in July 2014, upon completing certification renewal audit successfully.

Information Security

As access to information is easier today, information security plays a major role in non-spatial relocation and protection of information. In 2013, Logo completed activities to set-up and install ISO 27001 Information Security Management System and obtained ISO 27001 Information Security Management Certificate. This certificate ensures the integrity and secured transfer of information in a confidential way from sender to receiver without distorted, altered or captured by others, in an environment that provides continuous access to information.
Also in December 2014, Logo successfully completed ISO 27001 Information Security Management System Certification Renewal Audit and renewed its certificate in order to protect intellectual assets, minimize risks that are faced by companies and provide business continuity.

EMPLOYEES THAT ARE GROWING AND DEVELOPING WITH LOGO

Logo considers employees as its main asset and aims to create a competent organization that consists of loyal employees and become a preferred employer. The company recruits and continuously develops achievement and result-oriented, enthusiastic, innovative and dynamic people, who are customer and quality oriented, prone to teamwork, appreciate diversity and can solve problems.

Logo is the leader in Turkish market in terms of the number of customers and has eventually become a regional software company that provides services together with its business partners. This rapid growth created new learning opportunities for our employees and provided an opportunity for professional development four our executives that lead our domestic and international operations. The need for meeting the requirements of our continuously growing and diversifying business will create new opportunities for our employees also in the future.

Logo considers employees as its main asset and aims to create a competent organization that consists of loyal employees and become a preferred employer. The company recruits and continuously develops achievement and result-oriented, enthusiastic, innovative and dynamic people, who are customer and quality oriented, prone to teamwork, appreciate diversity and can solve problems.

Logo offers solutions in various fields including Cyber Security, B2B, Business Intelligence and Retail. Accordingly, our workforce consists of professionals with different specializations. Internal transfers are encourages within Logo Group, in order to preserve and strengthen diversity. We offer new hires, who are at the early stages of their careers with a convenient work environment, where they can make best use of their potential and develop their competencies. Employees at each level are expected to share the mission, vision and objectives of Logo, and are organized as autonomous teams that allow them to make the best use of their qualifications on their jobs. Employee involvement in decision-making and business processes contributes to Logo's agility and flexibility.

DEMOGRAPHIC BREAKDOWN

44% of our employees work in Infrastructure and Product Development Department, 13% in Management, Financial Affairs and Operations, and 43% in Sales, Product Support and Marketing Departments.

In 2014, the headcount of Logo Group increased by 10% compared to the previous year with a gender breakdown of 41% female and 59% male. 79% of our employees hold an undergraduate degree and 11% a master's degree. 38% of employees have engineering degrees. As of the end of 2014, the average age equaled to 33, with 34% Generation X members, 64% Generation Y members and 2% Baby Boomers.

DEPARTMENTAL BREAKDOWN OF EMPLOYEES

SALES, PRODUCT SUPPORT AND MARKETING DEPARTMENTS %43

INFRASTRUCTURE AND PRODUCT DEVELOPMENT DEPARTMENT %44

MANAGEMENT, FINANCIAL AFFAIRS AND OPERATIONS %13

GENDER BREAKDOWN OF EMPLOYEES

MALE %59 FEMALE %41

MORE COMPETENT AND HAPPIER EMPLOYEES

Knowledge transfer among employees is an integral part of the Logo culture. Employee ideas and suggestions are rigorously evaluated, in order to preserve our transparent and interactive climate. Intra-organizational sharing and open door policy is also supported with the "I have an Idea" corner on the intranet that allows employees to share their suggestions easily.

Logo strives to meet the human resource needs of its continuously developing organization from today. Accordingly, knowledge transfer and professional development activities are carried out in order to develop core competencies and technical qualifications of our employees. While these activities improve motivation of our employees, suggestions that are developed by involved employees constitute a significant source of continuous development at Logo.

We monitor and improve technical, behavioral and managerial competencies of our employees on a regular basis. The opportunity to participate in different projects supports employee development in addition to professional trainings. In 2014, in house and external trainings totaled 8,931 man-hours, while 87% of employees attended at least one training program throughout the year. 60% of these training programs were on technical matters, 14% on personal and professional development, the rest on occupational safety, quality and orientation.

Selection And Placement

The selection and placement process at Logo aims to find the best fit for the vacancy based on our corporate culture, company objectives and job specifications, and place the person to the right position. Required competencies are determined according to job specifications and job description, and suitable candidates are interviewed in the selection process. During interviews human resources and department managers evaluate the extent to which the candidate fits to the corporate culture and the position. Logo is an equal opportunity employer. Accordingly, the company does not make evaluations based on gender, nationality, religion, ethnicity or marital status.

In 2014, Logo attended career days in 10 different universities to present the internship and career opportunities to students, who are about to start their careers. In total, 389 applications were received from the students of Computer Engineering departments for internship and employment. 63 of these applications were received for part time or full time positions in our company. Some of the 30 students, who did their internship at Logo were eventually hired.

Performance Evaluation System

We evaluate employee performance annually based on business results, professional progress and personal development. High performing employees are compensated with a performance bonus considering the added value they create. Professional progress and personal development is supported with individual and group training programs.

Internal promotion among Logo Group companies is implemented very effectively. In addition to promotion within the same company, we also take advantage of our group structure to implement vertical and horizontal transfers among different group companies. Also in 2014, some of our employees advanced in their careers through internal promotion. As the basis of in-house career planning, internal promotion is also a significant motivator for employees. As a part of our corporate culture, we regard the internal promotion system as a critical matter in career planning with its motivating power.

Social Activities

In 2014, we participated in Corporate Bowling Tournament with our Izmir and Gebze employees. Our teams received great scores and helped the tournament to become more entertaining.

Employees who ranked in the first, second and third places in the photography contest organized by our company club Logorenk were awarded gift certificates of various amounts.

On April 23, we celebrated the National Sovereignty and Children's Day with the children of our employees in Izmir and Gebze Campuses. Children between the ages 2 and 6 entertained with face painting, clown activity and other games, while children between the ages 7 and 13 attended painting activity led by teachers.

While children were entertaining, parents made cranes to support the world peace in an event called "1000 Cranes For World Peace". Paintings and paper cranes were demonstrated in our office buildings after the event.

On May 19, we celebrated the Youth and Sports Day together with our employees' children between the ages 14 and 17, visited exhibitions in Istanbul Modern and had lunch together.

Our employees participated in the swimming competition in Kaş Açık Deniz Yüzme Etkinlikleri and won medal.

Sailing Team of our employees also attended a number of competitions and events.

We visited "The Dialogue in the Dark" exhibition to increase our awareness and support disabled individuals. In the exhibition our employees were led by blind guides. Visitors with white walking sticks saw Istanbul without seeing it and visited familiar places. Employees who visited this exhibition shared their thoughts and decisions within the company with out e-bulletin Logo Post.

Just like every year, we celebrated the New Year in all our offices, and employees that have completed their 5th, 10th, 15th and 20th year with Logo were given an award.
Also in 2014, we continued LOG'extra that involves various discounts and advantages for Logo employees and their relatives through special agreements made with companies in different industries.

Social Gender Award

Logo Group received certificate of appreciation in a survey regarding the Developing Social Gender Equality in the Work Life Project that is organized by the Ministry of Labor and Social Security.

At the end of 2014, our Gebze Campus has been delivered ready in its full capacity. The construction of the conference hall and foyer has also been completedand started hosting different activities.

CORPORATE OVERVIEW

Corporate Governance means "the future" for us.
Our increasing governance performance indicates reflects the sustainability of our corporate presence.

BOARD OF DIRECTORS

M. TUĞRUL TEKBULUT
Chairman
Mr. M. Tuğrul Tekbulut is one of the founding partners of Logo. He graduated from Bosporus University's Department of Electrical Engineering in 1980 and received his master's degree in 1983 from the same department. In 1984, he established the software initiatives that come under the Logo Group together with his colleagues. Mr. Tekbulut also led the establishment of various civil initiatives regarding informatics, innovation and entrepreneurship. He founded TÜSİAD Entrepreneurship and Innovation Working Group and co-founded Turkish Informatics Foundation and Software Industrialists Association between 2006 and 2009. During the same period Mr. Tekbulut served as the Chairman of TÜBİSAD Informatics Industry Association.

MURAT ERKURT
Vice-Chairman
Mr. Murat Erkurt is the founding partner of Mediterra Capital Partners. He graduated from the Middle East Technical University Electrical Engineering Department. He also holds an MBA from Columbia Business School, a MSc in Mathematics from Imperial College and a MSc in Electrical Engineering from Northeastern University. Formerly Managing Director in the Private Equity Division of Lehman Brothers, where he worked for 15 years of which 14 years as a private equity investment professional in New York and London, as lead deal partner in investments in 12 companies. He served on the boards of portfolio companies and funds in various jurisdictions, including the UK, Spain, Germany, Denmark, Finland, Czech Republic, Israel, Luxemburg and Guernsey.

S. LEYLA TEKBULUT
Board Member
Graduated from Istanbul Erkek Lisesi in 1976 and Bosphorus University Electrical Engineering Department in 1981, Ms. Leyla Tekbulut continued her career as a professional manager between 1981 and 1987. In 1987, she founded her own company in Medical Devices industry, which she continued until 2006. Currently, Ms. Tekbulut serves on the board of Logo Group.

ORHAN AYANLAR
Board Member

Mr. Orhan Ayanlar is a director at Mediterra Capital Partners. He received his bachelor's degree in Economics and Finance from Boston University and completed the CFA program. He worked at various private equity funds and investment banks between 2000 and 2006, including İş Private Equity, Standard Ünlü Corporate Finance Department and Bear Stearns New York Office at debt capital markets division. Prior to joining Mediterra in 2011, he worked for 5 years at 320 million dollars private equity fund Bedminster Capital Management that focused on the Southeastern Europe and Turkey.

BELKIS ALPERGUN
Independent Board Member

Following her graduation from Bosphorus University Department of Business in 1982, Ms. Belkıs Alpergun started her career in Arthur Andersen audit division. In 1987, she joined Pamukbank as a unit manager and after holding various positions in the bank, she started to serve as the general manager of Pamuk Factoring in 1996. In the same period she has also acted as an active member on the board of the Factoring Association. In 2005, she joined Coface Insurance as the country manager for Turkey and since 2006 she has been serving the company as the general manager and a board member. Since 2010 and 2011, she has been serving as an independent director on Logo's board in line with the Principles of Corporate Governance of the Capital Markets Boards without having any relationship with the company or its related parties.

Y. ÖNDER EREN
Independent Board Member

Following his graduation from Robert College in 1971, Mr. Yusuf Önder Eren received his bachelor degree from Bosphorus University Department of Economics in 1975. Between 1974 and 1979 he worked in Arthur Andersen and in 1979 he joined Beymen as the general manager where he served until 1981. Between 1981 and 1985, he served as the head of finance at Akın Textile Group in charge of financial affairs of EDPA and the other five group companies. In the same period he was also actively involved in the foundation of Tekstilbank. Between 1985 and 1991, Mr. Esen served as general manager (COO) in Altınyıldız Group. Between 1991 and 2004 he served as the chairman and CEO of his family company and provided the growth of Quiksilver brand in Turkey and the region. Between 2004 and 2012, Mr. Eren served as the CEO of Superlit. Since 2004 he has been serving as the chairperson of Karel. He has no relationship with Logo or its related parties.

EXECUTIVE COMMITTEE

M. BUĞRA KOYUNCU
Chief Executive Officer

Mr. M. Buğra Koyuncu graduated from Istanbul Technical University Department of Control and Computer Engineering Department in 1994. In 1993 he joined Logo as a system analyst. Following his service as a project manager and then as a product development manager, in 2004 he was appointed as the general manager of the company. Since October 2011, he has been serving as the Chief Executive Officer.

GÜLNUR ANLAŞ
Chief Financial Officer

Ms. Gülnur Anlaş graduated from Middle East Technical University Faculty of Administrative Sciences, Department of Business in 1984. She received her MBA degree from Texas Tech University in 1989. In 1991 she completed her master's degree in economics at the University of Delaware. In 1984, she started her career at Interbank as an assistant auditor. Then she joined Chemical Bank and Westdeutsche Landesbank respectively, where she has handled numerous project development and financing transactions in corporate finance departments. Between 2001 and 2005, she served as the vice president of financial affairs at Teba Group. Since 2006, Ms. Anlaş has been serving as a member of the executive board in charge of finance and legal affairs at Logo.

AKIN SERTCAN
Executive Committee Member, SME Products

In 1990, Mr. Akın Sertcan graduated from İzmir 9 Eylül University Department of Computer Programming. In 1989, he started to work in the IT industry as a sales representative and then served as a sales manager and as a sales coordinator in various companies. In 1996, he joined Logo as a sales channel manager responsible for the Aegean Region. In 2008, he was appointed as the regional manager of the Aegean Region. Since January 1, 2012, he has been serving as the executive committee member in charge of SME products.

FATMA TARPİNOF

Executive Committee Member, Marketing and Corporate Communications

Following her graduation from Istanbul University Faculty of Business Administration in English in 1995, Ms. Fatma Tarpinof received training in the UK on marketing and corporate communications in 1996. In 1996, she started her career in marketing and served as a product manager in various companies. Towards the end of 1998, she joined Logo as a product manager in charge of services, where she then served as the communications manager and the marketing and corporate communications manager. Since January 1, 2012, she has been serving as a member of the executive committee in charge of marketing and corporate communications.

HAKAN ALPASLAN

Executive Committee Member, Corporate Products

Ms. Hakan Alpaslan graduated from Anadolu University Department of Economics in 1988 and received his MBA degree from the University of North Texas School of Business. In 1994, he joined Logo and in 1996 started to serve as the sales channel manager for the Anatolian Region. In 2008, he was appointed the regional manager for Anatolia. Since January 1, 2012, he has been serving as the member of the executive committee responsible for corporate products.

ESRA AKAR

Executive Committee Member, Human Resources and Operations

Ms. Esra Akar graduated from Istanbul Technical University Department of Chemical Engineering in 1989 and completed her master's degree from Istanbul University Faculty of Business Administration, Operations Management Department in 1991. Having worked for a while in the chemical industry on R&D, she joined Logo in 1993 as a support analyst. She has served in various positions including as a call center manager, product support manager, implementation advisor, project and coordination manager, project manager and after sales services team member. In 2009, she started to serve as the supply chain manager in charge of order, development, and delivery departments. In July 2010, she became the operations director. Since January 1, 2012, she has been a member of the executive committee in charge of human Resources and operations.

EXECUTIVE COMMITTEE

SADUN ANIK

Executive Committee Member

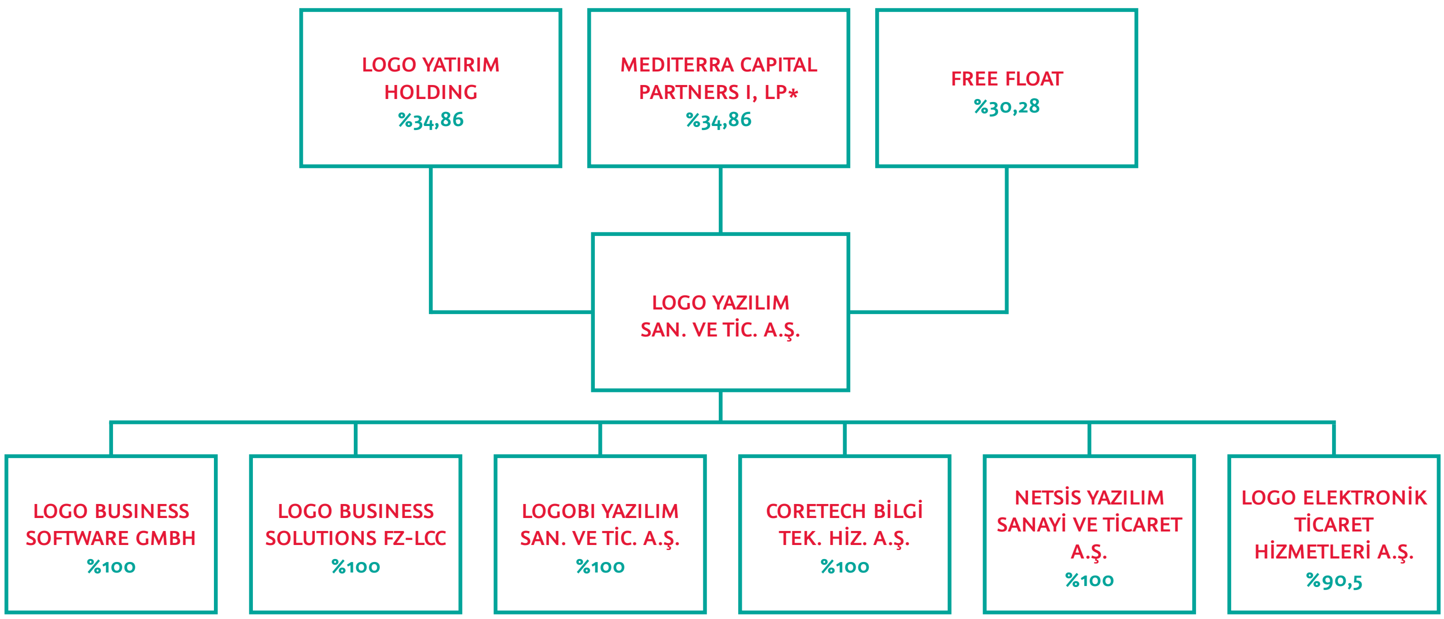
Mr. Sadun Anık was graduated from Middle East Technical University Department of Electric and Electronics in 1986. He completed his master's degree in 1990 and doctoral degree in 1993 in University of Illinois Urbana-Champaign Computer Engineering. In 1993, he started his career in the Silicon Valley as a software design specialist in HP Research Laboratories. Following his return to Turkey in 1998, he served in Garanti Technology until 2003 as the payment systems and reporting software development manager. Between 2003 and 2011, he served for Microsoft in the Middle East and Africa Region as the regional sales manager in charge of the finance industry and regional sales manager of consulting and support service. In 2011, he joined Netsis as the vice president of business development. Since July 1, 2014, he has been serving in Logo as an executive committee member in charge of SaaS.

UĞUR N. SİPAHİ

Executive Committee Member, Next Generation Business Solutions

Mr. Uğur Nuri Sipahi graduated from Bosphorus University Department of Industrial Engineering in 1993 and received his master's degree in the field of industrial engineering from Marmara University in 1997. Between 1995 and 1997, he worked in the automotive supply industry on quality management. In 1997, he joined Logo as a system analyst and has served for 10 years in the product development department at different levels. Between 2007 – 2009, he has served as a business solutions advisor and between 2009 and 2012 as a product manager. Since January 1, 2012, he has been serving as a member of the executive committee in charge of next generation business solutions.

ORGANIZATION STRUCTURE



**consists of EAS S.A.R.L (33.81%) and other persons.*

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There was no amendment to the Articles of Association in the reporting period.

RISK MANAGEMENT

While Logo identifies the risks that the company is exposed to as: stocking, debt management, technological change, competition, collection and currency fluctuations, it has also established the required control mechanisms in order to minimize their effects.

While Logo identifies the risks that the company is exposed to as stocking, debt management, technological change, competition, collection and currency fluctuations, it has also established the required control mechanisms in order to minimize their effects.

CAPITAL RISK

The company aims to safeguard its ability to continue as a going concern, while maintaining an optimal capital structure and matching cash and commercial receivables that are generated from operations with its financial and commercial liabilities.

Cost of capital and the risks that each asset class is exposed to are evaluated by the executive management and those that are subject to the board's decision are presented to the board of directors. In line with the evaluations of the executive team and the board of directors, the company aims to balance its capital structure by obtaining additional debt, reducing debt, paying out dividends or issuing new shares.

DEBT, COLLECTION AND CURRENCY RISKS

Foreign currency assets exceed foreign currency liabilities and the company is not exposed to a significant level of currency risk. The responsibilities of collections unit and sales and marketing unit are separated to manage the collection risk.

MARKET RISK

Holding financial instruments, the company carries the risk of non-performance by the other party. Market risks on the company level are measured with sensitivity analysis. There was no difference in the market risk compared to the previous year. The method that is used for measuring or managing the market risk has also not changed.

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 (excluding the related parties) and obtaining sufficient collateral where necessary. The credit risk is measured according to company policies and procedures and is shown on the balance sheet net of allocated provisions for bad debt.

LIQUIDITY RISK

Logo manages the liquidity risk by regularly monitoring the cash flow, matching maturities of financial assets and liabilities, sustaining sufficient funds and cedit reserve. The management monitors the liquidity reserves of the company based on the estimated cash flow and holds sufficient cash and loan commitments to meet the short-term cash outflow.
In this context the company has credit limit from banks amounting to 100 million TL that could be utilized when required.

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.

DEFAULT AND FRAUD RISK

The organization structure and the field of operations do not bear default or fraud risks in relation to the activities of the company staff.

TECHNOLOGICAL RISK

The company takes protective measures with high security standards against any attack towards the Internet sites.

OTHER RISKS

Fixed assets and liquid assets of the company are insured against any material damage. Liquid assets are inspected by monthly inventory counting. Financial controllers regularly monitor bank reconciliations. Additionally, the financial affairs department and relevant department managers perform reporting, audit and control activities on "j-guar" Enterprise Resource Management program in order to prevent fraud in sales prices and profitability.

CORPORATE GOVERNANCE RATING

Saha Corporate Governance and Credit Rating A.Ş. completed the revision of Logo's corporate governance rating on December 15, 2014 and announced the rating score of 9.03 on a scale of 10.

The level of compliance of Logo to the Principles of Corporate Governance is publicly disclosed on its Corporate Governance Compliance Report. Saha Corporate Governance and Credit Rating A.Ş. completed the revision of Logo's corporate governance rating on December 15, 2014 and announced the rating score of 9.03 on a scale of 10.

The full report on Corporate Governance Rating issued by Saha is available on the company website www.logo.com.tr.

Apart from the following matters specified in the rating report, Logo operates in compliance with the Principles of Corporate Governance:

- Lack of cumulative voting in the selection of board members; and
- Privilege for nominating candidates for the board of directors

are specified as main areas that require improvement.

The company's corporate governance rating is revised in consideration with the importance given by Logo to corporate governance principles, its willingness to carry out the compliance as a continuous and dynamic process and improvements initiated in this direction.

Logo received the following rating scores for each main section:

MAIN SECTIONS	WEIGHT	SCORE
Shareholders	%25	90,73
Public Disclosure and Transparency	%25	87,49
Stakeholders	%15	94,62
Board of Directors	%35	90,13
AVERAGE	%100	90,29

STATEMENT OF RESPONSIBILITY

RESPONSIBILITY STATEMENT ISSUED IN ACCORDANCE WITH ITEM 9 OF THE COMMUNIQUE II-14.1. ON FINANCIAL REPORTING PRINCIPLES IN CAPITAL MARKETS ISSUED BY THE CAPITAL MARKETS BOARD

DATE OF THE BOARD RESOLUTION IN RESPECT OF APPROVAL OF THE FINANCIAL STATEMENTS: 16/02/2015
RESOLUTION NUMBER: 2015/4

We hereby submit for your information that together with the footnotes, the Consolidated Financial Statement, Comprehensive Income Statement, Cash Flow Statement and Statement of Changes in Shareholder's Equity ("Financial Statements") for the period between January 1, 2014 and December 31, 2014 prepared by our company in accordance with Communiqué II-14.1. on Financial Reporting Principles in Capital Markets ("Communiqué") issued by the Capital Markets Board ("CMB") and audited by Independent Audit Company Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) as per Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS) and the formats specified by the CMB have been reviewed by us.

- Insofar as the information we have within our duty and responsibility area in our company, they do not contain any misleading disclosure
- As of the date of disclosure they do not contain any deficiency that may be regarded as misleading,
- Insofar as the information we have within our duty and responsibility area in our company, the Financial Statements issued in accordance with the Communiqué, together with those within the scope of consolidation, do fairly reveal the facts in respect of assets, liabilities, financial status and profit or loss of the company, and we hereby declare that we are responsible for this disclosure.

Kind regards,

Belkıs ALPERGUN
Chairperson of Audit Committee
[redacted]

Y. Önder EREN
Member of Audit Committee
[redacted]

M. Buğra KOYUNCU
CEO
[redacted]

Gülnur ANLAŞ
[redacted]

CORPORATE GOVERNANCE COMPLIANCE REPORT

STATEMENT OF COMPLIANCE TO CORPORATE GOVERNANCE

In the period between January 1, 2014 and December 31, 2014, our company complied with the mandatory provisions of the Corporate Governance Communiqué of the Capital Markets Board ("CMB") and strived to comply with the discretionary principles to a large extent.

CORPORATE GOVERNANCE RATING

The level of compliance of Logo to the Principles of Corporate Governance is publicly disclosed on its Corporate Governance Compliance Report. Saha Corporate Governance and Credit Rating A.Ş. completed the revision of Logo's corporate governance rating on December 15, 2014 and announced the rating score of 9.03 on a scale of 10.

The full report on Corporate Governance Rating issued by Saha is available on the company website www.logo.com.tr.

SECTION II – SHAREHOLDERS

2.1. Investor Relations

Investor relations activities of our company are conducted by the Investor Relations Unit reporting to the VP of Executive Committee (CFO).

Investor Relations contact information is as follows:

Gülnur ANLAŞ
Chief Financial Officer
T: +90 262 679 80 00 (pbx) Ext: 8200
e-Mail: gulnur.anlas@logo.com.tr

Doğan KARACA
Investor Relations Unit Manager
Tel: +90 262 679 80 00 (pbx) Ext: 8223
e-Mail: dogan.karaca@logo.com.tr

Logo received the following rating scores for each main section:

MAIN SECTIONS	WEIGHT	SCORE
Shareholders	%25	90,73
Public Disclosure and Transparency	%25	87,49
Stakeholders	%15	94,62
Board of Directors	%35	90,13
AVERAGE	%100	90,29

Bahriye ULU
Investor Relations Specialist
Tel: +90 262 679 80 00 (pbx) Ext: 8222
e-Mail: bahriye.ulu@logo.com.tr

e-Mail: investor@logo.com.tr

The main responsibilities of the Investor Relations Unit include:

• Keeping correspondence with investors and other related records in a reliable, secure and up-to-date manner.
• Responding to written information requests of investors
• Organizing the general assembly meeting in line with the existing regulations, the Articles of Association and internal policies of the company, and preparing the documents in relation to the general assembly meeting to be reviewed by the investors
• Ensuring the fulfillment and monitoring of the company's responsibilities in relation to the capital markets regulations, including among others Corporate Governance and Public Disclosure requirements.

Activities carried out by the Investor Relations Unit in the reporting period are as follows:

• Information requests received from our investors via e-mail or telephone were responded according to legal regulations and the company's disclosure policy. All information requests, except for the confidential information and trade secrets, were responded in accordance with the principle of fairness.
• General assembly meeting was organized in accordance with the regulations, articles of association and other company regulations.
• An informative note was prepared for the investors before the general assembly meeting.
• Records of the voting results were kept. No investor has requested these records.
• Public disclosure requirements were fulfilled in accordance with the regulations and the required disclosures were announced on the Public Disclosure Platform completely, directly, clearly, sufficiently and free from deceptive expressions.
•In 2014, the Company met both domestic and international investors and potential investors in numerous meetings and teleconferences.

2.2. Exercise of the Right to Receive Information by the Shareholders

In accordance with the relevant regulation and disclosure policy of the company, all investors must be equally informed. Investors are not informed on issues that are not previously disclosed to the public. Information and announcements that might affect the exercise of shareholders' rights are posted on the company website both in Turkish and English. Information requests received from investors are responded via telephone or in writing without discriminating any investor, in line with the capital markets regulation and fairness principle. Financial statements and announcements regarding the Disclosure of Material Events are presented to our shareholders through the company website and the Public Disclosure Platform.

The articles of association do not include the right to request a special auditor as an individual shareholder right. The company did not receive any request for special audit either.

2.3. General Assembly Meetings

The invitation for the general assembly meeting was held on April 10, 2014 at Gebze Organize Sanayi Bölgesi, Şahabettin Bilgisu Caddesi No: 609 Gebze/ Kocaeli, where the headquarters of the company is located. The announcement together with the agenda was made three weeks prior to the meeting on the Turkish Trade Registry Gazette dated March 19, 2014 and numbered 8531, on the Public Disclosure in March 13, 2014 Platform and the company's official website in line with the regulations and the articles of association of the company.

Out of the 2,500,000,000 shares corresponding to 25 million TL capital of the company the 3,300,000 Class A preferred shares corresponding to 33,000 TL capital were present by proxy; 1,706,738,549.3 Class B shares corresponding to 17,067,385.493 TL capital were present by proxy and 25,604,482.7 Class B shares corresponding to 256,044.827 TL capital were present in person. As a result, 1,735,643,032 shares corresponding to a total of TL 17,356,430.320 capital was represented with a meeting quorum of 69.43%, satisfying the decision quorum set forth in the articles of association.

Investors did not propose any additional item for the meeting agenda.

Investors exercised their rights to ask questions in the general assembly meeting and all questions were answered.

In order to facilitate attendance to the general assembly meeting, the venue and time of the meeting was published on the Public Disclosure Platform and the website of the company.

The meeting quorum of the board of directors (including the postponed meetings) is met with the attendance of at least five members. The quorum for board resolutions (including the postponed meetings), is affirmative votes of at least four) members, without prejudice to the conditions subject to the affirmative votes of independent members as per the Capital Markets Legislation and Corporate Governance Principles and insofar as these rules are not violated. There were no transactions referred to the general assembly due to negative votes of board members.

The representative of the Corporate Governance Rating Agency attended the general assembly meeting as a guest.

An informative note on the general assembly meeting that presented explanatory information on the agenda items was issued and published on the website of the company before the meeting. Additionally, the annual report for the reporting period, financial statements, dividend distribution proposal and articles of association were made available for review in the headquarters of the company.

Investors were informed that the company made donations in the reporting period in the amount of 10,849 TL in the general assembly meeting as a separate agenda item. A major part of these donations were made as product donations in order to allow our products be actively used in various foundations and establishments. The annual limit for donations was approved as 100,000 TL.

Minutes of the general assembly meetings are published under the heading "General Assembly Announcements" in the investors section at the company website and the Central Registry Agency Disclosure Platform.

There was no conflict of interest between the company or its subsidiaries and the shareholders that control the management, members of the board of directors, executives with administrative responsibility or their spouses, relatives, relatives by marriage up to the second degree.

2.4. The Right to Vote and Minority Rights

The Company's shares are classified in two groups as Class A and Class B shares. As per the Articles of Association, one plus half of the board members, the chairperson, and the auditors shall be elected from among the candidates nominated by Class A shareholders. The share capital of the company does not involve any cross shareholding.

The articles of association do not include a provision in relation to extending minority rights beyond 5% of the shareholders or regulating cumulative voting right.

CORPORATE GOVERNANCE COMPLIANCE REPORT

2.5. The Right to Dividends

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.

At least 20% 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.

According to the Articles of Association, advanced dividends can be distributed to the shareholders, if the General Assembly has authorized the Board of Directors up to a period of one year, in accordance with the Capital Market Regulations and the Turkish Commercial Code.

The company shall aim to complete the dividend payment by the end of the last day of the same year, when the general assembly resolution was taken. The distribution shall start by no later than the end of the reporting period, in which the related general assembly resolution was made. The general assembly may resolve or authorize the board of directors to resolve that the dividend shall be paid in installments in line with the Capital Market regulations.

On March 13, 2014, the board of directors resolved that:

According to the Audited Consolidated Financial Statements for the reporting period between January 1, 2013 and December 31, 2013 issued in compliance with International Accounting Standards and International Financial Reporting Standards the presentation principles of which are set forth in accordance with the relevant resolutions of CMB; it was resolved that the net distributable profit for the period in the amount of 17,784,135 TL calculated by deducting the "tax expense" and "first contingency reserve" amounts and adding the "donation" amount shall not be distributed taking into consideration the investment plans of the company and shall be kept within the company under the "retained earnings" account.

2.6. Transfer of Shares

The Company's articles of association do not contain any provision that restricts the transfer of shares.

SECTION III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company Website

Available at www.logo.com.tr, the corporate website includes an investor relations section with all of the information required by the principles of corporate governance. A significant part of this information is also available in English.

3.2. Annual Report

The annual reports are prepared to contain all of the information required by the Principles of Corporate Governance.

SECTION IV- STAKEHOLDERS

4.1. Disclosure to Stakeholders

The Company defines any person, group or institution that affect or is affected by achievement of its objectives and sustainment of its operations and thus having legitimate interests on the operations of the company as its stakeholders. The company believes that the shareholder value can only be maximized by watching over the interests of all stakeholders and that the interests of the shareholders and stakeholders run parallel to each other. The company takes maximum care for the interests of stakeholders under this philosophy.

Stakeholders are invited to the meetings regarding any matter concerning them. Meetings, company website, e-mail, public disclosure platform and e-Yönet website and the Central Registry Agency Disclosure Platform is used as means of communication with investors.

The Corporate Governance Committee and the Audit Committee are responsible for the assessment of the transactions that are considered to be against the regulation or ethically inappropriate by the stakeholders. The stakeholders can submit potential complaints to the Investor Relations Unit via e-mail and/or telephone.

4.2. Stakeholder Participation in Management

The company develops mechanisms and models encouraging participation of stakeholders, particularly employees, in management without impeding company operations. Suggestions and opinions collected via surveys are taken into consideration in our company operations.

Employee participation is one of the main principles of our human resource policy. Employees are granted adequate rights and responsibilities within their teams, and suggestions regarding business processes received from various channels are taken into consideration. Employees are encouraged by management to share their creative ideas, suggestions, and requests regarding company operations on the intranet. Teams open to the participation of all employees are established to work on business process improvement; and all improvement decisions are made based on employee suggestions. Additionally, top management holds one-on-one discussions with employees to receive and implement their ideas. Regular contact meetings are held with dealers and business partners and bulletins, interviews and the Internet is utilized to inform our dealers and customers.

4.3. Human Resources Policy

Our human resources policy is based on the principles of respect for human knowledge, objective evaluation, equal opportunity, employee participation, encouragement of development, continuous education, competency, and performance-based progress. Recruitment and promotions are based on the principle of equal opportunity, and decisions are made taking into consideration individual performance, knowledge and experience. No complaint of discrimination has been received to date. Company management considers the equal opportunity principles as one of the most important matters. Human Resources Department is in charge of performance and career management practices; planning, conducting, and measuring training and development activities; carrying out the recruitment process; managing the compensation system; and improving employee satisfaction. Job descriptions, performance and reward criteria are announced to employees based on our human resources policy.

Employee relationships are represented at the board level. Human Resources Department addresses, evaluates and resolves requests and problems of all employees in relation to professional, personal, career and training related needs.

Employee affairs are handled by:
H. Esra Akar, Member of the Executive Committee Human Resources and Operations
Nebahat Erden, Human Resources Manager

4.4. Code of Ethics and Social Responsibility

The company's code of ethics is published on the corporate website. In addition to generally accepted ethical principles, the code of ethics is reviewed and revised regularly as the board of directors introduce new ethical rules in relation to the company and its stakeholders.

Responsibility towards society and the world is at the center of our company's mission, and we work to develop constructive approaches to social issues. The company holds free educational seminars in vocational schools and organizes activities to help students to pursue a career. We support educational programs both financially and in kind with our products. In addition to financial support provided in campaigns organized by non-governmental organizations and charities, Logo employees are also encouraged to participate in these events personally.

Aiming to become the leader in all areas, Logo is also setting the precedent with its contributions to the natural and social environment. In line with this, the company has made infrastructure investments, including solar energy supported transformers and virtual server systems, and developed new processes to eliminate paper and packaging use. Electronic, paper, battery, and plastic wastes are recycled and new tools and applications have been adopted to reduce electricity, water, and fuel consumption. We also strive to decrease carbon emissions.

SECTION V – BOARD OF DIRECTORS

5.1. Board Structure and Composition

The activities and management of the company are handled by the Board of Directors that consists of six members that are selected by the general assembly in accordance with the provisions of Turkish Commercial Code. One plus half of the members of the board are selected from among the candidates that are nominated by Class A shareholders. Board members may be selected for a maximum term of three years and can be selected again after their term is over. If it considers necessary, the general assembly may dismiss or change the board members. The number, qualifications, selection, nomination, terms of references and duties of the independent board members are determined in accordance with the capital markets regulations and the Principles of Corporate Governance. In that respect, Ms. Belkıs Alpergun and Mr. Y. Önder Eren were selected as independent board members.
The Chairman of the Board is selected from among the board members that were nominated by Class A shareholders.

The CVs of our board members and members of the executive committee are available in the "Corporate Review" section of the Annual Report.

If any member of the Board of Directors is declared bankrupt, faces restriction of capacity or lose the legal conditions required for membership or qualifications set forth in the Articles of Association, the membership of such members automatically comes to an end without any processes being required. If a membership becomes vacant in the Board of Directors for any reason, the Board of Directors temporarily elects a person meeting the legal conditions for board membership and submits it for approval in the following general assembly meeting.

Members selected in such manner shall serve until the general assembly meeting and if approved, they can complete the term of their predecessors.

CORPORATE GOVERNANCE COMPLIANCE REPORT

If an independent board member does not satisfy any of the independence criteria during his/her term t or resign due to other reasons or when they are no more able to serve on the board, new independent members shall be appointed for vacant memberships by the board of directors to meet the minimum number of independent members in accordance with the Capital Markets Law and the Capital Markets Board's regulations.

Candidates due to the vacancy from a board member that was nominated by the Class A shareholders shall be nominated by the remaining board members that were nominated by the Class A shareholders.

BOARD OF DIRECTORS	POSITION	EXECUTIVE ROLE	TERM OF SERVICE
M. Tuğrul TEKBULUT	Chairman	Non-executive	21.06.2013 /Ongoing
Murat ERKURT	Vice Chairman	Non-executive	21.06.2013 /Ongoing
S. Leyla TEKBULUT	Member	Non-executive	21.06.2013 /Ongoing
Orhan AYANLAR	Member	Non-executive	21.06.2013 /Ongoing
Belkıs ALPERGUN	Independent member	Non-executive	21.06.2013 /Ongoing
Y. Önder EREN	Independent member	Non-executive	21.06.2013 /Ongoing

Duties of the Nomination Committee are fulfilled by the Corporate Governance Committee. Chairman of Corporate Governance Committee isMr. Y. Önder Eren, one of our independent board members. Taking into account their contributions to our company and effective work, the board of directors decided to nominate the same candidates in the general assembly meeting dated July 15, 2013. On November 21, 2014, Mr. Doğan Karaca was appointed as a member of the corporate governance committee.

Mr. Murat Erkurt and Mr. Orhan Ayanlar were appointed as board members to replace Ms. Talat Müge Peri and Ms. Gülnur Anlaş, who resigned from the board on June 21, 2013, and Ms. Leyla Tekbulut replaced Mr. M. Buğra Koyuncu, who resigned from the board on June 18, 2013, subject to the approval of the general assembly as per the Turkish Commercial Code item 363.

On October 3, 2013, Corporate Governance Committee evaluated a new appointment shall be made to the board due to resignation of Mr. Faik Burhanoğlu on June 21, 2013. Considering the facts that a board of directors of six members satisfies the board size criteria as per the articles of association of the company and the independent member requirement as per the Corporate Governance Communique is satisfied with the existing the committee decided to recommend not to appoint a new member to fill out the vacancy. All of our independent members satisfy criteria for independence as defined by the principles of corporate governance.

ROLES OF THE BOARD MEMBERS IN OTHER COMPANIES

The board of directors is authorized to manage, represent, and bind the company, as well as make decisions on any matter except for the issues requiring a decision of the General Assembly according to the Turkish Commercial Code, Capital Markets Law, and Articles of Association. The roles undertaken by our board members in our group companies or in other companies do not cause any conflict of interest with their board membership position.

5.2. Terms of Reference of the Board of Directors

The Board of Directors meets upon the invitation by the chairman as required. During the absence of the chairman, the invitation is to be made by the vice chairman. Any board member may call the board of directors for a meeting with a written request made to the chairman. The agenda for the board meetings is prepared by the board secretariat regularly or as required in coordination with the chairman or vice chairman. Communication among the board members in respect of the meetings is facilitated by the financial and legal affairs department and the executive management secretariat.

The date and agenda of the board meetings are notified seven days in advance by certified mail, telex, fax or electronic mail. The board of directors meets and takes resolutions at the headquarters of the company. If deemed necessary the chairman may invite members for a meeting in a place other than the headquarters of the company.

In accordance with the provisions of CMB Corporate Governance Principles Section IV Article 2.17.4, board members shall attend the meetings in person. All meetings are held under the principle of full attendance.

The meeting quorum for the board of directors including the postponed meetings is established upon the attendance of at least five members. Affirmative votes of at least four board members are required for board resolutions including the postponed meetings, save for and without detriment to the board resolutions that require affirmative votes of the independent board members as per the Capital Markets Regulations and the Principles of Corporate Governance.

Board members do not have the right of veto, privilege or a special voting right in case of equality of the votes. Each member of the board of directors has one vote including the chairman and no board member has a weighted voting right. In the reporting period, there was no dissenting vote, reasons for which were required to be recorded into minutes, submitted to the independent auditors in writing or announced to the public.

The information that are recorded in the minutes are trade secrets and cannot disclosed to public. However, material issues that are resolved in the meeting shall be announced to public through a material disclosure statement. Material board resolutions are also disclosed on the company's website.

Board resolutions that involve material transactions or related party transactions require affirmative votes of majority of the independent members as per Corporate Governance Communique II-17.1 of the Capital Markets Board.

Board members are insured for potential losses of the company that might occur as a result of their fault with a directors and officers liability insurance.

5.3. Number, Structure and Independence of Board Committees

Terms of Reference of the board committees were prepared and relevant arrangement was made to be followed up by relevant units. The Audit Committee provided recommendation to the board of directors on the selection of the independent auditor, auditing of the financial statements and the financial situation of the company. The Corporate Governance Committee provided recommendations on the amendments made to the articles of association, compliance to the Principles of Corporate Governance and evaluated the efficiency of investor relations related activities topics. The Risk Committee also provided opinion to the board of directors on relevant matters.

The, Audit Committee, the Corporate Governance Committee and the Risk Committee provided significant contributions to our company in terms of improving corporate governance practices and ensuring that the financial statement are accurately and transparently prepared in compliance with the regulations. A Nomination Committee and a Remuneration Committee were also established as per the Corporate Governance Communique.

Committee members are elected from among non-executive members and independent members of the board. Independent members serve as chairpersons of the committees. Because there are two independent members in the Board of Directors, the same independent member has to serve in more than one committee. The procedures to be followed by the committees were specified in line with the terms of reference disclosed on the website of the company and Public Disclosure Platform. Both the Chairman and the member of the Audit Committee were appointed from among independent members. The chairpersons of other committees are also independent board members and their members were elected from among the non-executive members. Qualifications of committee members are presented in the board of directors section of the annual report and the company website.

TERMS OF REFERENCE OF THE COMMITTEES

Audit Committee

Belkıs ALPERGUN, Chairwoman
Y. Önder EREN, Member

AUDIT COMMITTEE TERMS OF REFERENCE

The Audit Committee was established with a Board of Directors resolution in accordance with the Capital Market Board's Communiqué Series X, No. 19, Article 3 in order to assist the Board of Directors in fulfilling its financial and operational duties. The Audit Committee shall supervise the execution and monitor the efficiency of the accounting system of the company, the disclosure of financial information to the public, and the internal control system.

AUTHORITY AND SCOPE

The Audit Committee shall

- take all necessary measures to ensure that financial statements are accurate, transparent, and prepared in accordance with international accounting standards. The Committee shall also declare its opinion to the Board of Directors in a documented manner upon receiving the opinion of the external audit firm;
- review the independence and proficiency of the independent audit firm and its staff on behalf of the Board of Directors;
- monitor the accounting system of the Company, the public disclosure of financial statements, and the efficient functioning of the external audit and internal control systems;
- oversee the appointment of the audit firm, preparation of audit agreements, and initiation of the audit process and all activities related to the external audit process;
- evaluate and resolve any complaint from within or outside the Company regarding accounting practices, the internal control system, and external auditing; and
- review measures taken for adaptation to the legal and internal policies of the Company.

The Committee shall advise the Board of Directors within its scope of responsibilities. Final decisions ultimately rest with the Board.

STRUCTURE OF AUDIT COMMITTEE

The Audit Committee shall consist of at least two Board members.

If the Committee comprises two members, then both of them should be selected from among the non-executive Board members. If the Committee

CORPORATE GOVERNANCE COMPLIANCE REPORT

comprises more than two members, then the majority of them should be selected from among the non-executive Board members.

The chairperson of the Committee shall be appointed from among the independent Board members.

The Committee members shall be determined each year at the first Board meeting following the Ordinary General Assembly meeting.

COMMITTEE MEETINGS AND REPORTING

The Audit Committee shall convene at least three times per year and submit the minutes to the Board of Directors.

The Audit Committee shall produce minutes of its proceedings, which are to be signed by Committee members and archived properly.

The Committee shall inform the Board about matters within its scope of responsibility.

RESPONSIBILITIES

a) Financial Statements and Public Disclosure

- The Audit Committee shall monitor whether financial statements and their explanatory notes are prepared in accordance with the applicable accounting standards upon receiving the opinion of the external audit firm and relevant managers in charge.
- The Committee shall review the annual report disclosed to the public and oversee the accuracy and consistency of the information included in the report.
- The Audit Committee shall review the changes in accounting policies, internal control system and regulations that would materially impact the financial statements of the Company and report the same to the Board of Directors.
- The Audit Committee shall review any legal matters that could have a significant impact on the Company's financial statements.

b) Independent Audit Firm

- The Audit Committee is responsible for the evaluation of the external audit firm to be selected and for monitoring their activities after selection and signing of the agreement.
- Appointment or change of the external audit firm, initiation of the audit process, and review and evaluation of the audit firm's activities shall be conducted under the auspices of the Audit Committee.
- The Audit Committee shall inform the Board of Directors about matters that hinder the efficiency of the audit process in terms of scope and process, as recommended by the external auditor.
- The Audit Committee shall assess the external auditor's independence.
- The Audit Committee shall ensure that it receives information regarding material issues identified by the external auditor and their recommendations for overcoming those issues, and shall discuss them in a timely manner.
- The Audit Committee shall review and approve all fees and compensation relating to the external auditor.

c) Compliance to Legal Requirements

- The Committee shall ensure the activities of the Company are conducted in accordance with legal requirements and internal regulations and identify procedures to follow in case of noncompliance.
- The Audit Committee shall ensure the confidential evaluation of complaints received regarding accounting, the internal control system, and external auditing.

Corporate Governance Committee

Y. Önder EREN, Chairman
M.Tuğrul TEKBULUT, Member
Murat ERKURT, Member
Orhan AYANLAR, Member
Doğan KARACA, Member

CORPORATE GOVERNANCE COMMITTEE TERMS OF REFERENCE

Purpose

The Corporate Governance Committee was established in order to monitor whether corporate governance principles are fully followed by the company, determine the reasons for and any conflict of interests arising from lack of compliance, offer remedial advice to the Board of Directors, and supervise the Investor Relations Unit. The Committee also carries out the duties of the Nomination and Remuneration Committees as outlined in the Principles of Corporate Governance, including identification and evaluation of candidates for Board positions and training of the members of the Board (nomination related responsibilities) and determination of compensation criteria for Board members and senior managers (remuneration-related responsibilities)

Authority and Scope

The Committee shall arrange for periodic reviews of its terms of reference and, if necessary, recommend any changes to the Board of Directors, with which the final decision on approval ultimately rests.

The Corporate Governance Committee's responsibilities include

a) improving corporate governance standards and facilitating internalization and implementation of the Principles of Corporate Governance within the Company;
b) conducting an annual performance assessment of the Board of Directors and presenting the report for the Board's approval;
c) supervising the Investor Relations Unit;
d) making recommendations on the functioning and effectiveness of the Board of Directors and its committees; and
e) carrying out the duties of the Nomination and Remuneration Committees as outlined in the Principles of Corporate Governance.

Nomination Committee

Y. Önder EREN, Chairman
M.Tuğrul TEKBULUT, Member
Murat ERKURT, Member
Orhan AYANLAR, Member

a) establishing a transparent system to identify, evaluate and train appropriate candidates for the Board of Directors and developing related policies and strategies;

b) arranging for periodic reviews of the structure and efficiency of the board of directors and recommending changes thereto; and

c) establishing and reviewing approaches and practices for performance evaluation and career planning of board members and senior managers.

Remuneration Committee

Y. Önder EREN, Chairman
M.Tuğrul TEKBULUT, Member
Murat ERKURT, Member
Orhan AYANLAR, Member

a) advising the Board on the framework for remuneration of Board members and senior managers in line with the long-term objectives of the Company;
b) determining compensation criteria for Board members and senior managers according to Company and individual performance (Stock options and payment schedule based on company's performance are not used in remuneration of independent board members.);
and
c) advising the Board on the compensation packages of Board members and senior managers based on their achievements.

Structure Of The Committee

a) The Committee shall be established as per the Articles of Association of the Company. The Committee shall consist of at least two members.

b) The chairperson of the Committee shall be appointed from among the independent Board members.

c) If the Committee comprises two members, then both of them should be selected from among the non-executive Board members; if it comprises more than two members, then the majority should be selected from among the non-executive Board members. The CEO, general manager and the CFO cannot be members of the committee.

d) The Committee may seek professional opinions of specialist advisors if necessary.

e) The Committee members shall be determined each year at the first Board meeting following the Ordinary General Assembly meeting.

f) The Committee shall convene with the presence of a majority of its members and make decisions by majority votes.

g) The secretary of the Board shall also be the secretary of the Corporate Governance Committee.

Committee Meetings And Reporting

a) The Remuneration Committee shall convene as it is required to do so to perform its duties. Committee decisions shall be reported to the Board of Directors.

b) The secretary shall take minutes and file the proceedings and resolutions of Committee meetings.

Reporting Responsibilities

a) The Committee shall inform the Board of Directors about the issues within its scope of responsibility.

b) The resolutions of the committee shall be kept in the minutes book.

c) Decisions that are deemed necessary by the committee shall be submitted to the board of directors.

d) The secretary of the board of directors is responsible for preparing and keeping the reports. The secretary shall archive the meeting minutes after circulating them to the committee members.

Risk Committee

Belkıs ALPERGUN, Chairperson
S. Leyla TEKBULUT, Member

RISK COMMITTEE TERMS OF REFERENCE

Purpose

The Risk Committee shall identify the risks that might endanger the existence, development, and continuity of the Company, implement required measures and conduct risk management related studies, and review the risk management systems at least once a year.

Scope

The Risk Committee shall;
a) create effective internal control systems to determine the possibility and extent of the significant risks that would affect the Company in achieving its strategic objectives;

b) carry out duties needed to integrate risk management and internal control systems into the corporate structure of the Company;

c) carry out duties needed to measure and report risk factors through risk management and internal control system, and use the same in the decision making process; and

CORPORATE GOVERNANCE COMPLIANCE REPORT

d) arrange for periodic reviews of its terms of reference and, if necessary, recommend any changes to the Board of Directors, with which the final decision on approval ultimately rests.

Structure of the Committee

a) The Committee shall be established in line with the Articles of Association of the Company.

b) The Committee shall consist of at least two members and the chairperson shall be selected from among the independent board members. The CEO or the general manager cannot become a member of the committee.

c) The Committee may seek professional opinions of specialist advisors if necessary.

d) The Committee members shall be determined each year at the first board meeting following the ordinary general assembly meeting.

e) The Committee shall convene with the attendance of one plus half of its members and take decisions by majority of the votes.

f) The secretary of the board of directors acts also as the secretary of the risk committee.

Committee Meetings and Reporting

a) The risk committee shall convene at least quarterly and submit the minutes to the Board of Directors.

b) The committee shall inform the board about matters within its scope of responsibility.

c) The secretary shall take minutes and file the proceedings and resolutions of committee meetings.

5.4. Risk Management and Internal Control Mechanism

The purpose of risk management and internal control mechanism is to identify all existing and potential risks for the Company, development of practices for minimization of the identified risks and monitoring of such practices.

The internal control mechanism was constituted by the Company and effectiveness of risk management and internal control mechanism was monitored under the supervision of Risk Committee. Risk management and internal control mechanisms are effectively operating to identify and manage existing and potential risks. Risks that are faced by the company fall under two categories as operational risks and financial risks.

The functioning and efficiency of the company's accounting system, announcement of financial statements and the independent audit and internal control systems are monitored by the Audit Committee.

5.5. Strategic Objectives of the Company

The board is managing and representing the company with its strategic resolutions by taking into consideration primarily the long term interests of the company, with a cautious risk management. The board aims to balance the risk, growth and return at the optimum level, while achieving the specified and publicly disclosed operational and financial performance targets. The strategic targets of the company are prepared and set in line with the suggestions of the top management and guidance of the board of directors and are attributed to the budget targets after being put in numbers. The board of directors holds strategic reviews and sets strategic target periodically, together with the executive committee member responsible for the financial and legal affairs.

5.6. Financial Benefits

Any rights, benefits and remuneration provided for Board Members and senior executives as well as the criteria used for specifying the same and the Remuneration Policy comprising the remuneration principles are announced on the Company website. As per the Capital Markets Board's regulations, the Remuneration Policy for the board members and the executive team was declared to the shareholders in the General Assembly meeting of April 10, 2014. Financial benefit is provided only to the independent board members in the amount of net 2,500 TL per months. Other board members do not receive a financial benefit from the company because of their position in the board. The company did not grant any warranties or loans or provide loan facilities to any board member or executive.

ADDITIONAL INFORMATION ON OUR ACTIVITIES

Other information that should be contained in the annual report as per the guidelines established by The Ministry of Custom and Trade are as follows:

Treasury shares held by the Company

As of 31 December 2014 Company holds 584.995 units of treasury shares.

Private and public inspections conducted within the reporting period

The Company was not subject to any private or public inspections in 2014.

Administrative or law enforcement imposed on the Company or members of the management body due to practices contrary to provisions of the legislation

There was no administrative or law enforcement imposed on the company or members of the management organ due to practices contrary to provisions of the legislation within the accounting period.

Whether the targets specified in the past periods were achieved or not, the resolutions of the Shareholders' Assembly were accomplished or not, and if the resolutions were not accomplished; the reasons

The Company achieved the specified targets in 2014. General assembly resolutions were fulfilled.

If the company is part of a corporate group; legal transactions performed with the parent company, a subsidiary of the parent company, on behalf of the parent company or a subsidiary of the parent company with the instruction of the parent company and any other measures taken or avoided taking on behalf of the parent company or a subsidiary of the parent company

The details of the relevant legal transactions are specified in the Annual Dependency Report to be submitted to Shareholders' Assembly. There were no such measures taken or avoided taking within the reporting period.

If the company is part of a corporate group; according to the terms and conditions known to them at the time a legal transaction mentioned in clause was performed or a measure was taken or avoided taking, whether in every legal transaction an appropriate substituted performance was provided or not and whether the measure taken or avoided taking caused any damage to the company or not; if the company experienced any damage whether this was compensated or not

According to the terms and conditions known by Board of Directors at the time of the legal transaction, on every legal transaction the Company provided an appropriate substituted performance.

There were no measures taken or avoided taking in a manner causing any damage to the Company in 2014.

Information on legal actions against the Company and their potential impacts

No legal action had been taken against the Company in 2014, which has the potential to affect the Company's financial status and operations.

Achievement to the Company objectives that were set in the previous periods and compliance to the general assembly resolutions

In 2014, the Company achieved its objectives to a large extent and complied with the general assembly resolutions.

DIVIDEND DISTRIBUTION POLICY

The company shall distribute dividends according to the articles of Turkish Commercial Code, Capital Market Regulations, Tax Regulations and other related regulations, and the Articles of Articles of Association. There are no privileges in the Articles of Association of our company in respect of participation in the profit of the company. Dividend distribution policy is reviewed by the Board of Directors annually. A balanced and consistent policy with respect to the interests of the investors and the company is applied for dividend distribution as per the Principles of Corporate Governance.

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. Up to 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 provided that it is met by our net profit under legal records. 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.

According to the Articles of Association, advanced dividends can be distributed to the shareholders, if the General Assembly has authorized the Board of Directors up to a period of one year, in accordance with the Capital Market Regulations and the Turkish Commercial Code.

The company shall aim to complete the dividend payment by the end of the last day of the same year, when the general assembly resolution was taken. The distribution shall start by no later than the end of the reporting period, in which the related general assembly resolution was made. The general assembly may resolve or authorize the board of directors to resolve that the dividend shall be paid in installments in line with the Capital Market regulations.

On March 13, 2014, the board of directors resolved that:
According to the Audited Consolidated Financial Statements for the reporting period between January 1, 2013 and December 31, 2013 issued in compliance with International Accounting Standards and International Financial Reporting Standards the presentation principles of which are set forth in accordance with the relevant resolutions of CMB; it was resolved that the net distributable profit for the period in the amount of 17,784,135 TL calculated by deducting the “tax expense” and “first contingency reserve” amounts and adding the “donation” amount shall not be distributed taking into consideration the investment plans of the company and shall be kept within the company under the “retained earnings” account.

FINANCIAL OVERVIEW

We continue to create value for our stakeholders while maintaining our consistent growth through new products, projects and business models.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY – 31 DECEMBER 2014 TOGETHER WITH INDEPENDENT AUDITORS’ REPORT

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INDEPENDENT AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the accompanying consolidated balance sheet of Logo Yazılım Sanayi ve Ticaret A.Ş. (the Company) and its Subsidiaries (together will be referred to as the "Group") as at 31 December 2014 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

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

Independent auditors' responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Logo Yazılım Sanayi ve Ticaret A.Ş. and its Subsidiaries as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on other responsibilities arising from regulatory requirements

1. Auditors' report on Risk Management System and Committee prepared in accordance with subparagraph 4, Article 378 of Turkish Commercial Code no. 6102 ("TCC") is submitted to the Board of Directors of the Company on 16 February 2015.
2. In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2014 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
3. In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

[redacted]

Ferzan Ülgen, SMMM
Partner

16 Şubat 2015
İstanbul, Türkiye

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014
(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL"), UNLESS OTHERWISE INDICATED)

	Notes	Current period (Audited) 31 December 2014	Prior period (Audited) 31 December 2013
Assets			
Current assets		104.903.678	73.533.502
Cash and cash equivalents	4	48.639.563	19.268.115
Financial assets	5	67.980	193.063
Trade receivables		53.651.215	52.831.826
- Due from related parties	25	5.362	30.130
- Trade receivables, third parties	7	53.645.853	52.801.696
Other receivables		10.050	9.516
- Other receivables, third parties	8	10.050	9.516
Inventories	9	516.649	421.521
Prepaid expenses	15	1.614.227	663.706
Other current assets	15	403.994	145.755
Non-current assets		61.238.916	51.208.773
Trade receivables		-	148.883
- Trade receivables, third parties		-	148.883
Other receivables		951.364	5.724
- Other receivables, third parties	8	951.364	5.724
Financial assets	5	130.653	108.153
Property and equipment	10	15.073.538	13.629.536
Intangible assets		43.621.108	36.455.227
- Goodwill	12	5.892.252	5.892.252
- Other intangible assets	11	37.728.856	30.562.975
Prepaid expenses		138.743	34.133
Deferred tax assets	23	1.323.510	827.117
Total assets		166.142.594	124.742.275

These consolidated financial statements have been approved by Board of Directors on 16 February 2015 and signed on its behalf by Buğra Koyuncu, Chief Executive Officer and Gülnur Anlaş, Chief Financial Officer.

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014
(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL"), UNLESS OTHERWISE INDICATED)

	Notes	Current period (Audited) 31 December 2014	Prior period (Audited) 31 December 2013
Liabilities			
Current liabilities		58.630.831	39.164.073
Short-term financial liabilities	6	780.239	773.156
Short-term portion of long-term financial liabilities	6	6.350.232	890.714
Trade payables		6.167.018	10.488.466
- Due to related parties	25	-	7.276.883
- Trade payables, third parties	7	6.167.018	3.211.583
Employee benefit obligations	15	5.055.560	1.996.665
Other payables		3.941.104	2.412.924
- Other payables, third parties	8	3.941.104	2.412.924
Provision for employee benefits	14	5.509.259	4.459.947
Deferred income	15	30.403.189	17.763.108
Current income tax liability		189.584	70.251
Other current liabilities		234.646	308.842
Non-current liabilities		19.937.308	26.452.674
Long-term financial liabilities	6	16.069.350	22.456.183
Provisions for employee benefits	14	3.867.958	3.729.789
Deferred revenue	15	-	266.702
Equity			
Equity attributable to equity holders of the parent		86.142.497	59.125.528
Share capital	16	25.000.000	25.000.000
Adjustment to share capital	16	2.991.336	2.991.336
Restricted reserves	16	3.960.394	3.666.269
Treasury shares	16	(2.649.415)	(2.649.415)
Actuarial losses		(821.754)	(438.536)
Retained earnings		30.109.530	11.275.706
Net income for the period		27.552.406	19.280.168
Non-controlling interests		1.431.958	-
Total equity		87.574.455	59.125.528
Total equity and liabilities		166.142.594	124.742.275

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 DECEMBER 2014
(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL"), UNLESS OTHERWISE INDICATED)

	Notesı	Current period Audited 1 January – 31 December 2014	Prior period Audited 1 January – 31 December 2013
Sales	18	104.030.635	70.731.277
Cost of sales (-)	18	(4.655.177)	(8.548.962)
Gross profit		99.375.458	62.182.315
Marketing, selling and distribution expenses (-)	19	(28.552.852)	(14.930.949)
General administration expenses (-)	19	(11.988.169)	(9.271.287)
Research and development expenses (-)	19	(29.270.750)	(17.103.385)
Other operating income	22	2.162.116	1.368.400
Other operating expenses (-)	22	(1.853.092)	(1.828.114)
Operating profit		29.872.711	20.416.980
Income from investment activities	22	373.070	115.795
Operating profit		30.245.781	20.532.775
Financial income	20	1.025.796	897.126
Financial expenses (-)	21	(4.093.253)	(2.213.098)
Income before income taxes		27.178.324	19.216.803
Taxation on income			
Current income tax charge	23	(189.585)	(145.484)
Deferred income tax charge	23	747.067	363.617
Net income for the period		27.735.806	19.434.936
Net income attributable to			
Non-controlling interests		183.400	154.768
Equity holders of the parent		27.552.406	19.280.168
		27.735.806	19.434.936
Earnings per share per thousands of shares with nominal value 1 Kr each	24	11,02	7,71

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL"), UNLESS OTHERWISE INDICATED)

	Notes	Current period Audited 1 January – 31 December 2014	Prior period Audited 1 January – 31 September 2013
Net income for the period		27.735.806	19.434.936
Income/expense not to be reclassified to profit or loss			
Actuarial loss arising from employee benefits	14	(421.760)	(294.695)
Tax effect	23	38.542	5.553
Other comprehensive loss		(383.218)	(289.142)
Total comprehensive income		27.352.588	19.145.794
Total comprehensive income attributable to			
Non-controlling interests		183.400	154.768
Equity holders of the parent		27.169.188	18.991.026
		27.352.588	19.145.794

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2014
(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL"), UNLESS OTHERWISE INDICATED)

					Other comprehensive income or loss items not to be reclassified to profit or loss in subsequent periods	Retained earnings				
	Share capital	Adjustment to share capitalı	Treasury shares	Restricted reserves	Actuarial gain/ (loss) arising from employee benefits	Retained earnings	Net income for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
1 January 2013	25.000.000	2.991.336	(450.493)	3.087.683	(149.394)	(377.830)	10.753.826	40.855.128	1.610.615	42.465.743
Transfer to retained earnings	-	-	-	578.586	-	10.175.240	(10.753.826)	-	-	-
Acquisition of treasury shares	-	-	(8.163.509)	-	-	-	-	(8.163.509)	-	(8.163.509)
Sales of treasury shares(*)	-	-	5.964.587	-	-	522.913	-	6.487.500	-	6.487.500
Share increase in subsidiaries (**)	-	-	-	-	-	955.383	-	955.383	(1.765.383)	(810.000)
Net income for the period	-	-	-	-	-	-	19.280.168	19.280.168	154.768	19.434.936
Other comprehensive loss	-	-	-	-	(289.142)	-	-	(289.142)	-	(289.142)
Total comprehensive income	-	-	-	-	(289.142)	-	19.280.168	18.991.026	154.768	19.145.794
31 December 2013	25.000.000	2.991.336	(2.649.415)	3.666.269	(438.536)	11.275.706	19.280.168	59.125.528	-	59.125.528
1 January 2014	25.000.000	2.991.336	(2.649.415)	3.666.269	(438.536)	11.275.706	19.280.168	59.125.528	-	59.125.528
Transfer to retained earnings	-	-	-	294.125	-	18.986.043	(19.280.168)	-	-	-
Sale of shares in subsidiaries (***)	-	-	-	-	-	(298.558)	-	(298.558)	1.248.558	950.000
Share increase in subsidiaries (**)	-	-	-	-	-	-	-	-	2.060.971	2.060.971
Gain from minority shares purchase	-	-	-	-	-	146.339	-	146.339	(2.060.971)	(1.914.632)
Net income for the period	-	-	-	-	-	-	27.552.406	27.552.406	183.400	27.735.806
Other comprehensive loss	-	-	-	-	(383.218)	-	-	(383.218)	-	(383.218)
Total comprehensive income	-	-	-	-	(383.218)	-	27.552.406	27.169.188	183.400	27.352.588
31 December 2014	25.000.000	2.991.336	(2.649.415)	3.960.394	(821.754)	30.109.530	27.552.406	86.142.497	1.431.958	87.574.455

(*) The sale of a portion of shares having TL 1.237.500 nominal value and constituting 4.95% of the Group's share capital to Murat Ihlamur in exchange for TL 5 for each TL 1 nominal value share amounting to a total of TL 6.187.500 realized in the Wholesale Market of Borsa İstanbul A.Ş. (BİAŞ) on 10 October 2013. The sales of a portion of shares having TL 60.000 nominal value and constituting 0.24% of the Company's share capital to Teknoloji Yatırım A.Ş. in exchange for TL 5 for each TL 1 nominal value share amounting to a total of TL 300.000 realized on 26 December 2013.

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

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

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014
(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL"), UNLESS OTHERWISE INDICATED)

		Current period	Prior period
		Audited	Audited
	Notesı	31 December 2014	31 December 2013
Income before income tax		27.178.324	19.216.803
Depreciation and amortization	10, 11	10.060.473	6.241.011
Deferred revenue	15	12.302.393	8.435.204
Increase in provision for employee termination benefits	14	415.928	299.146
(Decrease)/Increase in unused vacation liability	14	(275.892)	278.884
Personnel bonus accrual	14	1.049.312	2.208.382
Interest expenses	21	3.411.186	982.437
Interest income	20	(897.128)	(318.293)
Gain from bargain purchase	22	(243.883)	-
Changes in doubtful receivable provision		(59.770)	431.747
Gain on sales of property plant and equipment		(37.506)	(68.653)
Operating income before changes in working capital		52.903.437	37.706.668
Increase in trade receivables, prepaid expenses and other receivables	7, 8	5.796.336	(23.608.109)
Decrease in due from related parties	25	24.768	29.569
Increase in inventories	9	(95.128)	(274.414)
(Increase)/decrease in other current/ non-current assets		(1.144.023)	24.784
Increase in trade payables	7	2.809.862	511.028
(Decrease)/Increase in due to related parties	25	(7.276.883)	7.141.838
Increase/(Decrease) in other payables and liabilities and employee benefits obligations		3.412.919	(657.305)
Increase in advances received	15	70.986	884.294
Taxes paid		(70.252)	(77.922)
Employee termination benefits paid/accrued	14	(552.162)	(246.908)
Net cash generated from operating activities		55.879.860	21.433.523
Investing activities:			
Purchase of property and equipment and intangible assets	10, 11	(2.388.153)	(529.447)
Cash used in development activities	11	(13.265.198)	(8.276.239)
Acquisition of subsidiary, excluding cash acquired	3	(6.602.145)	(21.312.134)
Purchase of treasury shares		-	(8.163.509)
Cash obtained by sale of treasury shares		-	6.487.500
Change in shares in subsidiaries		(964.632)	(810.000)
Decrease in financial assets	5	102.583	277.262
Interest received		897.128	306.884
Maddi duran varlık satışından elde edilen nakit		43.423	118.163
Net cash used in investing activities		(22.176.994)	(31.901.520)
Financial activities:			
Increase/(decrease) in bank borrowings	6	(1.035.387)	19.380.786
Interest paid		(3.296.031)	(1.478.355)
Decrease in due from related parties	25	-	2.000.000
Net cash generated from/ used in financing activities		(4.331.418)	19.902.431
Net increase in cash and cash equivalents		29.371.448	9.434.434
Cash and cash equivalents at beginning of the period	4	19.268.115	9.833.681
Cash and cash equivalents at end of the period	4	48.639.563	19.268.115

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014
(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL"), UNLESS OTHERWISE INDICATED)

1. Organization and nature of operations

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

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

Average number of employees for the year 2014 is 474 (2013: 404) for the Group.

The address of the registered office is as follows:

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

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

Subsidiary	Country of incorporation	Nature of business
Netsis Yazılım Sanayi ve Ticaret A.Ş. ("Netsis")	Turkey	Development and marketing of computer software
Coretech Bilgi Teknolojisi Hizmetleri A.Ş. ("Coretech")	Turkey	Development and marketing of computer software
Logobi Yazılım Sanayi ve Ticaret A.Ş. ("LogoBI")	Turkey	Development and marketing of computer software
Logo Elektronik Ticaret Hizmetleri A.Ş. ("E-Logo")	Turkey	Development and marketing of computer software
Logo Business Software GmbH ("Logo Gmbh")	Germany	Development and marketing of computer software
Logo Business Solutions FZ-LLC ("Logo FFC-LLC")	United Arab Emirates	Marketing of computer software

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

Upon the signing of the share purchase agreement on 25 July 2013, the Company acquired all the shares in Netsis in return of TL 24.699.850. All of purchase price was paid in advance. The share purchase agreement entered into force as of 19 September 2013.

In accordance with the share purchase agreement signed on December 26, 2013, the Company acquired the remaining 40% of the shares in its subsidiary LogoBI for a purchase price of 810.000 TL and its ownership interest has increased to 100%.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)
(AMOUNTS EXPRESSED IN TURKISH LIRA ("TL"), UNLESS OTHERWISE INDICATED)

1. Organization and nature of operations (continued)

The Board of Directors of the Company decided on the meeting as of 22 April 2009 to execute international sale and marketing activities from the head office in Turkey and for that reason to close Logo Business Solutions FZ-LLC and to do required actions because the effects of the contraction in the domestic and international market due to the global crisis will continue in 2009 and it is predicted that the company's domestic and international sales and marketing activities will be negatively affected. As of 31 December 2014, the liquidation process has been substantially completed.

The Company's foreign sales and marketing activities were performed by its headquarter in Turkey, before establishment of Logo Business Solutions FZ-LLC and aforementioned activities are considered to be performed again by the Company's headquarter in Turkey after close down of Logo Business Solutions FC-LLC.

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

Since the information related to the operational segments as of December 31, 2014 taking the operations' of the Group's consolidated financial statements in general and monetary significance into account is not reportable in terms of geographical segments outside of Turkey, is not disclosed in the consolidated financial statements.

2. Basis of presentation of consolidated financial statements

2.1 Basis of presentation

2.1.1 Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, ("TAS/TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line 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 of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TAS/TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

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

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

2.1.2 Financial statements of subsidiaries operating in foreign countries

Financial statements of subsidiaries that are operating in foreign countries are prepared in accordance with the laws and regulations in force in the countries in which they are registered in and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

The results and financial position of all the group entities (none of which has the currency of a hyper- inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognised as a separate component of equity (translation reserve) and included in the other comprehensive income/(loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.1.3 Basis of consolidation

The consolidated financial statements include the accounts of the parent company, Logo Yazılım, its subsidiaries and associates on the basis set out in sections (b) and (c) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements, and are prepared in accordance with TAS/TFRS.

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014
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2.1.3Basis of consolidation (continued)

As at 31 December 2014, the consolidated financial statements include the financial results of the Company and its subsidiaries listed at Note 1. Control is normally evidenced when the Company controls an investee if and only if the company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement with the investee and c) the ability to use its power over the investee to affect the amount of company's returns. The results of subsidiaries acquired during the year are included in the consolidated statements of income from the effective date of acquisition as appropriate.

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

	Direct and indirect ownership interests by the Company (%)	
Subsidiaries:		
	31 December 2014	**31 December 2013**
Netsis Yazılım Sanayi ve Ticaret A.Ş.	%100,00	%100,00
Coretech Bilgi Teknolojisi Hizmetleri A.Ş.	%100,00	%100,00
Logobi Yazılım Sanayi ve Ticaret A.Ş.	%100,00	%100,00
Logo Elektronik Ticaret Hizmetleri A.Ş.	%90,50	-
Logo Business Software GmbH	%100,00	%100,00

The statements of financial position and income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from equity and income for the period, respectively. The shares of shareholders other than equity holders of the parent in nets assets and operating results are disclosed as "non-controlling interests" in consolidated statement of financial position and comprehensive income.

40% LogoBI's shares owned by Teknoloji Yatırım A.Ş. have been decided to be purchased the Company's Board of Director's meeting held on 12 December 2013. The Company has purchased 40% of shares of LogoBI in return of TL 810.000 with the share purchase agreement signed on 26 December 2013 and became 100% owner of LogoBI. All purchase prices was paid in advance. Share purchase agreement entered into force as of 26 December 2013. The Company has sold 9,5% of shares of E-Logo in exchange of 950.000 TL on 22 October 2014 and the Company's total shares in E-Logo decrease to 90,5%.

2.1.4 Use of estimates

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

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

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.
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2. Basis of presentation of consolidated financial statements (continued)

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

a) Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognised for tax losses carried forward (if any) and all deductable temporary differences. For the period ended 31 December 2014, since the assumptions are adequate that the Group will have taxable profits in the foreseeable future, deferred tax asset has been recognized.

b) Reserve for retirement pay liability is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates).

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

d) When allocating provision for legal risks, the probabilities of failure in the cases and the possible liabilities to be arisen in the case of failure are evaluated by the management through being counseled by legal advisors of the Group. The management determines the amount of the provisions based on their best estimates.

e) The Group's management has made certain important assumptions based on experiences of their technical personnel in determining useful economic life of the property, plant and equipment and intangible assets

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

g) Costs that are directly associated with the development of identifiable and unique software products and systems controlled by the Group are capitalized. Management determines the cost of employees to be capitalized taking into account time spent by each employee on research and development activities. The costs of employees relating to research are expensed as incurred.

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

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

As at 31 December 2014, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.2 Summary of significant accounting policies

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

Business combinations

From 1 January 2010 the Group has applied revised TFRS 3 - Business Combinations in accounting for business combinations. The change in accounting policy has been applied prospectively and had no effect on business combinations completed during prior periods.

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

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

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

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

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

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

Goodwill

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

In the event the amount paid in an acquisition is lower than the fair value of the acquired net assets and liabilities the difference is recognised as income. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated income statement.

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

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

The profit/(loss) generated from the sale of a business includes the goodwill on the sold business.

Property and equipment

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

	Useful life
Leasehold improvements relating to building 5 - 49	5 - 49
Machinery and equipment 5	5
Motor vehicles 5	5
Furniture and fixtures 5	5

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

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

Intangible assets

Maddi olmayan duran varlıklar, iktisap edilmiş hakları, geliştirme maliyetlerini, yazılımları ve işletme birleşmesi sonucu sahip olunan teknoloji, müşteri ilişkileri ve diğer tanımlanabilir hakları içermektedir. Bunlar, iktisap maliyeti üzerinden kaydedilir ve iktisap edildikleri tarihten sonra aşağıda gösterildiği şekilde tahmini faydalı ömürleri üzerinden doğrusal itfa yöntemi ile amortismana tabi tutulur.

	Years
Development Costs 5	5
Technology developed 7	7
Customer relations 10 - 20	10 - 20
Agreement for restriction of competition 3 - 4	3 - 4
Other intangible assets 3 - 5	3 - 5

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

Research and development costs

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

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

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

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

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

Impairment of assets

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

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

Government grants

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

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

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

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

Inventories

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

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

Financial instruments

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

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

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

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

Cash and cash equivalents

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

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

Trading securities

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

Available-for-sale financial assets

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

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

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

Trade receivables and impairment provision

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

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

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to general administrative expenses.

Trade and other payables

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

Financial borrowings

Interest-bearing financial borrowings are initially measured at the fair value of the consideration received, less directly attributable costs and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings through the amortization process, using the effective interest rate method as explained above. Other borrowing costs are recognized in income statements when incurred.

Derecognition of financial assets and liabilities

Financial assets

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

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

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

Financial liabilities

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

Offsetting

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

Related Parties

a) A person or a close member of that person’s family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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

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

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

Taxation and deferred taxes

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

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

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

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

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

Revenue recognition

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

Off-the-shelf software sales - licence model

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

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

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

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

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

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

SaaS subscription income

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

Post delivery customer support

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

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

Netsis software licence revenues

Revenues are recognized on an accrual basis at the time deliveries or acceptances are made, when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of consideration received or receivable. Risks and rewards are transferred to customers, when the transfer of ownership has realized.

When acceptance is subject to installation and inspection, revenue is recognized on a percentage of completion basis. However, if the installation process is more substantial and there is more than an insignificant risk of non-acceptance, revenue recognition is delayed until the installation and inspection process are complete and customer acceptance has occurred.

Netsis charge its customers a one-time fee and the customers are entitled to use the current release and version indefinitely.

Customized software development

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

Other revenues

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

Provisions

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

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and treated as contingent assets or liabilities.

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

Employee benefits

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

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

Equity

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

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

In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates is considered. In the restatement of share premium payment dates are considered.

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

Treasury shares

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

Foreign currency transactions and balances

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

Earnings/loss per share

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

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

Functional and presentation currency

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

2.3 Change in accounting policies

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of and for the year ended December 31, 2014 are applied consistently with the TAS/TFRS and interpretations. The new and amended standards and interpretations effective as of January 1, 2014 have no impact on the consolidated financial statements of the Group.

i) The new and amended standards and interpretations effective as of January 1, 2014

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have an impact on the consolidated financial statements of the Group.

TFRS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for the Company / the Group and did not have any impact on the financial position or performance of the Group.

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

TAS 36 Impairment of Assets (Amended) - Recoverable Amount Disclosures for Non-Financial assets

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets have been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have an impact on the consolidated financial statements of the Group.

TAS 39 Financial Instruments: Recognition and Measurement (Amended)- Novation of Derivatives and Continuation of Hedge Accounting

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the consolidated financial statements of the Group.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS. This amendment does not have any impact on the financial position or performance of the Group.

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

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

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after January 1, 2015. First phase of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option liabilities and requires that the change in fair value of a fair value option financial liability attributable to credit risk is presented under other comprehensive income. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

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

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

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

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

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

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

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

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

Annual Improvements to TAS/TFRS

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

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

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

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

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity, an entity that provides key management personnel services, is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

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

TFRS 13 Basis for Conclusions on Fair Value Measurement

The portfolio exception in TFRS 13 can be applied not only to financial assets and financial liabilities but also all other contracts in the scope of TAS 39. The amendment is effective prospectively.

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

TAS 40 Investment Property

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

The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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

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

IFRS 15 – Revenue from Contracts with Customers

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

IFRS 9 Financial Instruments - Final standard (2014)

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

IAS 27 - Equity Method in Separate Financial Statements -Amendments to IAS 27

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39) or
- Using the equity method

The entity must apply the same accounting for each category of investments. . A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment. The amendment is effective for annual periods beginning on or after January 1, 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

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

Annual Improvements – 2012–2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

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

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

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, presentation of items of other comprehensive income arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

3. Business combinations

Netsis acquisition

Upon the signing of the share purchase agreement on 25 July 2013, the Group acquired all the shares in Netsis in return for TL 24.699.850. The total acquisition amount was paid in cash. The share purchase agreement entered into force as of 19 September 2013. Acquisition-related costs of TL 192.388 have been included in the general administrative expenses.

Referring to this acquisition, Group has applied TFRS 3 "Business Combinations" standard in accounting for business combinations of Netsis as subsidiary. As of 31 December 2014, fair values of identifiable assets and assumed identifiable liabilities acquired with the scope of business combinations are identified with fair value measurement report and these items are reported on the consolidated financial statements.

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3. Business combinations (continued)

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

Cash and cash equivalents	3.387.716
Other trade receivables	9.936.670
Inventories	1.955
Prepaid expenses	114.086
Assets related to current period taxes	36.353
Other current assets	6.100
Financial investments	12.500
Other receivables	5.723
Property and equipment	452.962
Intangible assets - identifiable assets	11.851.209
Prepaid expenses	1.598
Deferred income tax assets	59.883
Other trade payables	(443.125)
Other payables	(439.318)
Current deferred revenues	(4.123.468)
Employee benefit obligations	(696.481)
Other current provisions	(220.710)
Non-current deferred revenues	(365.926)
Long-term provisions for employee termination benefits	(770.129)
Fair value of net assets	18.807.598
Less: purchase consideration	24.699.850
Goodwill	5.892.252

Of the identifiable assets determined as a result of Netsis's purchase price allocation study, the technology developed is amortised over seven years, customer relations are amortised over twenty years and the agreement for restriction of competition is amortised over two years. The goodwill amount arises from Netsis acquisition is subject to impairment test at the end of every year.

In the consolidated profit and loss statement for the year ended 2013; Netsis's share in revenues after purchase date is realized as 6.970.508 TL. In the same period, Netsis's contribution to net income for the period is 2.706.144 TL.

If Netsis had been included in the consolidation starting from 1 January 2013, the Group's net revenue in the consolidated profit and loss statement for the year ended 31 December 2013 would amount to 81.139.293 TL.

E-Logo acquisition

On February 20, 2014, the Company acquired the shares representing 80% of the capital of Logo Elektronik Ticaret Hizmetleri A.Ş. for TL 8.000.000 and signed a put option agreement for the acquisition of the remaining 20% for TL 2.000.000 calculated in USD which was agreed upon by the parties. According to the related agreement, the remaining 20% of shares were acquired on July 14, 2014 for TL 1.914.632. The whole amount of the purchase price was paid in advance. The share transfer agreement took effective as of February 20, 2014. The gain directly associated with the purchase amounting to 243.883 TL arising from bargain purchase has been included in income gained from investment activities.

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

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3. Business combinations (continued)

The management of the Company completed the works related to determining the fair values of the acquired assets and liabilities; which were recorded at the following values:

Total assets	8.892.931
Intangible assets – Identifiable assets	2.792.000
Total liabilities	(1.380.077)
Fair value of net assets	10.304.854
Less: purchase consideration	8.000.000
Less: minority interests	2.060.971
Gain arising from bargain purchase	243.883

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

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

In the consolidated profit and loss statement for the period ended 31 December 2014; E-Logo's share in revenues after purchase date is realized as 12.758.921 TL. In the same period, E-Logo's contribution to net income for the period is 5.024.694 TL.

If E-Logo had been included in the consolidation starting from 1 January2014, the Group's net revenue in the consolidated profit and loss statement for the year ended 31 December 2014 would amount to 105.431.856 TL.

Detail of cash outflows due to purchase as of 31 December 2014 is as follows:

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

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4. Cash and cash equivalents

	31 December 2014	31 December 2013
Cash	8.754	11.101
Banks		
- Demand deposits - Turkish Lira	3.444.600	1.488.448
- Demand deposits - foreign currency	1.063.254	981.378
- Time deposits - Turkish Lira	22.995.000	4.442.000
- Time deposits - foreign currency	1.588.880	960.435
Credit card receivables	19.539.075	11.384.753
Total	48.639.563	19.268.115

As of 31 December 2014, the weighted average effective annual interest rates for TL time deposits are between 8,60% and 11% (31 December 2013: 5,25% - 9,07%). As of 31 December 2014 and 31 December 2013, the maturity of time deposits is less than three months. As of 31 December 2014 and 2013, the maturity of credit card receivables is less than three months.
As of 31 December 2014 and 2013, the cash and cash equivalents included in the consolidated statement of cash flows are as follows:

	31 December 2014	31 December 2013
Cash and cash equivalents	48.639.563	19.268.115

5. Financial assets

Trading securities

The analysis of financial assets at fair value through profit and loss at 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Mutual funds		
- Liquid fund	-	151.985
- Gold fund	67.980	41.078
	67.980	193.063

The analysis of non-current financial assets at 31 December 2014 and 2013 is as follows:

	31 December 2014		31 December 2013	
	Share	Carrying amount	Share	Carrying amount
Available-for-sale equity securities:				
İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş.	2	80.653	2	80.653
Dokuz Eylül Teknoloji Geliştirme Bölgesi A.Ş.	0,67	50.000	0,67	25.000
Boğaziçi Üniversitesi Teknopark	-	-	5	2.500
		130.653		108.153

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5. Financial assets (continued)

İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. is assessed as available-for-sale financial asset as of 31 December 2014 and 31 December 2013. Since İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. does not have any quoted market price in active market, its fair value cannot be measured reliably and since it is immaterial to the consolidated financial statements, it is carried at cost.

6. Bank borrowings:

Short-term bank borrowings:	31 December 2014	31 December 2013
Short-term bank borrowings	665.613	567.806
Current portion of long-term bank borrowings	6.350.232	890.714
Credit card payables	114.626	205.350
	7.130.471	1.663.870

Long-term bank borrowings:	31 December 2014	31 December 2013
Long-term bank borrowings	16.069.350	22.456.183

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

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6. Bank borrowings (continued)

A credit agreement amounting TL 20.000.000 and having 5 year term is signed between the Company and International Finance Corporation ("IFC"), an institution of World Bank on 25 October 2013.

	31 December 2013		
	Weighted average effective interest rate p.a. (%)	Original balance	TL equivalent
Credit card payables	-	567.806	567.806
Short-term bank borrowings	-	205.350	205.350
Total short-term bank borrowings			773.156
Current portion of long-term bank borrowings			
Floating rate loans			
TL loans	%11,60	128.889	128.889
Fixed rate loans			
TL loans	%15,84	653.142	653.142
Usd loans	-	48.830	108.683
Total current portion of long-term bank borrowings Long- term bank borrowings:			890.714
Long term bank borrowings:			
Floating rate loans			
TL loans	%11,60	20.000.000	20.000.000
Fixed rate loans			
TL loans	%15,84	2.437.238	2.437.238
USD loans	-	8.877	18.945
Total long-term bank borrowings			22.456.183

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

	2014	2013
1 to 2 years 1 to 2 years	6.412.533	6.352.311
2 to 3 years	5.656.817	6.447.055
3 to 4 years	4.000.000	5.656.817
4 to 5 years	-	4.000.000
	16.069.350	22.456.183

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7. Trade receivables and payables

Short-term other trade receivables:	31 December 2014	31 December 2013
Trade receivables	39.124.002	32.813.099
Credit card receivables	17.875.519	21.143.160
Cheques and notes receivables	4.148.480	6.857.153
Other trade receivables	440.565	77.032
Less: provision for doubtful receivables	(6.352.051)	(6.411.821)
Less: unearned credit finance income	(1.590.662)	(1.676.927)
	53.645.853	**52.801.696**

As of 31 December 2014, the average receivables turnover rate is 102 days (2013: 96 days), the rediscount rate applied on the receivables are 9,55% (2013: 8.90%).

As of 31 December 2014, trade receivables of TL 3.878.518 (2013: TL 2.413.693) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	31 December 2014	31 December 2013
Up to 1 month	1.194.847	231.361
1 to 3 months	614.652	511.231
Over 3 months	2.069.019	1.671.101
	3.878.518	2.413.693
Amount of risk covered by guarantees	399.400	99.400

Long-term other trade receivables:	31 December 2014	31 December 2013
Credit card receivables	-	148.883

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

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

	31 December 2014	31 December 2013
Trade payables	6.167.018	3.211.583

As of 31 December 2014, the average debt payment period is 30 days (2013: 30 days), rediscount rate applied to the debt not overdue is 9,55% (2013: 8.90%).

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7. Trade receivables and payables (continued)

The maximum exposure of the Company to credit risk as of 31 December 2014 and 2013 as follows:

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

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

	Trade receivables		Other receivables		
31 December 2013	Related party	Other	Related party	Other	Bank deposits
The maximum of credit risk exposed at the reporting date	30.130	52.950.579	-	15.240	19.257.014
- Amount risk covered by guarantees	-	*99.400*	-	-	-
Net carrying value of not past due and not impaired financial assets	30.130	50.536.886	-	15.240	19.257.014
Net carrying value of past due but not impaired financial assets	-	2.413.693	-	-	-
- Amount of risk covered by guarantees	-	*99.400*	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Past due (gross carrying value)	-	*6.411.821*	-	-	-
- Provision for impairment (-)	-	*(6.411.821)*	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

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

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8. Other receivables and payables

Other current receivables	31 Aralık 2014	31 Aralık 2013
Short term		
Deposits and guarantees given	10.050	9.516
Long Term		
Receivables arising from the sale of E-Logo shares	950.000	-
Other	1.364	5.724
	951.364	5.724

Other non-current payables	31 December 2014	31 December 2013
Restructured taxes payable	3.941.104	2.412.924

Law No. 6111 on "Restructuring of Certain Receivables and on Amending Social Security and General Health Insurance Law and Certain Other Laws and Statutory Decrees" was enacted after its approval by the Turkish Grand National Assembly on 13 February 2011 and entered into force after being issued in the Official Gazette on 25 February 2011. The enterprises can benefit from the tax base increase mechanism of the aforementioned law for the years 2006, 2007, 2008 and 2009. The companies which have filed tax base increase applications are excluded from the scope of tax inspections for the relevant taxable periods. The Company decided to benefit from the tax base increase mechanism offered in Law No. 6111 from the perspective of corporate tax. Therefore, the related tax base increase declarations were arranged and submitted to the tax office of the Company. As a result of the implementation of the law provisions for the corporate tax, an additional tax of TL 168.497 was accrued in the name of the Company. Moreover, the portion TL 334.929 of tax losses to be offset was waived.

9. Inventories

	31 December 2014	31 December 2013
Raw materials	388.882	283.913
Trade goods	127.767	137.608
	516.649	421.521

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10. Property and equipment

	1 January 2014	Additions	Acquisition of Subsidiary	Disposals	Transfers	31 December 2014
Cost::						
Machinery and equipment	5.243.543	484.494	199.621	(60.756)	-	5.866.902
Motor vehicles	233.398	-	55.383	(44.183)	-	244.598
Furniture and fixtures	3.265.571	269.739	84.580	-	-	3.619.890
Leasehold improvements	17.208.797	292.974	75.883	-	1.880.647	19.458.301
Construction in progress	711.679	1.168.968	-	-	(1.880.647)	-
	26.662.988	2.216.175	415.467	(104.939)	-	29.189.691
Accumulated depreciation:						
Machinery and equipment	4.708.060	282.577	65.537	(60.756)	-	4.995.418
Motor vehicles	206.747	17.378	55.383	(38.266)	-	241.242
Furniture and fixtures	2.734.309	250.691	27.405	-	-	3.012.405
Leasehold improvements	5.384.336	434.221	48.531	-	-	5.867.088
	13.033.452	984.867	196.856	(99.022)	-	14.116.153
Net book value	13.629.536					15.073.538

	1 January 2013	Additions	Acquisition of Subsidiary	Disposals	31 December 2013
Cost:					
Machinery and equipment	5.015.860	227.683	-	-	5.243.543
Motor vehicles	-	-	369.680	(136.282)	233.398
Furniture and fixtures	1.974.348	115.788	1.175.435	-	3.265.571
Leasehold improvements	16.158.248	11.621	1.038.928	-	17.208.797
Construction in progress	664.303	47.376	-	-	711.679
	23.812.759	402.468	2.584.043	(136.282)	26.662.988
Accumulated depreciation:					
Machinery and equipment	4.537.232	170.828	-	-	4.708.060
Motor vehicles	-	6.205	287.314	(86.772)	206.747
Furniture and fixtures	1.691.650	151.004	891.655	-	2.734.309
Leasehold improvements	4.043.660	388.564	952.112	-	5.384.336
	10.272.542	716.601	2.131.081	(86.772)	13.033.452
Net book value	13.540.217				13.629.536

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

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

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11. Intangible assets

	1 January 2014	Additions	Acquisition of subsidiary	31 December 2014
Cost:				
Development costs	49.599.391	13.265.198	-	62.864.589
Technology developed	5.436.027	-	1.013.000	6.449.027
Customer relations	9.770.175	-	1.779.000	11.549.175
Agreement for restriction of competition	1.940.057	-	-	1.940.057
Other intangible assets	4.499.364	171.978	36.368	4.707.710
	71.245.014	13.437.176	2.828.368	87.510.558
Accumulated amortization:				
Development costs	33.724.170	6.245.564	-	39.969.734
Technology developed	754.156	901.912	-	1.656.068
Customer relations	1.384.230	944.493	-	2.328.723
Agreement for restriction of competition	522.504	883.331	-	1.405.835
Other intangible assets	4.296.979	100.306	24.057	4.421.342
	40.682.039	9.075.606	24.057	49.781.702
Net book value	30.562.975			37.728.856

	1 January 2013	Additions	Acquisition of subsidiary	31 December 2013
Cost:				
Development costs	36.072.486	8.276.239	5.250.666	49.599.391
Technology developed	2.074.171	-	3.361.856	5.436.027
Customer relations	6.560.838	-	3.209.337	9.770.175
Agreement for restriction of competition	445.876	-	1.494.181	1.940.057
Other intangible assets	833.752	126.979	3.538.633	4.499.364
	45.987.123	8.403.218	16.854.673	71.245.014
Accumulated amortization:				
Development costs	28.256.390	3.985.605	1.482.175	33.724.170
Technology developed	321.003	433.153	-	754.156
Customer relations	682.424	701.806	-	1.384.230
Agreement for restriction of competition	161.007	361.497	-	522.504
Other intangible assets	733.341	42.349	3.521.289	4.296.979
	30.154.165	5.524.410	5.003.464	40.682.039
Net book value	15.832.958			30.562.975

All additions to development costs during the years ended 31 December 2014 and 2013 includes staff costs.

TL 9.733.911 of the current period depreciation and amortization expense has been allocated to research and development expenses, TL 97.623 has been allocated to marketing, selling and distribution expenses, TL 228.939 has been allocated to general administrative expenses (2013: TL 5.866.757 research and development expenses, TL 106.485 to marketing and selling expense, TL 267.769 to general administrative expenses).

12. Goodwill

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	2014	2013
1 January	5.892.252	-
Acqusition during the year	-	5.892.252
31 December	5.892.252	5.892.252

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

As of December 31, 2014, goodwill over Netsis acquisition is TRY 5.892.252 (December 31, 2013: TRY 5.892.252) respectively.

Value in use is determined by discounting the expected future cash flows to be generated by the cash-generating unit. The below key assumptions are used in the calculation of the value in use as of December 31, 2014:

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

Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 5,0% which does not exceed the estimated average growth rate of economy of the country.

Weighted average cost of capital rate of 18,1% is used as after tax discount rate in order to calculate the recoverable amount of the unit.

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

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

Recoverable value of cash generating unit is 51,2% above of goodwill included book value of related cash generating unit. In the calculation of the present value of future cash flows, estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account.

Long term growth rate

Originally, the long term growth rate is assumed to be 5%. Had the rate been assumed to be 4%, the recoverable amount would have been 46,6% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

Discount rate

Originally, the discount rate is assumed to be 18,1%. Had the rate been assumed to be 19,1%, the recoverable amount would have been 43,2% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

13. Commitments and contingent liabilities

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Guarantees received:

		31 December 2014		31 December 2013	
	Original currency	Original amount	TL equivalent	Original currency	TL equivalent
Guarantee notes received	TL	39.400	39.400	39.400	39.400
Mortgages received	TL	360.000	360.000	60.000	60.000
			399.400		99.400

As of 31 December 2014 and 2013, guarantee/pledge/mortgage given by the Company on behalf of its legal entity are as follows:

Guarantee/pledge/mortgage given by the Company:

		31 December 2014		31 December 2013	
	Original currency	Original amount	TL equivalent	Original currency	TL equivalent
Total amount of guarantee/ pledge/ mortgage the Company gave on behalf of its legal entity	TL	7.768.000	7.768.000	7.510.124	7.510.124
	USD	54.463	126.294	160.539	342.638
			7.894.294		7.852.762

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

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

A credit agreement amounting TL 20.000.000 and having 5 year term is signed between the Company and International Finance Corporation ("IFC"), an institution of World Bank on 25 October 2013. Pledge of commercial enterprise, pledge of Netsis Yazılım Sanayi ve Ticaret A.Ş.'s share and guarantee of bail of Coretech Bilgi Teknolojisi Hizmetleri A.Ş. is given as a credit warrant. There are financial ratios the Company committed in credit agreement. The Company quarterly calculates related ratios according to the data of consolidated financial statements and notifies IFC. The Company committed to Financial Debt to Tangible Net Worth Ratio of not more than 1,50; Net Debt to EBITDA Ratio of not more than 2,5; and receivables (excluding credit card receivables up to 12 months) to sales ratio of not more than 0,6 at all times on a consolidated basis.

There are lawsuits filed against the Company amounting to TL 4.297.242. The Company does not expect any resource outflow regarding these lawsuits and accordingly, it has not booked any provision in the consolidated financial statements.

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14. Provision for employee benefits

a) Short term provisions for employee benefits

	31 Aralık 2014	31 Aralık 2013
Personnel bonus accrual	5.509.259	4.459.947
	5.509.259	4.459.947

b) Long term provisions for employee benefits

	31 December 2014	31 December 2013
Provision for employee termination benefits	2.547.062	2.233.283
Provision for unused vacation	1.320.896	1.496.506
	3.867.958	3.729.789

The movement of personnel bonus provision in the years ended 31 December 2014 and 2013 is as follow:

	2014	2013
1 January	1.496.506	939.185
Acquisition of subsidiary	100.282	278.437
Increase in the period, net	(275.892)	278.884
31 December	1.320.896	1.496.506

The analysis of provision for employment termination benefits in the years ended 31 December 2014 and 31 December 2013 is as follows:

Provision for employment termination benefits is calculated as explained below.

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

The amount payable consists of one month's salary limited to a maximum of TL 3.438 (2013: TL 3.254) for each year of service at 31 December 2014. The liability is not funded, as there is no funding requirement.

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14. Provision for employee benefits (continued)

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

	31 December 2014	31 December 2013
Net discount rate	3,33%	4,48%
Turnover rate to estimate the probability of retirement	90%	93%

The principal assumption is that maximum liability of employee termination benefit for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 3.541 which is effective from 1 January 2015 has been taken into consideration in calculating the reserve for employment termination benefit of the Company.

The movements in the provision for employment termination benefits during the years ended 31 December 2014 and 2013 were as follows:

	31 December 2014	31 December 2013
1 January	2.233.283	1.381.737
Acquisition of subsidiary	28.253	491.692
Service cost	223.697	180.522
Interest cost	192.231	118.624
Actuarial loss	421.760	307.616
Paid/accrued during the period	(552.162)	(246.908)
31 December	2.547.062	2.233.283

The sensivity analysis of the assumption which was used for the calculation of provision for employment termination benefits as of 31 December 2014 is below:

	Net discount rate		Turnover rate related the probability of retirement	
Sensitivity level	%0,5 decrease	%0,5 increase	%0,5 decrease	%0,5 increase
Rate	(%2,83)	(%3,83)	(%89,50)	(%90,50)
Change in employee benefits liability	(80.801)	74.750	(82.847)	89.329

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

a) Prepaid expenses:

	31 December 2014	31 December 2013
Prepaid expenses	1.341.507	526.944
Advances given	272.720	136.762
	1.614.227	663.706

b) Other current assets:

	31 December 2014	31 December 2013
Job advances	89.006	71.548
Prepaid taxes and funds	42.650	-
Receivables from employees	23.850	-
Advances given to employees	22.418	26.475
Deductable value added tax	4.939	3.670
Other	221.131	44.062
	403.994	145.755

c) Deferred revenues

	31 December 2014	31 December 2013
Deferred revenues	28.989.191	16.420.096
Advances received	1.413.998	1.343.012
Deferred revenues- short term	30.403.189	17.763.108
Deferred revenues	-	266.702
Deferred revenues – long term	-	266.702

Deferred revenue mainly relates to LEM sales revenue, pay as you go sales, after-sales services, Netsis licence revenues and version upgrade package sales, customized software sales and Tübitak incentives billed but not earned. The analysis of deferred revenues at 31 December 2014 and 2013 is as follows:

Deferred revenues:	31 December 2014	31 December 2013
Logo enterprise membership sales	10.591.723	7.780.432
Pay as you go sales	8.864.211	3.708.698
Version upgrade package sales	4.896.272	3.179.770
Deferred revenue from continuing projects	2.601.393	1.945.578
After-sales services revenue	1.968.204	-
Other sales revenue	67.388	72.320
	28.989.191	16.686.798

d) Employee benefit obligations

	31 December 2014	31 December 2013
Payable to personnel	4.106.034	1.134.745
Taxes, witholdings and social security payables	949.526	861.920
	5.055.560	1.996.665

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16. Equity

The Company's authorized and paid-in share capital consists of 2.500.000.000 (2013: 2.500.000.000) shares with Kr 1 nominal each. The shareholding structure of the Company as of 31 December 2014 and 2013 are as follows:

	31 December 2014	Share (%)	31 December 2013	Share (%)
Logo Yatırım Holding A.Ş.	8.714.904	34,860	8.648.762	34,595
Mediterra Capital Partners I, LP (*)	8.714.904	34,860	8.648.762	34,595
Publicly owned-free floating	7.570.192	30,280	7.702.476	30,810
	25.000.000	100	25.000.000	100,00
Adjustment to share capital	2.991.336	-	2.991.336	-
Total paid-in share capital	27.991.336		27.991.336	

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

A Share Transfer Agreement has been signed between Logo Yatırım Holding A.Ş., the majority shareholder of the Company and EAS Solutions SARL which is owned 100% by Mediterra Capital Partners I LP regarding the sale of 864.876.171 shares (863.226.171 shares from B Group, 1.650.000 shares from A Group) having a nominal value of 1 Krş each and a total nominal value of TL 8.648.762. The shares sold correspond to 50% of the shares held by Logo Yatırım Holding A.Ş. and represents 34.595% of the share capital of the Company. The total share transfer price was TL 48.216.846,53 (TL 5,575 for every 100 shares) and the share transfer has been concluded. The management control of the Company is divided equally between Logo Yatırım Holding A.Ş., which currently had full control of the management and EAS Solutions SARL, which has taken over the shares. The Company is currently under the joint control of these two shareholders.

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

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

The aforementioned amounts shall be classified in "Restricted Reserves" in accordance with TAS/TFRS. The analysis of restricted reserves at 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Legal Reserves	2.875.287	2.581.162
İştirak ve arsa satış kazançları	923.318	923.318
Extraordinary reserves	161.789	161.789
	3.960.394	3.666.269

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16. Equity (continued)

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

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

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

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

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

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

Treasury Shares

Based on the Board of Directors decision dated 26 June 2013, regarding taking back maximum 62.500.000 share certificates (each having TL 0.01 nominal value, constituting 2,5% of 2.500.000.000 paid in share capital) within lower price limit of TL 0 and upper price limit of TL 3,5 in order to decrease price fluctuations in the Company's share certificates traded in Istanbul Stock Exchange ("ISE") (now called as Borsa Istanbul ("BIST") and evaluate current market conditions, the Company took back 171.000 share certificates traded in ISE between 4 July 2012 and 5 November 2012. The mentioned share certificates were accounted as treasury shares under equities.

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

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

Based on the Board of Directors decision dated 3 October 2013, regarding taking back maximum 100.000.000 share certificates within lower price limit of TL 0 and upper price limit of TL 5,5 in order to decrease price fluctuations in the Company's share certificates traded in BIST and evaluate current market conditions, the Company took back 272.189 share certificates traded in BIST between 30 October 2013 and 31 December 2013.

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

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

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16. Equity (continued)

Dividend distribution

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

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

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

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

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

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

The matters in the Company's existing profit distribution policy which do not comply with the Communiqué on Dividends numbered II-19.1 which took effect in 2014 will be revised and submitted to the 2013 General Assembly for approval.

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

17. Expenses by Nature

As of 31 December 2014 and 2013, expenses are disclosed by function and the analysis of the expenses is summarized in Note 18 and Note 19.

18. Sales and cost of sales

	1 January - 31 December 2014	1 January - 31 December 2013
Sales income	103.949.675	69.353.110
Service income	5.910.652	5.184.590
Sales returns	(3.338.470)	(2.102.480)
Sales discounts	(2.491.222)	(1.703.943)
Net sales	104.030.635	70.731.277
Cost of sales	(4.655.177)	(8.548.962)
Gross profit	99.375.458	62.182.315

3For the period ended at 31 December 2014, service income consists of SaaS service income amounting to TL 4.984.021 (2013- TL 4.349.566).

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Cost of sales

	1 January - 31 December 2014	1 January - 31 December 2013
Expenses for transfer of financial rights	4.595.809	8.408.073
Cost of trade goods sold	59.368	140.889
	4.655.177	8.548.962

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

Marketing, selling and distribution expenses:	1 January-- 31 December 2014	1 January-- 31 December 2013
Personnel expenses	13.018.931	7.206.246
Advertising and selling expenses	12.528.308	6.034.575
Consulting expenses	895.964	425.471
Motor vehicle expenses	876.278	583.858
Outsourced benefits and services	390.077	158.895
Travel expenses	353.782	239.142
Depreciation and amortisation expenses	97.623	106.485
Rent expenses	47.875	55.004
Other	344.014	121.273
	28.552.852	14.930.949

Research and development expenses:	1 January-- 31 December 2014	1 January-- 31 December 2013
Personnel expenses	14.994.707	8.191.977
Depreciation and amortisation expenses	9.733.911	5.866.757
Consulting expenses	1.183.170	1.234.503
Motor vehicle expenses	1.272.524	690.117
Outsourced benefits and services	751.617	460.725
Rent expenses	389.132	151.148
Travel expenses	287.694	156.709
Other	657.995	351.449
	29.270.750	17.103.385

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20. Financial income

Financial income:	1 January-- 31 December 2014	1 January-- 31 December 2013
Interest income	897.128	318.293
Foreign exchange gains, net	128.668	194.473
Other financial income	-	384.360
	1.025.796	897.126

21. Financial expense

Financial expense:	1 January-- 31 December 2014	1 January-- 31 December 2013
Interest Expense	3.411.186	982.437
Credit card commissions	432.994	656.322
Loan commission expenses	-	344.236
Other financial expense	249.073	230.103
	4.093.253	2.213.098

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

Other operating income:	1 January-- 31 December 2014	1 January-- 31 December 2013
Overdue interest income	724.853	706.964
Foreign exchange gain(*)	859.422	457.772
Income from reversal of provision	31.981	-
Tübitak incentive income	320.756	-
Other income	225.104	203.664
	2.162.116	1.368.400

Other operating expenses:	1 January-- 31 December 2014	1 January-- 31 December 2013
Rediscount expenses, net	820.623	896.330
Foreign exchange loss(*)	710.835	448.581
Provision expense	127.329	182.068
Other expenses	194.305	301.135
	1.853.092	1.828.114

Income from investment activities:	1 January-- 31 December 2014	1 January-- 31 December 2013
Gain on bargain purchase	243.884	-
Gain on sale of financial instruments	91.680	47.142
Gain from sale of property and equipment	37.506	68.653
	373.070	115.795

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

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23. Current and deferred income taxes

Deferred income taxes

The Company recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS/TFRS and their statutory tax financial statements. Deferred tax income assets and liabilities are measured at the enacted tax rate of 20% (2013: 20%) using the liability method on the temporary differences.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2014 and 2013 using the enacted tax rates, is as follows.

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	temporary differences 2014	31 December 2013	31 December 2014	31 December 2013
Deferred income tax assets:				
Provision for doubtful receivables	1.807.841	1.636.945	361.568	327.389
Expense accruals	4.522.304	2.426.599	904.461	485.320
Provision for employee termination benefits	1.163.799	1.117.208	232.760	223.442
Rediscount of trade receivables and payables	1.903.890	1.311.954	380.778	262.391
Deferred income	2.506.616	1.241.292	501.323	248.258
			2.380.890	1.546.800
Deferred income tax liabilities:				
Difference between the tax base and carrying value of property and equipment and intangible assets	(5.152.763)	(3.291.865)	(1.030.553)	(673.161)
Other	(134.136)	(232.607)	(26.827)	(46.522)
			(1.057.380)	(719.683)
Deferred income tax assets/(liabilities), net			1.323.510	827.117

The reconciliation of current period tax income is as follows:

	31 December 2014	31 December 2013
Income before tax	27.178.324	19.216.803
Tax calculated at the current enacted tax rate	(5.435.665)	(3.843.361)
Nonallowable charges	(1.156.035)	(1.004.491)
Income exempt from tax and non-deductible expenses	7.149.182	5.065.985
Tax income	557.482	218.133

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23. Current and deferred income taxes (continued)

Corporate tax

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

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. The Corporation tax rate for 2014 is 20% (2013: 20%).

Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed. Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.
Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

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

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

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

a) in accordance with the investment certificates prepared for applications made before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No, 4842 dated 9 April 2003, and

b) investment allowance amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law 193 repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates).

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23. Current and deferred income taxes (continued)

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

The analysis of taxation on income for the periods ended 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Current tax (income)/expense	(189.585)	(145.484)
Deferred tax (income)/expense)	785.609	369.170
Tax expense recognized in equity relating to long-term provision of employee	(38.542)	(5.553)
Total tax income	557.482	218.133

24. Earnings/loss per share

The earnings per 1.000 shares with nominal value of Kr 1 amounted to TL 11,02 for the period ended 31 December 2014 (31 December 2013: TL 7,71).

25. Related party disclosures

i) Due from and due to related parties at 31 December 2014 and 2013:

a) Due from related parties:	31 December 2014	31 December 2013
Current Current		
Logo Siber Güvenlik ve Ağ Tek. A.Ş. (**)	5.362	27.931
Tekbulut Teknoloji A.Ş. (**)	-	2.199
	5.362	30.130

b) Due to related parties:	31 December 2014	31 December 2013
Current		
Logo Elektronik Ticaret Hizmetleri A.Ş.(***)	-	7.219.971
Logo Yatırım Holding A.Ş. (*)	-	56.912
	-	7.276.883

ii) Sales to related parties, services given to related parties and financial income from related parties during the periods ended 31 December 2014 and 2013:

a) Services given to related parties:	31 December 2014	31 December 2013
Logo Siber Güvenlik ve Ağ Tek. A.Ş. (**)	167.688	51.175
Logo Elektronik Ticaret Hizmetleri A.Ş.(***)	45.749	260.165
Logo Yatırım Holding A.Ş. (*)	3.540	457.121
	216.977	768.461

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25. Related party disclosures (continued)

iii) Services purchased from related parties and other transactions with related parties during the periods ended 31 December 2014 and 2013:

a) Services obtained from related parties:	31 December 2014	31 December 2013
Logo Elektronik Ticaret Hizmetleri A.Ş.(***)	596.760	8.896.176
Logo Yatırım Holding A.Ş. (*)	3.424	62.154
	600.184	8.958.330

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

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

	31 December 2014	31 December 2013
Remuneration of the board of directors and executive management	2.656.735	2.730.852

The remuneration of board of directors and executive management (executive management includes general manager (CEO) and assistant general managers) for the years ended 31 December 2014 and 2013 comprise short-term employment benefits including salary, bonus and other short-term benefits. There have been no post-employment benefits, other long-term employment benefits, other termination benefits and share-based payments in the years ended 31 December 2014 and 2013.

26. Nature and extent of risks arising from financial instruments

26.1 Financial Risk Management

Credit Risk

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

Liquidity Risk

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

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

31 December 2014	Carrying value	Total contractual cash outflow ı	Up to 3 months	Between 3 and 12 months	Between 1-5 yearsı	Over 5 years
Non-derivative financial instruments						
Bank borrowings	23.199.821	29.420.827	3.146.565	6.853.175	19.421.087	-
Trade payables						
- *Related Party*	-	-	-	-	-	-
- *Other*	6.167.018	6.167.018	6.167.018	-	-	-
Due to personnel	5.055.560	5.055.560	5.055.560	-	-	-
Other payables						
- *Other*	3.941.104	3.941.104	3.941.104	-	-	-

31 December 2013	Carrying value	Total contractual cash outflow ı	Up to 3 months	Between 3 and 12 months	Between 1-5 yearsı	Over 5 years
Non-derivative financial instruments						
Bank borrowings	24.120.053	32.330.112	926.218	1.102.081	30.301.813	-
Trade payables						
- *Related Party*	7.276.883	7.597.392	1.942.031	5.655.361	-	-
- *Other*	3.211.583	3.218.845	3.218.845	-	-	-
Due to personnel	1.996.665	1.996.665	1.996.665	-	-	-
Other payables						
- *Other*	2.412.924	2.412.924	2.412.924	-	-	-

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

Interest rate risk

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

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

	31 December 2014	31 December 2013
Financial instruments with fixed interest rate		
Financial assets		
- *Designated at fair value through profit or loss*	24.583.880	5.402.435
Financial liabilities	3.072.522	4.030.919
Financial instruments with floating interest rate		
Financial assets		
- *Designated at fair value through profit or loss*	67.980	193.063
Financial liabilities	20.127.299	20.089.134

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

At 31 December 2014, if interest rates of bank loans with variable interest rates has strengthened by 100 base point (1%) with all other variables held constant, income before tax would have been TL 35.424 lower/ interest rates has weakened by 100 base point (1%) with all other variables held constant, income before tax would have been TL 35.797 higher (2013: TL 17.721 lower/ TL 17.908 higher).

Funding risk

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

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

TL equivalent of import and exports for the periods ended 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Total exports	4.381.975	4.481.232
Total imports	-	135.499
Ratio of hedging of net foreign currency liability	-	-

Foreign currency risk

Foreign currency position:	31 December 2014	31 December 2013
Assets	4.213.726	3.795.720
Liabilities	(232.260)	(1.397.087)
Net foreign currency position	3.981.466	2.398.633

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

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

		31 December 2014		31 December 2013	
	Original currencyi	Original Amount	TL equivalent	Original amount	TL equivalent
Cash and cash equivalents	USD	922.833	2.139.956	538.525	1.149.373
	Euro	108.204	305.211	271.566	797.453
	Other	268	1.021		
Trade receivables and due from related parties	USD	573.983	1.331.009	573.983	1.225.052
	Euro	154.013	434.423	211.606	621.381
Other receivables	Euro	908	2.106	838	2.461
Foreign currency denominated assets			4.213.726		3.795.720
Trade payables and due to related parties	Euro	36.746	103.649	409.483	1.202.447
	USD	46.584	108.023	31.398	67.012
Bank borrowings	USD	8.879	20.588	59.799	127.628
Foreign currency denominated liabilities			232.260		1.397.087

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

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

				31 December 2013
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation/(depreciation) of USD against TL at 10%:				
Profit/(loss) from USD net asset	217.979	(217.979)	-	-
Secured portion from USD risk (-)	-	-	-	-
USD Net Effect	217.979	(217.979)	-	-
Appreciation/(depreciation) of EUR against TL at 10%:				
Profit/(loss) from EUR net liability	21.884	(21.884)	-	-
Secured portion from EUR risk (-)	-	-	-	-
EUR Net Effect	21.884	(21.884)	-	-
Appreciation/(depreciation) of Other against TL	-	-	-	
at 10%:	-	-	-	-
Profit/(loss) from Other net liability	-	-	-	-
Secured portion from Other risk (-)	-	-	-	-
Other Net Effect	-	-	-	-
Total Net Effect	239.863	(239.863)	-	-

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

26.2 Capital risk management

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

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

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

	31 December 2014	31 December 2013
Total bank borrowings and trade payables	29.366.839	34.608.519
Less: Cash and cash equivalents	(48.639.563)	(19.268.115)
Net Debt	(19.272.724)	15.340.404
Total equity	86.142.497	59.125.528
Total capital	66.869.773	74.465.932
Gearing ratio	(29)%	21%

27. Financial Instruments

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

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

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

Financial assets

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

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

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

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27. Financial instruments (continued)

Financial liabilities

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

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

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

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

Level 3: Valuation techniques does not contains observable market inputs

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

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

Fair value hierarchy table as at 31 December 2013 is as follows:

Finansal durum tablosunda rayiç değerden taşınan finansal varlıklar	Level 1	Level 2	Level 3
Financial assets	193.063	-	-

28. Subsequent events

1. A Share Transfer and Option Agreement was signed on January 5, 2015 between the Group and current shareholders of İntermat Bilişim A.Ş. for the acquisition of 50,1% of the shares of Intermat Bilişim A.Ş. and the acquisition of the remaining 49,9% within 12 months after the closing. Accordingly, the Group acquired 50,1% of the shares of Intermat Bilişim A.Ş. from its existing shareholders.

2. On February 4, 2015, a non-binding agreement of intent was signed between Logo Elektronik Ticaret Hizmetleri A.Ş. (E-Logo), an affiliate of the Group and the shareholders of e-Çözüm Bilgi Teknolojileri A.Ş. (E-Çözüm regarding the acquisition of 100% of the shares of E-Çözüm. The parties aim to complete the legal and financial analyses on E-Çözüm at the shortest time possible and to sign the Share Purchase and Share Purchase Agreement within the frame of the sale terms to be agreed upon.

3. A decision was made by the Board of Directors for starting the procedures regarding the merger of the affiliates of Logo Yazılım and for determining organizational changes.

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