

LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016**

(ORIGINALLY ISSUED IN TURKISH)

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

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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016**

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LOGO YAZILIM SANAYİ VE TİCARET A.Ş.

**CONDENSED CONSOLIDATED BALANCE SHEETS
AT 30 SEPTEMBER 2016 AND 31 DECEMBER 2015**

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

	Notes	Unaudited 30 September 2016	Audited 31 December 2015
ASSETS			
Current assets		110,470,131	124,544,398
Cash and cash equivalents	5	47,644,486	51,529,036
Trade receivables		52,888,091	71,945,027
- <i>Due from related parties</i>	28	-	8,032
- <i>Trade receivables from third parties</i>	8	52,888,091	71,936,995
Other receivables		6,750,120	10,164
- <i>Other receivables from third parties</i>	9	6,750,120	10,164
Inventories	10	310,982	310,553
Prepaid expenses	17	2,483,632	449,905
Other current assets	16	392,820	299,713
Non-current assets		171,558,251	77,801,400
Other receivables		1,110,612	1,114,561
- <i>Other receivables from related parties</i>	28	950,000	950,000
- <i>Other receivables from third parties</i>	9	160,612	164,561
Financial assets	6	130,653	130,653
Property, plant and equipment	11	17,665,937	15,488,784
Intangible assets		148,870,053	58,759,039
- <i>Goodwill</i>	13	65,590,914	7,478,652
- <i>Other intangible assets</i>	12	83,279,139	51,280,387
Prepaid expenses	17	1,971,143	35,727
Deferred tax assets	26	1,417,520	2,272,636
Other non-current assets		392,333	-
Total assets		282,028,382	202,345,798

These condensed consolidated interim financial statements have been approved by Board of Directors on 9 November 2016 and signed on its behalf by Buğra Koyuncu, Chief Executive Officer and Gülnur Anlaş, Executive Vice President.

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

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**CONDENSED CONSOLIDATED BALANCE SHEETS
AT 30 SEPTEMBER 2016 AND 31 DECEMBER 2015**

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

	Notes	Unaudited 30 September 2016	Audited 31 December 2015
LIABILITIES			
Current liabilities		110,109,912	83,490,361
Short-term borrowings	7	52,290,005	993,182
Short-term portion of long-term borrowings	7	3,893,237	1,092,524
Trade payables		8,117,636	10,027,920
- <i>Trade payables to third parties</i>	8	8,117,636	10,027,920
Employee benefit obligations	15	7,068,262	1,252,651
Other payables		2,780,496	6,468,494
- <i>Other payables to third parties</i>	9	2,780,496	6,468,494
Deferred revenue	17	34,381,876	53,876,841
Current income tax liabilities	26	448,582	398,889
Short-term provisions		503,021	9,056,999
- <i>Short-term provisions for employee benefits</i>	15	503,021	9,056,999
Other current liabilities		626,797	322,861
Non-current liabilities		15,353,925	8,555,573
Long-term borrowings	7	4,889,361	313,019
Other payables		2,741,721	3,736,690
- <i>Other payables to third parties</i>	9	2,741,721	3,736,690
Long-term provisions		4,823,262	4,107,271
- <i>Long-term provisions for employment termination benefits</i>	15	4,823,262	4,107,271
Deferred tax liabilities	26	2,899,581	398,593
Equity		156,564,545	110,299,864
Equity attributable to equity holders of the parent		153,614,637	108,545,294
Paid-in share capital	18	25,000,000	25,000,000
Adjustment to share capital	18	2,991,336	2,991,336
Treasury shares (-)	18	(4,632,563)	(4,632,563)
Other comprehensive income and expense that will not be reclassified to profit or loss		(2,248,991)	(1,681,596)
- <i>Actuarial gain/(loss) on employment termination benefits</i>		(2,248,991)	(1,681,596)
Other comprehensive income and expense that will not be reclassified to profit or loss		663,459	-
- <i>Currency translation differences</i>		663,459	-
Restricted reserves	18	6,993,951	6,993,951
Retained earnings		79,874,166	39,979,376
Net income for the period		44,973,279	39,894,790
Non-controlling interests		2,949,908	1,754,570
Total liabilities and equity		282,028,382	202,345,798

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

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2016 AND 2015**

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

	Notes	Unaudited	Unaudited	Unaudited	Unaudited
		1 January - 30 September	1 July - 30 September	1 January - 30 September	1 July - 30
September		2016	2016	2015	2015
Sales	20	110,408,304	37,500,018	89,022,979	34,703,598
Cost of sales (-)	20	(1,963,105)	(557,897)	(2,129,586)	(593,901)
Gross profit		108,445,199	36,942,121	86,893,393	34,109,697
General administrative expenses (-)	21	(9,862,484)	(3,352,578)	(7,039,936)	(2,965,334)
Marketing expenses (-)	21	(18,832,999)	(5,358,652)	(17,312,503)	(4,516,885)
Research and development expenses (-)	21	(33,990,781)	(13,250,626)	(24,159,246)	(8,809,253)
Other operating income	22	4,162,028	1,278,053	2,604,251	432,691
Other operating expenses (-)	22	(1,431,191)	(529,588)	(602,439)	(172,400)
Operating profit		48,489,772	15,728,730	40,383,520	18,078,546
Income from investing activities	23	225,453	57,489	249,700	46,500
Operating profit before financial income/(expenses)		48,715,225	15,786,219	40,633,220	18,125,046
Financial income	24	3,030,987	993,329	2,234,138	1,156,996
Financial expenses (-)	25	(2,031,996)	(963,930)	(2,204,735)	(628,075)
Income before taxes		49,714,216	15,815,618	40,662,623	18,653,967
Taxation on income:					
Current income tax expense	26	(1,578,844)	(617,202)	(105,586)	(19,907)
Deferred tax expense	26	(1,966,755)	(360,077)	(930,142)	(167,419)
Net income for the period		46,168,617	14,838,339	39,626,895	18,466,641
Net income attributable to:					
Non-controlling interests		1,195,338	519,218	248,379	326,103
Equity holders of the parent		44,973,279	14,319,121	39,378,516	18,140,538
Earnings per share	27	17,99	5,73	15,75	7.25

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**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR
THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2016 AND 2015**

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

	Notes	Unaudited	Unaudited	Unaudited	Unaudited
		1 January - 30 September	1 July - 30 September	1 January - 30 September	1 July - 30
September		2016	2016	2015	2015
Profit for the period		46,168,617	14,838,339	39,626,895	18,466,641
Other comprehensive income and expense that will not be reclassified to profit or loss		(567,395)	(330,365)	(1,245,397)	(74,805)
Actuarial loss on employment termination benefits	15	(627,362)	(418,575)	(1,372,456)	(89,007)
Deferred taxes	26	59,967	88,210	127,059	14,202
Total comprehensive income		45,601,222	14,507,974	38,381,498	18,391,836
Other comprehensive income attributable to:					
Non-controlling interest		1,195,338	519,218	248,379	326,103
Equity holders of the parent		44,405,884	13,988,756	38,133,119	18,065,733

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2016 AND 2015**

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

	Paid-in share capital	Adjustments to share capital	Treasury shares	Restricted reserves	Actuarial gain/(loss) on employment termination benefits	Currency translation differences	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Non- controlling interest	Total equity
Balances at 1 January 2015	25,000,000	2,991,336	(2,649,415)	3,960,394	(821,754)	-	30,109,530	27,552,406	86,142,497	1,431,958	87,574,455
Transfers	-	-	-	3,033,557	-	-	24,518,849	(27,552,406)	-	-	-
Dividends paid (Note 17)	-	-	-	-	-	-	(14,649,003)	-	(14,649,003)	-	(14,649,003)
Acquisition or disposal of subsidiary (Note 4)	-	-	-	-	-	-	-	-	-	1,992,016	1,992,016
Transactions with owner of non-controlling interests	-	-	-	-	-	-	(1,507,984)	-	(1,507,984)	(1,992,016)	(3,500,000)
Acquisition of treasury shares	-	-	(294,476)	-	-	-	-	-	(294,476)	-	(294,476)
Total comprehensive income	-	-	-	-	(1,245,397)	-	-	39,378,516	38,133,119	248,379	38,381,498
Balances at 30 September 2015	25,000,000	2,991,336	(2,943,891)	6,993,951	(2,067,151)	-	38,471,392	39,378,516	107,824,153	1,680,337	109,504,490
Balances at 1 January 2016	25,000,000	2,991,336	(4,632,563)	6,993,951	(1,681,596)	-	39,979,376	39,894,790	108,545,294	1,754,570	110,299,864
Transfers	-	-	-	-	-	-	39,894,790	(39,894,790)	-	-	-
Acquisition or disposal of subsidiary (Note 4)	-	-	-	-	-	663,459	-	-	663,459	-	663,459
Total comprehensive income	-	-	-	-	(567,395)	-	-	44,973,279	44,405,884	1,195,338	45,601,222
Balance at 30 September 2016	25,000,000	2,991,336	(4,632,563)	6,993,951	(2,248,991)	663,459	79,874,166	44,973,279	153,614,637	2,949,908	156,564,545

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

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2016 AND 2015**

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

	Notes	Not reviewed 1 January - 30 September 2016	Reviewed 1 January - 30 September 2015
A. Cash generated from operating activities		53,472,482	40,029,224
Net profit for the period		46,168,617	39,626,895
Adjustments to reconcile profit for the period		(3,946,027)	4,212,867
Depreciation and amortization	11, 12	12,688,634	9,267,472
Provision for employment termination benefits	15	367,593	724,500
Interest expense	25	279,301	1,331,240
Interest income	24	(2,297,062)	(754,446)
Provision for doubtful receivables	8	320,646	-
Gain on sale of property, plant and equipment	23	(711)	(121,763)
Other adjustments related to reconcile profit and loss		(18,850,027)	(7,269,864)
Income tax expense		3,545,599	1,035,728
Changes in net working capital		13,022,136	(2,155,348)
Changes in trade receivables		42,605,895	8,353,028
Changes in inventories		63,444	43,080
Changes in other assets		(9,914,483)	805,994
Changes in trade payables		(4,534,934)	(2,895,744)
Changes in other liabilities		(15,197,786)	(8,461,706)
Cash used in operating activities		55,244,726	41,684,414
Tax return/(paid)		(1,493,280)	(312,285)
Employment termination benefits paid	15	(278,964)	(1,342,905)
Purchase of property and equipment and intangible assets	11, 12	(18,314,152)	(13,659,171)
Decrease in financial investments		-	(382,001)
Acquisition of subsidiary, excluding cash acquired		(90,188,399)	(6,197,483)
Proceeds from sales of property and equipment		3,454	191,399
Interest received		2,297,062	754,446
B. Cash used in investing activities		(106,202,035)	(19,282,810)
Acquisition of treasury shares		-	(294,476)
Decrease in bank borrowings		(855,753)	(19,687,882)
Increase in bank borrowings		49,973,028	-
Interest paid		(279,301)	(1,479,062)
Dividend paid		-	(14,649,003)
C. Cash generated from/(used in) financing activities		48,837,974	(36,110,423)
Net increase/(decrease) in cash and cash equivalents before effect of currency translation differences		(3,891,579)	(15,374,009)
D. Effect of currency translation differences on cash and cash equivalents		7,029	-
Net increase/(decrease) in cash and cash equivalents		(3,884,550)	(15,374,009)
Cash and cash equivalents at beginning of the period	5	51,529,036	48,639,563
Cash and cash equivalents at end of the period	5	47,644,486	33,265,554

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

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016**

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

NOTE 1 - GROUP’S ORGANISATION 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 registered 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.

The average employee number of the Group is *594 as of 30 September 2016. (31 December 2015: 506).

* The number of personnel of Totalsoft is 448, and it has been included to average number of personnel in September 2016.

The address of the registered office is as follows:

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

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

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

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

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS (Continued)

The Company found Logo Investment Co. in Romania at 19 August 2016. The Company owns 100% of Logo Investment shares.

Logo Investment, upon share transfer agreement signed on 2 September 2016, has purchased 100% of Totalsoft shares.(Note 4).

The Company has purchased 100% of Vardar Eğitim Hizm. Yazılım Danışmanlık ve San. Tic. A.Ş. (“Vardar”) shares through a share transfer agreement signed on 8 September 2015 (Note 4).

The Company purchased 50,1% of İntermat Bilişim A.Ş. (“İntermat”) shares on 5 January 2015 and the remaining 49,90% of shares on 28 July 2015 in the framework of Share Transfer and Option Contract (Note 4).

The Company has purchased 100% of Sempa Bilgi İşlem Sanayi ve Ticaret A.Ş. (“Sempa”) shares through a share transfer agreement signed on 18 June 2015 (Note 4).

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

The Company’s Board of Directors resolved on 22 April 2009 to close Logo Business Solutions FZ-LLC due to the foreseen negative effects of the global crisis in 2009 on the Company's domestic and international sales and marketing activities and to execute international sales and marketing activities from the head office. As of 30 September 2016, the liquidation process has been substantially completed.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

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

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

2.1 Basis of presentation (Continued)

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

The Company and its subsidiaries operating in Turkey, maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The condensed consolidated interim financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These condensed consolidated interim financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/IFRS.

2.1.2 Financial statements of subsidiaries operating in foreign countries

Financial statements of subsidiaries, operating in countries other than Turkey, are adjusted in accordance with TAS/IFRS for the purpose of fair presentation. Subsidiaries’ assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet dates are accounted for “currency translation differences” under equity.

2.1.3 Basis of consolidation

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

The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company at 30 September 2016 and 31 December 2015:

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

Subsidiary	Direct and indirect ownership interests by the Company (%)	
	30 September 2016	30 September 2015
Logo Business Software Gmbh (“Logo Gmbh”)	100,00	100,00
Logo Elektronik Ticaret Hizmetleri A.Ş (“e-Logo”)	90,50	90,50
Logo Software Investment S.A (“Logo Investment”)	100,00	-
Total Soft S.A (“Totalsoft”)	100,00	-

The balance sheets and statements of income of the subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its subsidiary is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiary is eliminated during consolidation. Minority shares of subsidiaries were recognized under non-controlling interest (“Minority interest” or “Non-controlling Interests”).

2.1.4 Changes in accounting policies

The accounting policies used in the preparation of these condensed consolidated interim financial statements as of and for the period ended 30 September 2016 are consistent with those used in the preparation of annual consolidated financial statements as of and for the year ended 31 December 2015. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended 31 December 2015.

2.2 Summary of significant accounting policies

The condensed consolidated interim financial statements as of and for the period ended 30 September 2016 have been prepared in accordance of TAS 34. The accounting policies used in the preparation of these condensed consolidated interim financial statements as of and for the period ended 30 September 2016 are consistent with those used in the preparation of annual consolidated financial statements as of and for the year ended 31 December 2015. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended 31 December 2015.

Segment Reporting

The Group’s operations are carried out in a single business line. There are two geographical segments which include the data used by management to make decisions on performance evaluation and source distribution. The Group’s geographical segments cover operations in Turkey and Romania. These segments are managed separately since different economic conditions affect them. Their risks and yields are different based on their geographical positions. The Group’s management adopted a policy of examining geographical segment results in the interim consolidated financial statements prepared in line with TFRS while evaluating the performance of segments. Net profit for the year is used to measure performance as management believes that such information is the most relevant indicator in evaluating the results of the geographical segments.

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

Geographical segments are reported in a manner consistent with the reporting provided to the Chief Executive Officer and board of directors of the Group (“Chief Operating Decision-Maker”). The Group’s Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments. Adjusted earning before interest, tax, depreciation and amortization (“EBITDA”) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Adjusted EBITDA definition includes revenue, direct cost of revenues excluding depreciation and amortization accounted for operating expenses.

Adjusted EBITDA is not a financial measure defined by TAS/IFRS as a measurement of financial performance and may not be comparable to other similarly-titled indicators used by other companies.

For a geographical segment to be identified as a reportable segment, its revenue, including both sales to external customers and intersegment sales or transfers, should be 10% or more of the combined revenue, internal and external, of all geographical segments; its profit or loss should be 10% or more of the combined profit or loss or its assets should be 10% or more of the combined assets of all geographical segments.

Geographical segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the interim consolidated financial statements.

2.3 Comparatives and adjustment of prior periods’ financial statements

The condensed consolidated interim financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The condensed consolidated interim balance sheet of the Group at 30 September 2016 has been provided with the comparative financial information of 31 December 2015 and the condensed consolidated interim statements of profit or loss, the condensed consolidated interim statements other comprehensive income, changes in equity and cash flows for the six-month period ended 30 September 2016 have been provided with the comparative financial information, for the six-month period ended 30 September 2015.

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

- A reclassification is made amounting to TRY 950,000, between “Other receivables from third parties” and “Other receivables from related parties” on the consolidated balance sheet of the Group prepared as of 31 December 2015.

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

2.4 Amendments in Turkish Financial Reporting Standards

a. New standards, amendments and interpretations effective as of 30 September 2016:

- Amendments to TFRS 11, “Joint arrangements” on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. This amendment has no effect on the Group’s financial statements.
- Amendments to TAS 16, “Property, plant and equipment”, and TAS 41, “Agriculture”, regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41. This amendment has no effect on the Group’s financial statements.
- Amendment to TAS 16, “Property, plant and equipment” and TAS 38, “Intangible assets”, on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This amendment has no effect on the Group’s financial statements.
- TFRS 14, “Regulatory deferral accounts”, effective from annual periods beginning on or after 1 January 2016. TFRS 14, “Regulatory deferral accounts” permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. This amendment has no effect on the Group’s financial statements.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
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2.4 Amendments in Turkish Financial Reporting Standards (continued)

- Amendments to TAS 27, “Separate financial statements” on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment has no effect on the Group’s financial statements.
 - Amendment to TFRS 10, “Consolidated financial statements” and TAS 28, “Investments in associates and joint ventures”, effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. This amendment has no effect on the Group’s financial statements.
 - Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.
 - TFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to TFRS 1) regarding servicing contracts.
 - TAS 19, ‘Employee benefits’ regarding discount rates.
 - TAS 34, ‘Interim financial reporting’ regarding disclosure of information.
 - Amendment to TAS 1, “Presentation of financial statements” on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the TASB initiative to improve presentation and disclosure in financial reports. This amendment has no effect on the Group’s financial statements.
 - Amendment to TFRS 10, “Consolidated financial statements” and TAS 28, “Investments in associates and joint ventures”, effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. This amendment has no effect on the Group’s financial statements.
- b. Standards and amendments issued but not yet effective as of 30 September 2016:**
- Amendments to TAS 7, “Statement of cash flows” on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the TASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
 - Amendments TAS 12, “Income Taxes”, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarify certain other aspects of accounting for deferred tax assets.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
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2.4 Amendments in Turkish Financial Reporting Standards (continued)

- Amendments to TFRS 2, “Share based payments” on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
- Amendment to TFRS 15, “Revenue from contracts with customers”, effective from annual periods beginning on or after 1 January 2018. “Revenue from contracts with customers” is a converged standard from the TASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to TFRS 15, “Revenue from contracts with customers”, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The TASB has also included additional practical expedients related to transition to the new revenue standard.
- TFRS 9, “Financial instruments”, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- TFRS 16, “Leases”, effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in TAS 17 and is a far reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The TASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the TASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group will evaluate the effect of the changes above to their operations and will apply them as of validity date. The standards and comments above are not expected to have a significant effect on The Groups' consolidated financials except the ones maintained on related standards and comments in the future.

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

2.5 Seasonality in the operations

Seasonality does not have significant effect over the Group’s operations.

NOTE 3 – SEGMENT REPORTING

			Segmental	
1 January - 30 September 2016	Turkey	Romania	eliminations	Consolidated
Revenue	104,650,186	5,758,118	-	110,408,304
Cost of sales (-)	(1,790,277)	(172,828)	-	(1,963,105)
Operating expense	(57,438,014)	(5,248,249)	-	(62,686,263)
Financial income	2,972,110	58,877	-	3,030,987
Financial expense	(1,909,919)	(122,077)	-	(2,031,996)
Depreciation and amortization	(12,237,464)	(451,170)	-	(12,688,634)
Tax expense	(3,487,776)	(57,823)	-	(3,545,599)
Profit for the period	45,949,839	218,778	-	46,168,617
EBITDA	57,659,359	788,211	-	58,447,570
Purchase of property and equipment and.intangible assets	18,209,998	104,154	-	18,314,152
30 September 2016				
Reportable segment assets	158,958,699	123,069,683	-	282,028,382
Reportable segment liabilities	60,611,941	64,851,896	-	125,463,837
Property and equipment	15,927,398	1,738,539	-	17,665,937

Since the Group commenced operations in Romania after 1 September 2016, the segment reporting is not presented with comparative information.

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NOTE 4 - BUSINESS COMBINATION

Acquisition of Totalsoft

The Group acquired 100% of Totalsoft shares for 30.2146.000 Euro through Share Purchase Agreement signed on 2 September 2016. The acquisition process is completed after the purchase consideration has been paid in cash to the Totalsoft's previous shareholders.

The Group, with respect to aforementioned acquisition process, accounted Totalsoft. in accordance with TFRS 3, "Business Combination", provisionally. Since, purchase price allocation has not been completed as of the reporting date, difference between net assets of Totalsoft and purchase consideration has been accounted as goodwill.

Total assets	68,036,476
Total liabilities	(21,076,223)

Fair value of net assets	46,960,253
Less: purchase consideration	101,432,073

Goodwill **54,471,820**

Intermat acquisition

The Company has acquired 50,1% of Intermat shares for 2,000,000 TRY through Share Purchase and Option agreement signed on 5 January 2015. It is adjudicated with the Share Transfer and Option Contract concluded on the same date that the Company has the right to take over the remaining 49,9% shares in 12 months following the date of transfer at a price of not less than 1,500,000 TRY and more than 3,500,000 TRY and Intermat has the right to sell to the Company with same terms. 49,9% of Intermat shares were transferred to the Company on 28 July 2015 and a cost at an amount of 268,000 TRY was paid during this transfer and shall net off from the additional payment amount which will determined as 50% of turnover amount which will be realized until the end of 2017.

Purchase price - cash	2,000,000
Purchase price - cash	268,000
Purchase price - future payments (*)	2,307,398

Total purchase price **4,575,398**

Cash outflow due to purchase, net

(*) Future payment amounts estimated over possible turnover amounts of Intermat until 2017 have been discounted to date and the amount of future payments is determined. In accordance with Share Transfer and Option Contract, the Group made additional payments amounting to TRY 814,968 as of 30 September 2016.

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NOTE 4 - BUSINESS COMBINATIONS (Continued)

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

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

Total assets	539,268
Intangible assets - advanced technology	3,502,958
Intangible assets - non-compete agreement	499,151
Total liabilities	(303,041)
Fair value of net assets	4,238,336
Less: purchase consideration	4,575,398
Goodwill	337,062

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

Detail of cash outflows due to purchase is as follows:

Purchase price - cash paid in 2015	2,268,00
Cash and cash equivalents - acquired	11,296
Cash outflow due to purchase, net	2,256,704

Sempa acquisition

The Company has acquired 100% of Sempa shares for 3,000,000 TRY through a Share Purchase Agreement signed on 18 June 2015 and has become Sempa’s sole shareholder. Full purchase price was paid in advance. The Agreement entered into force as of 18 June 2015. 856,631 TRY that was paid in scope of the acquisition in the measurement period was added to purchase price.

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NOTE 4 - BUSINESS COMBINATIONS (Continued)

Within the framework of the Agreement signed on 18 June 2015; 50% of the positive difference between Sempa’s sales revenue to be realized in 2015 sales revenue amounting to 2,017,938 TRY (“Base Performance Fee”) will be paid to Sempa’s previous shareholders as a “Performance Fee” which will not exceed 500,000 TRY.

Purchase price - cash	3,856,631
Purchase price - future payments (*)	241,000
Total purchase price	4,097,631

(*) As of 30 September 2016, the Group has paid whole amount of future payments.

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

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

Total assets	1,601,189
Intangible assets - advanced technology	1,378,000
Intangible assets - customer relations	303,000
Intangible assets - non-compete agreement	267,000
Total liabilities	(354,558)
Fair value of net assets	3,194,631
Less: purchase consideration	4,097,631
Goodwill	903,000

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

Detail of cash outflows due to purchase is as follows:

Purchase price - cash paid in 2015	3,856,631
Cash and cash equivalents – acquired	1,240,069
Cash outflow due to purchase, net	2,616,562

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NOTE 4 - BUSINESS COMBINATIONS (Continued)

Vardar acquisition

The Company has acquired 100% of Vardar shares for 604,794 TRY through a Share Purchase Agreement signed on 8 September 2015. A performance payment at a total amount of 2,000,000 TRY shall be made in scope of this Agreement consisting of 1,000,000 TRY, occurring following the determination of completion of the Vardar’s products improvement effectively and become in a position to be sold in sales network of Logo and 1,000,000 TRY which occurs after the sales amount of Vardar’s products exceeds 1,000,000 TRY plus VAT in sales network of Logo.

Purchase price - cash	604,794
Purchase price - future payments (*)	1,429,292
Total purchase price	2,034,086

(*) Performance payments which shall be made for Vardar have been discounted to date considering that the estimated dates in which the related conditions will be ensured, and the amount of future payments is determined. In accordance with Share Transfer and Option Contract, the Group made additional payments amounting to TRY 180,000 as of 30 September 2016.

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

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

Total Assets	1,084,068
Intangible assets - advanced technology	1,130,198
Intangible assets - non-compete agreement	41,570
Total liabilities	(568,088)
Fair value of net assets	1,687,748
Less: purchase consideration	2,034,086
Goodwill	346,338

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

Detail of cash outflows due to purchase is as follows:

Purchase price - cash paid in 2015	604,794
Cash and cash equivalents - acquired	2,401
Cash outflow due to purchase, net	602,393

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NOTE 5 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as of 30 September 2016 and 31 December 2015 is as follows:

	30 September 2016	31 December 2015
Cash	18,968	15,700
Banks		
- Demand deposits - TRY	3,222,717	797,117
- Demand deposits - foreign currency	2,057,798	810,892
- Time deposits - TRY	8,885,000	18,113,439
- Time deposits - foreign currency	13,203,492	5,011,271
- Other	3,153	-
Credit card receivables	20,253,358	26,780,617
	47,644,486	51,529,036

As of 30 September 2016, the weighted average effective annual interest rates for TRY time deposits are between 7.00% and 11.50% (31 December 2015: 11.00% and 13.75%).

Cash and cash equivalents included in the consolidated statements of cash flows for the interim periods ended 30 September 2016 and 2015 are as follows:

	30 September 2016	31 December 2015	30 September 2015	31 December 2014
Cash and cash equivalents	47,644,486	51,529,036	33,265,554	48,639,563

NOTE 6 – FINANCIAL ASSETS

b) Available-for-sale financial assets

The analysis of non-current financial assets at 30 September 2016 and 31 December 2015 is as follows:

	30 September 2016		31 December 2015	
	Share (%)	TRY	Share (%)	TRY
İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş.	2.00	80,653	2.00	80,653
Dokuz Eylül Teknoloji Geliştirme Bölgesi A.Ş.	0.67	50,000	0.67	50,000
		130,653		130,653

As of 30 September 2016 and 31 December 2015, İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. is assessed as an available-for-sale financial asset. Since İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. does not have any quoted market price in active market, its fair value could not be reliably measured and their total assets have no material impact on consolidated financial statements; are reflected to condensed consolidated interim financial statements of the Group of its cost.

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NOTE 7 - BORROWINGS

Details of borrowings as of 30 September 2016 and 31 December 2015 is as follows:

	30 September 2016		
	Weighted average annual interest rate	Original amount	TRY equivalent
Short-term bank borrowings:			
Credit card payables	-	136,904	136,904
TRY denominated borrowings	-	1,000,704	1,000,704
TRY denominated borrowings	% 12.00	6,000,000	6,000,000
EUR denominated borrowings	% 2.05	13,025,340	43,775,564
EUR denominated borrowings-	-	281,817	947,129
EUR denominated financial leases	-	127,858	429,704
			52,290,005
Short-term portion of long-term bank borrowings:			
TRY denominated borrowings	% 10.32-% 13.68	550,762	550,762
EUR denominated borrowings	Euribor+% 2.25	994,547	3,342,475
Total short term borrowings			56,183,242
Long-term borrowings:			
EUR denominated borrowings	Euribor+% 2.25	1,284,976	4,318,548
EUR denominated financial leases	-	169,844	570,813
Total borrowings			61,072,603

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NOTE 7 – BORROWINGS (Continued)

	31 December 2015		
	Weighted average annual interest rate	Original amount	TRY equivalent
Short-term bank borrowings:			
Credit card payables	-	210,289	210,289
TRY denominated borrowings	-	782,893	782,893
			993,182
Short-term portion of long-term bank borrowings:			
TRY denominated borrowings	10.32% - 13.68%	1,092,524	1,092,524
Total short term borrowings			2,085,706
Long-term borrowings:			
TRY denominated borrowings	10.32% - 13.68%	313,019	313,019
Total borrowings			2,398,725

The redemption schedules of long-term borrowings at 30 September 2016 and 31 December 2015 are as follows:

	30 September 2016	31 December 2015
To be paid within 1-2 years	4,591,753	313,019
To be paid within 2-5 years	297,608	-
	4,889,361	313,019

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NOTE 8 – TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables:	30 September 2016	31 December 2015
Trade receivables	56,412,513	40,329,386
Credit card receivables	14,050,122	36,054,297
Cheques and notes receivables	1,693,046	4,101,042
Income accruals	-	646,936
Less: provision for doubtful receivables	(18,462,975)	(6,451,544)
Less: unearned finance income arising from credit sales	(804,615)	(2,743,122)
	52,888,091	71,936,995

As of 30 September 2016 the average turnover of the trade receivables is 120 days (31 December 2015: 146 days), excluding the average credit cards receivables turnover day is 68 days (31 December 2015: 89 days), the discount rate applied to the receivables is 8.82% (31 December 2015: 11.75%).

As of 30 September 2016, trade receivables of TRY 4,151,185 (31 December 2015: TRY 3,454,145) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	30 September 2016	31 December 2015
Up to 1 month	3,779,905	1,985,998
1-3 months	3,628,698	530,271
More than 3 months	7,575,256	937,876
	14,983,859	3,454,145

Amount of risk covered by guarantees	579,107	604,263
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The movement of provision for doubtful receivables for the periods ended 30 September 2016 and 2015 are as follows:

	2016	2015
As of 1 January	(6,451,544)	(6,352,051)
Provision for the period	(374,252)	-
Releases	53,606	-
Acquisition of subsidiary	(11,690,785)	-
As of 30 September	(18,462,975)	(6,352,051)

Short-term trade payables:	30 September 2016	31 December 2015
Trade payables	8,117,636	10,027,920

As of 30 September 2016, the average maturity of payments is 58 days (31 December 2015: 64 days).

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NOTE 8 – TRADE RECEIVABLES AND PAYABLES (Continued)

The table below shows the maximum exposure of the Group to credit risk as of 30 September 2016 and 31 December 2015:

30 September 2016	Trade receivables		Other receivables		Cash at banks
	Related party	Other	Related party	Other	
The maximum of credit risk exposure at the reporting date	-	52,888,091	950,000	6,190,732	47,625,518
<i>- Amount of risk covered by guarantees</i>	-	579,107	-	-	-
Net carrying value of not past due and not impaired financial assets	-	37,904,232	950,000	6,190,732	47,625,518
Net carrying value of past due but not impaired financial assets	-	14,983,859	-	-	-
<i>- Amount of risk covered by guarantees</i>	-	579,107	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
<i>- Past due (gross carrying value)</i>	-	18,462,975	-	-	-
<i>- Provision for impairment (-)</i>	-	(18,462,975)	-	-	-
<i>- Amount of risk covered by guarantees</i>	-	-	-	-	-

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

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

31 December 2015	Trade receivables		Other receivables		Cash at banks
	Related party	Other	Related party	Other	
The maximum of credit risk exposure at the reporting date	8,032	71,936,995	950,000	174,725	51,513,336
<i>- Amount of risk covered by guarantees</i>	-	<i>604,263</i>	-	-	-
Net carrying value of not past due and not impaired financial assets	8,032	68,482,850	950,000	174,725	51,513,336
Net carrying value of past due but not impaired financial assets	-	3,454,145	-	-	-
<i>- Amount of risk covered by guarantees</i>	-	<i>604,263</i>	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
<i>- Past due (gross carrying value)</i>	-	<i>6,451,544</i>	-	-	-
<i>- Provision for impairment (-)</i>	-	<i>(6,451,544)</i>	-	-	-
<i>- Amount of risk covered by guarantees</i>	-	-	-	-	-

The guarantees include guarantee cheques, mortgages and letter of guarantees.

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

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

	30 September 2016	31 December 2015
Income accruals	6,631,742	-
Deposits and guarantees given	13,637	10,164
Other	104,741	-
	6,750,120	10,164

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

	30 September 2016	31 December 2015
Other	160,612	164,561

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

	30 September 2016	31 December 2015
Taxes payable	2,780,496	5,496,868
Short term payables regarding Sempa acquisition (Note 4)	-	241,000
Other	-	730,626
	2,780,496	6,468,494

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

	30 September 2016	31 December 2015
Long term payables regarding Intermat acquisition (Note 4)	1,492,429	2,307,398
Long term payables regarding Vardar acquisition (Note 4)	1,249,292	1,429,292
	2,741,721	3,736,690

NOTE 10 - INVENTORIES

	30 September 2016	31 December 2015
Trade goods	207,370	127,072
Raw materials and equipments	100,430	160,730
Other	3,182	22,751
	310,982	310,553

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2016	Additions	Acquisition of subsidiary	Disposals	Currency translation differences	30 September 2016
Cost:						
Machinery and equipment	6,606,148	845,294	1,562,648	(4,067)	22,227	9,032,250
Motor vehicles	55,382	-	1,998,812	(80,681)	27,079	2,000,592
Furniture and fixtures	3,901,241	182,357	942,802	-	13,312	5,039,712
Leasehold improvements	19,985,276	502,802	1,465,764	-	20,651	21,974,493
	30,548,047	1,530,453	5,970,026	(84,748)	83,269	38,047,047
Accumulated depreciation:						
Machinery and equipment	5,360,844	425,268	1,188,019	(1,324)	17,178	6,989,985
Motor vehicles	52,026	30,309	917,414	(80,681)	13,266	932,334
Furniture and fixtures	3,218,764	198,588	677,091	-	9,790	4,104,233
Leasehold improvements	6,427,629	490,095	1,416,354	-	20,480	8,354,558
	15,059,263	1,144,260	4,198,878	(82,005)	60,714	20,381,110
Net book value	15,488,784					17,665,937

	1 January 2015	Additions	Acquisition of subsidiary	Disposal		30 September 2015
Cost:						
Machinery and equipment	5,866,902	706,827	-	(13,675)		6,560,054
Motor vehicles	244,598	-	110,084	(264,957)		89,725
Furniture and fixtures	3,619,890	141,379	118,120	(33,743)		3,845,646
Leasehold improvements	19,458,301	155,463	-	-		19,613,764
	29,189,691	1,003,669	228,204	(312,375)		30,109,189
Accumulated depreciation:						
Machinery and equipment	4,995,418	277,539	-	(13,675)		5,259,282
Motor vehicles	241,241	3,358	22,146	(195,321)		71,424
Furniture and fixtures	3,012,406	184,238	71,493	(33,743)		3,234,394
Leasehold improvements	5,867,088	407,216	-	-		6,274,304
	14,116,153	872,351	93,639	(242,739)		14,839,404
Net book value	15,073,538					15,269,785

The Group constructed its headquarter building on the land which has been leased from Gebze Organize Sanayi Bolgesi for a lease period of 49 years. The cost of this building is accounted under leasehold improvements.

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NOTE 12 – INTANGIBLE ASSETS

	1 January 2016	Additions	Acquisition of subsidiary	Currency translation differences	30 September 2016
Cost:					
Development costs	79,862,344	16,084,887	34,260,277	483,826	130,691,334
Technology	12,460,183	-	4,350,890	61,299	16,872,372
Customer relations	11,852,175	-	5,540,342	78,057	17,470,574
Non-compete agreement	2,747,778	-	7,637,533	107,605	10,492,916
Other intangible assets	6,186,579	698,812	786,135	11,076	7,682,602
	113,109,059	16,783,699	52,575,177	741,863	183,209,798
Accumulated amortization:					
Development costs	48,627,617	9,069,525	19,145,569	273,619	77,116,330
Technology	3,066,467	992,708	2,636,903	37,587	6,733,665
Customer relations	3,312,463	1,050,707	3,693,561	52,649	8,109,380
Non-compete agreement	2,154,407	201,930	-	-	2,356,337
Other intangible assets	4,667,718	229,504	707,682	10,043	5,614,947
	61,828,672	11,544,374	26,183,715	373,898	99,930,659
Net book value	51,280,387				83,279,139

Additions amounting to TRY 15,932,610 to development costs for the period between 1 January - 30 September 2016 (1 January - 30 September 2015: TRY 12,171,618) consist of staff costs.

TRY 12,301,137 (1 January - 30 September 2015: TRY 8,994,511) of the current period depreciation and amortization expenses has been allocated to research and development expenses, TRY 182,530 (1 January - 30 September 2015: TRY 122,182) has been allocated to marketing, selling and distribution expenses, TRY 204,967 (1 January - 30 September 2015: TRY 150,779) has been included to general administrative expenses.

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NOTE 12 – INTANGIBLE ASSETS (Continued)

	1 January 2015	Additions	Acquisition of subsidiary	30 September 2015
Cost:				
Development costs	62,864,589	12,171,618	452,076	75,488,283
Technology	6,449,027	-	8,085,397	14,534,424
Customer relations	11,549,175	-	-	11,549,175
Non-compete agreement	1,940,057	-	-	1,940,057
Other intangible assets	4,707,710	483,884	566,837	5,758,431
	87,510,558	12,655,502	9,104,310	109,270,370
Accumulated amortization:				
Development costs	39,969,734	6,291,201	-	46,260,935
Technology	1,656,068	689,996	-	2,346,064
Customer relations	2,328,723	723,273	-	3,051,996
Non-compete agreement	1,405,835	558,786	-	1,964,621
Other intangible assets	4,421,342	131,865	-	4,553,207
	49,781,702	8,395,121	-	58,176,823
Net book value	37,728,856			51,093,547

NOT 13 - GOODWILL

	30 September 2016	31 December 2015
Totalsoft (*)	58,112,262	-
Netsis	5,892,252	5,892,252
Sempa	903,000	903,000
Vardar	346,338	346,338
Intermat	337,062	337,062
	65,590,914	7,478,652

(*) Goodwill will be revised after completion of purchase price allocation.

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

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NOTE 14 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

	Original currency	30 September 2016		31 December 2015	
		Original amount	TRY equivalent	Original amount	TRY equivalent
Guarantee notes	TRY	414,400	414,400	604,263	604,263
	USD	34,950	104,707	-	-
Mortgages	TRY	60,000	60,000	-	-
			579,107		604,263

As of 30 September 2016 and 31 December 2015, guarantee/pledge/mortgage (“GPM”) given by the Company on behalf of its legal entity are as follows:

	30 September 2016			31 December 2015		
	TRY equivalent	USD	TRY	TRY equivalent	USD	TRY
A. Total amount of Guarantees provided by the Company on behalf of itself	1,051,850	82,578	1,299,245	7,463,800	82,578	7,703,904
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method	-	-	-	-	-	-
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-	-	-
D. Other Guarantees given	-	-	-	-	-	-
Total amount of Guarantees given on behalf of the parent Company	-	-	-	-	-	-
Total amount of Guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-	-	-
Total amount of Guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-	-	-
	1,051,850	82,578	1,299,245	7,463,800	82,578	7,703,904

The lawsuits filed against the Group total TRY 4,465,893. The Group’s management does not expect any cash outflow regarding these lawsuits and accordingly, it has not booked any provision in the condensed consolidated interim financial statements.

Reports and notices, issued regarding the subjects of criticism by the tax inspectors as a result of tax inspection related to year 2012 carried out in 2015 in the Company, were declared to the Company on 13 January 2016. A total amount of TRY 1,086,101 is claimed for original tax and its penalty accordingly. The Company has re-issued its corporate tax declaration with reservations for 31 December 2015 and made a payment amounting to TRY 1,081,742. The Company had pursued all legal procedures available including a settlement against the tax authorities and filed a lawsuit for cancellation of related payment. Legal procedures still continue as of issuance date of these condensed consolidated interim financial statements. The Group Management’s assessment considering the possibility of any cash outflow that might arise from above mentioned legal procedures is remote.

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NOTE 14 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Contingent liabilities

Volume rebates

The Group makes annual rebate payments to its dealers based on predetermined conditions. Since most of these conditions are linked to their annual performance, the Group management cannot make a reliable estimate regarding the rebates to be paid to dealers at the end of the year. Accordingly, no provision has been accounted to these condensed consolidated interim financial statements as of 30 September 2016.

NOTE 15 - EMPLOYEE BENEFITS

Short - term payables for employee benefits:	30 September 2016	31 December 2015
Payables to personnel	4,914,912	129,299
Taxes, funds and social security payables	2,153,350	1,123,352
	7,068,262	1,252,651

Short - term provisions for employment benefits:	30 September 2016	31 December 2015
Provision for performance premium of personnel	503,021	9,056,999

Long - term provisions for employment benefits:	30 September 2016	31 December 2015
Provision for employment termination benefits	3,352,378	2,651,362
Provision for unused vacation liability	1,470,884	1,455,909
	4,823,262	4,107,271

The movement of provision for unused vacation liability for the periods ended 30 September 2016 and 2015 is as follow:

	2016	2015
As of 1 January	1,455,909	1,320,896
Increase for the period	14,975	230,087
As of 30 September	1,470,884	1,550,983

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NOTE 15 - EMPLOYEE BENEFITS (Continued)

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month’s salary limited to a maximum of TRY 4,297.21 for each year of service at 30 September 2016 (31 December 2015: TRY 3,828.37).

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

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

30 September 2016 31 December 2015

Discount rate (%)	3.76	4.601
Turnover rate to estimate the probability of retirement (%)	92.85	92.00

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every nine months the maximum amount of TRY 4,297.21 which is effective from 1 October 2016 (1 January 2016: TRY : 4,092.53) has been taken into consideration in the calculations.

The movement in the provision for employment termination benefits during the periods ended 30 September 2016 and 2015 were as follows:

	2016	2015
As of 1 January	2,651,362	2,547,062
Service cost	176,098	332,038
Interest cost	176,520	162,375
Actuarial loss	627,362	1,372,456
Payments	(278,964)	(1,342,905)
As of 30 September	3,352,378	3,071,026

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NOTE 16 - OTHER ASSETS

Other current assets:	30 September 2016	31 December 2015
Advances given to personnel	91,498	14,094
Job advances	79,785	71,202
Deferred value added tax	68,130	17,668
Prepaid taxes and funds	54,926	168,674
Receivables from personnel	16,100	22,500
Other	82,381	5,575
	392,820	299,713

NOTE 17 - PREPAID EXPENSES AND DEFERRED REVENUE

Short - term prepaid expenses:	30 September 2016	31 December 2015
Prepaid expenses	1,380,381	184,496
Advances given	1,103,251	265,409
	2,483,632	449,905

Long - term prepaid expenses:	30 September 2016	31 December 2015
Prepaid expenses	1,971,143	-
Advances given	-	35,727
	1,971,143	35,727

Short - term deferred revenues:	30 September 2016	31 December 2015
Deferred revenue	33,206,454	52,056,481
Advances received	1,175,422	1,820,360
	34,381,876	53,876,841

The details of deferred revenue at 30 September 2016 and 2015 is as follows:

	30 September 2016	31 December 2015
LEM sales	16,915,925	14,785,459
Pay as you go sales	12,173,935	25,047,506
Deferred revenue from continuing projects	2,475,054	1,701,452
Version upgrade revenue	1,114,634	7,089,863
After-sales services revenue	526,906	285,180
Other sales revenue	-	3,147,021
	33,206,454	52,056,481

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NOTE 18 - EQUITY

The Company's authorized and paid-in share capital consists of 2,500,000,000 (31 December 2015: 2,500,000,000) shares with a nominal value of Kr 1 each. The shareholding structure of the Company as of 30 September 2016 and 31 December 2015 are as follows:

	30 September 2016	Share (%)	31 December 2015	Share (%)
Logo Teknoloji ve Yatırım A.Ş. (*) (***)	9,267,404	37.07	9,267,404	37.07
Mediterra Capital Partners I, LP (**) (***)	9,267,404	37.07	9,267,404	37.07
Publicly traded (***)	6,465,192	25.86	6,465,192	25.86
	25,000,000	100.00	25,000,000	100.00
Adjustment to share capital	2,991,336		2,991,336	
Total paid-in share capital	27,991,336		27,991,336	

(*) Legal name of Logo Yatırım Holding A.Ş. has been changed into Logo Teknoloji ve Yatırım A.Ş. in 2016.

(**) Consist of EAS S.A.R.L 36.02% and other.

(***) As of 31 October 2016, after sales of shares to the corporate investors the rates has been changed into Logo Teknoloji 33.56%, Mediterra Capital 5.12% and publicly traded 61.32%.

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

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.

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NOTE 18 - EQUITY (Continued)

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 arising due to implementing the communiqué (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/IFRS.

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

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

Treasury Shares

Based on the Board of Directors decision dated 26 June 2012, regarding taking back maximum 62,500,000 share certificates (each having TRY 0.01 nominal value, constituting 2,5% of 2,500,000,000 paid in share capital) within lower price limit of TRY 0 and upper price limit of TRY 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 TRY 0.01 nominal value, constituting 4% of 2,500,000,000 paid in share capital) within lower price limit of TRY 0 and upper price limit of TRY 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.

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NOTE 18 - EQUITY (Continued)

Based on the Board of Directors decision dated 26 June 2013, regarding taking back maximum 100,000,000 share certificates (each having TRY 0.01 nominal value, constituting 4% of 2,500,000,000 paid in share capital) within lower price limit of TRY 0 and upper price limit of TRY 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 TRY 0 and upper price limit of TRY 5.5 in order to decrease price fluctuations in the Company's share certificates traded in BIST and evaluate current market conditions, the Company took back 272,189 share certificates traded in BIST between 30 October 2013 and 30 June 2013.

In accordance with Capital Markets Board's (“CMB”) decision dated 10 August 2011 and numbered 26/767, the Company has repurchased 1,610,306 numbers of shares in accordance with three different “Share Repurchase Programs” which were in agenda of the Board of Directors’ meetings dated 26 June 2012, 19 April 2013, and 26 June 2013. The repurchased shares constitute 6.44% of the Company’s share capital as of 26 September 2013 which was the end date of the 3rd program. The Company has sold a portion of these repurchased shares having TRY 1,237,500 nominal value and constituting 4.95% of the Company’s share capital to Murat Ihlamur in exchange for TRY 5 for each TRY 1 nominal value share amounting to a total of TRY 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 TRY 485,890 recognized under shareholders’ equity.

The Company’s repurchased shares in accordance with Share Repurchase Programs having TRY 60,000 nominal value and constituting 0.24% of the Company’s share capital have been sold to Teknoloji Yatırım A.Ş. on 26 December 2013 in exchange for each TRY 5 for each TRY 1 nominal value share amounting to a total of TRY 300,000. Gain from this transaction amounted to TRY 37,023 is recognized under shareholders equity.

Logo Teknoloji ve Yatırım A.Ş and EAS Solutions S.a.r.l’s joint application for a voluntary takeover bid of a portion of Logo Yazılım Sanayi ve Ticaret A.Ş.’s Group B shares in circulation amounting to TRY 5,696,372 has been approved through Capital Markets Board article numbered 29833736-110.05.01-502 issued on 11 March 2014. Voluntary bid price has been determined as 0,06 TRY for each Group B share with TRY 0.01 nominal value (Nominal value of TRY 1 traded on the Istanbul Stock Exchange corresponding to TRY 6.00 for every 100 share units.)

Through the voluntary bid process occurring between the dates of 14 March 2014 – 27 March 2014, Logo Teknoloji ve Yatırım A.Ş. and EAS Solutions S.a.r.l have purchased 132,285 units of shares for TRY 793,710.

Based on the Board of Directors decision dated 18 September 2015, regarding taking back within lower price limit of TRY 0 and upper price limit of TRY 30 in order to decrease price fluctuations in the Company's share certificates traded in BIST and evaluate current market conditions, the Company took back 17,932 share, amounted TRY 294,476 certificates traded in BIST on 28 September 2015.

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NOTE 18 - 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.

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

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

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

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

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

Dividend advance payments can be made in accordance with Turkish Commercial Code and CMB regulations provided that General Assembly authorizes the board of directors to pay dividend advance, limited to the related year, to shareholders in accordance to Articles of Incorporation.

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NOTE 18 - EQUITY (Continued)

The Group aims to complete the dividend payment before the last working day of the respective year in which dividend distribution decision is held in the General Assembly and starts to payment at least as of the end of the accounting period when the General Assembly meeting is held.

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

NOTE 19 - EXPENSES BY NATURE

As of 30 September 2016 and 2015, expenses are disclosed by function and the details of the expenses are summarized in Note 20 and Note 21.

NOTE 20 - SALES AND COST OF SALES

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - September
2015				
Revenue	106,354,330	37,377,316	88,890,963	35,128,455
Saas service revenue	5,721,820	1,481,780	-	-
Service revenue	3,626,750	990,353	4,391,334	1,199,433
Sales returns	(4,266,522)	(2,166,210)	(2,866,615)	(1,463,146)
Sales discounts	(1,028,074)	(183,220)	(1,392,703)	(161,144)
Net sales	110,408,304	37,500,018	89,022,979	34,703,598
Cost of sales	(1,963,105)	(557,897)	(2,129,586)	(593,901)
Gross profit	108,445,199	36,942,121	86,893,393	34,109,697

Cost of sales

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - September
2015				
Cost of transfer of financial rights	1,799,899	525,584	1,678,973	484,396
Cost of trade goods sold	163,206	32,313	450,613	109,505
Cost of sales	1,963,105	557,897	2,129,586	593,901

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

Research and development expenses	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Personnel expenses	16,179,208	6,375,870	11,422,030	4,354,654
Depreciation and amortization expenses	12,301,137	4,617,877	8,994,511	3,170,296
Motor vehicle expenses	1,233,417	442,727	1,011,497	359,111
Consultancy expenses	1,087,246	604,949	714,681	274,350
Outsourced benefits and services	785,423	252,809	665,323	218,751
Travel expenses	548,945	210,784	358,288	124,281
Rent expenses	473,949	214,106	277,054	88,163
Other	1,381,456	531,504	715,862	219,647
	33,990,781	13,250,626	24,159,246	8,809,253

Marketing, selling and distribution expenses	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Personnel expenses	9,316,250	2,554,649	7,522,699	2,056,600
Advertising and selling expenses	6,149,458	1,454,407	7,233,304	1,563,171
Motor vehicle expenses	780,489	266,487	670,791	226,124
Consultancy expenses	691,722	189,025	701,258	239,513
Outsourced benefits and services	546,449	206,039	323,282	109,650
Rent expenses	303,113	100,417	266,561	97,289
Travel expenses	218,222	65,805	182,791	58,219
Depreciation and amortization expenses	182,530	73,154	122,182	78,042
Other	644,766	448,669	289,635	88,247
	18,832,999	5,358,652	17,312,503	4,516,855

General administrative expenses	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Personnel expenses	5,730,715	1,579,147	3,977,423	1,941,150
Consultancy expenses	2,414,420	1,086,370	1,570,958	614,817
Motor vehicle expenses	324,896	105,808	377,261	130,084
Travel expenses	301,355	128,031	69,162	26,545
Depreciation and amortization expenses	204,967	99,712	150,779	37,139
Outsourced benefits and services	170,168	56,292	276,706	83,000
Rent expenses	75,649	51,823	33,965	8,135
Other	640,314	245,395	583,682	124,464
	9,862,484	3,352,578	7,039,936	2,965,334

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NOTE 22 – OTHER OPERATING INCOME/EXPENSES

Other operating income	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Rediscount income	2,507,131	355,786	292,582	(426,467)
Foreign exchange gains (*)	861,947	533,444	1,291,284	633,126
Overdue interest income	351,027	104,629	463,867	-
Other	441,923	284,194	556,518	226,032
	4,162,028	1,278,053	2,604,251	432,691

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

Other operating expenses	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Provision expense	405,119	(5,573)	60,829	60,829
Rediscount expenses	365,899	87,541	-	-
Foreign exchange losses (*)	60,726	(31,106)	354,819	111,571
Other	599,447	478,726	186,791	-
	1,431,191	529,588	602,439	172,400

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

NOTE 23 - INCOME FROM INVESTING ACTIVITIES

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Gain on sale of financial instruments	224,742	57,489	81,437	-
Gain on sale of property, and equipment	711	-	121,763	-
Other	-	-	46,500	46,500
	225,453	57,489	249,700	46,500

NOTE 24 - FINANCIAL INCOME

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Interest income	2,297,062	627,975	754,446	184,513
Foreign exchange gains	733,925	365,354	1,479,692	972,483
	3,030,987	993,329	2,234,138	1,156,996

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NOTE 25 – FINANCIAL EXPENSES

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Foreign exchange losses	801,172	537,438	274,956	274,956
Credit card commissions	548,351	164,132	340,116	107,473
Interest expense	279,301	204,249	1,331,240	167,276
Other financial expenses	403,172	58,111	258,423	78,370
	2,031,996	963,930	2,204,735	628,075

NOTE 26 - TAX ASSETS AND LIABILITIES

Deferred taxes

The Company recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS/IFRS and their statutory tax financial statements. Deferred tax income assets and liabilities are measured at the enacted tax rate of 20% as of 30 September 2016 (31 December 2015: 20%) using the liability method on the temporary differences. Applicable tax rate in Romania is 16%.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 30 September 2016 and 31 December 2015 using the enacted tax rates, is as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Deferred income tax assets:				
Provision for doubtful receivables	1,981,722	1,907,335	396,344	381,467
Provision for expense accruals	1,694,138	6,996,235	338,829	1,399,247
Provision for employee termination benefits	1,602,199	1,339,430	320,440	232,971
Rediscount of trade receivables and payables	1,136,296	3,285,230	227,259	657,046
Deferred income	673,241	2,395,500	134,648	479,100
			1,417,520	3,149,831
Deferred income tax liabilities:				
Difference between the tax base and carrying value of property, equipment and intangible assets	(14,497,905)	(4,800,650)	(2,899,581)	(960,130)
Other	-	(1,578,290)	-	(315,658)
			(2,899,581)	(1,275,788)
Deferred income tax assets/(liabilities), net			(1,482,061)	1,874,043

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NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of current period tax expense for the periods ending 30 September 2016 and 2015 is as follows:

	30 September 2016	30 September 2015
Profit before tax	49,714,216	40,662,623
Tax calculated at the current enacted tax rate	(9,942,843)	(8,132,525)
Effects of different tax rates	8,751	-
Disallowable expenses	(2,860,276)	(1,665,452)
Tax exemptions	9,248,769	8,762,249
Tax expense	(3,545,599)	(1,035,728)

Movement of deferred taxes for the periods ending 30 September 2016 and 2015 is as follows:

	2016	2015
As of 1 January	1,874,043	1,323,510
Accounted under profit or loss	(1,966,755)	(930,142)
Acquisition of subsidiary	(1,449,316)	(1,617,079)
Accounted under other comprehensive income	59,967	127,059
As of 30 September	(1,482,061)	(1,096,653)

Corporate tax

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

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. The corporate tax rate for 2016 is 20% (2015: 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.

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NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

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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NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed. The company has deferred investment allowance amounting to TRY 1,405,908 that can be offsetted in the future.

NOTE 27 – EARNINGS/LOSS PER SHARE

The earnings per 1,000 shares with nominal value of Kr 1 amounted to TRY 17,99 for the period ended 30 September 2016 (30 September 2015: TRY 15,75).

	30 September 2016	30 September 2015
Net income attributable to equity holders of the parent	44,973,279	39,378,516
Average number of shares for the period	25,000,000	25,000,000
Earnings per share	17.99	15,75

NOTE 28 – RELATED PARTY DISCLOSURES

a) Due from related parties at 30 September 2016 and 31 December 2015:

Short-term trade receivables from related parties:	30 September 2016	31 December 2015
Logo Siber Güvenlik ve Ağ Tek. A.Ş (“Logo Siber”)	-	8,032
Long-term other receivables from related parties:	30 September 2016	31 December 2015
Receivables from shareholders (*)	950,000	950,000

(*) Related balance consists of advances given for the purchases of e-Logo shares.

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NOTE 27 – RELATED PARTY DISCLOSURES

b) Sales to related parties, services given to related parties and financial income from related parties during the periods ended 30 September 2016 and 2015:

Services given to related parties 2015	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - September 2015
Logo Siber	152,730	44,278	111,659	33,738
Logo Teknoloji ve Yatırım A.Ş.	19,186	2,754	2,655	885
	171,916	47,032	114,314	34,623

c) Services purchased from related parties and other transactions with related parties during the periods ended 30 September 2016 and 2015:

Services purchased from related parties 2015	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - September 2015
Logo Teknoloji ve Yatırım A.Ş.	338,156	8,042	796	20

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

2015	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - September 2015
Remuneration of the board of directors and executive management	1,715,676	593,065	1,511,750	454,120

The remuneration of board of directors and executive management (executive management includes general manager (CEO) and assistant general managers) for the years ended 30 September 2016 and 2015 comprise short-term employment benefits including salary, bonus and other short-term benefits. There have been no post-employment benefits, other long-term employment benefits, other termination benefits and share-based payments in the years ended 30 September 2016 and 2015.

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

29.1 Financial Risk Management

Credit Risk

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

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims at maintaining flexibility in funding by keeping committed credit lines available. The Company management holds adequate cash and credit commitment that will meet the need cash for recent future in order to manage its liquidity risk. In this context, the Company has credit limit from banks amounting to over TRY 100,000,000 that can be utilized whenever needed.

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

The table below shows the liquidity risks from financial liabilities of the Group:

30 September 2016	Carrying value	Contractual cash outflow	Up to 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-derivative financial instruments						
Borrowings	61,072,603	61,758,723	49,744,346	7,098,346	4,916,031	-
Trade payables - <i>Other</i>	8,117,636	8,117,636	8,117,636	-	-	-
Due to personnel	7,068,262	7,068,262	7,068,262	-	-	-
Other payables - <i>Other</i>	5,522,217	5,522,217	2,780,496	-	2,741,721	-
31 December 2015	Carrying value	Contractual cash outflow	Up to 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-derivative financial instruments						
Borrowings	2,398,725	2,595,871	1,311,327	954,431	330,113	-
Trade payables - <i>Other</i>	10,027,920	10,027,920	10,027,920	-	-	-
Due to personnel	1,252,651	1,252,651	1,252,651	-	-	-
Other payables - <i>Other</i>	10,205,184	10,205,184	10,205,184	-	-	-

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

Interest rate risk

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

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

	30 September 2016	31 December 2015
Financial instruments with fixed interest rate		
Financial assets		
- <i>Financial assets at fair value through profit or loss</i>	12,156,523	23,124,710
Financial liabilities	61,072,603	2,398,725

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

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

TRY equivalent of import and exports for the periods ended 30 September 2016 and 2015 is as follows:

	30 September 2016	30 September 2015
Total exports	2,994,165	3,317,501

Foreign currency risk

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

Foreign Currency Position

The Group's assets and liabilities denominated in foreign currencies at 30 September 2016 and 31 December 2015 are as follows:

	30 September 2016	31 December 2015
Assets	22,150,668	8,324,410
Liabilities	(55,174,165)	(437,945)
Net foreign currency position	(33,023,497)	7,886,465

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

30 September 2016	Table of foreign currency position			
	TRY equivalent (functional currency)	USD	EUR	Other
1. Trade receivables	8,633,566	757,213	1,893,904	-
2a. Monetary financial assets (including cash, bank accounts)	13,517,102	1,225,758	2,929,178	478
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	22,150,668	1,982,971	4,823,082	478
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	22,150,668	1,982,971	4,823,082	478
10. Trade payables	(1,789,932)	(68,874)	(425,015)	(155,200)
11. Financial liabilities	(48,494,872)	-	(14,429,562)	-
12a. Monetary other liabilities	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-
13. Current liabilities (10+11+12)	(50,284,804)	(68,874)	(14,854,577)	(155,200)
14. Trade payables	-	-	-	-
15. Financial liabilities	(4,889,361)	-	(1,454,820)	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	(4,889,361)	-	(1,454,820)	-
18. Total liabilities (13+17)	(55,174,165)	(68,874)	(16,309,397)	(155,200)
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Total hedged asset amount	-	-	-	-
19b. Total hedged liability amount	-	-	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	(33,023,497)	1,914,097	(11,486,315)	(154,722)
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+3+5+6a+10+11+12a+14+15+16a)	(33,023,497)	1,914,097	(11,486,315)	(154,722)
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-
23. Export	(2,994,165)	-	-	-
24. Import	-	-	-	-

The foreign currency rates used in the translation of foreign currency denominated assets and liabilities into TRY as of 30 September 2016 and 31 December 2015 are as follows:

30 September 2016 31 December 2015

USD	2.9959	2.9076
EUR	3.3608	3.1776

The Group is mainly exposed to foreign exchange risks through its operations denominated in USD and EUR.

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

31 December 2015	Table of foreign currency position			
	TRY equivalent (functional currency)	USD	EUR	Other
1. Trade receivables	2,494,560	745,646	102,757	-
2. Monetary financial assets (including cash, bank accounts)	5,827,645	1,609,955	360,638	272
2b. Non-monetary financial assets	-	-	-	-
3. Other	2,205	-	694	-
4. Current assets (1+2+3)	8,324,410	2,355,601	464,089	272
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	8,324,410	2,355,601	464,089	272
10. Trade payables	(437,945)	(94,232)	(51,598)	-
11. Financial liabilities	-	-	-	-
12a. Monetary other liabilities	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-
13. Current liabilities (10+11+12)	(437,945)	(94,232)	(51,598)	-
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-
18. Total liabilities (13+17)	(437,945)	(94,232)	(51,598)	-
19. Net asset / (liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Total hedged asset amount	-	-	-	-
19b. Total hedged liability amount	-	-	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	7,886,465	2,261,369	412,491	272
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+3+5+6a+10+11+12a+14+15+16a)	7,886,465	2,261,369	412,491	272
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-
23. Export	(4,737,111)	-	-	-
24. Import	-	-	-	-

As of 30 September 2016, all other variables held constant, if the USD had been appreciated/depreciated by 10% against the TRY, foreign exchange gains/losses resulting from cash and cash equivalents, trade receivables and payables, due from and due to related parties would increase/decrease profit before tax by TRY 573,444 (31 December 2015: TRY 657,516).

As of 30 September 2016, all other variables held constant, if the EUR had been appreciated/depreciated by 10% against the TRY, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents would increase/decrease profit before tax by TRY 3,860,320 (31 December 2015: TRY 131,073).

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

28.2 Capital risk management

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

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

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

	30 September 2016	31 December 2015
Total bank borrowings and trade payables	69,190,239	12,426,645
Less: Cash and cash equivalents (Note 5)	(47,644,486)	(51,529,036)
Net debt	21,545,753	(39,102,391)
Total equity	153,614,637	108,545,294
Total capital	132,068,884	69,442,903
Debt/equity ratio	%16	(56%)

NOTE 30 - FINANCIAL INSTRUMENTS

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

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

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NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

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.

Monetary assets

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

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

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

Monetary liabilities

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

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

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

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

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at 30 September 2016 is as follows:

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

Fair value hierarchy table as at 30 September 2015 is as follows:

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

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NOTE 31 - EVENTS AFTER BALANCE SHEET DATE

Establishment of a subsidiary

With a notification date of 30 May, 2016, Logo Yazılım and GSF Software Labs LLC announced that they have signed non-binding initial agreement to establish a software company that will operate in India. Related partnership agreement has been signed on 5 October 2016 and the establishment process of the company has started. Logo Yazılım and GSF Software Labs LLC respectively will participate %66,6 and 33,4% of the company called Logo Business Technology Private Limited that is planned to be established in Maharashtra province in India.

It was announced on May 30th, 2016 that a non-binding agreement had been signed between our Company's subsidiary Logo Elektronik Ticaret Hizmetleri A.Ş. (e-Logo) and F.I.T. Bilgi İşlem Sistemleri Servisleri Sanayi ve Ticaret Anonim Şirketi (FIT Solutions) to establish a joint venture (JV). The JV agreement was signed and company establishment procedures started on July 29,2016. The 50:50 partnership will be named as FIGO Ticari Bilgi ve Uygulama Platformu A.Ş. (FIGO Trade Information and Application Platform Inc.). FIGO will enable Turkish corporates access to value added services to facilitate trade activity. Services such as risk rating, counterparty insurance, financing and collection will be provided under a Trade Information Platform. Both parties will bring their know-how to establish this PaaS (platform as a service), which will enable an electronic and seamless operation.

Fully Marketed Offering to Institutional Qualified Investors

On 17 October 2016 shareholders of Logo Yazilim, EAS Solutions S.a.r.l. ("EAS Solutions") initiated the selling process of Class B shares with a nominal value of TRY 6,000,000 corresponding to 24% of the share capital of the Company and Logo Teknoloji ve Yatırım A.Ş. ("Logo Teknoloji") initiated the selling process of Class B shares with a nominal value of TRY 1,500,000 corresponding to approximately 6% of the share capital of the Company to various international and local qualified institutional investors. In addition, EAS Solutions declared that it may sell further Class B shares with a nominal value of up to TRY 2,000,000 corresponding to 8% of the share capital of the Company and Logo Teknoloji also declared that it may sell further Class B shares with a nominal value of up to TRY 500,000 corresponding to 2% of the share capital of the Company to various international and local qualified institutional investors through an upsizing option.

At the meeting of the board of directors of the Company's shareholder EAS Solutions S.a.r.l. ("EAS Solutions") held on 28 October 2016, EAS Solutions has resolved to sell its shares in the Company up to 31.95% of the share capital of the Company (with a nominal value of TRY 7,987,623) on the Wholesale Market of Borsa İstanbul. At the meeting of the board of directors of the Company's shareholder Logo Teknoloji ve Yatırım A.Ş. ("Logo Teknoloji") held on 28 October 2016, EAS Solutions has resolved to sell its shares in the Company up to 4% of the share capital of the Company (with a nominal value of TRY 1,000,000) on the Wholesale Market of Borsa İstanbul.

As of 31 October 2016, the shareholding of EAS Solutions and its affiliates in the share capital of the Company has decreased to 5.12% and the shareholding of Logo Teknoloji in the share capital of the Company has decreased to 33.56%.

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