Çelebi Ground Handling Inc.
Annual Report 2019

CONTENTS

MESSAGE FROM THE BOARD OF DIRECTORS

Dear stakeholders,

Çelebi Ground Handling is one of the most eminent establishments in Turkey with its deep-seated corporate culture and long-standing experience, and being an active player on international markets, competes at the same level with the world's leading companies.

Our Company's superior service capability, healthy financial structure, competent human resource, high quality standards and adherence to ethical business principles are the key elements that secure continued sectoral leadership in the national market.

Çelebi Ground Handling possesses a strong capital structure, a strong management and a strong customer group, which make up a powerful combination that produces sustainable growth.

Focused on accurately reading into the dynamics of international and national markets, our Company backs its extensive service organization with modern practices, and thus, successfully achieved its 2019 targets.

In 2019, Çelebi Ground Handling devised and implemented its forward-looking initiatives, and carried on with its robust balance sheet expansion at the same time. Before presenting an assessment of our activities, we would like to share some information about the important developments in the Turkish and world economies during the reporting period.

In a year of continued weak course displayed by the global macroeconomic outlook, volatilities kept taking to the fore in global financial markets.

Overshadowed by protectionist policies, Brexit and geopolitical issues ongoing in various parts of the world, 2019 has been a year of heavy concerns regarding global growth.

Trade wars and feared slowdown of global growth steered the major central banks such as the US Federal Reserve (the Fed) and the European Central Bank (ECB) to expansionary monetary policies once again in an effort to support the economy. Through three rate cuts during the reporting period, the Fed decreased its policy rate to the 1.50%-1.75% interval, while the ECB prepared a support program and introduced a new monthly asset buying program of EUR 20 billion and reduced rates. The rate cuts prompted a relative recovery in capital flows to emerging markets.

While the US had one of its longest lasting growth periods, the Euro Zone displayed a relatively weaker growth versus 2018. During the year, political uncertainties arising in Italy and Spain, as well as the Brexit process, reflected negatively on the growth tendency in the area. With respect to the Asian economies that presented continued loss of pace, Japan grew below the projections, as the growth performance of the Chinese economy slumped to the lowest level of the last 30 years.

Estimations for rates of global growth and global trade point at the lowest values for the past 10 years.

The estimations point that the lowest global growth rate since the 2008 financial crisis will occur in 2019. In its January 2020 report, the IMF once again revised its global growth projections downwards, decreasing them from 3% to 2.9% for 2019 and from 3.4% to 3.3% for 2020. The report stated that negative developments in economic activity in a number of emerging countries led to a review of the growth expectations, and underlined that the relative recuperation projected in 2020 is anticipated to be driven by emerging economies other than China.

On the other hand, during 2019 when globalization also took a blow, global trade weakened alongside contracted demand and declined production. After increasing by nearly 4% in 2018, global trade volume is anticipated to have grown by 1.2% according to the report released in January 2020 by the World Trade Organization.

Right at the start of 2020, the signing of the first phase of the trade deal between China and the US and the approval of the Brexit deal bill raised hopes for the future even if at a small extent.

The rebalancing process that began in 2018 in the Turkish economy moved on to the transformation phase in 2019.

The Turkish economy had a year that was rather defined by the rugged political relationship with the US and the never-ending geopolitical risks stemming from the Middle East, as well as conjunctural developments.

After embarking upon a thorny period because of the skyrocketed exchange rates in August 2018, the Turkish economy saw a contraction begin in the last quarter of the year, which lived on through the first half of 2019, and narrowed by 2.3% and 1.6% in the first and second quarters, respectively.

Significant distance was paved in the rebalancing process, which was carried out by a determined stance displayed and fast measures adopted on the part of the economy administration, and which entailed harmonious cooperation from the private sector throughout the year. Having exceeded the projections to grow by 1% in the third quarter of the year, the Turkish economy upped its momentum in the fourth quarter and registered 6% growth. Thus, the growth rate that was recorded as 0.9% for 2019 full-year went above the New Economy Program (NEP) target which was set as 0.5%.

The mitigated accumulated exchange rate effects and the moderate domestic demand supported the overall betterment of inflation dynamics throughout 2019. After hitting 20.35% in January 2019, the CPI ended the year at 11.84%.

Starting from July, the CBRT pulled its policy rate down from 24% to 12% gradually in connection with the improvement observed in inflation outlook. This development drove the financing costs of companies down and eased their cash flows in the second half of the year.

The slowdown in economic activity reflected also on external balance data. While the imports volume was down by 9.1% as at year-end, exports volume showed a limited rise of 2.1%.

This positively affected the current accounts balance, as well. With the contribution of the powerful course in tourism coupled with lower oil prices, as well as weakened domestic demand, the current accounts balance began to produce surplus from June 2019, and reached a historic high of USD 5.4 billion based on the 12-month cumulative data. In the months that followed, however, the domestic demand that adopted an uptrend began restricting current surplus owing to its side effect that drives imports.

The funding costs that increased amid the high inflationist environment began going down to their early-2018 levels within the frame of the rebalancing process that is also supported by the global conjuncture, and investment appetite started reviving slowly.

As the Turkish lira performed relatively consistently, high interest and inflation cycle was reversed, and both public debt/GDP and current deficit/GDP ratios improved in 2019, Turkey's international risk premium slumped.

The strategies we have pursued and the performance we have registered as Çelebi Ground Handling in 2019 once again revealed that we are moving along the right path.

Targeting growth and profitability ever since the first day of its operations, Çelebi Ground Handling kept utilizing its competitive superiorities optimally and generating added value in 2019, and attained successful financial and operational results.

As a result of our operations carried out in line with our targets, our Company booked TL 2,220 million in total assets, and TL 572 million in shareholders' equity. In the same period, our consolidated turnover rose to TL 1,878 million, as we posted TL 543 million in consolidated gross profit and TL 295 million in real operating income.

In the same period, we offered services for 97,147 tons of cargo tonnage under our cargo operations in Turkey.

Our foreign subsidiaries also attained results aligned with our projections.

Çelebi Airport Services India Private Limited, our subsidiary operating at the Indira Gandhi International Airport in Delhi, India, served 28,452 flights in Delhi, Ahmedabad and Kochi stations in 2018. With the addition of Bangalore and Hyderabad stations, the number of flights served increased by 54% annually to reach 43,886 in 2019.

Celebi Delhi Cargo Terminal Management India Pvt. Ltd., our subsidiary that began providing cargo warehousing and handling services at Delhi International Indira Gandhi Airport, handled 457,732 tons of cargo in 2019.

Celebi Nas, another subsidiary that operates at Chhatrapati Shivaji International Airport in Mumbai (Bombay) in India, increased the number of flights it served by 22% to 28,887 in the January-December 2019 period.

The number of aircraft served by Celebi Ground Handling Hungary, which is the first investment of our Company in a foreign country, went up to 28,000 in the January-December 2019 period owing to the increased number of flights by Ryanair. This figure represents a 13% growth as compared with 2018.

While the cargo warehouse of Çelebi Ground Handling Hungary that began operations in January 2011 handled 70,863 tons of cargo in the January-December 2018 period, the cargo handled dropped by 10% to 72,029 tons in the twelve months to end-December 2019, driven mainly by the decreased amount of cargo across Europe.

Offering air cargo storage and handling services in its storage/warehouse facilities at the International Frankfurt Airport's Cargo City, Celebi Cargo GmbH provided service for 141,501 tons as at year-end 2019.

We are empowered and committed to sustain our successful performance in the future as well.

Innovation, change, projection and planning have an undisputed importance in the corporate culture of Çelebi Ground Handling. Acting with this awareness, we take our service capabilities further every year and we convert the strength we derive from improvement into competitive advantage.

In the years ahead, Çelebi Ground Handling will keep progressing with sure-footed steps along the growth roadmap it has set with an innovative and all-around concept securing complete adaptation to the conditions prevailing in the sector.

On behalf of the Board of Directors and myself, I would like to extend our gratitude to our shareholders, customers, business partners and all Çelebi employees who have made the achievements of our Company possible.

Can Çelebioğlu
Chairman

BOARD OF DIRECTORS - 2019 ANNUAL REPORT

I - OVERVIEW

1. FIELD OF ACTIVITY

Çelebi Hava Servisi A.Ş. (Çelebi Ground Handling Inc., "the Company") was the first privately-owned ground handling services company in the Turkish aviation industry and has been in business since 1958. The Company carries out its activities under the Çelebi Holding A.Ş. organization. The Company is registered with the Capital Markets Board of Turkey (CMB) and its shares began trading in Borsa Istanbul (BIST) on November 18th, 1996. The Company's principal business activity consists of providing domestic and foreign airlines and air cargo companies with ground handling services (representation, traffic, ramp, cargo, flight operations, and similar services) and refueling services. The Company's operations take place in Turkey at total 30 stations located in Adana, Ankara, Antalya, Bingöl, Bodrum, Bursa Yenişehir, Çorlu, Dalaman, Diyarbakır, Erzurum, İstanbul, İzmir, Isparta, Kars, Kayseri, Malatya, Mardin, Samsun, Trabzon, Van, Denizli, Hatay, Kahramanmaraş, Erzincan, Balıkesir Edremit, Çanakkale, Iğdır, Kocaeli, Hakkari and Uşak airports which are under the control of State Airports Authority ("DHMI") and in İstanbul Sabiha Gökçen Airport which is under the control of Airport Administration and Aviation Industries ("HEAŞ").

The Company is registered with the İstanbul Trade Registry (192002-139527). Its address of record is:

Çelebi Ground Handling Inc.

Tayakadın Mahallesi Nuri Demirağ Caddesi Bina No: 39 Arnavutköy İstanbul, Turkey

The Company's Head Office began operating at the headquarters address at cargo bonded warehouse facilities in İstanbul Airport from 2 May 2019.

The Company's website is located at the address www.celebiaviation.com. The internet address for the Company's investor relations is www.celebiyatirimci.com.

2. BOARD OF DIRECTORS, AUDITORS, COMMITTEES AND SENIOR MANAGEMENT

The Company's Board of Directors is formed of the following members:

Name	Position	Independent Member or Not
Can Çelebioğlu	Chairman	Non-independent Member
İsak Antika	Vice Chairman	Non-independent Member
Canan Çelebioğlu	Board Member	Non-independent Member
Turgay Kuttaş	Board Member	Non-independent Member
Mehmet Murat Çavuşoğlu	Board Member	Non-independent Member
Mehmet Yağız Çekin	Board Member	Non-independent Member
Uğur Tevfik Doğan	Board Member	Independent Member
Halil Yurdakul Yiğitgüden	Board Member	Independent Member

The members of the Board of Directors have been elected for one year at the Ordinary General Meeting convened on 9 April 2019 until the next Ordinary General Meeting.

According to the provisions of Corporate Governance Principles and the Company's articles of incorporation, Halil Yurdakul Yiğitgüden and Uğur Tevfik Doğan, whose candidacy for independent membership on the Board of Directors has been deemed appropriate, have been elected as Independent Board Members to serve a term of office of 1 (one) year (for the period between the two Ordinary General Meetings).

The members of our Company's Board of Directors are nominated and elected from among individuals possessing the high level of knowledge and skills, the qualifications, specific experience and background in accordance with the Company's articles of incorporation. All our Board members have the capability to read and analyze financial statements and reports, as well as the necessary basic knowledge of legal regulations governing the Company in respect of its long-term acts and transactions, and have the means and commitment to participate in all Board of Directors meetings planned for the relevant fiscal year.

According to "Article 8- Representing and Binding the Company" of the Company's articles of incorporation, the Company is administered and externally represented by the Board of Directors. Pursuant to Article 367 of the Turkish Commercial Code (TCC), the Board of Directors may delegate management, in part or in whole (excluding the Non-Delegable Duties and Powers of the Board of Directors as stipulated by Article 375 of the TCC), to one or more Board of Directors members or third parties. The Board of Directors may also delegate the power to represent, jointly or individually, to one or more senior executives of the Company who are not members of the Board under Article 370 of the TCC. The individuals with the power to represent and bind the Company and the ways they may do so are determined by the Board and duly registered and announced. In order for any documents issued by the Company or for any contracts that are entered into to be valid, they must be signed, below the Company's legal name, by an individual or by individuals authorized to do so by the Board of Directors. Pursuant to Article 1526 of the TCC, the transactions carried out by the Company may be done so with the secure electronic signatures of the individuals possessing the power to represent.

The authorities and responsibilities of our Company's Board members and managers are stated in signature circular IX setting down the powers to represent and bind the Company that was registered by the İstanbul Trade Registry on 18 August 2015 and announced as having been registered in issue 8890 of the Turkish Trade Registry Gazette dated 24 August 2015.

As per the assignment of duties among the Board Members elected at the Ordinary General Meeting of 9 April 2019, the Company's Board of Directors decided to elect Mr. Can Çelebioğlu as the Chairman and Mr. İsak Antika as Vice Chairman of the Board.

At the Ordinary General Meeting held on 9 April 2019, the shareholders having management control over the Company, members of the Board of Directors, senior executives and their spouses and relatives by blood and marriage unto the second degree have been authorized, as per Article 395 of the Turkish Commercial Code (TCC), to enter into transactions that are of a nature that might lead to conflict of interest with the Company or its subsidiaries, and deal with the Company on their own or others' behalf; no transactions took place within the scope of the said authorization granted during the reporting period.

Auditors

In a resolution passed on 29 March 2019, the Board of Directors voted to recommend the appointment of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Deloitte) as the Company's independent auditor to be charged with independently auditing the Company's consolidated financial statements for 2019 in compliance with Turkish Commercial Code and Capital Markets Board rules and regulations pertaining to the independent auditing of such statements prior to their public disclosure. At the annual general meeting of the Company held on 9 April 2019, a majority of shareholders approved the appointment of Deloitte as the Company's independent auditor.

Corporate Governance, Audit, and Early Detection of Risk Committees

Of those who were elected to seats on the Board of Directors at the 9 April 2019 annual general meeting of the Company, it has been decided at the Board of Directors meeting dated 10 April 2019, to elect Uğur Tevfik Doğan and Halil Yurdakul Yiğitgüden as members of the Audit Committee, to elect Mehmet Yağız Çekin and Uğur Tevfik Doğan as members of the Corporate Governance Committee, and to elect our Company's Financial Affairs Director Deniz Bal, Turgay Kuttaş and Halil Yurdakul Yiğitgüden as members of the Risk Detection Committee, within the framework both of the applicable clause of Capital Markets Board Communiqué X:22 Concerning Independent Auditing Standards In Capital Markets and of the applicable provisions of Capital Markets Board Corporate Governance Communiqué II-17.1.

Senior Management

The names of the executives who served at the Company during 2019 are presented below:

Name	Title	Effective from	Joined the Company in
Osman Yılmaz	Chief Executive Officer	2016	1993
Deniz Bal	Financial Affairs Director	2013	2003
Bekir Güneş	Commercial Director	2019	2009
Gökçen Dervişoğlu	Human Resources Director	2015	2015

Ms. Selda Konukçu, who was serving as Turkey and MEA Commercial Director at our Company resigned from her position effective 31 July 2019, and was succeeded by Çelebi Aviation Holding Global Portfolio Management Director Mr. Bekir Güneş, who was acting in the aforementioned position until 1 November 2019, when he was appointed in full capacity.

Investor Relations Unit and Coordination of Corporate Governance Practices

Within the framework of our Company's efforts to achieve full compliance with the provisions of Article 11 of the Capital Markets Board's Corporate Governance Communiqué Serial II: 17-1 with the circular number 2014/04 and dated 03 January 2014 and to ensure their strict implementation:

- There is an Investor Relations Unit, which handles exercising of shareholding rights at our Company that is listed on the Borsa İstanbul (BIST). This unit reports to the Board of Directors and maintains communication between the Board of Directors and shareholders. In this context, Deniz Bal, who is the Company's Financial Affairs Director and who was entitled to receive a "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise License", served during the reporting period as the head of Investor Relations Unit. (Tel: +90-212-952 9200, e-mail: deniz.bal@celebiaviation.com)

- Tolga Akdoğan, a full-time employee of the Company who holds both "Advanced Capital Market Operations" and "Corporate Governance Rating Specialist" licenses, served as "Investor Relations Unit Employee" during the reporting period. (Tel: +90-212-952 9200, e-mail: tolga.akdogan@celebiaviation.com)

- Deniz Bal, who holds both "Advanced Capital Market Operations" and "Corporate Governance Rating Specialist" licenses and was serving in the capacity of Investor Relations Unit Manager, was charged during the reporting period with the additional duties of fulfilling obligations arising from capital market laws and regulations, of coordinating corporate governance practices, and of reporting on such matters to the Company's general manager.

Information on General Meetings

General meetings held during the reporting period	Date	% of shares in attendance	Meeting announcements and invitations
Ordinary General Meeting	9 April 2019	88.96%	Place, date, time and agenda of the Annual General Meeting were announced via: 1- Material event disclosure placed on the Public Disclosure Platform (KAP) on 8 March 2019 2- Announcements published in the 13 March 2019 issue of the Turkish Trade Registry Gazette no: 9547 and the Milliyet newspaper dated 12 March 2019 3- Announcement on the Company's website 4- Letters sent to registered shareholders 5- Announcement made through the Electronic General Meeting system

The Company's annual general meeting was held on 9 April 2019 during which the following resolutions were passed:

- The Board of Directors' annual report and the independent auditors' report are approved.
- The financial statements for the fiscal year 2019 are approved.
- The entirety of the TL 204,583,956 that descends as net current profit in the Company's consolidated financial statements dated 31 December 2018 will be distributed as indicated below;

In this framework, in compliance with CMB regulations pertaining to profit distribution and with respect to the period beginning on 1 January 2018 and ending on 31 December 2018:

  - Shareholders who are resident corporate entities and shareholders who are non-resident corporate entities but earn dividends through a place of business or permanent representative based in Turkey will be paid a 530.00% cash dividend corresponding to TL 5.3000 gross (which is equal to TL net) for each share of stock with a nominal value of TL 1.00 that they hold;
  - Other shareholders will be paid a 530.00% cash dividend corresponding to TL 5.3000 gross for each share of stock with a nominal value of TL 1.00 that they hold, which amount is equal to a 450.50% cash dividend corresponding to TL 4.5050 net for each share of stock with a nominal value of TL 1.00 that they hold, and that 16 April 2019 will be set as the dividend payment date.

- Our Company's Board of Directors will be authorized to decide upon distribution of advances on dividends for 2019 fiscal year under the Company's articles of association and the provisions of the CMB legislation in force.
- The members of the Board of Directors and the Company's statutory auditors are acquitted of their fiduciary responsibilities.
- Board of Directors members Can Çelebioğlu, İsak Antika, Canan Çelebioğlu, Mehmet Murat Çavuşoğlu, Mehmet Yağız Çekin, and Turgay Kuttaş, whose terms of office have expired, are elected to serve as board members for a period of one year (the period between two consecutive annual general meetings).
- Uğur Tevfik Doğan and Halil Yurdakul Yiğitgüden are elected to serve as independent board members for a period of one year (the period between two consecutive annual general meetings).
- Independent board members are to be paid a monthly fee/honorarium of gross TL 7,000.00 but no such fees or honoraria are to be paid to board members other than the independent ones.
- DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi ("Deloitte") is designated as the independent audit firm ("Auditor") to carry out the independent audit of the financial statements for 2019 fiscal year and other activities falling under the arrangements in the said laws.

- The Board of Directors will be authorized for a period of 15 months to issue borrowing instruments in an amount of up to TL 500,000,000.00, to determine all matters associated with the issuance and to carry out the related transactions and formalities under the provisions of the Turkish Commercial Code and CMB legislation in force.
- An upper limit of TL 6,000,000.00 is set on charitable donations that are to be made by the Company during 2019 (1 January 2019-31 December 2019).
- Shareholders holding management control, the members of the Board of Directors, senior executives and their spouses and relatives by blood or marriage unto the second degree have been authorized, as per Article 395 of the Turkish Commercial Code no. 6102, to deal in transactions with the Company and its subsidiaries that might lead to conflict of interest, and to deal with the Company on their own or others' behalf.

Information was also provided to shareholders about;

- the guarantees, pledges, and mortgages granted and the revenues and benefits received by the Company to/from third parties during 2018 fiscal year,
- related-party transactions engaged in 2018 fiscal year, and
- TL 384,492.00 worth of charitable donations to various foundations, associations, professional chambers, and public agencies and organizations during the period beginning on 01 January 2018 and ending on 31 December 2018.

Participation in general meetings

The Ordinary General Meeting held on 9 April 2019 was attended by shareholders responding either in person or in proxy to invitations sent out, as well as by two members of the Company's Board of Directors, senior managers and Company's Investor Relations Unit personnel.

Entries in the shareholders' register

There is no period of time stipulated in the Company's articles of incorporation in which the holders of registered shares must have entries made in the shareholders' register in order to take part in general meetings. The provisions of the Turkish Commercial Law (TCC) governing such matters are complied with by the Company. Shares corresponding to more than 99% of our Company's capital have been duly registered as required by Capital Markets Board regulations. Shares belonging to our shareholders are retained in custody in the investor subaccounts of our Company as issuer and/or of brokerage concerns held by the Central Registry Agency.

Information announced to shareholders

With regard to the agenda of the Annual General Meeting on 9 April 2019, the Board of Directors membership candidate list, the Board of Directors' annual report for 2018 calendar year, the Company's remuneration policy, and the resolution for profit distribution for 2018 calendar year were all made available to shareholders and other stakeholders for their review through the Electronic General Meeting system and the Company's website on the date on which the general meeting was announced.

Shareholders' exercise of their right to ask questions at general meetings

The shareholders exercised their right to ask questions at the ordinary general meeting held on 9 April 2019, these questions were answered by the Company board members and executives that attended the meeting.

Motions made by shareholders at general meetings

During the Annual General Meeting on 9 April 2019, a total of 8 resolutions as listed below were made by shareholders, 5 of which were accepted unanimously and 3 were accepted by majority of votes:

- Election of the Presiding Board.
- While the annual report of the Board of Directors was made available for shareholders to examine before the general meeting and handed out to those present at the meeting, and because the 'profit distribution' section of the annual report is also to be read during the discussion of item 6 on the agenda, the general meeting agrees that it would suffice to read the Independent Auditors' Report on the consolidated financial statements for the discussion of item 3 on the agenda.
- While the annual report of the Board of Directors was made available for shareholders to examine before the general meeting and handed out to those present at the meeting, the general meeting agrees that it would suffice to read the opinion section of the Independent Auditors' Report on the annual report of the Board of Directors for the discussion of item 4 on the agenda.
- While the balance sheet and income statement included in the annex to the annual report were made available for shareholders to examine before the general meeting and both were handed out to those present at the meeting, the general meeting agrees that a reading of the main headings of both balance sheet and income statement would suffice for the discussion of item 5 on the agenda.
- The candidates designated to serve as members of the Board of Directors until the next ordinary general meeting are hereby elected; Mrs. Canan Çelebioğlu, Mr. Mehmet Murat Çavuşoğlu, Mr. Mehmet Yağız Çekin and Mr. Turgay Kuttaş are to be elected as board members representing Group A shareholders (Çelebi Havacılık Holding A.Ş.) and Mr. Can Çelebioğlu and Mr. İsak Antika as board members representing Group B shareholders.
- Uğur Tevfik Doğan and Halil Yurdakul Yiğitgüden are to be elected as independent Board members to serve until the next Annual General Meeting to be held to fill the seats of independent Board members, whose terms of office expired.
- Elected independent board members are to be paid remuneration, while board members elected to represent Group A and B shareholders shall not be paid any wages for this period.
- The Board of Directors will be authorized for a period of 15 months to issue borrowing instruments in an amount of up to TL 500,000,000.00, determine all matters associated with the issuance and carry out the issue transactions and formalities under the provisions of the Turkish Commercial Code and CMB legislation in force.
- An upper limit of TL 6,000,000.00 is set on charitable donations that are to be made by the Company during 2019.

Action taken to facilitate participation in general meetings

To facilitate participation in general meetings, a material event disclosure concerning them is made as required by CMB regulations while invitations announcing the meetings are published within the framework of the provisions of TCC and the Company's articles of incorporation at least 21 days before the meeting date in the Turkish Trade Registry Gazette and one newspaper published in the place where our headquarters are located and announced in our Company's internet site. Media organizations are also contacted to have the meeting announced in the press and electronic media.

Availability of general meeting minutes for inspection by shareholders

After they have been registered in accordance with applicable laws, regulations, and administrative provisions, general meeting minutes are published in the Turkish Trade Registry Gazette and are always available for the inspection of stakeholders at our Company's headquarters and on its corporate website.

Presentation of information to shareholders regarding the amount and recipients of grants and donations during the reporting period under a dedicated agenda item in the general meeting

At the Ordinary General Meeting held on 9 April 2019, information has been presented to shareholders about the donations and grants made during the reporting period to various foundations, associations, chambers, public institutions and organizations amounting TL 384,492.00.

While there is no specific policy for donations and grants that is approved by the General Assembly of Shareholders, grants and donations are made subject to the provisions of Article 3.9 of the Company's articles of incorporation, which reads "Donations and grants may be made to social foundations, associations, universities and similar institutions and public institutions subject to the principles set forth in the CMB legislation, by providing information to the shareholders at the general meeting and by complying with the public disclosure obligation pursuant to the Capital Market Legislation."

Financial rights provided to the members of the Governing Body and senior managers

The Company designated its consolidated senior management team as the members of the Board of Directors, the Chief Executive Officer and Directors. The breakdown of the benefits provided to senior managers is presented in the table below:

	1 January-31 December 2019	1 January-31 December 2018
Short-term benefits to senior managers	23,314,509	16,771,185
	23,314,509	16,771,185

3. NATURE AND VALUE OF ISSUED CAPITAL MARKET INSTRUMENTS

As of 31 December 2019, our Company's issued capital amounted to TL 24,300,000. Our Company's capital structure on 31 December 2019 and 31 December 2018 was as follows:

Shareholders	(%)	31 December 2019	(%)	31 December 2018
Çelebi Havacılık Holding A.Ş.	89.91	21,848,528	87.39	21,236,463
Others	10.09	2,451,472	12.61	3,063,537
	100.00	24,300,000	100.00	24,300,000

Ultimate Non-Corporate Controlling Shareholders

The names of our Company's ultimate non-corporate controlling shareholders, who have been identified, purged of all cross-shareholding interests, and their shareholding interests in the Company as of 31 December 2019 are presented below:

Shareholders	31 December 2019 (%)	31 December 2018 (%)
Zeus Aviation Services Investments B.V.	44.96	43.70
Can Çelebioğlu	15.73	15.29
Canan Çelebioğlu	15.73	15.29
Hana Investment Company WLL	5.75	7.08
Racer S.r.l.	2.9	3.54
57 Stars Global Opportunity Fund 3 (KIA), L.P.	2.01	2.49
Pantheon Global Secondary Fund VI (US)	2.34	-
Pantheon Access Secondary Program SCSp (Lux)	0.48	-
Others	10.09	12.61
	100.00	100.00

The Company's articles of incorporation contain no provisions pertaining to special voting rights. However the shares representing the Company's issued capital are divided into three classes designated "A", "B", and "C" and only those who hold "A" and "B" shares are entitled to designate candidates for seats on the Company's Board of Directors and Board of Statutory Auditors.

4. INFORMATION ON PERSONNEL

The average number of personnel employed by the Company as at 31 December 2019 is 4,266 (31 December 2018: 4,030 people). The average number of personnel, including the subcontractor personnel was 13,475 and 13,031 people on 31 December 2019 and 31 December 2018, respectively.

Average Number of Employees of the Group (Consolidated)	January-December 2019	January-December 2018
Çelebi Hava Servisi A.Ş. ("Company")	4.266	4.030
Celebi Ground Handling Hungary	851	713
Celebi Nas (India)	2.383	2.626
Celebi Delhi Cargo (India, including subcontractor personnel)	2.991	3.378
Celebi Delhi Ground Handling (India)	2.727	2.036
Celebi Cargo GmbH (Germany, including subcontractor personnel)	257	248
Total	13.475	13.031

5. INFORMATION ON THE EMPLOYEES AND THE HUMAN RESOURCES POLICY

Human Resources ("HR") Policy

In order to sustain the image and success of the Company, in the eyes of the society and the employees, the Human Resources Department monitors and develops all practices supported by the documentation and systems related to Human Resources, and the resulting human resources culture.

By supporting participation, teamwork, entrepreneurship, creativity and productivity, making our Company be preferred to work for in Turkey, and making it a big family with happy and loyal employees and to perpetuate this, form the basis of our Company's HR Policy.

The Station Managers are responsible for the dissemination of the HR policies, which were determined without discriminating language, religion, race, sect and gender with the participation of the Station Managers who are determined as our employee representatives, at the stations. The main responsibilities of these managers are to share the decisions taken with respect to the employees or the developments concerning the employees with the employees.

Not a single complaint has yet been received concerning discrimination and the company acts responsibly in protecting its personnel from any physical, psychological or emotionally cruel treatment.

Elements of the Human Resources Policies:

By supporting participation, teamwork, entrepreneurship, creativity and productivity, ensuring our Company is the preferred place to work in Turkey, making it a big family with happy and loyal employees, and ensuring its continuity.

Human Resources Systems:

- Selection and Placement
    - Selection Process
    - Orientation
- Performance Management
    - Target and Competency Management
    - Compensation
- Talent and Career Management
- Training
    - Coaching System
    - Career Planning
    - Personal Development Trainings

- Remuneration Management
- Organization Development Activities
    - Corporate culture, vision, mission
    - Employee loyalty and satisfaction practices
    - Regulatory Work
    - Organizational Work

Selection and Placement

Selection Process and Placement/Creating a candidate pool at the Group Companies

The main principle in selection and placement is to meet workforce needs in the most efficient and shortest time with the logic of "the right person for the right job". In this context, personnel needs are determined within the framework of the human resources plan determined in line with the Company's goals and strategies, and the profile required by the position is determined based on the job description and competencies. The Human Resources Department checks to see if there is a sufficient budget for the staff while requesting personnel. Staff planning should be done carefully by paying attention to efficiency. The Human Resources Department and department managers share the responsibility of select personnel who are in compliance with the mission and vision of the Company, who can fulfill the responsibilities required for the job, adapt to the working conditions, and who have the necessary competencies and the qualifications required for the position to at least at the minimum expected level. Part of our Human Resources policy is to prioritize all Company employees among the Company and Group companies in the work opportunities appropriate to their career development and potential.

The candidate pool in general;

The candidate pool in general consists of the potential candidates proposed by the Çelebi employees, candidates who apply directly by submitting a CV or by filling in a form, those candidates who apply by responding to an advertisement, applications collected in career days at universities, applications received from university preparation courses and educational institutions with which efforts have been taken to develop cooperation, or general applications made electronically online. In the selection of personnel, the order that is followed according to priorities is as follows:

- Employees who apply through internal announcements,
- Candidates recommended by Çelebi employees,
- Candidates who have previously applied through an advertisement or directly,
- Candidates who in response to an advertisement,
- Candidates who are referred to the organization by external consulting firms.

A new regulation on selection and placement of employees is in place and the Human Resources departments of associated companies execute all recruitment in compliance with the regulations.

For the selection of candidates, foreign language and general aptitude tests prepared by professional organizations, and assessment center applications are used. For all recruitments, candidate references are checked.

Orientation

Newly recruited employees are included in the orientation program in order to inform them of the Company mission, vision, principles and policies, and the working conditions of the Group Companies and their fields of activity.

Performance Management

Performance Appraisal

The performance appraisal system aims to provide the appropriate environment for the fulfillment of the objectives, which can identify and improve levels of competency, provide support for appointments, rotations and career planning, strengthen the communication between the subordinates and their superiors, improve the managerial competencies of our managers and to accelerate the flow of information that will be given to the management by all our staff with the feedback to be given.

Under our performance appraisal system, which aims to conduct an objective assessment based on the determined targets and competencies, the performance of all our white collar employees are assessed once a year. The performance assessments of those in Assistant Manager or higher positions are carried out on the basis of competence and target. In the 2019 performance appraisal period, all positions (excluding trainees) at the Head Office and Regional Directorates, and supervisors and higher positions at regional directorates are being assessed by objectives and competencies.

Performance Rewarding

According to the results of performance evaluation that is performed once in a year, employees who achieved outstanding success were rewarded within a certain proportion of their annual salary, as in previous years.

Talent and Career Management

The purpose of the Talent and Career Management activities is to provide a candidate pool at Çelebi for placing candidates in positions within Çelebi Ground Handling which match the expectations of employees with those of the Company. Between 2009-2019, a total of 20 senior managers were trained for service in critical positions in ground handling services and cargo operations in Mumbai and Delhi in India and in Hungary, Frankfurt and Austria.

Within this context, in all our companies;

- Career maps are established in accordance with previously set up competency and qualification scales, and the training and rotations necessary for each career step are continuously monitored.
- A backup policy is developed for critical positions.

The Talent Management process has been designed to ensure a more systematical career management function in the Head Office, Regions and stations, and Talent Committees have been created. These committees have the following general purpose;

- To provide realistic backup planning
- To assign the right employees for critical roles.
- To be able to assign, develop and follow high caliber employees
- To review and check the employee profile

Opportunities for promotion or rotation are offered to employees within internal assignment criteria. When there is a need for positions, these are first announced to Çelebi Ground Handling employees. Our employees are given priority in the evaluation process.

Training

Work on training and developing programs has been organized at different levels to identify where there is room for improvement in terms of enhancing the knowledge, skills and behavior of Çelebi's employees as required for their assignments, to develop and fulfill their potential and advance it further and to prepare all employees for the responsibilities of future. For supervisor positions, which are the first stage of management and for Supervisor candidates, the "New Manager Program" has been put into operation. This program includes Management Skills Training and intra-corporate department presentations.

With the mandatory trainings determined by the Civil Aviation General Directorate (CAGD), the Human Resources Directorate annually plans the personal and professional development trainings, which are determined in line with needs. The personal and professional development trainings are identified and included in the plan as a result of the Performance Appraisal and Talent Management Project conducted annually throughout the Company.

Çelebi Academy is responsible for managing the mandatory sectoral training programs for those employed in operational roles as identified by the Civil Aviation General Directorate and other international authorities, for managing the development processes that are necessary for enabling the organization to achieve its operational targets, for creating the infrastructure necessary to ensure employees' development with respect to operational aspects, and for coordinating and running all the processes related to the training department.

For the mandatory refresher trainings included in the Training Instruction of the Civil Aviation General Directorate, the e-learning project works that will provide remote access were completed in 2017. A total of 7 training modules, including Ramp Safety and Apron Rules Refresher Training, Passenger Services Refresher Training, Travel Documents Refresher Training, Driving on the PAT Areas Refresher Training, Transfer of Disabled Passengers Refresher Training, Pushback-Head Set Refresher Training and Ramp Equipment Operation Refresher Training were included in the distance-learning program, and they were put into use following approval from the Civil Aviation General Directorate.

Our Company's employees have actively used the Çelebi distance-school application with great interest. Work on the development of the application is ongoing continuously.

During 2019, the e-learning module for the Safety Management System (SMS) refresher training was prepared; the approval process is in progress for the said module. In addition, Global Orientation and Çelebi Code of Ethics e-learning modules have been completed, and training assignments to employees were made.

All training reports can be accessed over the SAP system. Çelebi Academy prepares periodic training budget planning and reporting based on these records.

All operational technical training is provided by internal trainers. All documents, training modules and exams used in the training are updated every 2 years under the revisions carried out with internal trainers, and this is announced.

In the January-December 2019 period, training per person was 15.23 days (2018: 14.21 days per person).

Support is obtained from the training and consulting companies for personal and professional development trainings. (Presentation Techniques, Team Work, Management Skills Development etc.)

Remuneration Management

In line with the Company's vision and goals, the Çelebi Ground Handling remuneration system was established based on the prevailing market conditions and the developments in the aviation sector, and a remuneration scale was created to ensure the Company's internal consistency and reflect these conditions. In short, the pay should be the same for any two people working on the same task and the value of their work is the same if it does not differ from each other in terms of content, time, source, position profile etc., even if their personal traits and skills may be different.

The Head Office remuneration scale is periodically compared with data received from market remuneration survey companies, and the scale is established in a way to include the results in these surveys. When determining the pay of senior managers, who are included in the Head Office remuneration scale, these criteria are taken as a basis.

Remuneration is determined according to the titles in the organizational structure, but based on a tariff linked to station sizes and limited seniority. It is updated every year by market surveys.

The results of the regularly conducted performance assessments affect the pay rises and year-end bonuses.

In addition to the current base salary, a foreign language allowance is given for personnel who pass the examinations applied for positions that require knowledge of a foreign language. In addition to the foreign language allowance, personnel working as drivers are paid a vehicle bonus depending on the type of vehicle they use.

Organizational Development Activities

Employee Satisfaction Applications

The action plans that are created with the participation of a wide range of employees in order to increase employee satisfaction continued as an important project process under the leadership of the consultant company. The Employee Loyalty and Satisfaction survey is repeated every year and the loyalty score for 2018 was 35%.

Regulation Work

In addition to the HR and Training Regulations established and used, regulations on operational and other issues continue to be created and revised with the projects that will be carried out jointly for the issues needed.

Organization Work

The Company ensures that the organizational structures are rendered effective and standardized in accordance with the requirements, and organizational changes are monitored and published. Work on determining hierarchical levels and revising the roles according to the prevailing conditions are the primary issues of the HR policies.

Communication

With the aim of creating participative management and a secure working place for employees and to meet the requirements, personnel are informed of the Company's financial status, wages, career opportunities, training programs, health policies through meetings held and every opportunity is taken to send such messages. The suggestions, complaints, opinions and comments received from employees serves as a starting point for the required work.

Occupational Safety

Our Company has a management system that provides a secure and healthy work place for its employees and which uses risk evaluation to determine the risks and dangers employees may face, and which takes precautions, develops activities to reduce these dangers and risks in line with the requirements set out in labor law. The system's OHS performance is continuously tracked where OHS aims are put into practice with management programs. Furthermore, our 30 stations and the Head Office hold the OHSAS 18001 certification.

Social Activities & Internal Communication

The Çelebi anniversary and seniority ceremonies, which are held at the Head Office and all our stations in honor of employees completing 5 years of service - and for each 5 years of subsequent service - continued to be organized at the Head Office and our stations in the fourth quarter of 2019.

II - FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR MANAGEMENT

At the annual general meeting of the Company held on 19 April 2019, shareholders approved the payment of a monthly honorarium of TL 7,500 to the independent members of the Company's board and also voted not to pay any other honoraria to board members who are elected to represent Class A and Class B shareholders. Payments were made to the Company's independent directors in 2019 pursuant to this resolution.

No member of the Board of Directors has any outstanding obligations towards the Company that were carried forward from 2018. No member of the Board of Directors was given a loan or paid an advance by the Company in 2019.

No member of the Company management has any outstanding obligations towards the Company that were carried forward from 2018. In 2019 the company gave its managers a total of TL 180,000 as advances. As of 31 December 2019, the Company was owed TL 180,000 in salary advances by its managers.

There are no loans made by the Company to its Board members or managers whose terms have been extended or otherwise improved; no sums have been lent to them as personal loans through third parties; neither have they been granted any form of surety such as guarantees etc. on their behalf.

III - THE COMPANY'S ACTIVITIES AND MATERIAL DEVELOPMENTS IN ACTIVITIES

6. THE RELEVANT SECTOR, 2019 ACTIVITIES AND PERFORMANCE

Civil Aviation Industry

In the world...

Slower yet stable growth in 2019

The International Air Transport Association released the full-year global passenger traffic results for 2019, which show that demand (revenue passenger kilometers or RPK) increased by 4.2% as compared with 2018 full year.

2019 results demonstrate a slowdown when compared to the 7.3% growth attained in 2018 and marks the first year that the passenger demand remained below the long-term trend of 5.5% per annum since the global financial crisis of 2008.

The capacity for 2019 went up by 3.4% and the load factor was up by 0.7 points to reach a record level of 82.6%. The previous highest rate was 81.9% in 2018.

RPKs in December 2019 were up by 4.5% on a year-over-year basis. Registered in November, this 3.3% growth was driven mainly by the strong demand in North America.

According to Alexandre de Juniac, Director General and CEO of IATA, airlines did a good job of maintaining stable growth last year amid many difficulties. Weaker economic conditions, low global trade activity, political and geopolitical tensions put pressure on demand. Smart capacity utilization and the effects of the grounding of MAX 737 planes contributed another load factor, and helped the industry to be managed through weaker demand and improve its environmental performance.

International passenger transport traffic by regions:

International passenger traffic was up by 7.1% annually in 2019 and was up by 4.1% as compared to 2018. The capacity increased by 3.0% while the load factor was 0.8 points higher to reach 82.0%.

The traffic of Asia-Pacific Carriers increased by 4.5%, which is a major decline as compared to the 8.5% growth attained in 2018. While this weakens commercial confidence and economic activity, it also reflects the implications of the trade war between the US and China. The capacity increased by 4.1% and the load factor was up by 0.3% to 80.9%.

European Carriers' traffic was up by 4.4% in 2019, which can be considered as a slowdown when compared to the 7.5% growth in 2018. The capacity increased by 3.7% and the load factor was up by 0.6 points to reach 85.6%, which is the highest rate in the regions. The lower results can be attributed in general to decelerated economic activity. The reasons for this include industrial disputes (strikes), Brexit uncertainty, and the collapse of a number of airlines.

The passenger demand for Middle Eastern Carriers increased by 2.6%, lower than the slowest growth rate of 4.9% the year before. However, demand began to pick up in the fourth quarter and led all the regions with a monthly growth of 6.4% in December. As annual capacity increased by 0.1%, the load factor was up by 1.8 points to reach 76.3%.

North American Carriers improved from 5.0% decline in the previous year to 3.9% growth in the reporting period. The capacity climbed to 2.2% and at 1.3 points, the load factor achieved the second highest growth rate among the regions and went up to 84.0%.

Latin American Carriers increased traffic by 3.0% in 2019, which represented a dramatic deceleration as compared to the 7.5% growth rate of 2018. The capacity increased by 1.6% and the load factor was up by 1.1 points to 82.9%. The year was overshadowed by the social unrest and economic hardships suffered in certain countries in this region.

African Airlines led all the regions with a 5% rise in demand on top of the 6.3% growth registered in 2018. The capacity increased by 4.5% and the load factor was up by 0.3 points to 71.3%. The airlines in the region benefited from a generally supportive economic environment and the increased air carrier connections in 2019.

Domestic Passenger Market

Domestic air transport increased by 4.5% in 2019, which points at a decline as compared with the 7.8% rate in 2018. All markets displayed an expansion, led by China and Russia. As capacity increased by 4.1% over its 2018 value, the load factor was up by 0.4 points to 83.7%.

China's Airline attained 7.8% rise in domestic passenger traffic, which marks the slowest performance since the global financial crisis. The trade war between the US and China, weak consumer expenditures in Hong Kong and unrest all came together and contributed to this economic slowdown. Looking at early 2020, the positive effects of the "first phase" trade deal with the US will possibly diminish due to the effects of the Corona virus pandemic.

Indian Airlines, experiencing a severe reversal of the four-year double-digit demand increase, saw its traffic decline from 18.9% to 5.1% in 2018, and come almost to a standstill in 2019.

In Turkey...

According to provisional results domestic line commercial aircraft traffic decreased by 12.0% in the January-December 2019 period in Turkey compared to the same period of the previous year, and international commercial aircraft traffic increased by 11.5%. Based on these results, total commercial aircraft traffic decreased by 1.1%. The key driver behind this decrease was the shift from domestic flights to international flights.

January-December 2019 Activities and Performance

A total of 113,653 flights were serviced by the Company in the Turkish market in 2019, corresponding to an 11.5% year-on-year decrease over the 2018 figure of 126,777 flights.

Our subsidiary, Çelebi Airport Services India Private Limited (formerly known as Çelebi Ground Handling Delhi Private Limited), which started to provide services at the Indira Gandhi International Airport in Delhi, India from June 2010, served 28,452 flights at the Delhi, Ahmedabad an Kochin airports in the January-December 2018 period. In addition, with the initiation of services at the Bangalore and Hyderabat stations in the January-December 2019 period, it provided services to 43,886 flights, marking a 54% increase when compared to the previous year. Services have been provided at the Kochin station since 8 January 2018, at the Bangalore station since 18 September 2018, and at the Hyderabat station since 1 April 2019.

Our Celebi Delhi Cargo Terminal Management India Pvt. Ltd subsidiary has been providing cargo warehousing and handling services in 77,000 m^2 of space at Delhi International Indira Gandhi Airport since November 2009. While the company had handled 522,992 tons of cargo in 2018, the same went down by 12.5% to 457,732 tons in 2019.

Celebi NAS, another subsidiary that began services at Chhatrapati Shivaji International Airport in Mumbai (Bombay) in July 2009, serviced 23,743 flights during 2018 and 28,887 flights during 2019 with an increase of 22% year-on-year.

Çelebi Ground Handling's first international subsidiary, Celebi Ground Handling Hungary served a total of 28,000 flights in 2019, up 13% as compared with 24,684 flights serviced in 2018. The main reason behind this rise is the increased number of flights by Ryanair.

Celebi Ground Handling Hungary started cargo handling operations in January 2011 in its new warehouse located outside the airport. While the company had provided service for a total of 79,863 tons during 2018, the same declined by 10% to 72,029 tons in 2019. The decline in the cargo quantity was driven mainly by the tonnage decrease in general throughout Europe.

Celebi Cargo GmbH entered operation in 2011 to offer air cargo storage and handling services in its storage facilities at the International Frankfurt Airport's "Cargo City Süd". Having handled 144,295 tons of cargo in 2018, that figure went down by 2% to 141,501 tons in 2019.

The Group's consolidated gross profit as of the end of the fourth quarter of 2019 was up by 18.85% to TL 543,272,694 (2018: TL 457,100,932). As of the end of the fourth quarter of 2019, the Company posted an operating profit of TL 295,423,078 (2018 operating profit: TL 275,930,515).

As of the end of the fourth quarter of 2019, the total amount set aside for legal and compensation provisions of our Company was TL 6,782,526 (31 December 2018: TL 5,942,066). There was no legal action or demands for compensation against the Company during the period which would significantly affect the Company's financial status or activities.

7. DEVELOPMENTS IN INVESTMENTS; INVESTMENT INCENTIVES USED

Tangible fixed asset investments realized by the Group during the year ended on 31 December 2019 amounted to TL 175,742,802 (31 December 2018: TL 204,586,286). 37% of this amount consisted of investments in machinery, equipment and appliances, 45% in investments in progress, 8% in in investments vehicles, 5% in investments in leasehold improvements, and 5% in investments in fixtures.

Total consolidated investment outlays of the Group in tangible and intangible assets as of 31 December 2019 were worth TL 190,877,547. (2018: TL 226,921,893).

Our Company holds the Large Scale Investments incentive certificate obtained from the Ministry of the Economy, the General Directorate of Incentive Implementation and Foreign Investment based on the buildings, facilities, machinery and equipment investments that our Company undertook at the Istanbul Airport. The total amount of investment undertaken by our Company under this incentive certificate until 31 December 2019 stood at TL 225,865,494.

8. DIRECT OR INDIRECT ASSOCIATES OF THE COMPANY AND INFORMATION ON SHAREHOLDING THEREIN

The Company has been awarded the contract for the acquisition of the shares in Budapest Airport Handling Kereskedelmi es Szolgaltato Korlátolt Felelősségű Társaság ("BAGH"), a company which has been providing ground handling service at Budapest Airport, and participated as the founding partner in Celebi Tanacsado Korlátolt Felelősségű Társaság ("Celebi Kft"), which has been incorporated on 22 September 2006 to perform the said share transfer. On 26 October 2006, Celebi Kft acquired the shares in BAGH in their entirety and the company name of BAGH was changed to Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH").

Celebi Kft has been taken over by CGHH, in which the Company held 70% stake, together with all of its assets and liabilities, and merged with CGHH on 31 October 2007 under the provisions of the applicable legislation in Hungary. In 2011, shares representing 30% of CGHH's capital have been acquired from Çelebi Ground Handling for an amount of TL 33,712,020, bringing the Company's share in CGHH to 100%.

As at 31 December 2019, the paid in capital of CGHH is HUF 200,000,000.

As a result of the tender put out for the performance of ground handling services for a period of 10 years at the Mumbai Chhatrapati Shivaji International Airport in India, which has been contracted out to a consortium that also included the Company, a company with the name "Celebi Nas Airport Services India Private Limited ("Celebi Nas") and based in the Maharashtra state in Mumbai has been incorporated on 12 December 2008 to provide ground handling services at the said airport. Celebi Nas has a capital of INR 100,000,000, in which the Company controls 57% stake as a founding partner. The paid-in capital of Celebi Nas is INR 552,000,000. Besides, INR 228,000,000 has been paid as advance capital by the shareholders in Celebi Nas. Although the Group holds a 57% stake in Çelebi Nas, the relevant investment is a partnership subject to joint management in line with the terms of the contract. It is accounted for under the equity method in the interim period condensed consolidated financial statements of the Group. On 8 April 2015, Celebi Nas signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the Chhatrapati Shivaji International Airport ("CSIA") residing in Mumbai where Celebi Nas operates, concerning the rendering of services regarding air conditioners and generators mounted on passenger boarding bridges in the passenger terminal of that airport. Under the contract, Celebi Nas has been granted the concession rights until May 2036. In addition, the ten (10) year ground handling concession of Celebi Nas for carrying out ground handling services at the CSIA international airport since 2009 shall expire on 31 December 2019. Celebi Nas participated in the tender opened by the MIAL company, the international airport operator of CSIA, to extend the concession that it holds from 1 January 2020 to 31 December 2029 for 10 (ten) years. The bid was submitted to MIAL on 29 January 2018. The concession contract between Celebi Nas and the tender authority MIAL was signed on 19 May 2018. Thus, Celebi Nas, a subsidiary of Celebi, will continue to provide ground handling services for a period of 10 (ten) years from 1 January 2020 to 31 December 2029 following the expiry of the current concession period on 31 December 2019 at the CSIA airport in Mumbai, India.

The Company established Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo") with an initial capital of INR 100,000, in which it controls a 74% share as a founding partner and which will be engaged in the brownfield development, modernization and financing of the existing cargo terminal in the airport in New Delhi, India, and in its operation for a period of 25 years. The paid-in capital of Celebi Delhi Cargo as of 31 December 2019 is INR 1,120,000,000. Upon winning the contract for the execution of airport ground handling services for a period of 10 years at the Delhi International Airport, a total of INR 1,380,897,000 has been paid in premium share capital to fulfill the funding need of Celebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), the Company's 74%-owned subsidiary founded on 18 November 2009 through premium capital increase as per the governing legislation in India in order to fulfill the obligations arising from the Concession Agreement concluded with the tender authority and to ensure realization of planned investments. Through the acquisition of 25.9% of shares in Celebi GH Delhi on 22 May 2017, the Company's share in Celebi GH Delhi's capital reached 99.9%, and the paid-in capital reached INR 23,890,000. Under the ongoing concession agreements, the Company carries on with ground handling services at New Delhi, Ahmedabad, Cochin and Bangalore airports, and the concession agreement execution is in progress for Hyderabad Airport, for which concession right was earned for a period of 10 years as a result of the tender proceedings finalized on 14 December 2018.

On 15 March 2018, the company's name was changed as Celebi Airport Services India Private Limited ("CASI"). Based on the authorization granted on 9 December 2019, CASI will continue to provide ground handling services for another 10 years following the expiration of the existing concession period at the Delhi International Airport.

Celebi GH Delhi, a subsidiary of the Group, participated in DASPL by acquiring 16.66% stake in the company. DASPL resides in New Delhi, India, has a paid-in capital of INR 250,000,000 and was set up to ensure execution of air conditioning units installed on passenger bridges in the airport's passenger terminal, generator and utility water services in compliance with international standards. On 14 November 2016, Celebi GH Delhi acquired an additional 8.33% share in DASPL, and the Group's shareholding interest in DASPL rose to 24.9%. The Group began to recognize DASPL in its consolidated financial statements by equity method.

On 25 March 2010, the Company participated as the founding partner with 100% stake in the capital of the company set up with the company name Celebi Ground Handling Europe SL ("Celebi Europe") with a capital of EUR 10,000 in Madrid, Spain, for the purpose of undertaking an overseas venture in the EU countries. Currently, Celebi Spain is not operational.

Çelebi Cargo is engaged in air cargo storage and handling at the storage/warehouse facility in Frankfurt Cargo City Süd located in Frankfurt International Airport. Çelebi Cargo rented the facility from Celebi Cargo GmbH ("Celebi Cargo"). Residing in Frankfurt, Germany, Celebi Cargo GmbH is a wholly owned subsidiary of the Company founded in November 2009, and has a paid-in capital of EUR 32,100,000. The capital of Celebi Cargo is TL 114,000,000 as of 31 December 2019, which is fully paid-in.

On 8 May 2019, the Company signed a shareholding agreement with Mr. Ashwani Khanna and Ms. Zaheda Khanna, the founders and owners of the entirety of the shares in the capital of the India-based KSU Aviation Private Limited ("KSU"), incorporated for providing "taxiing" service to aircraft in the airports in India, for becoming a 50% shareholder in KSU by participating in the capital increase to be carried out for this company. For this purpose, the Company made a capital payment of INR 320 million (approximately equivalent to EUR 4.25 million) on 20 May 2019.

9. INFORMATION ABOUT FINANCIAL STATEMENTS AND REPORTS

The summary consolidated financial statements of the Group are issued in compliance with the Capital Markets Board of Turkey (CMB) Communiqué Serial: II, No: 14.1 on Principles of Financial Reporting in the Capital Markets, which is published in the Official Gazette no. 28676 and dated 13 June 2013. In accordance with Article 5 of the communiqué, the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) released by the Public Oversight Accounting and Auditing Standards Authority (KGK) and the related annexes and comments were taken as a basis in the publication of the consolidated financial statements.

By a decision it has adopted on 17 March 2005, the CMB announced that publicly-floated companies operating in Turkey are not obliged to implement inflation accounting effective 1 January 2005. The Company prepared its consolidated financial statements in accordance with this decision.

When keeping their accounting records and preparing their mandatory financial statements, the Group and the Group companies located in Turkey conform to the principles and conditions set forth by KGK, as well as the Turkish Commercial Code (TCC), tax legislation, and the requirements of the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance (Ministry of Finance). The accounting records and financial statements of the subsidiaries, joint venture and associate operating in foreign countries, on the other hand, have been drawn up in accordance with the laws and regulations applicable in the countries where they are active. Consolidated financial statements for the interim periods are based on the statutory records of the Company, its subsidiaries, JV and associate, and have been issued to incorporate the required adjustments and reclassifications for the purpose of fair presentation pursuant to the Turkish Financial Reporting Standards. Assets and liabilities of consolidated foreign partnerships have been translated into Turkish lira using the exchange rate on the date of the consolidated financial condition statement, whereas income and expenses have been translated using the average exchange rate. Exchange differences resulting from the closing and the use of average exchange rate are followed up under the FC translation differences account under shareholders' equity.

These consolidated financial statements drawn up in accordance with the Turkish Financial Reporting Standards have been issued in Turkish lira on the basis of historic cost principle, apart from the valuations resulting from the differences between the financial assets and liabilities shown at their fair values and book value versus fair value of fixed assets that arise during business combinations.

The Companies Incorporated into Consolidation

The Company's consolidated financial statements for the period ending 31 December 2019 include the results of the Company, Celebi Nas, CGHH, Çelebi Security in Liquidation, Celebi Delhi Cargo, CASI, Çelebi Cargo, DASPL, Celebi Cargo GmbH and KSU, which are jointly referred to as the "Group".

10. DONATIONS

In the year ending 31 December 2019, the Group's donations and grants to various foundations, associations, chambers, public institutions and organizations amounted to TL 3,321,322. Out of this donation amount, the portion of TL 2,925,000 consists of the donation made under the protocol signed with the T.R. Erzincan Binali Yıldırım University Rectorate for the construction of the annexes and facilities having a floor space of 3,000 square meters and a covered area of 12,000 square meters and to equip the same with necessary tools/equipment (fixtures) before the start of the 2022/2023 academic year.

IV - FINANCIAL STANDING

11. KEY FINANCIAL RATIOS

The key ratios showing our Company's financial structure, profitability, and debt-servicing were calculated on the basis of the consolidated financial statements dated 31 December 2019 and 31 December 2018 mentioned above.

	31 December 2019	31 December 2018
Current Ratio (Current Assets/Current Liability)	0.76	1.18
Cash Ratio (Cash Assets/Current Liabilities)	0.33	0.56
Short-Term Liabilities/Total Liabilities	49.83%	37.83%
External Resources/Shareholders' Equity	287.74%	331.07%

	31 December 2019	31 December 2018
Average Collection Time	37.08	39.13
Gross Profit Margin	28.93%	34.26%
Operating Profit (Loss)/Net Sales Revenues	15.73%	20.68%
Operating Profit (Loss)/Total Assets	13.31%	18.13%
EBITDA/Net Sales Revenues	27.82%	30.88%

12. INFORMATION ABOUT PRODUCTION AND SALES OF GOODS AND SERVICES

The number of aircraft serviced by our Company in the year ended 31 December 2019 is stated below:

Number of Aircraft Serviced	2019 January-December	2018 January-December	2017* January-December	2019-2018 %	2018-2017 %
International Flights	60,080	57,831	54,372	1.4	6.4
Domestic Flights	53,573	68,946	77,674	-22.3	-11.2
Turkey Total	113,653	126,777	132,046	-11.5	-4.0
Hungary	28,000	24,684	21,912	13.4	12.7
India	72,772	52,266	40,519	39.2	29.0
Grand Total	214,425	203,727	194,477	4.5	4.8

The weights of cargo handled by the Company in 2019 are stated below:

	31 December 2019				31 December 2018			
Group (Consolidated)	Express Cargo	Domestic	WT (Import)	WT (Export)	Express Cargo	Domestic	WT (Import)	WT (Export)
Çelebi Ground Handling Inc.			36,064	61,083			33,282	65,515
Celebi Delhi Cargo (India)	24,970	104,667	165,151	162,937	35,810	131,119	176,326	179,754
Celebi GHH (Hungary)			38,162	33,866			41,649	38,214
Celebi Cargo GmbH (Germany)			54,578	86,923			55,263	89,032
Total Ton	24,970	104,667	293,955	344,811	35,810	131,119	306,520	372,514

13. DIVIDEND POLICY AND TIMING

On 8 April 2014 our Company's Board of Directors passed a resolution to approve the revision of the Company's Dividend Policy pursuant to the requirements of Capital Markets Board Dividend Communiqué II-19.1, which went into effect with its publication in issue 28891 of Official Gazette dated 23 January 2014; to publicly disclose this revision; and to submit this revised Dividend Policy for the consideration and approval of shareholders at the upcoming annual general meeting. At the annual general meeting held on 8 May 2014, the Board of Directors resolution concerning the Dividend Policy passed on 8 April 2014 was discussed and unanimously approved by shareholders.

Çelebi Ground Handling Inc. Dividend Policy

- Taking our Company's medium- and long-term strategies, its investment and financing policies, and its profitability and cash situation into account and in the absence of any extraordinary developments in our Company's investment and/or financing needs and/or occurrences in its industry or the economy, at least 50% of net distributable profit shall be paid out as a dividend. When determining the dividend rate, attention shall be given to medium- and long-term investments that may require short-term cash outflows, material events that affect our Company's financial structure, and significant developments in the sector and/or in the economy and/or in markets.
- Dividends whose payment has been decided upon may take the form of cash, of bonus shares, or of some mix of the two.
- Dividend and payment-timing Board of Directors resolutions shall be in compliance both with this Dividend Policy and with currently applicable laws, regulations, and administrative provisions and then publicly disclosed. Board of Directors dividend and payment-timing proposals shall be considered and decided upon by shareholders convened in a general assembly. The payment of dividends shall begin within maximum thirty days of the date of the general meeting at which the decision to pay them is taken and in all cases within statutorily-mandated periods of time. The Board of Directors may decide to have dividends paid in installments provided that a general assembly of shareholders shall have authorized it to do so.
- Provided that a general assembly of shareholders shall have authorized it to do so, the Board of Directors may decide to have advances paid against dividends and may affect the payment of such advances subject always to the Capital Markets Law and Capital Markets Board regulations and decisions and to the Company's own articles of association.

With the decision of the Board of Directors on 9 March 2019, our financial statements, prepared on the basis of our legal books of account dated 31 December 2018, show a net current profit of TL 113,005,984.72 remaining after the deduction of all taxes and other legal obligations.

Since there is no prior year loss that needs to be deducted from the net profit for the period and no general legal reserves that need to be set aside pursuant to the Turkish Commercial Code (TCC), the net distributable profit that can be paid out as a dividend on the basis of our legal books of account was TL 113,005,984.72.

According to our Company's independently-audited consolidated financial statements dated 31 December 2018 prepared in accordance with Turkish Accounting Standards & Turkish Financial Reporting Standards (TMS/TFRS) and in CMB-specified formats pursuant to the requirements of CMB Communiqué II: 14.1 Concerning Financial Reporting Principles In Capital Markets, the net current profit remaining after the deduction of taxes and other statutory obligations amounts to TL 204,583,956.

Within the framework of CMB legislation, since there is no Prior Year Loss that needs to be deducted from the Net Profit for the Period and no first legal reserves that need to be set aside pursuant to the Turkish Commercial Code (TCC), the net distributable profit is TL 204,583,956.

The entirety of the Net Profit for the Period in the amount of TL 204,583,956 descended in the Company's Consolidated Financial Statements dated 31 December 2018 be distributed as follows:

ÇELEBİ HAVA SERVİSİ A.Ş. Profit Distribution Table for 2018 (TL)

	According to CMB legislation	According to legal records
Net Profit for the Period	204,583,956.00	113,005,984.72
Prior Year Loss (-)	0.00	0.00
General Legal Reserves	0.00	0.00
Net Distributable Profit for the Period	204,583,956.00	113,005,984.72
First Dividend to Shareholders	1,215,000.00	1,215,000.00
Second Dividend to Shareholders	127,575,000.00	101,628,167.91
Other Funds for Distribution		25,946,832.09
General Legal Reserves	12,757,500.00	12,757,500.00
- Profit for the Period	12,757,500.00	10,162,816.79
- Other Funds for Distribution	-	2,594,683.21
Transferred to Extraordinary Reserves	63,036,456.00	(28,541,515.28)

That, in compliance with CMB regulations pertaining to profit distributions and with respect to the period beginning on 01 January 2018 and ending on 31 December 2018:

- Shareholders who are resident corporate entities and shareholders who are non-resident corporate entities but earn dividends through a place of business or permanent representative based in Turkey will be paid a 530.00% cash dividend corresponding to TL 5.3000 gross (which is equal to TL net) for each share of stock with a nominal value of TL 1.00 that they hold;
- Other shareholders will be paid a 530.00% cash dividend corresponding to TL 5.3000 gross for each share of stock with a nominal value of TL 1.00 that they hold, which amount is equal to a 450.50% cash dividend corresponding to TL 4.5050 net for each share of stock with a nominal value of TL 1.00 that they hold; 9 April 2019 will be set as the dividend payment date.
- The decision of the Board of Directors was ratified at the ordinary general meeting convened on 9 April 2019 and dividend payments were made.

14. MISSION AND VISION

Mission

To be the global solution partner, adding value to its shareholders while correctly perceiving the needs of airport users and sustaining quality.

Vision

With a team fully identified with the collective "Çelebi spirit", being an internationally leading and trustworthy company that creates changes in its sector and produces value for all stakeholders.

Strategic Objectives

The strategic objectives of Çelebi Ground Handling are to maintain its position as the leader of the ground handling services sector in Turkey, to take part in ventures in ground handling services and terminal management and operations inside/outside Turkey.

V - RISKS AND AN ASSESSMENT BY THE GOVERNING BODY

15. BASIC FINANCIAL RISKS AND MANAGEMENT POLICIES

Due to the nature of its activities, the Group is focused on managing various financial risks including the effect of changes in exchange and interest rates. By its risk management program, the Group aims to minimize the potential negative effect to be caused by the volatilities in the markets.

Risk management is carried out within the frame of policies approved by the Board of Directors. The tasks of planning risk management, overseeing its operations and effectiveness, and ensuring that the internal audit team carries out its activities within the framework of the risk management plan are the duty of the Audit Committee, which has been set up by a Board of Directors resolution pursuant to CMB regulations and of the Corporate Governance Committee pursuant to the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles. The Audit Committee formulates a risk management and internal audit system capable of minimizing the risks that the Company could be exposed to and takes such measures as are needed to ensure that the system functions reliably. The Corporate Governance Committee sets up the necessary mechanisms for the early detection of operational and financial risks, implementation of necessary actions in relation to identified risks, and management of risk, and takes the necessary steps for their healthy operation.

Interest Rate Risk

The Company is exposed to interest rate risk due to the effect of the changes in interest rates on interest-bearing assets and liabilities. This risk is managed through balancing assets and liabilities that are sensitive to interest rates. Within the frame of its principle to manage risk with natural actions consisting of balancing the maturities of assets and liabilities sensitive to interest rates, the Company management utilizes its interest-bearing assets in matching-term investments. In addition, the Company protects itself from the interest risk arising from floating-rate bank loans through limited use of interest rate swap agreements that take place among derivative instruments as and when deemed necessary.

Liquidity Risk

The cash flow, made up of repayment times and amounts of loans, is managed in view of the amount of free cash flow to be generated by the Group on its activities. Therefore, while the option of debt repayment with the cash generated on activities when necessary is kept available on one hand, sufficient number of reliable and high-quality lending resources are kept accessible on the other.

Credit Risk

Credit risk consists of cash and cash equivalents, deposits held with banks, and customers exposed to credit risk that cover uncollected receivables.

With respect to the management of the credit risk concerning its receivables from customers, the Company identifies a risk limit individually for each customer (excluding related parties) using bank and other guarantees, and the customer carries out its business transactions so as not to exceed this risk limit. In the absence of these guarantees or in cases where they are required to be exceeded, transactions are carried out within internal limits set by procedures.

Exchange Rate Risk

Taking into consideration the significantly volatile course adopted in the past by the Turkish Lira against major foreign currencies and its over-valuation, the Group espoused a conservative monetary position and financial risk management policy. The Group is exposed to exchange rate risk due to its operations conducted in numerous currency units. Efforts are spent to keep the ratio of the amount of positions of these currencies among themselves or against Turkish Lira to total shareholders' equity within certain limits. To this end, foreign currency position is continually analyzed, and the exchange rate risk is managed using balance sheet transactions, or when necessary, off-balance sheet derivative instruments.

Capital Risk

The Company's goals in managing the capital is to be able to ensure the continuity of the Company's activities to sustain the optimum capital structure for the purpose of providing returns for its shareholders and benefits for its other stakeholders, and for minimizing the cost of capital. The Company's shareholders may, to the extent allowed by the CMB legislation, alter the amount of dividends paid to shareholders, return the capital to shareholders, issue new shares and sell its assets to decrease indebtedness in order to preserve or reformulate the capital structure. Along with the other companies in the sector, the Company monitors the capital by utilizing the debt/capital ratio, which is net indebtedness divided by total capital. Net debt is total debt less cash and cash-equivalent assets and deferred tax liabilities. Total capital is the shareholders' equity and net debt as shown in the balance sheet.

VI - OTHER MATTERS

16. CHANGES TO THE ARTICLES OF INCORPORATION AND COMPANY POLICIES

No changes occurred to the Company's articles of incorporation in the period from 1 January until 31 December 2019.

17. EVENTS AFTER THE FINANCIAL STATEMENT DATE

It has been resolved that the capital payment in the amount of INR 100,000,000 necessary for realizing the planned investments by KSU Aviation Pvt Ltd ("KSU"), its India-based subsidiary incorporated for providing "taxiing" service to aircraft in the airports in India, will be made by way of premium capital increase under the applicable legislation in that country, thus increasing its shareholding in KSU to 57.65%, and in this context, INR 100,000,000 (one hundred million Indian Rupees) (EUR 1,297,017) will be paid and all necessary formalities and transactions will be satisfied by the Company.

18. PROFIT DISTRIBUTION PROPOSAL OF THE BOARD OF DIRECTORS

Our financial statements prepared on the basis of our legal books of account dated 31 December 2019 show a net current profit in the amount of TL 116,704,949.72 remaining after the deduction of all taxes and other legal obligations.

Since there is no Prior Year Loss that needs to be deducted from the Net Profit for the Period and no first legal reserves that needs to be set aside pursuant to the Turkish Commercial Code (TCC), the net distributable profit that can be paid out as a dividend on the basis of our legal books of account is TL 116,704,949.72.

The net profit for the period, after the deduction of tax and legal liabilities, in our consolidated financial statements dated 31 December 2019 that were prepared in accordance with the formats specified by CMB and in the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) pursuant to the Capital Markets Board of Turkey (CMB) Communiqué Serial: II, No: 14.1 on the "Principles of Financial Reporting in the Capital Markets", and which have been audited by independent organizations, amounted to TL 192,355,079.

Within the framework of CMB legislation, since there is no Prior Year Loss that needs to be deducted from the Net Profit for the Period and no first legal reserves that needs to be set aside pursuant to the Turkish Commercial Code (TCC), the net distributable profit is TL 192,355,079.

The entirety of the Net Profit for the Period in the amount of TL 192,355,079 descended in the Company's Consolidated Financial Statements dated 31 December 2019 be distributed as follows:

ÇELEBİ HAVA SERVİSİ A.Ş. Profit Distribution Table for 2019 (TL)

	According to CMB legislation	According to legal records
Net Profit for the Period	192,355,079.00	116,704,949.27
Prior Year Loss (-)	0.00	0.00
General Legal Reserves	0.00	0.00
Net Distributable Profit for the Period	192,355,079.00	116,704,949.27
First Dividend to Shareholders	1,215,000.00	1,215,000.00
Second Dividend to Shareholders	104,490,000.00	104,490,000.00
Other Funds for Distribution	0.00	0.00
General Legal Reserves	10,449,000.00	10,449,000.00
Transferred to Extraordinary Reserves	76,201,079.00	550,949.27

In compliance with CMB regulations pertaining to profit distributions and with respect to the period beginning on 1 January 2019 and ending on 31 December 2019, the following issues are presented to the approval of the ordinary general meeting which will convene on 09 April 2019:

- Shareholders who are resident corporate entities and shareholders who are non-resident corporate entities but earn dividends through a place of business or permanent representative based in Turkey will be paid a 435.00% cash dividend corresponding to TL 4.3500 gross (which is equal to TL net) for each share of stock with a nominal value of TL 1.00 that they hold;
- Other shareholders will be paid a 435.00% cash dividend corresponding to TL 4.3500 gross for each share of stock with a nominal value of TL 1.00 that they hold, which amount is equal to a 369.75% cash dividend corresponding to TL 3.6975 net for each share of stock with a nominal value of TL 1.00 that they hold;
- 31 March 2020 will be set as the dividend payment date.

Very truly yours,

ÇELEBİ HAVA SERVİSİ A.Ş.

BOARD OF DIRECTORS

CORPORATE GOVERNANCE INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT

ACKNOWLEDGEMENT OF RESPONSIBILITY

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organized by the company during the year	7
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/746538
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Provided both in Turkish and English.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	-
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	-
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II- 17.1)	-
The name of the section on the corporate website that demonstrates the donation policy of the company	-
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	-
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	10
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	https://www.kap.org.tr/tr/Bildirim/754620
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	89.91
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	www.celebiyatirimci.com >> Stock Information >> Dividend Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	-
1. SHAREHOLDERS	-

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
9.04.2019	0	88.96%	0.0000066%	88.96%	www.celebiyatirimci.com.tr >> Minutes of General Assembly Meetings and List of Attendees >> Ordinary General Assembly Meeting dated 19 April 2019 >> Minutes of the Meeting	www.celebiyatirimci.com.tr >> Minutes of General Assembly Meetings and List of Attendees >> Ordinary General Assembly Meeting dated 19 April 2019 >> Minutes of the Meeting	-	52	https://www.kap.org.tr/tr/Bildirim/754620

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	www.celebiyatirimci.com.tr
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	www.celebiyatirimci.com >> About Us >> Shareholding Structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors, Audit, Committees and Senior Management
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Board of Directors, Audit, Committees and Senior Management >> Corporate Governance, Audit and Early Detection of Risk Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	The Board of Directors held 53 meetings in 2019.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	-
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	-
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	-
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Direct or Indirect Associates of the Company and Information on Shareholding Therein
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Information on Personnel and Human Resources Policy

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	-
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Members of the Ethics Board
The contact detail of the company alert mechanism	ethics@celebiaviation.com
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
Corporate bodies where employees are actually represented	Employee Committee
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Defined in the Company's Human Resources Policy.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Defined in the Human Resources section at the www.celebiaviation.com
Whether the company provides an employee stock ownership program	-
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Defined in the Human Resources section at the www.celebiaviation.com
The number of definitive convictions the company is subject to in relation to health and safety measures	-
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	www.celebiyatirimci.com.tr >> Disclosures >> Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	-
Any measures combating any kind of corruption including embezzlement and bribery	www.celebiyatirimci.com.tr >> Disclosures >> Code of Ethics

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	-
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Can Çelebioğlu: Chairman of the Board of Directors İsak Antika: Vice Chairman of the Board of Directors
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	10
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	-
Name of the Chairman	Can Çelebioğlu
Name of the CEO	Osman Yılmaz
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	The number of female members is 1 and the ratio to the total number of members is 12.5%.

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Can Çelebioğlu	Yes	Not Independent Director	06.01.1983	-	-	-	Yes
İsak Antika	Yes	Not Independent Director	17.05.2013	-	-	-	Yes
Canan Çelebioğlu	No	Not Independent Director	06.01.1983	-	-	-	Yes
Turgay Kuttaş	No	Not Independent Director	24.05.2012	-	-	-	Yes
Mehmet Murat Çavuşoğlu	No	Not Independent Director	17.05.2013	-	-	-	Yes
Mehmet Yağız Çekin	No	Not Independent Director	17.05.2013	-	-	-	Yes
Uğur Tevfik Doğan	No	Independent Director	19.04.2018	https://www.kap.org.tr/tr/Bildirim/749075	Considered by the Corporate Governance Committee	No	Yes
Halil Yurdakul Yiğitgüden	No	Independent Director	09.04.2019	https://www.kap.org.tr/tr/Bildirim/749075	Considered by the Corporate Governance Committee	No	Yes

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	53
Director average attendance rate at board meetings	82%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that demonstrates information about the board charter	-
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	The upper limit specified in sub-clause (i) of Article 4.3.6 of the CMB Corporate Governance Principles is accepted.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Board of Directors, Audit, Committees and Senior Management >> Corporate Governance, Audit and Early Detection of Risk Committees
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/746504

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As " Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	Uğur Tevfik Doğan	-	Board Member
Audit Committee	-	Mehmet Yurdakul Yiğitgüden	-	Board Member
Corporate Governance Committee	-	Uğur Tevfik Doğan	-	Board Member
Corporate Governance Committee	-	Mehmet Yağız Çekin	-	Board Member
Corporate Governance Committee	-	Deniz Bal	-	Board Member
Early Detection of Risk Committee	-	Mehmet Yurdakul Yiğitgüden	-	Board Member
Early Detection of Risk Committee	-	Turgay Kuttaş	-	Board Member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	www.celebiyatirimci.com.tr >> Disclosures >> Working Principles of the Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	www.celebiyatirimci.com.tr >> Disclosures >> Working Principles of the Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee undertakes the duties of the Nominating Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	www.celebiyatirimci.com.tr >> Disclosures >> Working Principles of the Early Detection of Risk Committee
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee undertakes the duties of the Remuneration Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report >> The Relevant Sector, 2019 Activities and Performance
Specify the section of website where remuneration policy for executive and non-executive directors is presented.	www.celebiyatirimci.com.tr >> Disclosures >> Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report >> Financial Rights Provided to the Members of the Governing Body and Senior Management

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	-	100%	100%	6	-
Corporate Governance Committee	-	100%	33%	4	-
Early Detection of Risk Committee	-	100%	50%	5	-

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X					
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					

1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.			X			Minority shareholdings interests are not represented in the Company's administration because there is are no minority shareholders who have been designated as candidates in elections for Company directors or statutory auditors and elected to such positions.
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The Company's articles of incorporation contain no provisions concerning the representation of minority shareholding interests on the Board of Directors or governing the accumulated voting method.

1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					

3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					Decisions that may affect the employees are notified to themselves and to the employee representatives, but since there is no union structure at Çelebi Hava Servisi A.Ş., it is not applicable to get union opinion.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					

3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.					X	
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					

4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				There is a female member at the Board of Directors of our Company. Although a policy has not been established yet, our Company strives to increase the number of female members.

4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/ written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X					
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Since the Company's Board of Directors consists of 6 members other than the chairman and the vice chairman and there are 3 different committees formed, some members serve on more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					

4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	The committees formed under the Board of Directors did not receive any external consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			The remunerations and all other benefits provided to the members of the Board of Directors and to the executives with administrative responsibility are disclosed in the "Financial Rights Provided to the Members of the Governing Body and Senior Managers" section of the annual report.

ACKNOWLEDGEMENT OF RESPONSIBILITY

BOARD OF DIRECTORS DECISION ESPOUSING THE FINANCIAL STATEMENTS AND ANNUAL REPORTS

DECISION DATE: 03.03.2020

DECISION NUMBER: 2020/7

ACKNOWLEDGEMENT OF RESPONSIBILITY PURSUANT TO THE CMB COMMUNIQUÉ NO: II-14.1, ARTICLE 9

We hereby represent that;

a. we have examined the independently audited consolidated financial statements which have been approved by our Company's Board of Directors decision dated 03.03.2020 and numbered 2020/7, and by the Audit Committee decision no. 2020/1 dated 03.03.2020, which are prepared pursuant to the CMB Communiqué No: II-14.1, article 9 on Principles of Financial Reporting in Capital Markets and drawn up in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS"), and the Board of Directors' Annual Report for the year ended 31 December 2019,

b. to the best of our knowledge we have with respect to our positions and responsibilities in the Company, these financial statements and annual report contain no misrepresentations on material matters or no omissions whose absence could be misleading as of the date on which the statement was made; and

c. to the best of our knowledge we have with respect to our positions and responsibilities in the Company, the financial statements drawn up in accordance with the CMB Communiqué No: II-14.1, article 9 on Principles of Financial Reporting in Capital Markets -inclusive of those subject to consolidation- represent a true and fair view of the Company's assets, liabilities, financial status and profit/loss, and that the annual report presents a fair view of the development and performance of the business -inclusive of those subject to consolidation-, the Company's financial standing, and the key risks and uncertainties it is exposed to.

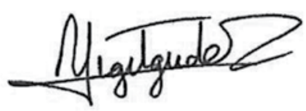
Yours sincerely,

ÇELEBİ GROUND HANDLING INC.

Deniz BAL
Financial Affairs Director

Osman YILMAZ
CEO

Uğur Tevfik DOĞAN
Audit Committee Member



Halil Yurdakul YİĞİTGÜDEN
Audit Committee Member

(Convenience translation of financial statements into English and independent auditor's report originally issued in Turkish)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2019 AND INDEPENDENT AUDITOR'S REPORT

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To the General Assembly of Çelebi Hava Servisi Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Çelebi Hava Servisi Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by Capital Markets Board of Turkey and the Standards of Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") as issued by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the matter was addressed in the audit
Transition to TFRS 16 Leases and Presentation of Right of Use Assets and Lease Liabilities in Consolidated Financial Statements As stated in Note 2, TFRS 16 Leases ("TFRS 16") is effective for periods beginning on or after January 1, 2019. TFRS 16 provides a tenant accounting model based on specific measurement methods. Accordingly, it requires the accounting of assets and liabilities. The lessee recognises a right of use assets that represents the right to use of the leased assets and a lease obligation that represents the obligation to pay for the leased asstes. The Group has lease agreements for land and buildings, machinery, plant and equipments and vehicles. As of December 31, 2019, TL 428.056.013 of right of use assets was recognized in the consolidated statement of financial position. The share of the right of use assets in non current assets is 19%. As of December 31, 2019, the Group has recognized TL 458.746.839 of lease liabilities for the lease agreements. The amounts recognized as a result of the application of TFRS 16 are significant for the consolidated financial statements and the determination of the accounting policy depends on the Group Management. In addition, the calculation of the right-to-use assets and lease obligations includes significant estimates and assumptions of the management. The substantial part of these estimates are interest rates used to discount cash flows and assessment of options to extend or terminate lease contracts. Nevertheless, the notes to the consolidated financial statements of the Group as of December 31, 2019 are significantly affected by the application of TFRS 16. Therefore, the impacts of the first-time adoption of TFRS 16 on the consolidated financial statements and the notes to the consolidated financial statements are determined as a key audit matter for our audit. Please refer to Notes 2, 7 and 12 to the consolidated financial statements for the amounts and disclosures, including the related accounting policies.	The audit procedures applied including but not limited to the following are: Understanding and evaluating the significant processes affecting financial reporting related to the adoption of TFRS 16, Inquiring with the Group management and understanding their assessment regarding the transition process to TFRS 16 and assessing the compliance of their assessment with the transition rules of the standard, Evaluating the completeness of the contract lists obtained from the Group management, assessment of selected contracts whether they are a service or lease contract and evaluating whether the contracts defined by the Group as leases are in scope of TFRS 16, Evaluating the compliance of the simplified transition method applied by the Group in the transition period to the provisions related to transition, Recalculation of the right of use assets and related financial lease liabilities recognised in the consolidated financial statements by using rates such as interest rate, rent increase rate etc. for the selected lease contracts that are in scope of TFRS 16, Evaluating the compliance of inputs used in the calculation like rent increase rate, interest rate etc for these selected contracts, Selecting the lease contracts used in the calculation of right of use assets and financial lease liabilities on a sample basis and testing the compliance of the term of the lease contacts and the assessment of the extension options applied if such options exist with the provision of the contract, Testing the disclosures in the consolidated financial statements in relation to the application of TFRS 16 and evaluating the adequacy of such disclosures, Evaluating the compliance of disclosures in consolidated financial statements to TFRS.

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Key Audit Matter	How the matter was addressed in the audit
"Service Concession Arrangements" recognised within the scope of Turkish Financial Reporting Interpretations Committee ("TFRS Interpretations") 12 and "Build Operate Transfer Investments" As explained in Note 2 in the accompanying consolidated financial statements as of December 31, 2019, the Group has "Service Concession Arrangements" and "Build Operate Transfer Investments" in the countries where its subsidiaries continue their operations. A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop/upgrade, operate and maintain the grantor's infrastructure. During the arrangement period, the operator receives income from the services provided. The party that recognizes the concession, controls the infrastructure investment and the contractor will eventually be transferred to the party that recognizes the operator's infrastructure investment.	The audit procedures applied including but not limited to the following are: Reviewing the terms of the contract, testing that the spending amounts are accounted for in a timely and appropriate manner in accordance with the cost value, reviewing useful life and residual value estimates and assumptions based on the calculation, Testing the calculated depreciation amounts, examining the renewal investment estimates that will occur in the forthcoming years estimated within the scope of the contract, evaluating the appropriateness of the discount rates applied within the scope of reducing the relevant amounts to today, The comparison of estimated and actual amounts includes procedures such as verifying the deposit amounts paid under the contract through the supporting documents.

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Key Audit Matter	How the matter was addressed in the audit
The Group has applied the intangible asset model within the scope of TFRS Interpretation 12 "Service Concession Agreements" in the related agreements because the Group has the right to demand compensation from the users for the infrastructure investment subject to the service concession agreement, and intangible assets arising from "Concession Rights" is recognised at the account of intangible assets. In addition, contracted maintenance or modernization obligations in the framework of service concession contracts are recognized in accordance with the Turkish Accounting Standard ("TAS") 37 "Provisions, Contingent Liabilities and Contingent Assets". In addition, the intangible assets from build-operate-transfer investments have been accounted under "Build-Operate-Transfer Investments" account As presented in Note 13, the net book value of "Concession Rights" accounted under intangible assets as of December 31, 2019 is TL 114.850.416 and net book value of "Build-operate-transfer investments" is TL 92.138.160, and as presented in Note 15, "Maintenance obligation liability" accounted under other current and non-current liabilities is TL 56.045.280. "Concession rights", "Build-operate-transfer investments" and "Maintenance obligation liability" which are recognized within the scope of such agreements have been determined as key audit matter due to the complexity of judgements and assumptions included in such transactions.	In addition, within the scope of the featured accounting mentioned above, we have questioned the appropriateness of the information contained in the consolidated financial statements and explanatory footnotes and the importance of the disclosed information for the readers of the financial statements.

4) Other Matters

The consolidated financial statements of the Group for the period ended at December 31, 2018 were audited by another independent auditor and an unqualified opinion was expressed on those consolidated financial statements on March 8, 2019.

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5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on March 3, 2020.

In accordance with paragraph four of Article 402 of the TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period January 1- December 31, 2019 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Cem Tovil.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Cem Tovil
Partner

İstanbul, March 3, 2020

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - 31 DECEMBER 2019 AND INDEPENDENT AUDITOR'S REPORT

CONTENTS

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	*Current Period Audited* December 31, 2019	*Prior Period Audited* December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	4	209.130.875	197.023.791
Financial investments		57.747.115	51.444.157
- Restricted cash	5	57.747.115	51.444.157
Trade receivables		216.999.043	175.331.861
- Due from related parties	8	3.873.386	1.608.646
- Due from third parties	8	213.125.657	173.723.215
Other receivables		70.402.501	57.689.178
- Due from third parties	9	43.754.617	33.524.518
- Due from related parties	9	26.647.884	24.164.660
Inventories	10	16.524.734	14.113.626
Prepaid expenses	16	29.502.211	21.045.610
Current income tax assets	29	6.456.151	251.958
Other current assets	15	16.389.181	6.554.957
Total current assets		623.151.811	523.455.138
Non-current assets			
Financial investments	5	334.290	166.650
Other long-term receivables		151.002.241	151.619.911
- Due from related parties	9	81.497.007	95.869.814
- Due from third parties	9	69.505.234	55.750.097
Investments accounted using the equity method	6	129.954.118	95.725.908
Property, plant and equipment	11	457.159.082	321.805.178
Right of use assets	12	428.056.013	-
Intangible assets		285.431.765	263.033.821
- Goodwill	13	60.932.266	43.925.159
- Other intangible assets	13	224.499.499	219.108.662
Prepaid expenses	16	20.038.235	43.673.520
Deferred tax asset	29	102.587.821	98.539.804
Other non-current assets	15	21.874.312	24.040.111
Total non-current assets		1.596.437.877	998.604.903
Total assets		2.219.589.688	1.522.060.041

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

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	Current Period Audited December 31, 2019	Prior Period Audited December 31, 2018
LIABILITIES			
Current liabilities			
Short-term financial liabilities	7	21.421.438	4.047.575
Short term portion of long term financial liabilities	7	441.030.490	229.741.802
Lease liabilities	12	93.959.280	-
Trade payables		134.699.626	99.964.539
- Due to related parties	8	21.948.013	9.649.715
- Due to third parties	8	112.751.613	90.314.824
Employee benefit obligations	18	53.986.507	39.211.242
Other payables		18.401.711	12.845.993
- Due to third parties	9	18.401.711	12.845.993
Deferred income	17	17.032.046	15.698.571
Current income tax liabilities	29	7.569.141	12.443.013
Short-term provisions		23.779.048	18.416.550
- Provisions for employee benefits	14	16.996.522	12.474.484
- Other provisions	14	6.782.526	5.942.066
Other current liabilities	15	8.860.670	9.878.674
Total current liabilities		**820.739.957**	**442.247.959**
Non-current liabilities			
Long-term financial liabilities	7	339.762.727	488.025.051
Lease liabilities	7	364.787.559	-
Other payables		16.806.306	16.098.610
- Due to third parties	9	16.806.306	16.098.610
Long-term provisions		28.354.292	27.467.482
- Provisions for employee benefits	14	28.354.292	27.467.482
Deferred tax liabilities	29	21.497.424	5.876.935
Other non-current liabilities	15	55.204.459	188.220.156
Deferred income	17	-	1.036.334
Total non-current liabilities		**826.412.767**	**726.724.568**
Total liabilities		**1.647.152.724**	**1.168.972.527**
SHAREHOLDER'S EQUITY			
Equity attributable to equity holders of the parent		**510.178.196**	**336.259.562**
Paid-in capital	19	24.300.000	24.300.000
Other accumulated comprehensive income/(expense) not to be reclassified to profit or loss		(24.024.964)	(24.478.059)
- Actuarial gain/(loss) arising from defined benefit plans		(24.024.964)	(24.478.059)
Other accumulated comprehensive income/(expense) to be reclassified to profit or loss		136.376.158	97.242.555
- Foreign currency translation differences		136.376.158	97.242.555
Restricted reserves	19	63.387.956	50.630.456
Retained earnings/(Accumulated deficit)		117.783.967	(16.019.346)
Net profit for the year		192.355.079	204.583.956
Non-controlling interest		**62.258.768**	**16.827.952**
Total shareholder's equity		**572.436.964**	**353.087.514**
Total liabilities and shareholder's equity		**2.219.589.688**	**1.522.060.041**

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

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2019

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

	Notes	*Current Period Audited* January 1 - December 31, 2019	*Prior Period Audited* January 1 - December 31, 2018
CONTINUING OPERATIONS			
Net sales	20	1.877.885.618	1.483.010.488
Cost of sales (-)	20	(1.334.612.924)	(1.025.909.556)
BRÜT KAR		543.272.694	457.100.932
General administrative expenses (-)	22	(229.556.624)	(186.745.255)
Other income from operating activities	23	87.186.678	194.183.103
Other expenses from operating activities (-)	24	(105.479.670)	(188.608.265)
OPERATING PROFIT		295.423.078	275.930.515
Income from investment activities	25	4.410.868	3.948.024
Expenses from investment activities (-)	26	(1.268.361)	(305.699)
Income from investments accounted by using the equity method	6	24.794.204	23.371.805
OPERATING INCOME BEFORE FINANCIAL EXPENSES		323.359.789	302.944.645
Financial income	27	54.942.443	77.551.573
Financial expenses (-)	28	(163.380.638)	(165.684.117)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		214.921.594	214.812.101
Tax expense		(19.457.693)	(6.361.830)
Taxes on income	29	(55.074.586)	(34.366.471)
Deferred tax income	29	35.616.893	28.004.641
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		195.463.901	208.450.271
Attributable to:			
Non-controlling interest		3.108.822	3.866.315
Equity holders of the parent		192.355.079	204.583.956
		195.463.901	208.450.271
Earnings per share (Kr)	30	0,079	0,084

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

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2019

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

	Notes	*Current Period Audited* January 1- December 31, 2019	*Prior Period Audited* January 1- December 31, 2018
Net profit for the period		195.463.901	208.450.271
Other comprehensive income/(expense)			
Not to be reclassified to profit or loss			
- Actuarial gain/(loss) arising from defined benefit obligation		148.054	(6.698.169)
Shares from investments accounted using the equity method regarding to other comprehensive income/(expense)			
- Actuarial gains/(losses) arising from defined benefit obligation from investments accounted		498.624	(270.248)
Taxes regarding to other comprehensive income/(expense) not to be reclassified to profit or loss			
- Tax on actuarial gain/(loss) arising from defined benefit obligation		(38.255)	1.322.286
- Tax on actuarial gain/(loss) arising from defined benefit obligation from investments accounted using the equity method		(128.197)	69.481
To be reclassified to profit or loss			
- Foreign currency translation differences		42.312.036	57.897.521
Other comprehensive income		42.792.262	52.320.871
Total comprehensive income		238.256.163	260.771.142
Total comprehensive income attributable to:			
Non-controlling interest		6.314.386	6.846.612
Equity holders of the parent		231.941.777	253.924.530
		238.256.163	260.771.142

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

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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2019

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

		Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss
	Paid-in capital	Actuarial gain/(loss) arising from defined benefit plans	Foreign currency translation differences
Balances at January 1, 2019	24.300.000	(24.478.059)	97.242.555
Transfers	-	-	-
Dividend distrıbution	-	-	-
Subsidiary share purchase	-	-	-
TFRS 16 first adaptation impact (*)	-	-	-
Other comprehensive income/(expenses)			
- Foreign currency translation differences	-	-	39.133.603
- Actuarial gain/(loss) arising from defined benefit plans	-	453.095	-
Total other comprehensive income/(expenses)		453.095	39.133.603
			-
Net profit for the period	-	-	-
Total comprehensive income/(expense)	-	453.095	39.133.603
Balances at December 31, 2019	24.300.000	(24.024.964)	136.376.158

(*) The impact on the cancellation of the operational lease offset provision reserved in accordance with TAS 17 in previous periods has been recorded in retained earnings.

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

	Accumulated Profits				
Restricted Reserves	Retained earnings	Net profit for the year	Equity attribute table to equity holders of the parent	Non- controlling interest	Total shareholder's equity
50.630.456	(16.019.346)	204.583.956	336.259.562	16.827.952	353.087.514
12.757.500	191.826.456	(204.583.956)	-	-	-
-	(128.803.766)	-	(128.803.766)	-	(128.803.766)
-	(403.147)	-	(403.147)	14.416.443	14.013.296
-	71.183.770	-	71.183.770	24.699.987	95.883.757
-	-	-	39.133.603	3.178.433	42.312.036
-	-	-	453.095	27.131	480.226
-	-	-	39.586.698	3.205.564	42.792.262
-	-	192.355.079	192.355.079	3.108.822	195.463.901
-	-	192.355.079	231.941.777	6.314.386	238.256.163
63.387.956	117.783.967	192.355.079	510.178.196	62.258.768	572.436.964

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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2018

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

		Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss
	Paid-in capital	Actuarial gain/(loss) arising from defined benefit plans	Foreign currency translation differences
Balances at January 1, 2018	24.300.000	(18.927.043)	42.350.965
Transfers	-	-	-
Dividend distrıbution	-	-	-
Capital contribution of non-controlling interests	-	-	-
Other comprehensive income/(expenses)	-	-	-
- Foreign currency translation differences	-	-	54.891.590
- Actuarial gain/(loss) arising from defined benefit plans	-	(5.551.016)	-
Total other comprehensive income/(expenses)	-	(5.551.016)	54.891.590
Net profit for the period	-	-	-
Total comprehensive income/(expense)	-	(5.551.016)	54.891.590
Balances at December 31, 2018	24.300.000	(24.478.059)	97.242.555

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

	Accumulated Profits				
Restricted Reserves	Retained earnings	Net profit for the year	Equity attribute table to equity holders of the parent	Non- controlling interest	Total shareholder's equity
43.097.456	(17.302.954)	85.361.608	158.880.032	9.975.142	168.855.174
7.533.000	77.828.608	(85.361.608)	-	-	-
-	(76.545.000)	-	(76.545.000)	-	(76.545.000)
-	-	-	-	6.198	6.198
-	-	-	-	-	-
-	-	-	54.891.590	3.005.931	57.897.521
-	-	-	(5.551.016)	(25.634)	(5.576.650)
-	-	-	49.340.574	2.980.297	52.320.871
-	-	204.583.956	204.583.956	3.866.315	208.450.271
-	-	204.583.956	253.924.530	6.846.612	260.771.142
50.630.456	(16.019.346)	204.583.956	336.259.562	16.827.952	353.087.514

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2019

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

	Notes	Current Period Audited January 1 - December 31 2019	Prior Period Audited January 1 - December 31 2018
A. Cash flows from operating activities		**319.778.575**	**322.036.269**
Net period profit/loss		**195.463.901**	**208.450.271**
Adjustment for reconciliation of net for the period profit/loss		255.322.232	290.764.169
Adjustment related depreciation and amortisation expenses	11,12,13	127.438.468	66.961.944
Adjustments related impairment (reversals)	8	25.810.499	9.508.554
Adjustment related to provisions		23.537.942	60.286.992
- Adjustment related to provisions for employee benefits		23.537.942	10.768.247
- Adjustments related other provisions (reversals)		-	49.518.745
Adjustments related to interest income and expense	23, 24	41.137.505	12.681.076
- Adjustment related to interest income		(17.684.568)	(11.894.091)
- Adjustment related to interest expense		58.822.073	24.575.167
Adjustment related to unrealized related foreing exchange translation differences		46.537.566	161.977.903
Adjustment related to tax (income) expense		19.457.693	6.361.830
Adjustment related to undistributed profit of investments are accounted by the equity method	6	(24.794.204)	(23.371.805)
Adjustment related to (gain/loss) on sales of property, plant and equipment, net	25	(3.803.237)	(3.642.325)
Changes in working capital		**(60.084.966)**	**(142.798.748)**
Increase/decrease in financial investments		(6.365.828)	(38.346.116)
Adjustment related to increase/decrease in trade receivables		(67.828.664)	(67.501.053)
- Increase/decrease in due from related parties		(2.264.740)	93.524
- Increase/decrease in due from third parties		(65.563.924)	(67.594.577)
Adjustment related to increase/decrease in other receivables related with operations		(28.707.267)	(57.573.370)
Adjustment related to increase/decrease in inventories		(2.411.108)	(1.651.630)
Increase/decrease in prepaid expenses		1.317.820	(28.589.119)
Adjustment related to increase/decrease in trade payables		34.735.087	22.567.191
- Increase/decrease in due to related parties		12.298.298	(1.612.877)
- Increase/decrease in due to third parties		22.436.789	24.180.068
Increase/decrease in payables related to employee benefits		14.775.265	11.184.496
Adjustment related to increase/decrease in other payables related with operations		(5.600.271)	17.110.853
Cash flows from operating activities		**390.701.167**	**356.415.692**
Payment related to provisions for employee benefit	14	(19.634.958)	(11.129.629)
Payments related to other provision		(394.799)	(242.504)
Tax payments/returns		(50.892.835)	(23.007.290)

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2019

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

	Notes	Current Period Audited January 1 - December 31 2019	Prior Period Audited January 1 - December 31 2018
B. Cash flows from investing activities		(170.152.403)	(209.267.856)
Cash outflows due to purchase of shares or capital increase of associates and/or joint ventures		(13.923.000)	-
Cash inflows from the sale of property, plant and equipment and intangible asset		9.101.465	9.109.365
- Cash inflows from the sale of property, plant and equipment		9.101.465	9.109.365
Cash outflows from the purchase of property, plant and equipment and intangible asset		(190.877.547)	(226.921.893)
- Cash outflows from the purchase of property, plant and equipment	11	(175.742.802)	(204.586.286)
- Cash outflows from the purchase of intangible asset	13	(15.134.745)	(22.335.607)
Dividend received	6	1.259.375	8.544.672
Cash advances to related parties and repayments from debts		24.287.304	-
C. Cash flows from financing activities		(203.739.201)	40.316.391
Leasing payments		(73.943.183)	-
Cash inflows from financial liabilities	7	339.884.116	259.515.220
Cash outflows due to debt payments of financial liabilites	7	(326.438.040)	(140.952.126)
Dividend paid		(128.803.766)	(76.545.000)
Interest paid		(32.122.896)	(13.595.794)
Interest received	7	17.684.568	11.894.091
Net increase/decrease in cash and cash equivalents, before the effect of foreign currency translation differences		(54.113.029)	153.084.804
D. Impact of foreign currency translation differences		66.324.883	(69.758.446)
Net increase/decrease in cash and cash equivalents		12.211.854	83.326.358
E. Cash and cash equivalents at beginning of period		196.730.773	113.404.415
Cash and cash equivalents at end of period	4	208.942.627	196.730.773

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Çelebi Hava Servisi A.Ş. (referred as the "Company" or "Çelebi Hava") established in 1958 was the first private ground handling service company in the Turkish aviation sector. The Company provides ground handling services (representation, traffic, ramp, cargo, flight operations and aircraft maintenance etc) and fuel supplies to domestic and foreign airlines and private cargo companies. The Company operates in İstanbul Airport, İzmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta, Erzincan, Çanakkale, Balıkesir Edremit, Iğdır, Kocaeli, Bingöl, Hakkari, Uşak airports, which are under the control of the State Airports Administration ("DHMI") and Istanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. ("HEAS"). The company is controlled by Çelebi Havacılık Holding Anonim Şirketi, the parent company which is jointly controlled by Çelebioğlu Family and Zeus Aviation Services Investments B.V..

The company is registered in Capital Markets Board ("CMB") and has been listed in Borsa Istanbul ("BIST") since November 18, 1996. As of December 31, 2019, the Company's free float rate is 10,09% (December 31, 2018: 12,61%).

The address of the Company is as follows:

Tayakadın Mahallesi Nuri Demirağ Caddesi No:39

Aranvutköy/İstanbul

The Group consists of the Company and its subsidiaries, joint ventures and associate. The average number of employees employed by the Group for the year ended December 31, 2019 is 13.475 (December 31, 2018: 13.031).

Information on Subsidiaries, Joint Ventures, and Associate:

The nature of the business, their respective geographical segments, and the registered country of the subsidiaries, joint venture and associate of the Group are as follows.

- Subsidiaries of the Group are as below:

Subsidiary	Registered Country	Geographical region	Nature of business
CGHH	Hungary	Hungary	Ground handling services
Celebi Delhi Cargo	India	India	Warehouse and cargo services
CASI	India	India	Ground handling services
Çelebi Kargo	Turkey	Turkey	Warehouse and cargo services
Celebi Cargo	Germany	Germany	Warehouse and cargo services
Celebi Spain (*)	Spain	Spain	Ground handling services
Celebi Tanzania (*)	Tanzanian	Tanzanian	Ground handling services
Celebi GH India Private Limited (*)	India	India	Ground handling services
KSU (**)	India	India	Ground handling services

(*) Celebi Spain, Celebi GH India Private Limited ve Celebi Tanzania have no operational activity as of December 31, 2019 and they are inactive.

(**) The company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees (approximately EUR 4,25 million) is made by the Company on May 20, 2019.

The Company won the tender offer on acquisition of Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Felelössegü Tarsasag ("BAGH") which provides ground handling service in Budapest Airport, and participated in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft") that was founded on September 22, 2006 as founding shareholder for the realization of the above mentioned share transfer. Celebi Kft acquired all the shares of BAGH on October 26, 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Foldi Kiszolgalo Korlatolt Felelossegu Tarsasag ("CGHH"). Celebi Kft was been taken over by CGHH with all assets and liabilities and merger transactions have been completed at October 31, 2007 in accordance with the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital. At 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding Anonim Şirketi for a consideration of TL 33.712.020. As of December 31, 2019, total paid in capital of CGHH is 200.000.000 Hungarian forint.

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

The Company participated as a co-founder in the company with capital of 100.000 Indian Rupee under the title Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo") to carry out activities relating to the development, modernization and 25-year operation of the existing cargo terminal in the airport ("Brownfield") in New Delhi in India on May 6, 2009 with a shareholding rate of 74%. The paid capital of the Celebi Delhi Cargo is 1.120.000.000 Indian Rupee.

As a result of the winning the tender for providing ground handling services at Delhi International Airport for a 10 years period in order to fulfill the requirements to meet the obligations and make the planned investments outlined in the Concession Agreement signed between Celebi GH Delhi and the tender to authority, the Company has made a premium capital increase amounting to 1.380.897.000 Indian Rupee on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which is established on November 18, 2009 with a shareholding rate of 74%. On May 22, 2017, the Company acquired 25,9% share of Çelebi GH Delhi and reached to an ownership rate of 99,9% and share capital of 23.890.000 Indian Rupee. The Company currently operates ground handling services in New Delhi, Ahmedabad, Cochin and Bangalore Airports in India as part of the ongoing concession agreements. On March 15, 2018, the company's title was changed to Celebi Airport Services India Private Limited ("CASI"). With the authorization granted on December 9, 2019, CASI will continue to provide ground handling services for an additional 10 years after the end of the existing concession period at Delhi International Airport.

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on November 20, 2008 to carry out transportation, cargo storage and distribution activities. Celebi Cargo GmbH ("Celebi Cargo"), the subsidiary of Çelebi Kargo with a 100% ownership, was established on November 2009 and has share capital amounting to EUR 32.100.000, rented storage and warehouse facilities at International Frankfurt Airport Cargo (Frankfurt Cargo City Süd) and carry out flight cargo storage and handling services.

On March 25, 2010, the Company participated as a founding partner to the Celebi Ground Handling Spain S.L.U ("Celebi Spain") with a capital of EUR 10.000 and an ownership rate of 100% as a founding partner for the purpose of entrepreneurship in abroad including European Union. Celebi Spain is a non-operatig company.

The company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees (approximately EUR 4,25 million) is made by the Company on May 20, 2019.

- Joint venture:

The joint venture of the Group accounted using the equity method is as below:

Joint Venture	Registered Country	Geographical region	Nature of business
Celebi Nas	India	India	Ground handling services

In the sequel of winning the tender of rendering ground handling services for a 10 years period in Mumbai Chhatrapati Shivaji International Airport (CSIA) in Mumbai, India by the consortium in which the Company takes part, a joint venture of the Company has been established on December 12, 2008 with the trade name of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai, India. The Company has particiapated as the founding partner in Çelebi Nas and has 57% shareholding where the share capital of Çelebi Nas is 552.000.000 Indian Rupee. A premium capital increase of 228.000.000 Indian Rupee has been paid by the shareholders of Çelebi Nas in previous years. Although the Company has 57% shareholding, in accordance with the conditions in Articles of Association signed between the Company and the counterpary shareholder, Çelebi Nas is accounted using the equity method and treated as a joint venture. On April 8, 2015, Çelebi Nas has signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the CSIA International Airport, for rendering services of air conditioners and generators mounted on passenger boarding bridges in the passenger terminal. With this agreement, Celebi Nas has been granted the concession rights until May, 2036. In addition, the ten (10) year ground handling privilege of Celebi NAS, which has been in place since 2009 to carry out ground handling services at the CSIA international airport, expires in December 2019. Celebi Nas participated in the tender by CSIA international airport operator MIAL for the extension of its concession from January 1, 2020 to December 31, 2029 for 10 (ten) years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

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

- Associate

The associate of the Group accounted using the equity method is as below:

Associate	Registered Country	Geographical region	Nature of business
DASPL	India	India	Ground handling services

Çelebi GH Delhi, a subisidiary of the Group, has participated in establishment of Delhi Aviation Services Private Limited ("DASPL") with a shareholding of 16,66%, DASPL is resident in New Delhi, India and operating in rendering services of air conditioners, water providing systems and generators mounted on passenger boarding bridges with international standards established with a share capital is 250.000.000 Indian Rupee. On November 14, 2017, Çelebi GH Delhi, has acquired 8,33% of additional shares of DASPL and reached to a shareholding rate of 24,99%. The Group accounts DASPL by using the equity method in its consolidated financial statements.

As of December 31, 2019, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Celebi Delhi Cargo, CASI, Çelebi Kargo, DASPL, Celebi Cargo and KSU (all together will be referred as "the Group").

Consolidated financial statements of the Group for the period ended January 1 - December 31, 2019 has been approved for the issuance by the Board of Directors on March 3, 2020 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Accounting and Finance Director, on behalf of Board of Directors.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1 Financial reporting standards

The Group's consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the Capital Markets Board ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS"/"TFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

Also, the financial statements are presented in accordance with the formats specified in the "Announcement About TFRS Taxonomy" published by the POA on April 15, 2019 and the Financial Statement Instances and User Guide published by the CMB.

The Company and its Subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the principles and standards issued by POA, Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of Turkey. Foreign Subsidiaries, Joint Venture and Associate maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the Turkish Financial Reporting Standards have been accounted in the statutory financial statements the Company, its subsidiaries, joint venture and associate. Assets and liabilities included in the financial statements of the foreign subsidiaries of the Group have been translated into Turkish Lira using the exchange rates prevailed at the date of the consolidated statement of financial position and income and expenses are translated into Turkish Lira using the average exchange rates for the related period. The difference between using the period-end exchange rates and average exchange rates is accounted as the currency translation differences under equity.

These consolidated financial statements which have been prepared in accordance with Turkish Financial Reporting Standards, have been prepared in TL and under the historical cost conversion except for the financial assets and liabilities presented at fair values, and the revaluations related to the differences between the carrying value and fair value of the non-current assets recognized in business combinations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

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

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in TL, which are the functional currency of the Çelebi Hava and the presentation currency of the Group. As of December 31, 2019, the currency of Group's entities are as below.

Company	Currency
CGHH	Hungarian Forint (HUF)
Celebi Delhi Cargo	Indian Rupee (INR)
CASI	Indian Rupee (INR)
Celebi Nas	Indian Rupee (INR)
Çelebi Kargo	Turkish Lira (TL)
Celebi Cargo	Euro (EUR)
DASPL	Indian Rupee (INR)
Celebi GH India Private Limited	Indian Rupee (INR)
KSU	Indian Rupee (INR)
Çelebi Tanzania	Tanzanian Shilling (TZS)

Going Concern

The Group prepared its consolidated financial statements in accordance with the going concern assumption.

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS)

a) Amendments that are mandatorily effective from 2019 year

TFRS 16	*Leases*
TFRS Interpretation 23	*Uncertainty over Income Tax Treatments*
Amendments to TAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to TAS 19	*Plan Amendment, Curtailment or Settlement*
Standards 2015-2017 Cycle	*Amendments to TFRS 3, TFRS 11, TAS 12 and TAS 23*

TFRS 16 *Leases*

General impact of application of TFRS 16 Leases

TFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. TFRS 16 supersedes the current lease guidance including TAS 17 Leases and the related Interpretations for accounting periods beginning on or after January 1, 2019. The date of initial application of TFRS 16 for the Group is January 1, 2019 retrospectively taking into account the cumulative effect in the financial statements.

In contrast to lessee accounting, TFRS 16 substantially carries forward the lessor accounting requirements in TAS 17.

Impact of the new definition of a lease

The Group made use of the practical expedient available on transition to TFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with TAS 17 and TFRS Interpretation 4 continue to apply to those leases entered or modified before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. TFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group applied the definition of a lease and related guidance set out in TFRS 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on Lessee Accounting

Operating leases

TFRS 16 changes how the Group accounts for leases previously classified as operating leases under TAS 17, which were off-balance sheet.

On initial application of TFRS 16, for all leases (except as noted below), the Group has:

a) Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
b) Recognised depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
c) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under TAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under TFRS 16, right-of-use assets are tested for impairment in accordance with TAS 36 Impairment of Assets.This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group opted to recognise a lease expense on a straight-line basis as permitted by TFRS 16.

As at January 1, 2019, the impact of TFRS 16 on the financial statements of the Group is disclosed in "the effects of accounting policy amendments" note.

Finance leases

The main differences between TFRS 16 and TAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. TFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by TAS 17.

Impact on Lessor Accounting

Under TFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, TFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

a) Effect of transition

During the transition to TFRS 16, the effect of transition on additional right of use assets including the Group additional lease liabilities is summarized below.

	January 1, 2019
Right of use assets	468.722.568
Right of use assets (previously classified as financial leasing in accordance with TAS 17)	13.860.864
Total right of use assets	482.583.432

	January 1, 2019
Lease obligation	468.722.568
Lease obligation (previously classified as financial leasing in accordance with TAS 17)	215.965
Total lease obligations	468.938.533

In measuring the lease payables, the Group discounted lease payments by using the alternative borrowing rate as of January 1, 2019. The weighted average rate applied is 28% for lease contracts in Turkish Lira, 3,50% for lease contracts in Euros, 1,9% for lease contracts in Hungarian Forint, and 9,16%-11,87% for lease contracts in Indian Rupee. The amortization period for the right of use assets varies between 3 and 25 years.

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b) Current period effect

As a result of TFRS 16, as of December 31, 2019, the Group has accounted TL 428.056.013 right of use assets and TL 458.746.839 lease liabilities, for leasing transactions classified as operating leases previously and for leasing classified as financial leases in accordance with TAS 17. In addition, the Group has accounted for depreciation and interest expenses rather than operating lease expenses related to the lease agreements under TFRS 16. During the nine months ended December 31, 2019, the Group has accounted for TL 60.011.635 amortization expense and TL 22.553.532 interest expense from these leases.

	December 31, 2019	TFRS 16 effects	(without effects) December 31, 2019
ASSETS			
Current assets			
Prepaid expenses	29.502.211	1.155.072	30.657.283
Current assets other than above item	593.649.600	-	593.649.600
Total current assets	623.151.811	1.155.072	624.306.883
Non-current assets			
Investments accounted using the equity method	129.954.118	18.300	129.972.418
Right of use assets	428.056.013	(428.056.013)	-
Prepaid expenses	20.038.235	11.550.720	31.588.955
Deferred tax asset	102.587.821	(8.120.495)	94.467.326
Non-current assets other than above item	915.801.690	-	915.801.690
Total non current assets	1.596.437.877	(424.607.488)	1.171.830.389
Total assets	2.219.589.688	(423.452.416)	1.796.137.272
LIABILITIES			
Current liabilities			
Lease liabilities	93.894.997	(93.894.997)	-
Current liabilities other than above item	726.844.960	-	726.844.960
Total current liabilities	820.739.957	(93.894.997)	726.844.960
Non-current liabilities			
Lease liabilities	364.787.559	(364.787.559)	-
Non-current liabilities other than above item	461.625.208	-	461.625.208
Total non-current liabilities	826.412.767	(364.787.559)	461.625.208
Total liabilities	1.647.152.724	(458.682.556)	1.188.470.168
SHAREHOLDER'S EQUITY			
Foreign currency translation differences	136.376.158	92.953	136.469.111
Net profit for the period	192.355.079	35.137.187	227.492.266
Shareholder's equity other than above item	243.705.727	-	243.705.727
Total shareholder's equity	572.436.964	35.230.140	607.667.104
Total liabilities and shareholder's equity	2.219.589.688	(423.452.416)	1.796.137.272

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	December 31, 2019	TFRS 16 effects	(without effects) December 31, 2019
CONTINUING OPERATIONS			
Net sales	1.877.885.618	-	1.877.885.618
Cost of sales (-)	(1.334.612.924)	(14.938.084)	(1.349.551.008)
GROSS PROFIT	543.272.694	(14.938.084)	528.334.610
General administrative expenses (-)	(229.556.624)	-	(229.556.624)
Other income from operating activities	87.186.678	-	87.186.678
Other expenses from operating activities (-)	(105.479.670)	-	(105.479.670)
OPERATING PROFIT	295.423.078	(14.938.084)	280.484.994
Income from investment activities	4.410.868	-	4.410.868
Expenses from investment activities (-)	(1.268.361)	-	(1.268.361)
Income from investments accounted by using the equity method	24.794.204	18.300	24.812.504
OPERATING INCOME BEFORE FINANCIAL INCOME	323.359.789	(14.919.784)	308.440.005
Financial income	54.942.443	-	54.942.443
Financial expenses (-)	(163.380.638)	58.177.466	(105.203.172)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	214.921.594	43.257.682	258.179.276
Tax expense	(19.457.693)	(8.120.495)	(27.578.188)
Taxes on income	(55.074.586)	-	(55.074.586)
Deferred tax income	35.616.893	(8.120.495)	27.496.398
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	195.463.901	35.137.187	230.601.088
Attributable to:			
Non-controlling interest	3.108.822	-	3.108.822
Equity holders of the parent	192.355.079	35.137.187	227.492.266
	195.463.901	35.137.187	230.601.088

In applying TFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

TFRS Interpretation 23 *Uncertainty over Income Tax Treatments*

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under TAS 12.

Amendments to TAS 28 *Long-term Interests in Associates and Joint Ventures*

This amendment clarifies that an entity applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

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Amendments to TAS 19 *Plan Amendment, Curtailment or Settlement*

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

Annual Improvements to TFRS Standards 2015-2017 Cycle

Annual Improvements to TFRS Standards 2015-2017 Cycle include amendments to TFRS 3 *Business Combinations* and TFRS 11 *Joint Arrangements* in when a party that participates in, but does not have joint control of, TAS 12 *Income Taxes*; income tax consequences of dividends in profit or loss, and TAS 23 *Borrowing Costs* in capitalized borrowing costs.

Other than TFRS 16, these standards, amendments and improvements have no impact on the consolidated financial position and performance of the Group.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TFRS 3	*Definition of a Business*
Amendments to TAS 1 and TAS 8	*Definition of Material*
Amendments to TFRS 9, TAS 39 and TFRS 7	*Interest Rate Benchmark Reform*

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of January 1, 2021.

Amendments to TFRS 3 *Definition of a Business*

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in TFRS 3 Business Combinations standart has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

2.1.3 Financial statements of subsidiaries and joint ventures operating in foreign countries

Financial statements of subsidiaries and joint ventures operating in foreign countries are prepared according to the legislation of the country in which they operate, and adjusted to the Turkish Financial Reporting Standards to reflect the proper presentation and content. Foreign joint ventures' assets and liabilities are translated into TL with the foreign exchange rate at the consolidated statement of financial position date. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and consolidated statement of financial position date rates are included in the "currency translation differences" under the shareholders' equity.

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2.1.4 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company. Çelebi Hava, its' Subsidiaries, it's Joint Venture and its Associate (collectively referred to as the "Group") on the basis set out in sections (b), to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries, Joint Venture and Associate are included or excluded from their effective dates of acquisition or disposal respectively.

b) Subsidiaries are companies over which the Group's has capability to control the financial and operating policies for the benefit of the Group, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies. The available or convertible existence of potential voting rights are considered for the assessing whether the Group controls another organization Subsidiaries are consolidated from the date on which the control is transferred to the Group and consolidated by using full consolidation method. Subsidiaries are no longer consolidated from the date that the control ceases. The acquisition of the subsidiaries by the Group is recognized by using purchase method. The acquisition cost includes; the fair value of the assets on the purchase date, equity instruments disposed and the liabilities incurred at the exchange date and costs that directly attributable to the acquisition, The identifiable asset during the merge of the companies is measured by fair value at the purchase date of liabilities and contingent liabilities regardless of the minority shareholders. The Group recognized the goodwill for the exceed portion of the cost of acquisition that the fair value of net identifiable assets acquired. If the acquisition cost is below the fair value of identifiable net asset of subsidiary, the difference is recognized to the comprehensive income statement, Transactions between inter companies the balances and unearned gains arising from transactions between Group companies are eliminated. Unaccrued losses are also subjected to elimination. The accounting policies of subsidiaries are revised in accordance with the Group's policies. The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Group and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between company and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by the Group in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

c) The direct and indirect ownership interests held by the Group in its subsidiaries are provided below, the direct and indirect ownership interest is equal to the proportion of effective interest.

	Ownership rate (%)	
Subsidiary	December 31, 2019	December 31, 2018
Çelebi Güvenlik in liquidation [2]	-	94,8
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
CASI	99,9	99,9
Celebi Spain [1]	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9
KSU	50,0	-
Celebi Tanzania[3]	65,0	-

[1] As of December 31, 2019 Celebi Spain has directly and indirectly 100% voting right. However, Celebi Spain has not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements and the company's operations have not started (Note 5).

[2] Pursuant to the resolution of Ordinary General Assembly meeting of Çelebi Güvenlik Sistemleri ve Danışmanlık Anonim Şirketi which have a capital of TL 1.906.736 and participated by the Company with an ownership rate of 94,8%, the liquidation process started as of December 31, 2013 and trade name of the Company was changed into Çelebi Güvenlik in liquidation. As of July 18, 2019, liquidation procedures have been completed.

[3] The Company acquired 65% of Celebi Tanzania Aviation Services Limited ("Celebi Tanzania"), established in Darusselam, Tanzania to participate to the concession auctions to provide ground handling service. Its share capital is amounting to 100 million Tanzanian Shilling (approximately USD 40 thousand). Celebi Tanzania has not started to its operations.

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d) The Group recognizes the transactions of acquisitions and sales of shares of the subsidiaries, those are controlled by the Group, realized with the non-controlling interest as transactions of the Group with equity holders. Therefore, in transactions of additional share acquisition from non-controlling interest, the difference between the acquisition cost and the share of net assets of the additional shares acquired and in transactions of sale of shares to non-controlling interest, the difference between the consideration received and the share of net assets of the shares sold is recognised in equity.

e) Joint venture and the associate of the Group are accounted by using the equity method.

The direct and indirect ownership interests held by the Group in its joint venture and associate are provided below, the direct and indirect ownership interest is equal with the proportion of effective interest.

	Ownership rate (%)	
Joint venture	December 31, 2019	December 31, 2018
Celebi Nas	57,00	57,00

	Ownership rate (%)	
Associate	December 31, 2019	December 31, 2018
DASPL	24,99	24,99

f) Financial assets in which the Group has ownership interests below 20%, or over 20% but which the Group does not exercise a significant influence or which are not significant to the consolidated financial statements are classified as available-for-sale financial assets in the consolidated financial statements. Available-for-sale financial assets that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any accumulated impairment loss in the consolidated financial statements.

	Ownership rate (%)	
Financial investment	December 31, 2019	December 31, 2018
Celebi Spain	100,00	100,00
Celebi Tanzania	100,00	-

2.2. Changes in accounting policies

2.2.1 Comparative information

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

The Group presented the consolidated statement of financial position as of December 31, 2019 comparatively with the consolidated statement of financial position as of December 31, 2018, presented the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended December 31, 2019 comparatively with the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended December 31, 2018.

In the consolidated statement of profit or loss on December 31, 2018, according to the rates determined in the concession agreements for Celebi Delhi Cargo and CASI, the Group paid the royalty rights amounting to TL 148.740.434, which is offset under revenue from the operating of the cargo terminal and the ground handling services provided from the relevant airports has classified it to the cost of sales.

2.3 Changes in significant accounting policy and estimations

2.3.1 Changes in significant accounting policy

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. The Group has made some changes in its accounting policies in the current year due to the effects of changes in the standards. The Group has classified the concession rights to the cost of sales within the scope of TFRS 15 Revenue from Contracts with Customers.

If the changes in accounting estimates are for only one period, they are applied prospectively in the current period when the change is made. If the changes in accounting estimates are related to future periods, they are applied prospectively both in the period when the change was made and in the future periods.There has not been any significant change in the accounting estimates of the Group in the current year.

2.4 Summary of significant accounting policies

2.4.1 Accounting of income

Revenue is recognized on an accrual basis at the fair value of the consideration received or receivable from the sale of goods and services. Net sales represent the invoiced value of goods delivered and services rendered free of sales discounts and returns. In the event that there is an important financing element in the sales, the fair value is determined by deducting the future collections from the interest rate within the financing element. The difference is recognized as other income from operating activities on an accrual basis

Dividend Income

Dividend income is recognized as income at the time of collection.

2.4.2 Financial Assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

"*Financial assets measured at amortized cost* " are non-derivative financial assets held within the scope of a business model aimed at collecting contractual cash flows and with cash flows including interest payments arising solely on principal and principal balance at specific dates under contractual terms. Group's financial assets are accounted at the amortized cost include items such as "cash and cash equivalents", "trade receivables", "other receivables" and "financial investments". Related assets are initially recognized at fair value in the financial statements; in subsequent accounting, measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated income statement.

"Financial assets at fair value through other comprehensive income" are non derivative financial assets that are held in the context of business model aimed at collecting contractual cash flows and selling financial assets, and cash flows include interest payments solely at principal and principal balance on contractual terms. Any gains or losses arising from the related financial assets are recognized in other comprehensive income except for impairment losses, gains or losses and exchange rate differences income or expenses. In the case of the sale of assets, the valuation differences classified as other comprehensive income are classified as retained earnings.

"Financial assets at fair value through profit or loss" are financial assets measured at amortized cost other than financial assets at fair value through comprehensive income. The resulting gains and losses from the valuation of such assets are recognized in the consolidated income statement.

Financial Statement Exclusion

The Group derecognizes the financial assets when it terminates the rights related to the cash flows due to the contract or when the related rights are transferred through a purchase and sale of all risks and rewards related to the financial asset. Any rights created or held by financial assets transferred by the Group are recognized as a separate asset or liability.

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Impairment

The impairment of financial assets and contractual assets is calculated using the "expected credit loss" (ECL) model. The impairment model applies to amortized cost financial assets and contractual assets.

In the case of financial asset has a low credit risk at the reporting date, the Group can determine that the credit risk of the financial asset has not increased significantly. However, the lifetime ECL measurement (simplified approach) is always valid for commercial receivables and contract assets, without significant financing.

2.4.3 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value (Note 4).

2.4.4 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, restated to the equivalent purchasing power at December 31, 2004 for the items purchased before January 1, 2005 and stated at cost less depreciation for the items purchased after January 1, 2005. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets.

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

	Useful Lives (Years)
Machinery and equipment	1-20
Motor vehicles	2-10
Furniture and fixtures	1-20
Leasehold improvements	5-25

Depreciation is provided for assets when they are ready for use. Depreciation continues to be provided on assets when they become idle.

Gains or losses on disposals of property, plant and equipment are determined by comparing the carrying amount at financial statements and collected amount and included in the other income or expense accounts, as appropriate.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. Repairs and maintenance are charged to the statements of income during the financial year in which they are incurred.

2.4.5 Intangible Assets

a) Goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

The estimations related with the future cash flows do not include cash inflows and outflows related with restructuring that the Group has not committed yet or the enhancing or the improving the performance of the asset.

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b) Computer software

Rights arising on computer software are recognized at its acquisition cost. Computer software is amortized on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is between 3-5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

c) Service Concession Arrangements & Build - Operate - Transfer Investment

A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure. During the arrangement period, operator recognizes revenue in return for the services it provides. The grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls any significant residual interest in the assets at the end of the term of the arrangement. The operator is obliged to hand over the infrastructure to the party that grants the service arrangement.

Since the Group has a right to charge to users regarding usage of investment, determined with Service Concession Agreements, Group has applied an intangible asset model described in TFRIC 12 "Service Concession Agreements" for the agreements listed below.

Intangibles arising from concession service agreement classified as build- operate - transfer investment as intangible assets.

Revenues arising from service concession agreements are accounted for in accordance with TAS 11 "Construction Contracts" by considering rate of completion.

Operation or service income are recognized in the reporting period in which the services are rendered.

According to service concession agreements, maintenance and modernization within in the scope of the contractual obligations are accounted in accordance with TAS 37 ("Provisions, Contingent Liabilities and Contingent Assets").

Investment costs related to the construction of the terminal are amortized on a straight-line basis over the life of the terminal (5-25 years).

Borrowing costs that are directly attributable to the Build-Operate-Transfer investment are capitalized as part of the cost of that asset, if the amount of costs can be measured reliably and it is probable that the economic benefits associated with the qualifying asset will flow to the Group.

Celebi Delhi Cargo

An Agreement regarding improvement, modernization, financing and 25 years finite operating rights of the airport located in Delhi city of India has been signed on August 24, 2009. The deposit amount of INR 1.762.120.403 was paid in total.

Celebi Nas

Operating rights agreement providing ground services of airport in Mumbai, India for 11 years was signed on November 14, 2008. The amount of INR 210.000.000 paid as a deposit. As of December 31, 2018 INR 92.500.000 of the deposit amount had been recovered back. On the other hand, following the expiry of the current concession period on December 31, 2019, it will continue to provide ground handling services for an additional 10 (ten) years from January 1, 2020 to December 31, 2029. In this context, a deposit of INR 1.847.700.000 was paid to the contracting authority.

Celebi Nas has signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the CSIA International Airport in which Celebi Nas operates. The content of the agreement covers the rendering of services regarding air conditioners and generators mounted on passenger boarding bridges in the passenger terminal of the mentioned airport. Celebi Nas has been granted the concession rights until May 2036 within the scope of the concession agreement. The deposit amount of INR 150.000.000 as deposit was paid.

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CASI

An agreement for providing ground handling services for a period of 10 years at the airport in Delhi city of India has been signed on June 2, 2010 and INR 400.000.000 deposit has been paid. Additionally, a deposit amounting of INR 132.220.000 has been paid within the scope of the concession agreement signed for providing services at airports in Cochin, Bangalore and Kannur.

According to these concession agreements, the Group capitalized the differences between the paid deposit paid and its net present value as Build-Operate-Transfer investment and amortized the amount during the periods of concession agreements (Note 13).

2.4.6 Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realizable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.4.7 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that deferred tax assets, an asset other than intangible assets with indefinite useful lives, and financial assets at fair value may be impaired. When an indication of impairment exists, the Group estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognized immediately in profit or loss. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets.

An impairment loss recognized in prior period for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment loss and shall not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized as income in the consolidated financial statements.

2.4.8 Financial Liabilities and Borrowing Costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings.

If financing costs arising from loans are associated with acquisition and construction of qualifying assets, it has been included in the cost price of the qualifying assets. The qualifying assets refer to assets that are required for a long period of time to be ready for use or sale as intended.

2.4.9 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

The right of use assets include the first measurement of the corresponding lease obligation, lease payments made before or before the lease actually starts, and other direct initial costs. These assets are subsequently measured at cost by deducting accumulated depreciation and impairment losses.

A provision is recognized in accordance with TAS 37 in cases where the group is exposed to the costs required to disassemble and eliminate a lease asset, to restore the area on which the asset is located, or to restore the main asset in accordance with the terms and conditions of the lease. These costs are included in the relevant right of use asset, unless they are incurred for inventory production.

The right of use assets are depreciated according to the shorter of the main asset's rental period and useful life. If ownership of the main asset is transferred in the lease or if the Group plans to implement a purchase option, right of use asset is depreciated over the useful life of the main asset. Depreciation starts on the date the lease actually starts.

The right of use assets are presented in a separate line in the consolidated statement of the Group.

The Group applies the TAS 36 to determine whether the right of use assets are impaired and for all identified impairment losses are accounted as specified in the 'Tangible Fixed Assets' policy.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.4.10 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.4.11 Business Combinations and Goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with TFRS 3 (Note 13).

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill has been recognized as an asset and has initially been measured as the excess of the cost of the combination over the fair value of the acquiree's assets, liabilities and contingent liabilities. In business combinations, the acquirer recognizes identifiable assets (such as deferred tax on carry forward losses), intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree's financial statements at their fair values in the consolidated financial statements. The goodwill previously recognized in the financial statements of the acquiree is not considered as an identifiable asset.

Goodwill recognized as a result of business combinations is not amortized and its carrying value is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Provisions for goodwill impairment loss are not cancelled at subsequent periods. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

In combinations involving entities under common control, assets and liabilities subject to a business combination are recognized at their carrying amounts in the consolidated financial statements. In addition, a statement of profit or loss contains the operations that take place after the business combination. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognized. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted as "effect of transactions under common control" under "Additional contribution to shareholders' equity related to take-over".

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2.4.12 Foreign Currency Transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statements of profit or loss.

2.4.13 Earnings per Share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned (Note 30).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

2.4.14 Subsequent Events

The Group adjusts the amounts recognized in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 34).

2.4.15 Provisions, Contingent Liabilities and Contingent Assets

The conditions which are required to be met in order to recognize a provision in the consolidated financial statements are those that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (Note 14).

Where the effect of the time value of money is significant, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Liabilities or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the entity should not be recognized as liabilities or assets, however they should be disclosed as contingent liabilities or assets.

2.4.16 Related Parties

Related party is the person or entity related to Company which is preparing financial statements ("reporting Company). (Note 31)

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

If that person;

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

b) An entity is related to a reporting entity if any of the following conditions applies:

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

2.4.17 Segment Reporting

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorized to make decisions regarding the activities of the Group. The organs and persons authorized to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on activity basis as ground handling services and cargo and warehouse services.

2.4.18 Taxes on Income

Current tax expense and deferred tax

Tax expense includes current tax expense and deferred tax expense. The tax is included in the income statement, provided that it is not directly related to an operation accounted under equity. Otherwise, the tax is accounted under equity as well as the related transaction.

Current tax expense is calculated by taking into account the tax laws applicable in the countries where the Group's subsidiaries and investments accounted by using the equity method are active as of the date of statement of financial position.

<u>Income tax</u>

The Company and its subsidiaries established in Turkey and other countries in the scope of consolidation, associates, and joint ventures are subject to the tax legislation and practices in force in the countries they are operating.

2.4.18 Taxes on Income

According to Turkish tax legislation, legal or business centers institutions in Turkey is subject to corporate tax. The corporate tax rate in Turkey is 20%, however, according to Provisional Article 10 added to the Corporate Tax Act, the 20% corporate tax rate, will be applied as 22% for the corporate earnings of the institutions in the taxation periods of 2018, 2019 and 2020 (accounting periods for the institutions appointed for the special accounting period). The corporate tax rate is applied to the net corporate income to be deducted from deduction of exemptions and reductions in tax laws and an addition of expenses not subject to deduction according to tax legislation. The corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the year in which it is relevant and paid until the end of the relevant month. However, According to the Turkish tax legislation, legal or business centers institutions in Turkey, 20% over the quarterly profit (22% for taxable year 2018, 2019 and 2020) provisional tax is calculated and the corresponding period of the second month until the 14th day declare the results of the relevant period and pay the temporary tax calculated until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax that will be calculated over the tax declaration of the corporations that will be given in the following year. If the amount of tax paid remained despite offsetting, tax paid can be deducted from this amount can be received in cash. As of December 31, 2019, and 2018, the tax provision has been set aside under the current tax legislation.

According to the Corporate Tax Law, losses presented on the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within the upcoming five years.

Dividend payments are subject to 15% income tax for the resident companies in Turkey which are not responsible for corporate tax and income tax and made with except for those exempted to resident and non-resident in Turkey individuals and non-resident legal entity in Turkey. Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated.

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation. The taxes payable on the statement of financial position as of December 31, 2019, and December 31, 2018 are netted off for each Subsidiary and are separately classified in the Consolidated Financial Statements.

Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred income tax is calculated using tax rates that are currently in effect as of the date of the statement of financial position

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are calculated to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are offset against each other if the same country is subject to tax legislation and there is a legally enforceable right to offset current tax assets against current tax liabilities.

As of January 1, 2018, due to the fact that the tax rate for 2018, 2019 and 2020 has been changed to 22%, as of December 31, 2019, the deferred tax calculation used a tax rate of 22% for temporary differences expected to be realized and settled within 3 years (in 2018, 2019 and 2020). However, 20% tax rate is used for the current differences expected and expected to be incurred after 2020 since the tax rate applicable for post-2020 corporations is 20%.

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation. The taxes payable on the statement of financial position as of December 31, 2019, and 2018, are netted off for each subsidiary and are separately classified in the Consolidated Financial Statements.

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2.4.19 Employee Benefits

Employment termination benefits

Provision for employment termination benefits represents the present value of the estimated total reserve for future probable future obligations of the Group arising from the retirement of the personnel in accordance with the Turkish Labor Law and the laws of the countries in which the Subsidiaries operate. accordance with the law and the Turkish Labor Law regulates the current working life in Turkey, the Group has completed at least one year of service, their request with redundancy or improper conduct on-off work for reasons other than termination of the results of the work contract, who passed away or retired each staff it is obliged to pay severance pay collectively.

Provision which is allocated by the present value of the defined benefit obligation is calculated using the projected liability method. All actuarial gains and losses are accounted under equity.

The employment termination liability is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees.

After the legislative amendment on May 23, 2002, some transition process items related to the previous service period before retirement were issued. The amount payable consists of one month's salary for each year of service and is limited to TL 6.379,86 as of December 31, 2019 (December 31, 2018: TL 5.434,42).

Provision for unused vacation rights

The Company records a liability by calculating the number of vacation days earned by its employees but not used, such amount is short-term and measured without being discounted, and is recognized as an expense in the profit or loss as the related service is fulfilled.

2.4.20 Statement of Cash Flows

Cash flows during the period are classified and reported by main, investing and financing activities in the cash flow statements.

Cash flows from main activities represent the cash flows of the Group generated from airport ground handling services, airport construction and operation activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.4.21 Dividends

Dividends receivable are recognized as income in the period when they are declared. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

2.4.22 Paid-in Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.4.23 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net provided that the nature of the transaction or the event will qualify for offsetting.

2.5 Critical Accounting Estimates and Assumptions

The preparation of consolidated financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that may have a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

(a) Goodwill impairment

As explained in Note 2.4.11 the Group performs impairment tests on goodwill annually at December 31 or more frequently if events or changes in circumstances indicate that it might be impaired. As of December 31, 2019, the Group does not have any impairment as a result of the analyzes.

(b) Impairment of intangible assets

According to the accounting policy stated in Note 2.4.5 the intangible assets are disclosed with their net value after the deduction of the accumulated depreciation, if any, and the value subtracted from the acquisition costs.

(c) Provisions

In accordance with the accounting policy mentioned in Note 2.4.15, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the legal proceedings and damage claims raised against in courts as at December 31, 2019 and for the ones where the Group estimates a probability of losing the cases in courts, necessary provisions are accounted for in the consolidated financial statements (Note 14).

(d) Taxes calculated on the basis of the company's earnings

In accordance with the accounting policy mentioned in Note 2.4.18, a provision is made for the tax liability of current year calculated with tax rates which are valid on the balance sheet date over the portion of period income estimated based on period results of the Group as of balance sheet date. Tax legislation of jurisdictions, in which the subsidiaries and subsidiaries subject to joint control of the Group operates, are subject to different interpretations and may be amended. In this scope, interpretation of tax legislation by tax authorities related to operations of subsidiaries and subsidiaries subject to joint control of the Group may differ from the interpretation of the management. Therefore, transactions may be interpreted in a different manner by tax authorities and the Group may be exposed to additional tax, fines and interest payments.

As of December 31, 2019, the Group has reviewed possible tax fines which may source from its subsidiaries and subsidiaries subject to joint control and has not considered to make any provisions.

(e) Calculated deferred tax assets over tax deductions to be used

Tax receivable due to unused taxable losses is reflected on the records in the case of being most likely to have sufficient taxable profit in future periods.

(f) Investments made in the framework of concession arrangements in scope of TFRIC 12

Celebi Delhi Cargo, subsidiary of the Group resident in India, has signed a concession arrangement with Delhi International Airport Private Limited ("DIAL") on May 6, 2009 in order to operate in development, modernization, financing and management for 25 years of current cargo terminal in the airport located in New Delhi city of India.

Investment expenditures made by the Group within scope of aforementioned arrangement and concession arrangement signed by Çelebi Nas, which is a joint venture of the Group subject to joint control and resident in India, on April 8, 2015, are recognized in accordance with International Financial Reporting Interpretations Committee 12 ("TFRIC 12") Service Concession Arrangements.

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Preparation of consolidated financial statements in accordance with TAS requires the management to make decisions, estimations and assumptions affecting the implementation of policies and amounts of assets, liabilities, income and expense which are reported. Actual results may differ from those estimates.

Estimations and assumptions forming a basis for estimations are continuously reviewed. Updates made in accounting estimates are recorded in the period of update and following periods affected from the aforementioned updates.

Information on significant decisions applied to accounting policies which have the most significant impact on amounts recorded in consolidated financial statements is explained in the following notes:

Note 2.5 (f) - Application of profit margin to construction costs made in scope of TFRIC 12 "Service Concession Arrangements"

Information on estimates having significant impact on amounts recorded in consolidated financial statements is explained in the notes below:

Note 11 - Property, plant and equipment

Note 12 - Right-of-use assets

Note 13 - Intangible assets

Note 14 - Employee benefit obligations

Note 29 - Tax assets and liabilities

Note 31 - Related party disclosures

NOTE 3 - SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the Company's senior management and effective in making strategic decisions.

Management evaluates the Group in two different ways: geographical and operating segments. Management analyzes The Group's performance according to their departments; Ground Handling Services, Security Services and Cargo and Warehouse Services. Since the Group's revenues consist primarily of these operating segments, Ground Handling, Cargo and Warehouse Services are evaluated as reportable operating segments. Management follows the operating segments performance as ("EBITDA") after deduction of Operating lease equalization, effect of TFRIC 12, currenct year part of prepaid allocation cost expense, Retirement pay liability and unused vacation provisions from earnings before interest, tax, depreciation and amortization

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The segment information provided to the board of directors as of December 31, 2019 is as follows:

	Operation Groups			
January 1 - December 31, 2019	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
Revenue	1.181.189.385	705.678.781	(8.982.548)	1.877.885.618
Cost of sales	(814.370.902)	(528.415.950)	8.173.928	(1.334.612.924)
Gross profit	366.818.483	177.262.831	(808.620)	543.272.694
General administrative expenses	(181.812.399)	(49.377.167)	1.632.942	(229.556.624)
Addition: Depreciation and amortization	86.646.470	40.791.998	-	127.438.468
Addition: Effect of TFRIC 12	-	8.177.586	-	8.177.586
Addition: Retirement pay liability and unused vacation provisions	21.073.213	3.339.417	-	24.412.630
Effect to investments accounted byusing equity method on EBITDA	50.410.249	(1.764.529)	-	48.645.720
EBITDA	343.136.016	178.430.136	824.322	522.390.474
Rent Expenses under UFRS 16	(59.619.089)	(14.247.081)	-	(73.866.170)
EBITDA (Except for the impact of new and revised accounting policies)	283.516.927	164.183.055	824.322	448.524.304

The segment information provided to the board of directors as of December 31, 2018 is as follows:

	Operation Groups			
January 1 - December 31, 2018	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
Revenue	911.029.883	578.293.704	(6.313.099)	1.483.010.488
Cost of sales	(597.985.445)	(433.427.264)	5.503.153	(1.025.909.556)
Gross profit	313.044.438	144.866.440	(809.946)	457.100.932
General administrative expenses	(141.268.207)	(47.355.162)	1.878.114	(186.745.255)
Addition: Depreciation and amortization	46.335.799	20.626.145	-	66.961.944
Addition: Operating lease equalization	(79.786)	10.349.500	-	10.269.714
Addition: Effect of TFRIC 4-12	-	6.446.852	-	6.446.852
Addition: Prepaid allocation cost expense	1.155.072	-	-	1.155.072
Addition: Retirement pay liability and unused vacation provisions	8.769.077	2.991.560	-	11.760.637
Effect to investments accounted byusing equity method on EBITDA	45.810.673	(755.207)	-	45.055.466
EBITDA	273.767.066	137.170.128	1.068.168	412.005.362

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Reconciliation of EBITDA to profit before tax is provided as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
EBITDA for reported segments	522.390.474	412.005.362
Depreciation and amortization	(127.438.468)	(66.961.944)
Operating lease equalization	-	(10.269.714)
Effect of TFRIC 4-12	(8.177.586)	(6.446.852)
Other operating income	87.186.678	194.183.103
Other operating expenses (-)	(105.479.670)	(188.608.265)
Addition: Prepaid allocation cost expense	-	(1.155.072)
Retirement pay liability and unused vacation provisions	(24.412.630)	(11.760.637)
EBITDA effect of investments accounted using the equity method	(48.645.720)	(45.055.466)
Operating profit	**295.423.078**	**275.930.515**
Share of profit from investments accounted using the equity method	24.794.204	23.371.805
Income from investment activities	4.410.868	3.948.024
Expenses from investment activities (-)	(1.268.361)	(305.699)
Financial income	54.942.443	77.551.573
Financial expenses (-)	(163.380.638)	(165.684.117)
Profit before tax	**214.921.594**	**214.812.101**

The figures provided to the board of directors with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

NOTE 4 - CASH AND CASH EQUIVALENTS

	December 31, 2019	December 31, 2018
Cash	823.603	394.786
Banks	208.307.272	196.629.005
- time deposit	140.368.872	146.792.870
- demand deposit	67.938.400	49.836.135
	209.130.875	**197.023.791**

As of December 31, 2019, effective interest rates on TL, EUR, USD and INR denominated time deposits are 11,22%, 0,14%, 1,83% and 6% respectively. (December 31, 2018: TL 18,16%, EUR 1,54%, USD 3,17%, INR 6,25%). As of December 31, 2019 the maturity days of denominated time deposits are 1 days for TL, USD and EUR and 10-90 days for INR (December 31, 2018: 2 days for TL and USD, 25 days for Euro and 51 days for INR).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Cash and banks	209.130.875	197.023.791
Less: Interest accruals	(188.248)	(293.018)
	208.942.627	**196.730.773**

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NOTE 5 - FINANCIAL INVESTMENTS

Restricted Bank Balances:

	December 31, 2019	December 31, 2018
Restricted bank balances (*)	57.747.115	51.444.157
	57.747.115	51.444.157

(*) TL 54.421.815 of restricted bank balances consist cash amounts collected from the customers and the cash amounts obtained for the project financing as outlined in the concession agreement signed for for cargo and ground handling services at New Delhi Airport in India.Of these balances,approximately 400 million Indian Rupee (33,3 million Turkish Lira) related to Celebi Delhi Cargo is not obliged to be kept in a blocked bank account and can be resolved at any time.

Financial investments with fair value difference reflected to other comprehensive income

	December 31, 2019		December 31, 2018	
	Percentage of shares %	TL	Percentage of shares %	TL
Celebi Spain (*)	100,00	166.650	100,00	166.650
Celebi Tanzania (*)	100,00	167.640	-	-
		334.290		166.650

(*) As of 31 December, 2019, Celebi Spain and Celebi Tanzania have not been consolidated in the consolidated financial statements since they are not significant for the Group. They are presented in the consolidated financial statements with cost value less impairment if any, and classified as financial assets measured at fair value through other comprehensive income.

NOTE 6 - INVESTMENT ACCOUNTED BY USING THE EQUITY METHOD

	Percentage of shares %	December 31, 2019	Percentage of shares %	December 31, 2018
Çelebi Nas	57,00	121.198.646	57,00	87.725.263
DASPL	24,99	8.755.472	24,99	8.000.645
		129.954.118		95.725.908

The movements of investments accounted using the equity method during the periods ended December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
As of January 1	95.725.908	64.991.304
Share of profit/loss	24.794.204	23.371.805
Currency translation differences	10.322.954	16.108.238
Gains (losses) on remeasurements defined benefit plans	370.427	(200.767)
Dividend payments (*)	(1.259.375)	(8.544.672)
As of December 31	129.954.118	95.725.908

(*) The dividend that DASPL and Celebi Nas paid to their shareholders from retained earnings are the shares of CASI and Çelebi Hava shares respectively.

Shares of profit/loss from investments accounted using the equity method:

	January 1- December 31, 2019	January 1- September 31, 2018
Çelebi Nas	23.409.865	20.372.822
DASPL	1.384.339	2.998.983
	24.794.204	23.371.805

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Summary of financial statments of the investment accounted by using the equity method

Summary of financial statements of Çelebi Nas is as follows:

	December 31, 2019	December 31, 2018
Total Assets	397.992.569	340.587.418
Total Liabilities	190.109.655	191.429.738

	January 1 - December 31, 2019	January 1 - December 31, 2018
Revenue	252.758.947	177.375.530
Net Profit/(Loss) For the Period	41.069.940	35.741.793

Summary of financial statements of DASPL is as follows:

	December 31, 2019	December 31, 2018
Total Assets	41.245.139	44.129.002
Total Liabilities	4.690.905	10.586.487

	January 1 - December 31, 2019	January 1 - December 31, 2018
Revenue	50.646.746	41.299.106
Net Profit/(Loss) For the Period	5.539.573	12.000.729

NOTE 7 - SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term financial liabilities:

	December 31, 2019		
	Effective interest rate (%)	Original balance	TL
Short term borrowings:			
INR Borrowings	8,80-9,75	227.352.736	18.943.030
TL Borrowings	-	2.478.408	2.478.408
			21.421.438

Short-term finance lease obligations

USD finance lease obligations		10.822	64.283
INR finance lease obligations		89.336.618	7.443.527
EUR finance lease obligations		11.107.981	73.874.736
TL finance lease obligations		8.503.315	8.503.315
HUF finance lease obligations		202.456.213	4.073.419
Total short-term finance lease obligations (*)			93.959.280

(*) TL 93.894.997 of the short term lease payables consists of the discounted lease amounts in accordance with TFRS 16 effective as of January 1, 2019.

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Short-term portion of long-term borrowings:

	December 31, 2019		
	Effective interest rate (%)	Original balance	TL
Short-term portion of long-term borrowings:			
Interest expense accrual - EUR	-	604.175	4.018.126
Interest expense accrual -INR	-	5.456.673	454.650
INR borrowings	8,80-9,75	339.723.728	28.305.781
EUR borrowings	2,20-5,25	61.385.730	408.251.933
Short-term portion of total long term borrowings:			441.030.490
Total short term liabilities:			556.411.208

Long-term financial liabilities:

	December 31, 2019		
	Effective interest rate (%)	Original balance	TL
Long-term borrowings:			
INR Borrowings	8,80-9,75	1.130.285.862	94.175.418
EUR Borrowings	2,20-5,25	36.927.091	245.587.309
			339.762.727
Long-term finance lease obligations:			
Long-term finance lease obligations - INR		271.545.091	22.625.137
Long-term finance lease obligations - EUR		49.205.234	327.244.330
Long-term finance lease obligations - TL		11.488.327	11.488.327
Long-term finance lease obligations - HUF		170.465.457	3.429.765
Total long-term finance lease obligations			364.787.559
Total long-term financial liabilities			704.550.286
Total financial liabilities			1.260.961.494

Short term financial liabilities:

	December 31, 2018		
	Effective interest rate (%)	Original balance	TL
Short term borrowings:			
INR Borrowings	8,80-9,75	47.277.078	3.559.964
			3.559.964
Short-term finance lease obligations			
USD finance lease obligations	9,10	4.473.798	336.877
INR finance lease obligations	11,20	28.652	150.734
			487.611
Total short term financial liabilities			4.047.575

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Short-term portion of long-term financial liabilities:

	December 31, 2018		
	Effective interest rate (%)	Original balance	TL
Short-term portion of long-term borrowings:			
Interest expense accrual - EUR	-	955.854	5.761.886
Interest expense accrual - INR	-	7.307.610	550.263
INR borrowings	8,80-9,75	386.636.441	29.113.724
EUR borrowings	2,20-5,25	32.235.556	194.315.929
Total short-term portion of total long term financial liabilities:			229.741.802

Long-term financial liabilities:

	December 31, 2018		
	Effective interest rate (%)	Original balance	TL
Long term borrowings:			
INR Borrowings	8,80-9,75	1.151.762.948	86.727.750
EUR Borrowings	2,20-5,25	64.946.154	391.495.420
			478.223.170
Long-term finance lease obligations:			
USD finance lease obligations	9,10	129.304.821	9.736.651
INR finance lease obligations	11,20	12.399	65.230
			9.801.881
Total long-term financial liabilities			488.025.051
Total financial liabilities			721.814.428

The redemption schedules of financial liabilities of the Group as at December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Less than 3 months	98.210.046	97.598.929
Between 3-12 months	458.201.162	136.190.448
Between 1-5 years	455.983.261	488.025.051
5 years and more	248.567.025	-
	1.260.961.494	721.814.428

The redemption schedules of long-term borrowings as at December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Between 1-2 years	162.905.267	271.918.056
Between 2-3 years	90.106.238	72.307.854
Between 3-4 years	61.726.140	68.050.697
4 years and more	25.025.082	65.946.563
	339.762.727	478.223.170

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The redemption schedules of financial lease obligations as at December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Less than 1 year	93.959.280	487.611
Between 1-5 years	116.220.534	9.801.883
5 years and more	248.567.025	-
	458.746.839	10.289.494

The remaining repricing periods for the Group's floating interest rate borrowings as at December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Less than 3 months	24.992.112	8.196.296
Between 3-12 months	123.035.090	25.126.973
Between 1-5 years	94.175.417	177.147.752
	242.202.619	210.471.021

Movement of financial liabilities for the period between January 1, 2019 and December 31, 2019 is as follows:

	2019	2018
Beginning of the period- January 1	711.524.934	333.151.035
Addition in current year	339.884.116	379.549.694
Principal payments	(326.438.040)	(139.888.464)
Interest payments	(32.122.896)	(13.583.125)
Change in exchange differences	79.083.018	135.087.250
Change in interest accruals	30.283.523	17.208.544
Ending of the period- December 31	802.214.655	711.524.934

Movement of borrowings from lease obligations for the period between January 1, 2019 and December 31, 2019 are as follows:

	2019	2018
As of January 1	10.289.494	8.201.771
Payables from leasing obligations created under TFRS 16	468.722.568	-
Financial lease liabilities cancelled under TFRS 16	(10.073.530)	-
Interest expense	22.553.532	882.337
Rental payments	(73.943.183)	(1.945.999)
Change in exchange differences	41.197.958	3.151.385
As of December 31	458.746.839	10.289.494

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	December 31, 2019	December 31, 2018
Due from third parties	249.583.427	186.052.360
Less: Provision for doubtful receivables	(36.457.770)	(12.329.145)
Trade receivables from third parties (net)	213.125.657	173.723.215
Due from related parties (Note 31)	3.873.386	1.608.646
Total short-term trade receivables	216.999.043	175.331.861

Movements of provision for doubtful receivables is as follows:

	December 31, 2019	December 31, 2018
Opening balance	12.329.145	6.112.405
Foreign currency translation differences	350.983	700.755
Collections and provision reversals	(2.032.857)	(3.992.569)
Additional provisions in current period	25.810.499	9.508.554
Closing balance	36.457.770	12.329.145

Credit risks exposed by the Group for each financial instrument type as of December 31, 2019 and 2018 are shown below:

	Trade receivables		Other receivables		
December 31, 2019	Related party	Other	Related party	Other	Bank deposits (*)
The maximum of credit risk exposed at the reporting date	3.873.386	213.125.657	108.144.891	113.259.851	266.054.387
- Amount of risk covered bu guarentees	-	*7.039.100*	-	-	-
Net carrying value of financial assets which are not due or not impaired	3.873.386	125.158.474	*108.144.891*	113.259.851	266.054.387
Net carring value of financial assets which are overdue but not impaired	-	87.967.180	-	-	-
- Amount of risk covered bu guarentees	-	*5.878.941*	-	-	-
Net carrying value of impaired assets					
- Overdue (gross carrying value)	-	36.457.770	-	-	-
- Impairment amount (-)	-	(36.457.770)	-	-	-
- Amount of risk covered by guarentees	-	-	-	-	-

(*) Relevant balance includes restricted bank balances that are classified under financial investments.

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	Trade receivables		Other receivables		
December 31, 2018	Related party	Other	Related party	Other	Bank deposits (*)
The maximum of credit risk exposed at the reporting date	1.608.646	173.723.215	120.034.474	89.274.615	248.073.162
- *Amount of risk covered bu guarentees*	-	*1.459.146*	-	-	-
Net carrying value of financial assets which are not due or not impaired	1.608.646	114.331.364	*120.034.474*	89.274.615	248.073.162
Net carring value of financial assets which are overdue but not impaired	-	59.391.851	-	-	-
- *Amount of risk covered bu guarentees*	-	*840.923*	-	-	-
Net carrying value of impaired assets					
- *Overdue (gross carrying value)*	-	12.329.145	-	-	-
- *Impairment amount (-)*	-	(12.329.145)	-	-	-
- *Amount of risk covered by guarentees*	-	-	-	-	-

(*) Relevant balance includes restricted bank balances that are classified under financial investments.

Aging which is prepared considering the overdue days of overdue receivables that are not impaired including receivables from related parties is as follows:

	December 31, 2019	December 31, 2018
Overdue 1 month	40.188.943	21.143.433
Overdue 1-3 months	35.712.718	26.399.096
Overdue 3-12 months	10.703.013	11.777.601
Overdue 1-5 years	1.362.506	71.721
	87.697.180	59.391.851

Credit risk covered by guarantees of overdue receivables that are not impaired as of December 31, 2019 is TL 5.878.941 (December 31, 2018: TL 840.923).

Short term trade payables

	December 31, 2019	December 31, 2018
Trade payables to third parties	98.608.967	75.215.390
Accrued liabilities	14.142.646	15.099.434
Total trade payables to third parties	112.751.613	90.314.824
Due to third parties (Note 31)	21.948.013	9.649.715
Total trade payables	134.699.626	99.964.539

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	December 31, 2019	December 31, 2018
Receivables from tax office	7.306.028	28.750.070
Deposits and guarentees given	3.120.589	4.774.448
Other miscellaneous receivables (*)	33.328.000	-
Short term other due from related parties	43.754.617	33.524.518
Due from related parties (Note 31)	26.647.884	24.164.660
Total short-term other receivables	70.402.501	57.689.178

(*) Other miscellaneous receivables consist of short term loan given by Delhi Cargo to GMR Infrastructure Limited in the amount of 400.000.000 Indian Rupee.

Other long term receivables

	December 31, 2019	December 31, 2018
Deposits and guarantees given (*)	69.505.234	55.750.097
Due from third parties	69.505.234	55.750.097
Due from related parties (Note 31)	81.497.007	95.869.814
Total long-term other receivables	151.002.241	151.619.911

(*) As of December 31, 2019, deposits and guarantees given predominantly consists of the deposits given by the subsidiaries of the Group, CASI and Celebi Delhi Cargo, to the local authorities and companies amounting to TL 27.144.908 (December 31, 2018: TL 34.172.242) and TL 41.951.946 (December 31, 2018: TL 21.173.569).

Other short-term payables

	December 31, 2019	December 31, 2018
Other short-term payables (*)	15.532.722	12.536.171
Deposits and guarantees received	2.868.989	309.822
	18.401.711	12.845.993

(*) As of December 31, 2019, TL 13.489.143 of other short-term payables (December 31, 2018: TL 11.474.289) are the payables of Celebi Delhi Cargo, a subsidiary of the Group, to its shareholder of Delhi International Airport Private Limited'e (DIAL) due to the concession contract signed between the parties.

Other long-term payables

	December 31, 2019	December 31, 2018
Deposits and guarantees received	16.806.306	16.098.610
	16.806.306	16.098.610

NOTE 10 - INVENTORIES

	December 31, 2019	December 31, 2018
Merchandises	3.200.070	3.053.738
Other inventories (*)	13.324.664	11.059.888
	16.524.734	14.113.626

(*) Other inventories include fuel oil, baggage sticker, boarding passes, miscellaneous periodicals, clothes and spare parts.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended December 31, 2019 are as follows:

	Opening January 1, 2019	Additions	Disposals(*)	Transfers	Currency Translation Differences	Closing December 31, 2019
Cost						
Plant, machinery and equipment	313.225.567	65.493.959	(18.850.786)	48.365.352	13.640.436	421.874.528
Motor vehicles	92.226.743	14.225.003	(4.572.440)	576.658	6.898.733	109.354.697
Furniture and fixtures	29.989.578	7.744.712	(9.868.147)	26.848.206	616.981	55.331.330
Leasehold improvements (*)	124.977.420	9.297.800	(83.542.593)	153.141.084	892.784	204.766.495
Construction in progress	156.979.027	78.981.328	-	(230.233.960)	1.215.015	6.941.410
	717.398.335	175.742.802	(116.833.966)	(1.302.660)	23.263.949	798.268.460
Accumulated depreciation						
Plant, machinery and equipment	(209.073.132)	(21.096.021)	14.784.400	(6.423)	(6.799.271)	(222.190.447)
Motor vehicles	(59.784.991)	(5.127.916)	4.104.479	80.617	(4.410.563)	(65.138.374)
Furniture and fixtures	(24.497.064)	(5.942.000)	9.272.060	(1.399)	(408.987)	(21.577.390)
Leasehold improvements (*)	(102.237.970)	(12.794.613)	83.374.799	-	(545.383)	(32.203.167)
	(395.593.157)	(44.960.550)	111.535.738	72.795	(12.164.204)	(341.109.378)
Net book value	321.805.178					457.159.082

(*) When Istanbul Airport started to operate, Commercial flights from Istanbul Atatürk Airport were terminated in March 2019.Due to the fact that the ground handling services that the Group will provide to commercial passenger aircraft at Atatürk Airport end in the first quarter of 2019, the Group has cancelled all leasehold improvements at the relevant station and all machinery,equipment and fixtures that can not be moved to Istanbul Airport in its consolidated financial statements. With the launching of Istanbul Airport, company's head office address moved Tayakadın Mah.Nuri Demirağ Cad.No:39, Arnavutköy.In the consolidated financial statements,the Group has also cancelled machinery,equipment and fixtures that could not be moved from its previous headquarters to its new headquarters. Net book value of cancelled assets is TL 671.396.

Depreciation expense for the period ended December 31, 2019 in the amount of TL 43.254.446 and TL 1.706.104 are respectively included in cost of sales and operating expenses.

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Movements in property, plant and equipment for the period ended December 31, 2018 are as follows:

	Opening January 1, 2018	Additions	Disposals	Transfers	Currency Translation Differences	Closing December 31, 2018
Cost						
Plant, machinery and equipment	270.953.620	33.289.019	(11.933.987)	553.585	20.363.330	313.225.567
Motor vehicles	64.371.389	10.855.317	(371.063)	167.462	17.203.638	92.226.743
Furniture and fixtures	26.259.867	2.497.059	(501.352)	61.308	1.672.696	29.989.578
Leasehold improvements (*)	120.745.249	1.958.063	(45.563)	74.898	2.244.773	124.977.420
Construction in progress	1.672.075	155.986.828	-	(1.057.852)	377.976	156.979.027
	484.002.200	204.586.286	(12.851.965)	(200.599)	41.862.413	717.398.335
Accumulated depreciation						
Plant, machinery and equipment	(187.451.076)	(15.138.464)	6.512.199	39.489	(13.037.174)	(209.075.026)
Motor vehicles	(44.943.828)	(3.400.991)	371.061	-	(11.810.596)	(59.784.354)
Furniture and fixtures	(21.925.042)	(1.884.677)	501.665	-	(1.187.753)	(24.495.807)
Leasehold improvements (*)	(74.062.517)	(27.152.811)	-	-	(1.022.642)	(102.237.970)
	(328.382.463)	(47.576.943)	7.384.925	39.489	(27.058.165)	(395.593.157)
Net book value	155.619.737					321.805.178

(*) In May 2013, a tender was made for the construction of the third airport in Istanbul. The Joint Venture Group, which won the tender, started to invest in Istanbul Airport. The General Directorate of State Airports Authority announced that Istanbul Airport will start its operations in March 2019 and the commercial flights made from Istanbul Ataturk Airport will be terminated. In accordance with the assumption that the ground handling services to be provided by the Group to commercial passenger aircraft at the Atatürk Airport will end within the first quarter of 2019, the Group has reviewed the useful lives of the tangible fixed assets classified as special cost in the related station and decided to redeem the remaining net book value. The effect of the economic life estimate change on the net profit for the year is TL 21.130.026 as expense.

(**) TL 154.531.497 of the construction in progress is composed of investments made for Istanbul Airport.

Depreciation expense for the period ended December 31, 2018 in the amount of TL 41.630.011 and TL 5.946.932 are respectively included in cost of sales and operating expenses.

The net book value of plant, machinery and equipment amounting TL 189.065 are purchased by financial leasing as of December 31, 2018.

NOTE 12 - RIGHT OF USE ASSETS

Movements in right of use assets for the period ended December 31, 2019 are as follows:

	Opening Adjustment January 1, 2019	Additions	Transfers	Foreign currency translation differences	Closing December 31, 2019
Cost					
Building and land	415.515.178	-	13.860.864	5.933.224	435.309.266
Plant, machinery and equipment	45.464.306	-	-	296.266	45.760.572
Vehicles	7.743.084	-	-	162.439	7.905.523
	468.722.568	-	13.860.864	6.391.929	488.975.361
Accumulated depreciation					
Building and land	-	(35.147.877)	-	(834.634)	(35.982.511)
Plant, machinery and equipment	-	(21.441.849)	-	(49.143)	(21.490.992)
Vehicles	-	(3.421.909)	-	(23.936)	(3.445.845)
		(60.011.635)	-	(907.713)	(60.919.348)
Net book value	468.722.568				428.056.013

Depreciation expense for the period ended December 31, 2019 in the amount of TL 60.011.635 is included in cost of sales.

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NOTE 13 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in other intangible assets for the period ended December 31, 2019 are as follows:

	Opening January 1, 2019	Additions	Disposals	Transfers	Currency Translation Differences	Closing December 31, 2019
Cost						
Rights	10.150.600	2.165	(58.708)	351.896	-	10.445.953
Software	22.471.782	7.516.291	(435.483)	950.764	645.515	31.148.869
Concession rights (**)	181.239.638	2.928.863	(11.396.840)	-	19.017.575	191.789.236
Build-operate-transfer investments (*)	140.626.194	4.687.426	-	-	15.124.760	160.438.380
	354.488.214	15.134.745	(11.891.031)	1.302.660	34.787.850	393.822.438
Accumulated depreciation						
Rights	(4.273.249)	(596.160)	58.708	(72.795)	-	(4.883.496)
Software	(16.653.564)	(2.642.829)	406.973	-	(310.983)	(19.200.403)
Concession rights (**)	(60.736.114)	(10.643.393)	1.227.155	-	(6.786.468)	(76.938.820)
Build-operate-transfer investments (*)	(53.716.625)	(8.583.901)	-	-	(5.999.694)	(68.300.220)
	(135.379.552)	(22.466.283)	1.692.836	(72.795)	(13.097.145)	(169.322.939)
Net book value	219.108.662					224.499.499

(*) The difference amounting to TL 89.574.553 between the discounted value of the deposit payment made amounting to INR 1.762.120.403 which is discounted with a discount rate of 11,46%, within the scope of the concession agreement signed for the development, modernization and the operation for 25 years of the existing cargo terminal of the New Delhi Airport, India is recognised as build-operate-transfer investment and will be amortised during the concession period of 25 years. In addition, the difference amounting to TL 2.563.607 between the discounted value of the deposit payment made amounting to INR 532.220.000 which is discounted with a discount rate of - 6,25% - 10,82%, within the scope of the concession agreement signed for rendering ground handling services for 10 years in New Delhi Airport, India and 5+2 years in Cochin and Kannur Airport and 10 years in Bangalore Airport is recognised as build-operate-transfer investment and will be amortised during the concession period of 10 years.

(**) Refers to fixed asset expenditures made within within the scope of the concession agreement signed between DIAL Celebi Delhi Cargo and are recognized in accordance with TFRIC 12.

Amortization expense for the period ended December 31, 2019 in the amount of TL 2.571.307 and TL 19.894.976 are included in operating expenses and cost of sales respectively.

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Movements in other intangible assets for the period ended December 31, 2018 are as follows:

	Opening January 1, 2018	Additions	Transfers	Currency Translation Differences	Closing December 31, 2018
Cost					
Rights	10.150.600	-	-	-	10.150.600
Software	16.914.994	3.352.299	200.599	2.003.890	22.471.782
Concession rights (**)	138.195.764	4.819.989	-	38.223.885	181.239.638
Build-operate-transfer investments (*)	96.831.439	14.163.319	-	29.631.436	140.626.194
	262.092.797	22.335.607	200.599	69.859.211	354.488.214
Accumulated depreciation					
Rights	(3.639.336)	(594.424)	-	-	(4.233.760)
Software	(13.069.233)	(1.816.471)	(39.489)	(1.767.860)	(16.693.053)
Concession rights (**)	(39.408.272)	(9.827.000)	-	(11.500.842)	(60.736.114)
Build-operate-transfer investments (*)	(36.174.189)	(7.147.106)	-	(10.395.330)	(53.716.625)
	(92.291.030)	(19.385.001)	(39.489)	(23.664.032)	(135.379.552)
Net book value	169.801.767				219.108.662

(*) The difference amounting to TL 82.094.114 between the discounted value of the deposit payment made amounting to INR 1.691.135.907 which is discounted with a discount rate of 11,46%, within the scope of the concession agreement signed for the development, modernization and the operation for 25 years of the existing cargo terminal of the New Delhi Airport, India is recognised as build-operate-transfer investment and will be amortised during the concession period of 25 years. In addition, the difference amounting to TL 4.815.455 between the discounted value of the deposit payment made amounting to INR 532.220.000 which is discounted with a discount rate of - 6,25% - 10,82%, within the scope of the concession agreement signed for rendering ground handling services for 10 years in New Delhi Airport, India and 5+2 years in Cochin and Kannur Airport and 10 years in Bangalore Airport is recognised as build-operate-transfer investment and will be amortised during the concession period of 10 years.

(**) Refers to fixed asset expenditures made within within the scope of the concession agreement signed between DIAL Celebi Delhi Cargo and are recognized in accordance with TFRIC 12 and TFRIC 4. As of December 31, 2018, there are financial lease assets in the concession rights with the net book value of TL 9.500.958.

Amortization expense for the period ended December 31, 2018 in the amount of TL 1.627.902 and TL 17.757.099 are included in operating expenses and cost of sales respectively.

Goodwill

Goodwill at December 31, 2019 and December 31, 2018 is as follows:

	December 31, 2019	December 31, 2018
Goodwill due to acquisition of CGHH	47.009.266	43.925.159
Goodwill due to acquisition of KSU (*)	13.923.000	-
	60.932.266	43.925.159

(*) The Company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees is made by the Company on May 20, 2019 and the Company has control power on KSU. As a result of the provisional purchase price allocation, TL 13.923.000 is recorded as goodwill in the consolidated financial statements.

Goodwill at December 31, 2019 is as follows:

	December 31, 2019	December 31, 2018
As of January 1	43.925.159	34.112.091
Goodwill due to acquisition of KSU	13.923.000	-
Foreign currency translation differences	3.084.107	9.813.068
Goodwill	60.932.266	43.925.159

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Goodwill Impairment Test

The Group tests goodwill at least once a year for the risk of impairment. A valuation report prepared by an independent valuation firm is based on for ordinary goodwill impairment test.

	December 31, 2019
Ground handling services - Hungary	47.009.266

The recoverable value of the aforementioned cash generating unit, has been determined by taking the usage calculations as a basis. For the purposes of carrying out impairment tests, detailed forecasts for the next 7 years have been used which are based on approved annual budgets and strategic projections of the management representing the best estimate of future performance. Growth rate used in the projections to be realized after 7 years ensured to be 1%. The fair value of Euro amount is calculated in terms of Hungarian Forint which converted with the exchange rates at the balance sheet date. Therefore, the said fair value model is affected by the fluctuations in the foreign exchange market.

Other important assumptions in the fair value calculation model are as follows;

Discount Rate	9%

The Group management determined the budgeted gross profit margin by taking into consideration the previous performance of the Company and the market growth expectations. The weighted average growth rates used are in line with the estimation stated in industry reports. The discount rate used is the before tax discount rate and includes the Company specific risk factors.

	December 31, 2019
Ground handling services - KSU	13.923.000

As a result of the initial temporary purchase accounting, TL 13.923.000 is recorded as goodwill in the consolidated financial statements as of December 31, 2019.

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

	December 31, 2019	December 31, 2018
Provision for litigation and indemnity	6.782.526	5.942.066
	6.782.526	5.942.066

Movements of other short term provisions for the periods ended December 31, 2019 is as follows:

	2019	2018
January 1, 2019	5.942.066	5.173.420
Addition during the year	2.594.771	863.124
Payments during the year	(394.799)	(242.504)
Currency translation differences	127.853	407.547
Provision reversal	(1.487.365)	(259.521)
December 31, 2019	6.782.526	5.942.066

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Short-term provision for employee benefits

	December 31, 2019	December 31, 2018
Provision for employee termination benefits (*)	9.056.853	5.961.921
Provision for unused vacation rights	7.939.669	6.512.563
	16.996.522	12.474.484

(*) Consists of employee termination benefits of the outsourced employees of CASI, Celebi Delhi Cargo and Çelebi Cargo, the subsidiaries of the Group.

b) Long-term provisions

Long-term provision for employee benefits

	December 31, 2019	December 31, 2018
Provision for employee termination benefits	28.354.292	27.467.482
	28.354.292	22.006.598

Provision for employment termination benefits is recorded based on the explanations below. The Group does not have any other defined benefit plans except for the legally mandatory one explained below.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service, who achieves the retirement age (58 for women and 60 for men), who has charged 25 years of services (20 years for women) and whose employment is terminated without due cause, is called up for military service or who dies.

Since the legislation was changed on May 23, 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable as at December 31, 2019 consists of one month's salary limited to a maximum of TL 6.379,86 (December 31, 2018: TL 5.434,42) for each year of service.

The liability is not funded, as there is no funding requirement.

In accordance with local regulations in India, the Group is required to make employee termination benefit payments to each employee in its subsidiaries, joint ventures and associate, who has completed five year of service, who is called up for military service, who achieves the retirement age, who early retires, or who dies. .

TAS/TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. 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.

Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 6.730,15 which is effective from January 1, 2020 (January 1, 2019: TL 6.017,60) has been taken into consideration in the calculations.

	2019	2018
As of January 1	33.429.403	25.968.784
Payments of provisions during the year	(18.569.486)	(10.497.227)
Service cost of employee termination benefits	18.081.261	6.859.839
Interest cost of employee termination benefits	3.199.608	2.190.014
Actuarial (gain)/loss	(148.054)	6.698.169
Currency translation differences	1.418.413	2.209.824
As of period end	37.411.145	33.429.403

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Movements in the provision for unused vacation rights are as follows:

	2019	2018
January 1	6.512.563	4.839.679
Payments of provisions during the year	(1.065.472)	(632.401)
Increase in unused vacation rights during the year	9.237.117	6.249.535
Usage of vacation rights during the year	(6.952.913)	(4.374.659)
Currency translation differences	208.374	430.409
As of period end	7.939.669	6.512.563

b) Contingent assets and liabilities

Gurantess received and given as of December 31, 2019 and December 31, 2018 are as follows:

Guarantees received:

	December 31, 2019	December 31, 2018
Guarantee letters	20.894.918	18.709.268
Guarantee cheques	1.554.302	1.503.672
Guarantee notes	1.660.231	1.932.256
	24.109.451	22.145.196

Guarantees given:

	December 31, 2018	December 31, 2017
Guarantee letters	228.155.587	190.664.947
Collaterals (*)	194.493.126	175.772.990
Pledged shares (*)	35.860.261	32.408.518
	458.508.974	398.846.455

(*) TL 230.353.387 of the colleterals given and pledged shares are given to the banks for the loans borrowed by the subsidiaries and joint venture of the Group (December 31, 2018: TL 208.181.508) (Note 31).

The litigations and claims those generate contingent assets and liabilities to the Group are as below:

As of December 31, 2019, the Group has contingent liabilities amounting to TL 25.733.093 (December 31, 2018: TL 25.928.433) due to the legal cases and enforcement proceedings in progress against the Group.

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The details of collaterals, pledges, guarantees and mortgages ("CPGM") of the Company at December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019		December 31, 2018	
CPGM given by the Group	Amount	TL Equivalent	Amount	TL Equivalent
A. CPGM given on behalf of the Group's legal personality		221.667.725		184.919.012
TL	20.764.450	20.764.450	17.877.847	17.877.847
EUR	8.196.902	54.514.316	5.616.164	33.854.238
USD	2.210.500	13.130.812	2.210.500	11.629.219
INR	1.478.482.252	123.187.141	1.405.334.369	105.821.678
HUF	500.547.000	10.071.006	837.022.897	15.736.030
B. CPGM given on behalf of fully consolidated subsidiaries		236.841.250		213.927.443
EUR	50.000	332.530	50.000	301.400
USD	1.092.196	6.487.863	1.092.196	5.745.935
INR	2.760.692.000	230.020.857	2.760.692.000	207.880.108
C. CPGM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPGM	-	-	-	-
i. Total amount of CPGM given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPGM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPGM given on behalf of third Parties which are not in scope of C	-	-	-	-
		458.508.975	-	398.846.455

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets

	December 31, 2019	December 31, 2018
VAT and service tax receivables	15.995.317	5.642.187
Advances given to personnel	393.864	912.770
	16.389.181	6.554.957

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Other non current assets

	December 31, 2019	December 31, 2018
Prepaid taxes and funds (*)	21.869.317	24.036.869
Other	4.995	3.242
	21.874.312	24.040.111

(*) As of December 31, 2019, prepaid taxes and funds which can be offset more than 1 year, belong to CASI and Celebi Delhi Cargo with an amount of TL 12.913.213 (December 31, 2018: TL 10.748.789) and TL 8.956.104 respectively (December 31, 2018: TL 13.288.080).

Other current liabilities

	December 31, 2019	December 31, 2018
Taxes and funds payable	7.500.525	7.499.408
Provision for operational leasing equalization (*)	-	785.947
Maintenance obligation liability	840.821	1.641.247
Other	519.234	2.283.756
	8.860.670	9.878.674

Other non current liabilities

	December 31, 2019	December 31, 2018
Provision for operational leasing equalization (*)	-	144.551.656
Maintenance obligation liability	55.204.459	43.668.500
	55.204.459	188.220.156

(*) Operating leasing cost equalization, in accordance with of TAS 17 "Leases", consists the difference between lease amounts defined on service concession agreement and the amount calculated taking into consideration the future constant lease increases and reflected on straight line basis to the financial statements.

NOTE 16 - PREPAID EXPENSES

Short-term prepaid expenses

	December 31, 2019	December 31, 2018
Prepaid expenses	15.603.148	15.398.692
Advances given	13.899.063	5.646.918
	29.502.211	21.045.610

Long-term prepaid expenses

	December 31, 2019	December 31, 2018
Prepaid expenses	7.485.435	17.525.550
Advances given for fixed assets	12.552.800	26.147.970
	20.038.235	43.673.520

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NOTE 17 - DEFERRED INCOME

Short-term deferred income

	December 31, 2019	December 31, 2018
Other advances received	15.995.712	14.506.622
Deferred income	1.036.334	1.191.949
	17.032.046	15.698.571

Long-term deferred income

	December 31, 2019	December 31, 2018
Deferred income	-	1.036.334
	-	1.036.334

NOTE 18 - LIABILITIES FOR EMPLOYEE BENEFITS

	December 31, 2019	December 31, 2018
Wages and salaries payable	28.708.503	16.694.157
Bonus payable accruals	19.749.811	16.802.024
Social security withholdings payable	5.528.193	5.715.061
	53.986.507	39.211.242

NOTE 19 - EQUITY

Share Capital

As of December 31, 2019, the authorized share capital of the Group is TL 24.300.000 comprising of TL 2.430.000.000 registered shares with a face value each of 1 Kr (December 31, 2018: 2.430.000.000).

At December 31, 2019 and December 31, 2018, the shareholding structure of the Group is stated in historical amounts below:

	December 31, 2019		December 31, 2018	
Shareholders	Amount	Share %	Amount	Share %
Çelebi Havacılık Holding A.Ş. (ÇHH)	21.848.528	89,91	21.236.463	87,39
Diğer	2.451.472	10,09	3.063.537	12,61
	24.300.000	100,00	24.300.000	100,00

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code 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 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 capital. Under the Turkish Commercial Code, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

In accordance with the communique numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communique") published in Official Gazette dated June 13, 2013 numbered 28676, the "Paid-in capital", "Restricted reserves" and "Share premiums" should be stated at their amounts in the legal records. The differences arising in the valuations during the application of the communiqué (such as differences arising from inflation adjustment):

- If the difference is arising from the valuation 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 arising from valuation of "Restricted reserves" and "Share premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained earnings",

Other equity items shall be carried at the amounts calculated based on TAS. Inflation adjustment to share capital have no other use other than being transferred to share capital.

As of December 31, 2019, the amount of restricted reserves is TL 63.387.956 (December 31, 2018: TL 50.630.456).

Listed companies distribute dividend in accordance with the Communique No. II-19.1 issued by the CMB which is effective from February 1, 2015. Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communique does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

In accordance with the Turkish Commercial Code, 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.

At the Ordinary General Assembly Meeting of the Group held on April 9, 2019, it was resolved; to distribute the full amount of net profit for the period constituted in the consolidated financial statements of the Group amounting to TL 113.005.984,72 as of December 31, 2018 and to distribute TL 204.583.956 of retained earnings in accordance with the local regulations of CMB, to the legally obligated tax payers and to the limited taxpayer who are receiving dividend by an office resident in Turkey or by resident representative, for an amount of TL 5,3000 gross dividend corresponding to per share with a nominal amount of TL 1.00 and for an amount of TL 4,5050 net dividend corresponding to per share with a nominal amount of TL 1.00. Cash dividend payments were completed as of April 18, 2019.

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NOTE 20 - REVENUE AND COST OF SALES

	January 1- December 31, 2019	January 1- December 31, 2018
Ground handling services	1.188.085.801	906.549.250
Revenue from cargo and warehouse services	677.583.700	551.093.861
Rental revenue not related to aviation	62.930.804	45.898.241
Revenue in the context of TFRIC 12	2.928.863	4.819.989
Less: Returns and discounts	(53.643.550)	(25.350.853)
Revenue- net	**1.877.885.618**	**1.483.010.488**
Cost of sales	**(1.334.612.924)**	**(1.025.909.556)**
Gross profit	**543.272.694**	**457.100.932**

NOTE 21 - EXPENSES BY NATURE

	January 1- December 31, 2019	January 1- December 31, 2018
Personnel expenses	(687.886.340)	(502.410.164)
Royalty expenses	(197.250.777)	(148.740.433)
Payments to authorities and terminal managements (*)	(150.013.177)	(188.750.102)
Depreciation and amortization expense	(127.438.468)	(66.961.944)
Consultancy expenses (****)	(116.265.843)	(89.369.983)
Technical maintenance of equipment, fuel and security expenses	(108.111.983)	(91.343.181)
Expenses within the scope of TFRIC 12 (**)	(11.106.449)	(11.266.841)
Travel and transportation expense	(10.192.869)	(8.046.730)
Insurance expense	(8.003.112)	(6.176.302)
Cost of sales (***)	(2.613.737)	(2.650.349)
Other expenses	(145.286.793)	(96.938.782)
	(1.564.169.548)	**(1.212.654.811)**

(*) Payments to authorities and terminal managements are composed of royalty, rental facilities and check-in desks within the airport area, working licenses and similar expenses, office rental expenses and other miscellaneous expenses related to utilization of office area.

(**) Aforementioned expenses are composed of construction costs calculated in accordance with TFRIC 12 and provisions for other liabilities within the scope of concession agreement.

(***) Aforementioned expenses are composed of sales and utilization cost of de-icing and spare part inventories..

(****) TL 82.866.115 of the consultancy expenses are comprised of share of holding company expenses. (January 1, 2018 - December 31, 2018: TL 63.556.968)

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NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES

	January 1- December 31, 2019	January 1- December 31, 2018
Consultancy expenses	(115.908.139)	(85.500.532)
Personnel expenses	(71.199.066)	(59.927.795)
Technical maintenance of equipment, fuel and security expenses	(15.235.813)	(13.281.885)
Travel and transportation expense	(7.700.100)	(5.120.321)
Depreciation and amortization expense	(4.277.411)	(7.574.834)
Payments to authorities and terminal managements(*)	(3.936.124)	(6.942.785)
Insurance expense	(1.898.867)	(1.631.748)
Other expenses	(9.401.104)	(6.765.355)
	(229.556.624)	(186.745.255)

(*) Payments to authorities and terminal managements are composed of office rental expenses and other miscellaneous expenses related to utilization of office area.

NOTE 23 - OTHER OPERATING INCOME

	January 1- December 31, 2019	January 1- December 31, 2018
Foreign exchange gains from operating activities	66.236.892	163.441.577
Delay interest charge from operating activities	4.372.015	5.084.199
Provision reversal income	3.945.136	5.072.934
Income from insurance claims	123.896	1.378.783
Other incomes	12.508.739	19.205.610
	87.186.678	194.183.103

NOTE 24 - OTHER OPERATING EXPENSE

	January 1- December 31, 2019	January 1- December 31, 2018
Foreign exchange losses from operating activities	(58.442.271)	(158.857.677)
Provision for doubtful receivable	(25.810.499)	(9.508.554)
Donation expenses	(3.321.322)	(384.492)
Litigation and indemnity provision expenses	(2.596.510)	(863.124)
Damage and indemnity expenses	(123.408)	(415.055)
Other expenses	(15.185.660)	(18.579.363)
	(105.479.670)	(188.608.265)

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NOTE 25 - INCOME FROM INVESTMENT ACTIVITIES

	January 1- December 31, 2019	January 1- December 31, 2018
Profit from the sale of fixed assets	4.410.868	3.948.024
	4.410.868	3.948.024

NOTE 26 - EXPENSES FROM INVESTMENT ACTIVITIES

	January 1- December 31, 2019	January 1- December 31, 2018
Loss from the sale of fixed assets	(1.046.381)	(305.699)
Other expenses	(221.980)	-
	(1.268.361)	(305.699)

NOTE 27 - FINANCIAL INCOME

	January 1- December 31, 2019	January 1- December 31, 2018
Foreign exchange gains	27.859.181	61.633.146
Interest income	17.684.568	11.894.091
Other financial income	9.398.694	4.024.336
	54.942.443	77.551.573

NOTE 28 - FINANCIAL EXPENSES

	January 1- December 31, 2019	January 1- December 31, 2018
Foreign exchange losses	(61.523.619)	(136.812.378)
Financial expenses incurred within the scope of TFRS 16	(58.177.466)	-
Interest expenses	(36.268.541)	(24.575.167)
Financial expenses incurred within the scope of TFRIC 4-12	(5.945.492)	(1.642.786)
Other financial expenses	(1.465.520)	(2.653.786)
	(163.380.638)	(165.684.117)

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NOTE 29 - TAX ASSETS AND LIABILITIES

	December 31, 2019	December 31, 2018
Current period corporate tax provision	39.814.770	36.342.656
Less: prepaid corporate taxes	(38.701.780)	(24.151.601)
Current income tax liability - net (*)	1.112.990	12.191.055
Deferred tax assets	102.587.821	98.539.804
Deferred tax liabilities	(21.497.424)	(5.876.935)
Deferred tax assets - net	81.090.397	92.662.869

(*) Current income tax assets and current income tax liabilities from the different subisidiaries of the Group have been separately presented in the consolidated statement of financial position.

Income tax

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation.

In Turkey, the corporate tax rate is 20% (will be 22% for taxation periods of 2018, 2019 and 2020) (December 31, 2018: 22%). The corporate tax rate is applied to the net corporate income to be deducted from deduction of exemptions and reductions in tax laws and an addition of expenses not subject to deduction according to tax legislation.

The corporate tax rate in force in Hungary is 9% effective as of January 1, 2018.

In India, the corporate tax rate is 29,12% and 34,94% for the fiscal year of 2019 (2018: 29,12% - 34,94%). The corporate tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (affiliation privilege, investment allowance exemption, etc.) and income tax deductions (like research and development expenses).

In Germany, the corporate tax rate is 31,925% for fiscal year 2019 (2018: 31,925%). The corporate tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (affiliation privilege, investment allowance exemption, etc.) and income tax deductions (like research and development expenses).

For the periods ended on December 31, 2019 and December 31, 2018, tax expenses of the Group are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
- Current period corporate tax	(55.074.586)	(34.366.471)
- Deferred tax income/(expense)	35.616.893	28.004.641
	(19.457.693)	(6.361.830)

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Reconciliation of tax expenses presented in consolidated statements of income for the periods ended at December 31, 2019 and December 31, 2018 are as follows:

	2019	2018
Profit before tax in the financial statements	216.512.750	214.812.101
Expected tax expense according to parent company tax rate (20%)	(47.632.805)	(47.258.664)
Differences in tax rates of subsidiaries	(13.843.746)	(2.449.658)
Expected tax expense of the Group	(61.476.551)	(49.708.322)
Non-deductible expenses	(3.670.537)	(2.686.122)
Reductions	9.883.693	11.929.539
Retained earnings offset	4.924.560	8.041.890
Other tax payables liabilities (*)	(5.091.905)	(4.449.869)
Tax incentive effect (**)	8.636.453	24.224.796
Investments accounted using the equity method effect	7.025.257	7.972.687
Deferred tax income calculated over unused previous years' losses	16.094.789	-
Other	4.126.548	(1.686.429)
Grup'un cari dönem vergi gideri	(19.457.693)	(6.361.830)

(*) Consists of innovation and other local taxes calculated over the period profit which companies are obliged to pay in accordance with the tax system in Hungary.

(**) The Company was entitled to receive a corporate income tax incentive from the Ministry of Economy for its investments in Istanbul Airport. At present, TL 217.352.779 of the total investment amounting to TL 54.338.195 has been granted and TRY 21.476.946 of this amount has been deducted from the temporary tax amount calculated. The remaining amount of TL 32.861.249 has been recognized as deferred tax asset in the current period.

Deferred Taxes

The Group calculates deferred tax assets and liabilities on temporary differences on statement of financial position items arising from different evaluation of financial statements prepared in accordance with CMB and statutory accounting standards. In general, such temporary differences are resulted from accounting of income and expenses in different reporting periods in accordance with Tax laws and CMB accounting standards. Rates for deferred tax assets and liabilities calculated by liability method over temporary differences to be realized in future periods are 20% or 22%, 9% or 10%, 31,925% and 29,12% - 34,94% for Turkey, Hungary, Germany and India respectively.

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The details of cumulative temporary differences and the related deferred tax assets and liabilities calculated with currently enacted tax rates as at December 31, 2019 and December 31, 2018 are as follows:

	Deferred tax base		Deferred tax assets/(liabilities)	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Deferred tax assets				
Personnel bonus accrual	(8.820.516)	(4.225.814)	2.139.716	929.679
Accrued sales commissions	(16.284.769)	(8.183.855)	3.582.649	1.800.448
Provision for employment termination benefits	(27.383.829)	(23.600.610)	5.837.091	4.720.122
Provision for operational leasing equalization	-	(144.298.040)	-	50.422.062
Provision for unused vacation rights	(5.488.641)	(3.899.340)	1.289.051	857.855
Provision for litigation and indemnity	(5.620.527)	(4.529.700)	1.236.516	996.534
Adjustments related to property plant and equipment and intangible assets	(90.167.381)	(66.578.499)	23.023.203	23.265.191
Investment incentives	(149.369.314)	(110.112.709)	32.861.249	24.224.796
Deferred tax income calculated over unused previous years' losses	(52.982.680)	-	16.861.738	-
Adjustments related with TFRS 16	(40.602.474)	-	8.120.495	-
Other	(36.158.100)	(3.776.673)	7.636.113	1.671312
			104.594.580	108.887.999
Net off			-	(10.348.195)
Deferred tax assets			**102.587.821**	**98.539.804**
Deferred tax liabilities				
Adjustments related to property plant and equipment and intangible assets	110.734.573	75.686.003	(20.779.724)	(13.744.093)
Income accrual	1.514.675	9.335.660	(333.230)	(2.053.847)
Other	1.922.354	2.135.949	(384.471)	(427.190)
			(21.540.144)	(16.225.130)
Net off			-	10.348.195
Deferred tax liabilities			**(21.497.424)**	**(5.876.935)**
Deferred tax assets, net			**81.090.397**	**92.662.869**

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The table of deferred tax movement is as follows:

	January 1 - December 31, 2019	January 1 - December 31, 2018
January 1, 2019	92.662.869	48.396.193
Foreign currency translation differences	6.821.462	14.939.749
Deferred tax income/(expenses) for the current period	35.616.893	28.004.641
Recognized in other comprehensive income	(38.255)	1.322.286
Cancellation of Provision for operational leasing equalization	(53.972.572)	-
Ending of the period	81.090.397	92.662.869

NOTE 30 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income by the weighted average number of shares that have been outstanding during the year.

Companies can increase their capital by distributing shares ("Bonus Shares") to existing shareholders from retained earnings in proportion of their shares. When earnings per share are calculated, these bonus shares are considered as issued shares. Therefore, weighted average of shares used in earnings per share calculation are obtained by retrospective application of the issuance of the shares as free of charge.

Earnings per share are determined by dividing net profit attributable to shareholders by the weighted average number of issued ordinary shares as below:

	January 1- December 31, 2019	January 1- December 31, 2018
Net profit/(loss) attributable to the parent company	192.355.079	204.583.956
Weighted average number of shares with 1 KR face value each	2.430.000.000	2.430.000.000
Earnings/(loss) per share (Kr)	0,079	0,084

NOTE 31 - RELATED PARTY DISCLOSURES

Details of amounts due from and due to related parties as of reporting periods and a summary of transactions with related parties during the period are as follows:

i) Balances with related parties

Short term receivables from related partiess

	December 31, 2019	December 31, 2018
Celebi NAS(4)	1.419.418	759.928
Celebi Ground Services Austria (2)	1.337.241	401.506
Çelebi Havacılık Holding (1)	876.980	378.227
Diğer	239.747	68.985
	3.873.386	1.608.646

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Other receivables from related parties

	December 31, 2019	December 31, 2018
Çelebi Havacılık Holding [1][*]	108.144.891	120.034.474
	108.144.891	120.034.474

Payables to related parties

	December 31, 2019	December 31, 2018
Çelebi Havacılık Holding [1] [**]	3.678.836	4.969.255
Çe-Tur Çelebi Turizm Tic. A.Ş.[6]	1.897.163	2.206.121
DASPL [5]	1.582.792	1.490.860
Kamil Koç [6]	-	577.914
Çelebi Nas [4]	8.920.569	388.089
CGSA[5]	5.865.231	-
Diğer	3.427	17.476
	21.948.013	9.649.715

[1] Parent company

[2] Subsidiary of the Group

[3] Non-operational asset available for sale of the Group

[4] Joint venture of the Group

[5] Associate of the Group

[6] Other related party

[*] The related amount is comprised of the CHH''s group loan receivable from CGHH amounting to EUR 20.000.000 with 30 June 2023 maturity and 3.95% interest rate.

[**] As of December 31, 2019, the related amount consists of legal, financial affairs, human resources, management, corporate communication, procurement, IT and business development services received from ÇHH and expenses invoiced within the scope of business development projects run by ÇHH on behalf and on account of the company.

ii) Significant transactions with related parties

	January 1- December 31, 2019	January 1- December 31, 2018
Miscellaneous sales to related parties		
Celebi Ground Handling Services Austria [2]	1.829.823	7.656.682
Çelebi Havacılık Holding [1]	5.685.552	381.302
DASPL [3]	460.449	469.367
Diğer	2.529.231	580.841
	10.505.055	9.088.192

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	January 1- December 31, 2019	January 1- December 31, 2018
Employee and customer transportation expenses paid to related parties		
Çe-Tur Çelebi Turizm Tic. A.Ş. [4]	20.228.771	9.139.390
Kamil Koç[6]	7.482.737	5.543.660
	27.711.508	14.683.050
Contribution to holding expenses [*]		
Çelebi Havacılık Holding [1]	82.866.115	63.365.968

[*] Contribution paid to Çelebi Havacılık Holding includes services received from Çelebi Havacılık Holding to Çelebi Hava such as legal, financial, human resource, management, business development, corporate communication, procurement, IT consultancy.

	January 1- December 31, 2019	January 1- December 31, 2018
Other purchases from related parties		
Çelebi Havacılık Holding [1] [*]	8.375.866	6.585.609
DASPL [3] [**]	11.715.439	6.878.512
Celebi Nas [3] [***]	6.666.064	3.207.560
Çe-Tur Çelebi Turizm Tic. A.Ş. [4]	101.986	43.642
Other	3.957.176	215.211
	30.816.531	10.829.505

[1] Parent company

[2] Subsidiary of the Group

[3] Associate of the Group

[4] Other related party

[*] The purchases made from Çelebi Havacılık Holding consist of expenses directly reflected the Company regarding business development projects and tenders conducted by Çelebi Aviation Holding on behalf and account of the Company..

[**] Purchases from DASPL that are related to services provided for the aeration, generator and utility water installed in passenger bridges.

[***] Purchases from Celebi Nas that are related to expenses reflected of equipment rent and staff fees.

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As of December 31, 2019 and December 31, 2018, collaterals given in favour of the subsidiaries and joint venture of the Group for the loans borrowed by them are as follow:

December 31, 2019	EUR	INR	Total TL
Celebi Nas [1]	-	94.392.000	7.864.741
Celebi Delhi Cargo [2]	-	336.000.000	27.995.520
CASI [3]	-	2.330.300.000	194.160.596
Celebi Cargo GmbH [4]	50.000	-	332.530
	50.000	2.760.692.000	230.353.387

December 31, 2018	EUR	INR	Total TL
Celebi Nas [1]	-	94.392.000	7.107.718
Celebi Delhi Cargo [2]	-	336.000.000	25.300.800
CASI [3]	-	2.337.467.000	176.011.265
Celebi Cargo GmbH [4]	50.000	-	301.400
	50.000	2.767.859.000	208.721.183

[1] Within the scope of the long-term project finance and working capital loan agreement signed between Celebi Nas and a bank resident in India amounting to INR 2.345.000.000 cash and INR 845.000.000 non-cash, 30% of the 57% shares of Celebi Nas owned by the Company has been pledged in favor of the lender bank to fulfill financial obligations arising from the agreement. As of December 31, 2018, the risk of the cash loan in the respective bank is amounting to INR 1.422.839,590.

[2] Within the scope of the long-term project finance and working capital loan agreement signed between Celebi Delhi Cargo and a bank resident in India amounting to INR 1.200.000.000 cash and INR 100.000.000 non-cash, 30% of the shares of the Company has been pledged in favor of the lender bank to fulfill financial obligations arising from the agreement. As of December 31, 2019, the risk of the cash loan in the respective bank is amounting to INR 777.914.849.

[3] Celebi Airport Services has a borrowing amounting to INR 1.619.300.000 cash and INR 711.000.000 non-cash within the scope of the long-term project finance and working capital loan agreement signed between The Company and a bank resident in India As of December 31, 2019, the risk of the cash loan in the respective bank is amounting to INR 928.874.915.

[4] In order to fulfill the financial obligations arising from the loan agreements signed between Celebi Cargo GmbH and banks resindent in Germany, a guarantee of EUR 50.000 is given by the Company to the lender banks.

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Key management compensation:

The Group has determined key management personnel as members of board of directors, general manager and vice general managers. Key management compensation includes salaries, bonuses, social security contributions and other benefits provided to key management of the Group:

	January 1-December 31, 2019	January 1-December 31, 2018
Short-term key management compensation	23.314.509	16.771.185
	23.314.509	16.771.185

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

The Group focused to manage miscellaneous financial risks including changes in foreign currency exchange rates and interest rates because of activities of the Group. The Group purposes to minimize potential adverse effects arising from fluctuations in financial markets with overall risk management program.

Risk management is carried out under policies approved by the Boards of Directors.

Interest rate risk

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

Interest rate positions of the Group at December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Fixed interest rate financial instruments		
Financial Assets	198.115.987	198.237.027
- Cash and cash equivalents	*198.115.987*	*198.237.027*
Financial Liabilities	1.018.758.875	511.343.407
Floating interest rate financial instruments		
Financial liabilities	242.202.619	210.471.021

If other variables are kept constant and the interest rates were 1% higher/lower, interest expense due to financial liabilities would have been TL 2.422.026 higher or lower at December 31, 2019. (December 31, 2018: TL 2.104.710).

Expected repricing and maturity dates are not disclosed in an additional table because they are not different from contractual maturity dates for non-credit financial assets and liabilities.

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Credit risk

Credit risk consists of cash and cash equivalents, bank deposits and receivables from customers exposed to credit risk. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Group management meets these risks by restricting the average risk for each counterparty (excluding related parties) and receiving collateral if necessary. Explanations for credit risk are discloded in Note 7.

Liquidity risk

Cash flow generated through amount and term of borrowing back payments is managed by considering the amount of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities if necessary and on the other hand sufficient and reliable sources of high quality loans are accessible. The Group has long-term financial liabilities amounted TL 704.550.286 as of December 31, 2019 (December 31, 2018: TL 488.025.051) (Note 7).

The table below demonstrates the Group's liquidity risk arising from financial liabilities:

	Contractual					
December 31, 2019	Book value	Total cash out flow	Less than 3 monhts	3-12 months	1-5 years	More than 5 years
Non derivative financial liabilities						
Financial liabilities	802.214.655	847.737.116	94.198.226	383.523.625	357.618.318	12.396.947
Debts from leasing obligations	458.746.839	750.722.109	19.715.261	59.145.784	149.680.290	522.180.774
Trade payables						
- Related party	21.948.013	21.948.013	21.948.013	-	-	-
- Other	112.751.613	112.751.613	14.142.646	98.608.967	-	-
Other liabilities	35.208.017	35.208.017	635.026	17.766.685	16.806.306	-

	Contractual					
December 31, 2018	Book value	Total cash out flow	Less than 3 monhts	3-12 months	1-5 years	More than 5 years
Non derivative financial liabilities						
Financial liabilities	721.814.428	782.733.514	99.298.774	157.185.579	505.250.902	20.998.259
Trade payables						
- Related party	9.649.715	9.649.715	9.649.715	-	-	-
- Other	90.314.824	90.314.824	15.099.434	75.215.390	-	-
Other liabilities	28.944.603	28.944.603	1.061.882	11.784.111	16.098.610	-

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Currency risk

The Group is exposed to foreign exchange rate risk through operations done using multiple currencies. The main principle in the management of this foreign currency risk is maintaining foreign exchange position in a way to be affected least by the fluctuations in foreign exchange rates.

For this reason, the proportion of the positions of these currencies among each other or against Turkish Lira to shareholders' equity is aimed to be controlled under certain limits. Derivative financial instruments are also used, when necessary. In this context, the Group's primary method is utilizing forward foreign currency transactions. The Group is exposed to foreign exchange rate risk mainly for EUR, USD and GBP.

As of December 31, 2019, other things being constant, if the TL was to appreciate/depreciate by 10% against the USD, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 7.576.176 (December 31, 2018:TL 2.545.690).

As of December 31, 2019, other things being constant, if the TL was to appreciate/depreciate by 10% against the EUR, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 74.462.567 (December 31, 2018: TL 27.079.112).

As of December 31, 2019, other things being constant, if the TL was to appreciate/depreciate by 10% against the GBP, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 27.554 (December 31, 2018: TL 13.549).

Foreign currency denominated assets and liabilities of the Group as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Assets denominated in foreign currency	404.309.071	375.679.178
Liabilities denominated in foreign currency (-)	(1.072.897.411)	(621.148.887)
Net balance sheet position (*)	(668.588.370)	(245.469.709)

(*) TL 372.105.651 of the liabilities denominated in foreign currencies consist of the lease amounts discounted in accordance with TFRS 16 effective as of January 1, 2019.

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The table below summarizes TL equivalents of foreign currency denominated assets and liabilities of the Group as of December 31, 2019 and December 31, 2018:

December 31, 2019		TL Equivalent	USD	EUR	GBP
1.	Trade receivables	119.430.203	4.277.207	14.137.482	-
2.	Monetary financial assets	164.847.605	9.652.518	16.048.135	100.301
3.	Other	38.534.259	115.584	5.690.865	-
4.	Current Assets (1+2+3)	322.812.067	14.045.309	35.876.482	100.301
5.	Other	81.497.004	-	12.254.083	-
6.	Non-current assets (5)	81.497.004	-	12.254.083	-
7.	Total assets (4+6)	404.309.071	14.045.309	48.130.565	100.301
8.	Trade payables	36.244.739	1.045.158	4.516.328	-
9.	Financial liabilities	471.109.730	10.822	70.827.511	-
10.	Other monetary liabilities	6.625.397	235.254	710.236	64.868
11.	Short-term liabilities (8+9+10)	513.979.866	1.291.234	76.054.075	64.868
12.	Financial liabilities	558.917.575	-	84.040.173	-
13.	Other monetary liabilities	-	-	-	-
14.	Long-term liabilities (12+13)	558.917.575	-	84.040.173	-
15.	Total liabilities (11+14)	1.072.897.441	1.291.234	160.094.248	64.868
16.	Net foreign currency asset/(liability) position (7-15)	(668.588.370)	12.754.075	(111.963.683)	35.433
17.	Net monetary foreign currency asset/(liability) position (7-15)	(668.588.370)	12.754.075	(111.963.683)	35.433

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December 31, 2018		TL Equivalent	USD	EUR	GBP
1.	Trade receivables	92.065.131	3.684.404	15.707.005	-
2.	Monetary financial assets	157.118.118	1.639.996	27.952.305	44.652
3.	Other	30.626.117	215.996	4.892.134	-
4.	Current Assets (1+2+3)	279.809.366	5.540.396	41.533.649	44.652
5.	Other	95.869.812	-	15.904.083	-
6.	Non-current assets (5)	95.869.812	-	15.904.083	-
7.	Total assets (4+6)	375.679.178	5.540.396	57.437.732	44.652
8.	Trade payables	22.635.330	471.529	3.343.342	150
9.	Financial liabilities	200.228.549	28.652	33.191.409	-
10.	Other monetary liabilities	6.724.362	188.929	879.043	64.868
11.	Short-term liabilities (8+9+10)	229.588.241	689.110	37.413.794	65.018
12.	Financial liabilities	391.560.646	12.399	64.946.154	-
13.	Other monetary liabilities	-	-	-	-
14.	Long-term liabilities (12+13)	391.560.646	12.399	64.946.154	-
15.	Total liabilities (11+14)	621.148.887	701.509	102.359.948	65.018
16.	Net foreign currency asset/(liability) position (7-15)	(245.469.709)	4.838.887	(44.922.216)	(20.366)
17.	Net monetary foreign currency asset/(liability) position (7-15)	(245.469.709)	4.838.887	(44.922.216)	(20.366)

Capital risk management

The Group's objectives when managing capital is able to maintain operations of the Group for maintaining optimal capital structure in order to provide return for its shareholders, reduce capital cost and benefit for other shareholders.

The shareholders' of the Company, in order to maintain or modify capital structure, can change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and sell assets to decrease financing needs, in consistency with the regulations of the CMB.

Consistent with others in the industry, the Group monitors capital on the basis of the debt/equity ratio.

This ratio is found by dividing net debt to total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital invested is calculated as equity, as shown in the consolidated balance sheet, plus net debt. Net debt is calculated by deducting cash and cash equivalents and deferred tax liabilities from total debt. Total capital is calculated by adding equity and net debt as presented in the balance sheet.

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The net debt/(equity + net debt) ratio as of December 31, 2019 and 2018 is as follows

	December 31, 2019	December 31, 2018
Total financial liabilities (*)	1.260.961.494	721.814.428
Less: Cash and cash equivalents	(209.130.875)	(197.023.791)
Less: Restricted cash	(57.747.115)	(51.444.157)
Net debt	994.083.504	473.346.480
Net debt (Except for the impact of new and revised accounting policies) (*)	535.336.665	473.346.480
Shareholder's equity	575.945.325	353.087.514
Capital invested	1.570.028.829	826.433.994
Net debt/capital invested	0,63	0,57

(*) As of December 31, 2019, TL 458.746.839 of the net debt consists of the lease amounts discounted in accordance with TFRS 16.

NOTE 33 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair value is defined as the price received from an asset sale or paid at a payback period that will be earned between a market participants in a transaction at a measurement date.

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

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Financial assets

It is projected that the carrying values of financial assets, which are presented at their cost value including cash and cash equivalents, are equal to their fair value due to their short term nature.

The carrying values of trade receivables are estimated to reflect the fair value with related impairment.

Financial liabilities

Short-term bank loans and other monetary liabilities are foreseen to approximate their carrying values due to their short-term nature and the significant portion of long-term bank loans and other monetary liabilities having variable interest rates.

Group classifies the fair value measurements of financial instruments at fair value on the financial statements into the following categories, using three levels of hierarchy, according to the sources of each class of financial instruments.

- Level 1: Valuation techniques using market prices (unadjusted) in the active market for the identified financial instruments.
- Level 2: Other valuation techniques, including indirect or direct observable input. The fair value of financial assets that are not traded in an active market is calculated using the observations on the market at the highest level that can be used and the assumptions at the lowest level for the company.
- Level 3: Valuation techniques that do not include observable market inputs.

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

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

The fair value measurement hierarchy table as of December 31, 2019 is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial investments measured at fair value through other comprehensive income (Note 5)	-	-	334.290	334.290

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Financial investments measured at fair value through other comprehensive income (Note 5)	-	-	166.650	166.650

NOTE 34 - SUBSEQUENT EVENTS

KSU Aviation Pvt Ltd is a subsidiary of the Group which was established in order to provide "taxiing" services to the aircraft at the airports in India. Group made a premium capital payment of 100.000.000 Indian Rupee for the planned investments of KSU in line with the legal legislation in India. Following the capital payment, the Group became a 57,65% shareholder of KSU and the 100,000,000 Indian Rupee (1,297,017 Euro) will be used carry out the necessary investments and transactions in this regard.

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