

elebi Hava Servisi Anonim Őirketi

1 January - 31 March 2019 interim condensed consolidated financial statements

(Convenience translation into English of condensed interim consolidated financial statements originally issued in Turkish)

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

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ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 MARCH 2019

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

		<i>Current year</i>	<i>Prior year</i>
		<i>(Unaudited)</i>	<i>Audited</i>
	Notes	31-Mar-19	31-Dec-18
ASSETS			
Current Assets			
Cash and cash equivalents	4	252.976.103	197.023.791
Financial investments		62.726.125	51.444.157
-Restricted cash	5	62.726.125	51.444.157
Trade receivables		189.434.409	175.331.861
- Due from related parties	8	1.481.339	1.608.646
- Due from third parties	8	187.953.070	173.723.215
Other receivables		67.041.837	57.689.178
-Due from third parties	9	40.469.451	33.524.518
- Due from related parties	9	26.572.386	24.164.660
Inventories	10	14.437.940	14.113.626
Prepaid expenses	16	28.039.698	21.045.610
Current income tax assets	23	163.355	251.958
Other current assets	15	7.585.988	6.554.957
Derivatives financial assets		1.325.748	-
Total current assets		623.731.203	523.455.138
Non-current assets			
Financial investments	5	166.650	166.650
Other long-term receivables		162.400.171	151.619.911
- Due from related parties		100.494.722	95.869.814
- Due from third parties	9	61.905.449	55.750.097
Investments accounted using the equity method	6	108.230.666	95.725.908
Property, plant and equipment	11	380.229.181	321.805.178
Intangible assets		279.329.317	263.033.821
- Goodwill	13	46.027.959	43.925.159
- Other intangible assets	13	233.301.358	219.108.662
Rights of use assets	12	634.572.681	-
Prepaid expenses	16	12.006.951	43.673.520
Deferred tax asset	23	64.225.577	98.539.804
Other non-current assets	15	20.467.914	24.040.111
Total non-current assets		1.661.629.108	998.604.903
Total assets		2.285.360.311	1.522.060.041

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 MARCH 2019

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

		<i>Current year</i>	<i>Prior year</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
	Notes	31-Mar-19	31-Dec-18
LIABILITIES			
Current liabilities			
Financial liabilities	7	-	3.559.964
Short term portion of long term financial liabilities	7	218.747.811	229.741.802
Lease payables	7	88.049.231	487.611
Trade payables		95.798.241	99.964.539
- Due to related parties	8	8.242.803	9.649.715
- Trade payable, third parties	8	87.555.438	90.314.824
Employee benefit obligations	17	49.947.904	39.211.242
Other payables		15.373.081	12.845.993
- Other payables, third parties	9	15.373.081	12.845.993
Deferred income	17	32.075.463	15.698.571
Current income tax liabilities	24	314.051	12.443.013
Short-term provisions		19.448.292	18.416.550
- Provisions for employee benefits	14	14.823.791	12.474.484
- Other provisions	14	4.624.501	5.942.066
Other current liabilities	15	7.847.196	9.878.674
Total current liabilities		527.601.270	442.247.959
Non-Current Liabilities			
Financial liabilities	7	605.074.059	478.223.168
Lease payables	7	563.190.937	9.801.883
Other payables		19.279.178	16.098.610
- Other payables, third parties	9	19.279.178	16.098.610
Provisions		28.725.419	27.467.482
- Provisions for employee benefits	14	28.725.419	27.467.482
Deferred tax liabilities	23	3.712.387	5.876.935
Other non-current liabilities	15	49.660.692	188.220.156
Deferred revenue	17	1.036.334	1.036.334
Total non-current liabilities		1.270.679.006	726.724.568
Total liabilities		1.798.280.276	1.168.972.527
EQUITY			
Equity attributable to equity holders of the parent			
Paid-in capital	19	24.300.000	24.300.000
Other accumulated comprehensive income/(expense) not to be reclassified to profit or loss		(24.478.059)	(24.478.059)
- Actuarial gain/(loss) arising from defined benefit plans		(24.478.059)	(24.478.059)
Other accumulated comprehensive income/(expense) to be reclassified to profit or loss		125.518.176	97.242.555
- Foreign currency translation differences		125.518.176	97.242.555
Restricted reserves	19	50.630.456	50.630.456
Retained earnings		259.902.368	(16.019.346)
Net profit/ (loss) for the year		7.342.799	204.583.956
Non-controlling interest		43.864.295	16.827.952
Total equity		487.080.035	353.087.514
Total liabilities and equity		2.285.360.311	1.522.060.041

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED PROFIT OR LOSS STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Tutarlar aksi belirtilmedikçe Türk Lirası (“TL”) olarak ifade edilmiştir.)

		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		1 January- 31-Mar 2019	1 January- 31-Mar 2018
	Notes		
CONTINUING OPERATIONS			
Revenue (net)	20	310.950.666	223.367.593
Cost of sales (-)	20	(234.925.156)	(165.472.032)
GROSS PROFIT / (LOSS)	20	76.025.510	57.895.561
General administrative expenses (-)		(48.844.135)	(34.552.059)
Other operating income		31.520.213	48.142.831
Other operating expenses (-)		(13.703.685)	(45.485.827)
OPERATING PROFIT / (LOSS)		44.997.903	26.000.506
Income from investment activities		1.593.936	32.456
Expense from investment activities (-)			(27.150)
Income from investments accounted by equity method		3.786.072	3.734.636
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)		50.377.911	29.740.448
Financial income	21	7.797.947	10.486.169
Financial expense (-)	22	(63.999.628)	(27.957.507)
INCOME BEFORE TAX		(5.823.770)	12.269.110
Income tax expense		12.457.477	(2.350.039)
Current tax expense	23	(3.814.803)	(3.422.922)
Deferred tax income/(expense)	23	16.272.280	1.072.883
NET INCOME/ (EXPENSE)		6.633.707	9.919.071
Attributable to:			
Non-controlling interest		(709.092)	330.068
Equity holder of the parent		7.342.799	9.589.003
		6.633.707	9.919.071
Earnings / (losses) per share (Full TL)	24	0,003	0,004

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

	<i>Current year</i>	<i>Prior year</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	1 January-	1 January-
	31-Mar	31-Mar
Notes	2019	2018
Net profit for the period	6.633.707	9.919.071
Not to be reclassified to profit or loss		
- Actuarial gain/(loss) arising from defined benefit obligation	-	(943.492)
	-	(943.492)
Taxes regarding to other comprehensive income / (expense) not to be reclassified to profit or loss		-
- Tax on defined benefit obligation Actuarial gains/(losses)	-	188.699
Other comprehensive income / (expense) to be reclassified to profit or loss		
- Foreign currency translation differences	31.320.915	10.796.353
Other comprehensive income/(expense)	31.320.915	10.041.560
Total comprehensive income	37.954.622	19.960.631
Attributable to:		
Non-controlling interest	2.336.202	722.884
Equity holders of the parent	35.618.420	19.237.747
	37.954.622	19.960.631

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019

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

	Notes	Share capital	Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss	Retained earnings					Total equity
			Actuarial gain/(loss) arising from defined benefit plans	Cumulative translation differences	Restricted reserves	Retained earnings	Net profit/(loss) for the year	Equity attribute table to equity holders of the parent	Non-controlling interest	
Balances at 1 January 2019		24.300.000	(24.478.059)	97.242.555	50.630.456	(16.019.346)	204.583.956	336.259.562	16.827.952	353.087.514
Transfers		-	-	-	-	204.583.956	(204.583.956)	-	-	-
Cancellation of operational leasing equalization reserve						71.337.758		71.337.758	24.700.141	96.037.899
Other comprehensive income										
--Change in foreign currency translation differences		-	-	28.275.621				28.275.621	3.045.294	31.320.915
- Change in actuarial gain/(loss) arising from defined benefit plans		-	-	28.275.621				28.275.621	3.045.294	31.320.915
Total other comprehensive income										
Net profit/(loss) for the period		-	-	-	-		7.342.799	7.342.799	(709.092)	6.633.707
Total comprehensive income/(expense)		-	-	28.275.621			7.342.799	35.618.420	2.336.202	37.954.622
Balances at 31 March 2019		24.300.000	(24.478.059)	125.518.176	50.630.456	259.902.368	7.342.799	443.215.740	43.864.295	487.080.035

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019

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

Notes	Share capital	Other comprehensive income/(expense) not to be reclassified to profit or loss	Actuarial gain/(loss) arising from defined benefit plans	Other comprehensive income/(expense) to be reclassified to profit or loss	Cumulative translation differences	Restricted reserves	Retained earnings			Total equity
							Retained earnings	Net profit/(loss) for the year	Equity attribute table to equity holders of the parent	
Balances at 1 January 2018	24.300.000	(18.927.043)	42.350.965	43.097.456	(17.302.954)	85.361.608	158.880.032	9.975.142	168.855.174	
Transfers	-	-	-	-	-	85.361.608	(85.361.608)	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
--Change in foreign currency translation differences	-	-	10.403.537	-	-	-	-	10.403.537	392.816	10.796.353
- Change in Actuarial gain/(loss) arising from defined benefit plans	-	(754.793)	-	-	-	-	-	(754.793)	-	(754.793)
Total other comprehensive income	-	(754.793)	10.403.537	-	-	-	-	9.648.744	392.816	10.041.560
Net profit/(loss) for the period	-	-	-	-	-	-	9.589.003	9.589.003	330.068	9.919.071
Total comprehensive income/(expense)	-	(754.793)	10.403.537	-	-	-	9.589.003	19.237.747	722.884	19.960.631
Balances at 31 March 2018	24.300.000	(19.681.836)	52.754.502	43.097.456	68.058.654	9.589.003	178.117.779	10.698.026	188.815.805	

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

		Current year (Unaudited)	Prior year (Unaudited)
	Notes	January 1- March 31, 2019	January 1- March 31, 2018
A. Cash flows from operating activities		31.658.334	15.902.444
Profit/loss before tax for the period		6.633.707	9.919.071
Adjustment for reconciliation of profit/(loss) before taxation		59.431.600	30.775.421
Adjustment related depreciation and amortisation expense	11,13	28.605.915	9.870.885
Adjustment related impairment (reversal)		74.142	-
Adjustment related to provisions		5.244.774	2.727.480
- Adjustment related to provisions for employee benefits		5.244.774	2.727.480
Adjustment related to other provisions (reversal)		-	-
Adjustments related to interest income and expense	22,23	16.769.467	1.270.687
- Adjustment related to interest income		(3.583.884)	(1.676.645)
- Adjustment related to interest expense		20.353.351	2.947.332
Adjustment related to unrealized related foreign currency translation differences		26.574.787	18.296.272
Adjustment related to tax (income) expense		(12.457.477)	2.350.039
Adjustment related to increase/decrease in joint ventures are accounted by the equity method	6	(3.786.072)	(3.734.636)
Adjustment related to (profit) on sales of property, plant and equipment, net		(1.593.936)	(5.306)
Changes in working capital		(18.279.192)	(6.877.565)
Increase/decrease in financial investments		(11.286.395)	(2.640.476)
Adjustment related to increase/decrease in trade receivables		(14.304.848)	(8.845.433)
-Increase/decrease in due from related parties		127.307	(441.286)
-Increase/decrease in due from third parties		(14.432.155)	(8.404.147)
Adjustment related to increase/decrease in other receivables related with operations		(10.559.119)	(7.548.829)
Adjustment related to increase/decrease in inventories		(324.314)	(1.075.203)
Increase/decrease in prepaid expenses		10.811.617	(5.677.733)
Adjustment related to increase/decrease in trade payables		(4.166.298)	(475.639)
-Increase/decrease in due to related parties		(1.406.912)	(2.064.540)
-Increase/decrease in due to third parties		(2.759.386)	1.588.901
Increase/decrease in payables related to employee benefits		10.736.662	7.981.089
Adjustment related to increase/decrease in other payables related with operations		813.503	11.404.659
Cash flows from operating activities		47.786.115	33.816.927
Retirement liability paid	14	(2.117.084)	(2.447.981)
Tax return(payments)		(14.010.697)	(15.466.502)

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

		<i>Current year</i>	<i>Prior year</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	Notes	January 1- March 31, 2019	January 1- March 31, 2018
B. Cash flows from investing activities			
		(60.151.650)	(7.732.093)
Cash inflows from the sale of property, plant and equipment and intangible asset		3.823.373	37.790
- Cash inflows from the sale of property, plant and equipment	11	3.823.373	37.790
- Cash inflows from the sale of intangible assets		-	-
Cash outflows from the purchase of property, plant and equipment and intangible asset		(63.975.023)	(7.769.883)
- Cash outflows from the purchase of property, plant and equipment		(61.463.453)	(6.060.687)
- Cash outflows from the purchase of intangible asset		(2.511.570)	(1.709.196)
C. Cash flows from financing activities			
		49.290.105	(1.685.184)
Lease payments		(20.912.322)	-
Cash inflows from financial liabilities		177.818.412	3.083.600
Cash outflows due to debt payments		(110.586.508)	(3.247.030)
Interest paid		(613.361)	(3.569.024)
Interest received		3.583.884	1.676.645
Dividends received		-	370.625
BEFORE THE EFFECT OF CHANGE IN FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		20.796.789	6.485.167
D. Impact of foreign currency translation differences			
		35.151.096	12.649.365
Net increase/decrease in cash and cash equivalents			
		55.947.885	19.134.532
E. Cash and cash equivalents at beginning of period			
		196.730.773	113.404.415
Cash and cash equivalents at end of period			
		252.678.658	132.538.947

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 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. (collectively referred to as the “Company” or “Çelebi Hava”) established in 1958 was the first private ground handling service company in the Turkish aviation sector. The company is continuing its operations under Çelebi Holding. 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 Atatürk, 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 airports, which are under the control of the State Airports Administration (“DHMI”) and İstanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. (“HEAS”). The company is jointly controlled by Çelebi Havacılık Holding A.Ş., the parent company which is 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 İstanbul “BIST” since 18 November 1996. The percentage of shares which are publicly traded is %21,64. (31 Aralık 2018: %12,61)

The address of the Company is as follows:

Tayakadın Mahallesi Nuri Demirağ Caddesi N 39
Arnavutköy / İstanbul

The average number of employees working for the Group for the year ended March 31, 2019 is 12.963 (December 31, 2018: 13.031).

Subsidiaries and Equity Investments Valued With Facts About:

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:

<u>Subsidiary</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
CGHH	Hungary	Hungary	Ground handling services
Celebi Delhi Cargo	India	India	Warehouse and cargo services
Celebi Airport Services India	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
Çelebi Güvenlik in liquidation	Turkey	Turkey	Aviation and other security services

(*) As of March 31, 2019 Çelebi Spain has no operational activity.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

- Subsidiaries of the Group (Continued):

The Company won the tender offer on acquisition of Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Felelőssegu Tarsasag ("BAGH") which provides ground handling service in Budapest Airport, and participated in the Celebi Tanacsado Korlatolt Felelőssegu 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 Felelőssegu Tarsasag ("CGHH"). As of March 31, 2019, total paid in capital of CGHH is 200.000.000 Hungarian forint.

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 1.248.210.540 Indian Rupee on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which is established on November 18, 2009 with a share capital of 24.430.000 Indian Rupee 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%. Çelebi GH Delhi has signed a concession agreement to provide ground handling services at Cochin International Airport for 7 years period, 5 years of which is fixed and 2 years is extensible. The company title has been altered as Celebi Airport Services India Private Limited ("CAST") on March 15, 2018

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. As of March 31, 2019, the paid share capital of Çelebi Kargo is TL 114.000.000.

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. Çelebi Spain is a non-operating company.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

- *Joint venture:*

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

<u>Joint Venture</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
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 participated as the founding partner in Celebi Nas and has 57% shareholding where the share capital of Celebi Nas is 552.000.000 Indian Rupee. A premium capital increase of 228.000.000 Indian Rupee has been paid by the shareholders of Celebi 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 counterparty shareholder, Celebi Nas is accounted using the equity method and treated as a joint venture. On April 8, 2015, Celebi 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. The proposal was submitted to MIAL on 29 January 2018. The concession agreement between Celebi Nas and the contracting authority MIAL was signed on 19 May 2018. Thus, Celebi Nas, a subsidiary of Celebi, will continue to provide ground services for additional 10 (ten) years from January 1, 2020 to December 31, 2029 after the expiry of the current concession period at CSIA airport in Mumbai, India. .

- *Associate:*

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

<u>Associate</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
DASPL	India	India	Ground handling services

Çelebi GH Delhi, a subsidiary 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, 2016, 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 March 31, 2019, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Tasfiye halinde Çelebi Güvenlik, Celebi Delhi Cargo, CASI, Çelebi Kargo, DASPL and Celebi Cargo (all together will be referred as "the Group").

Consolidated financial statements of the Group for the period ended January 1 – March 31, 2019 has been approved for the issuance by the Board of Directors on May 10, 2019 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Accounting and Finance Director, on behalf of Board of Directors.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

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”) (hereinafter will be referred to as “the CMB Reporting Standards”) on 13 June 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 and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

Group is prepared its financial statements for the interim period ended 31 March 2019 according to Turkey Accounting Standard No.34 Interim Financial Reporting Accounting Standards.

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

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.

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 Company and the presentation currency of the Group. As of 31 March 2019, the currency of subsidiaries has shown below.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1. Basis of presentation (Continued)

2.1.1 Financial reporting standards (Continued)

Functional and Presentation Currency (Continued)

<u>Company</u>	<u>Currency</u>
Çelebi Güvenlik in Liquidation	Turkish Lira (TL)
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 GmbH	Euro (EUR)
DASPL	Indian Rupee (INR)

Going Concern

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

2.1.2 Amendments in International Financial Reporting Standards (IFRS)

New and amended IFRS Standards that are effective for the current year

IFRS 16	Leases
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to IAS 19 Employee Benefits	<i>Plan Amendment, Curtailment or Settlement</i>
Improvements to IFRS Standards for the period of 2015–2017	<i>IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i>

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1.2 Amendments in International Financial Reporting Standards (IFRS) (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

IFRS 16 Leases

The changes in accounting policies are expected to be reflected in the consolidated financial statements for the year ended 31 December 2019.

The Group has started to apply IFRS 16 Leases standard starting from 1 January 2019. In addition, as of January 1, 2019, some other standard amendments have entered into force. However, these amendments do not have a significant effect on the Group's condensed consolidated financial statements.

IFRS 16 introduces a single leasing accounting model for tenants. As a result, the Group, as a lessee, has included the lease rights representing the lease rights representing the right to use the underlying asset and the lease payments to the condensed consolidated financial statements. Accounting for the lessor is similar to the previous accounting policies.

The Group has applied the partial retrospective approach resulting from the use of all the facilitating provisions in the first pass to IFRS 16, resulting in the use right and the equal amount of the lease debt. Accordingly, the comparative information presented in accordance with IAS 17 and related comments for 2018 has not been restated. Details of changes in accounting policies are explained below.

i)Definiton of lease

Previously, whether a contract at the beginning of the contract by the Group includes a leasing transaction is based on IFRS Comment 4 "Determining whether an Agreement involves leasing", while the Group now considers whether a contract includes a lease or not, based on the definition of a new lease. In the event that the right to control the use of the asset defined in accordance with IFRS under a contract has been transferred for a certain period of time, this agreement is a lease agreement or includes a lease.

In the transition to IFRS 16, the Group has chosen to apply whether or not it meets the definition of the lease by using the simplifying application of the contracts, which are formerly referred to as leases, for the classification of which transactions are classified as leases. Accordingly, IFRS 16 has been applied only to contracts previously defined as lease agreements. According to IAS 17 and IFRS Interpretation 4, non-lease contracts do not have a reassessment. Therefore, the definition of lease under IFRS 16 has only been applied to contracts or amendments made on or after 1 January 2019

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1.2 Amendments in International Financial Reporting Standards (IFRS) (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

IFRS 16 Leases (Continued)

ii) Impact on Lessee Accounting

The Group leases many assets at its airports, including land, warehouses and offices, transport vehicles and machinery and equipment.

As a lessee, the Group has previously classified as operating or financial leasing, based on the assessment of whether all the risks and benefits arising from the ownership of the asset have been transferred, as operating or financial leasing; and the Group no longer applies the lease rights and lease payables to the consolidated financial statements in accordance with IFRS 16.

The Group has preferred not to reflect the right to use assets and lease payables for the leased asset leases to its consolidated financial statements, including short-term information technology equipment with a lease term of 12 months or less. The Group recognizes the lease payments associated with these leases in the consolidated financial statements as expense in the current period.

The Group has presented the right to use assets under a separate line in the condensed consolidated financial statements under the name durum right to use assets Grup. The carrying values of the right to use assets are as follows:

	Total
Amount as of January 1, 2019	613.668.578
Amount as of March 31, 2019	634.572.681

Lease liabilities are presented in the borrowings table of the condensed consolidated financial statements. The carrying amount of the lease obligations are as follows:

	On 1 January 2019 alternative borrowing discounted using interest rate	Previously, according to IAS 17 classified as lease	TOTAL
Amount as of January 1, 2019	613.668.578	10.289.494	623.958.578
Amount as of March 31, 2019	640.265.401	10.974.767	651.240.168

a. Accounting Policy

The Group recognizes the right to use the lease at the date of the commencement of the lease and the lease payable to the consolidated financial statements. The right to use asset is initially measured at cost, and subsequent accumulated depreciation and accumulated impairment losses are deducted and measured at the restatement of the lease obligation at a restatement.

At the date of the rental, the lease obligation is measured at the present value of the lease payments that have not been paid at that time. If the interest rate on the lease is easily determined, this rate is discounted using the Group's alternative borrowing interest rate. In general, the Group used the alternative borrowing interest rate as the discount rate.

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2.1.2 Amendments in International Financial Reporting Standards (IFRS) (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

IFRS 16 Leases (Continued)

ii) Impact on Lessee Accounting (continued)

a. Accounting policy (continued)

After the effective date of the lease, the lessee increases the carrying amount of the lease obligation to reflect the interest on the lease and the carrying amount of the lease so as to reflect the lease payments made. If there is a change in the evaluation of the rental period and the option to purchase the asset and there is a change in the amounts expected to be paid under the residual value commitment and a change in these payments as a result of a change in the index or rate, it is re-measured.

The Group has used its own judgment to determine the lease term for some lease agreements including renewal options. Assessing whether the Group is reasonably certain to implement such options affects the lease term; hence, this significantly affects the amount of leased debts and the right to use assets.

b. Transition

Previously, the Group has classified its properties as operating leases in accordance with IAS 17. These include land in the airports, warehouses and offices, transport vehicles and machinery and equipment.

For the leases classified under operating leases under IAS 17 during the transition, the lease liability is measured at the present value of the remaining lease payments discounted at the date of the initial application of the lessee by using the alternative borrowing interest rate. Usage right assets are measured on each lease basis as follows:

- An amount equal to the lease obligation adjusted for the amount of all lease payments that have been prepaid or incurred in the statement of financial position immediately before the first application date.

The Group has used the following facilitation practices when applying IFRS 16 for the lease previously classified as operating leases under IAS 17.

- As of 1 January 2019, the Company has applied the short-term lease exemption to recognize the right to use assets and liabilities for leases with a rental period of less than 12 months

- Initial direct costs were not included in the measurement of the right to use at the time of the first application.

iii) Effect on consolidated financial statements

a) Transition effect

In measuring the lease payables, the Group discounted its lease payments by using the alternative borrowing rate as of 1 January 2019. The weighted average rate applied is 28% for lease contracts in Turkish Lira, 3.50% for lease contracts in Euro and 9.16% for rent contracts in Indian Rupee 9,16 %-11.87%.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1.2 Amendments in International Financial Reporting Standards (IFRS) (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

IFRS 16 Leases (Continued)

iii) Effect on consolidated financial statements (continued)

a) Transition effect (continued)

	1 Ocak 2019
Discounted by using the alternative borrowing interest rate on 1 January 2019	613.668.578
Lease payables to operating leases as of 1 January 2019	10.289.494
Lease liabilities as of 1 January 2019	623.958.072

b) Current period effect

As a result of IFRS 16, as of 31 March 2019, the Group has used 634.572.681 TL right of use and TL 651.240.168 for leasing transactions classified as operating leases previously classified as operating leases. have recognized the payables. In addition, the Group has accounted for depreciation and interest expenses rather than operating lease expenses related to the lease agreements under IFRS 16. During the three months ended 31 March 2019, the Group has accounted for TL 17,260,669 amortization expense and TL 13,029,585 interest expense from these leases.

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

This amendment clarifies that an entity applies IFRS 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.

IFRS 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 IAS 12.

Amendments to IAS 19 Employee Benefits 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).

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1.2 Amendments in International Financial Reporting Standards (IFRS) (Continued)

Annual Improvements to IFRS Standards 2015–2017 Cycle

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

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

2.1.3 Financial statements of joint ventures operating in foreign countries

Financial statements of joint ventures operating in foreign countries are prepared according to the legislation of the country in which they operate, and adjusted to the CMB 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 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 statement of financial position date rates are included in the “currency translation differences” under the shareholders’ equity.

2.1.4 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company. Çelebi Hava, its Subsidiaries and its Joint ventures (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 CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries and Joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1.4 Basis of Consolidation (continued)

- 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.

Subsidiary	Ownership interest (%)	
	March 31, 2019	December 31, 2018
Çelebi Güvenlik in liquidation ⁽²⁾	94,8	94,8
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
Celebi GH Delhi	99,9	99,9
Celebi Spain ⁽¹⁾	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9

- (1) As of 31 March 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 operations have not started. (Note 5).
- (2) Pursuant to the resolution taken in the Ordinary General Assembly meeting, of Çelebi Güvenlik with a capital of TL 1.906.736, participated by the Company at the rate of 94,8%, the liquidation process started as of December 31, 2013 and the title of the Company was changed into Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.in Liquidation. As of March, 2019, since Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.in Liquidation did not constitute any materiality on the consolidated financial statements of the Group, no additional presentation was made in the financial statements within the scope of IFRS 5 Assets Held for Sale and Discontinued Operations.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1.4 Basis of Consolidation (Continued)

- d) The Group categorized the sales and purchase of its subsidiaries’ shares transactions as transactions between group shareholders except parent company. Therefore, for the addition share purchase from other than parent company, the Group records the difference between cost of purchase and book value of asset of subsidiary’s purchased portion under shareholders’ equity. For the share sales to other than parent company, the Group records the income or loss as a result of the difference between sales price and book value of asset of subsidiary’s sold portion under shareholders’ 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.

Joint venture	Ownership interest (%)	
	March 31, 2019	December 31, 2018
Çelebi Nas	57,00	57,00

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

- f) For available for sale financial assets under 20% of voting rights or over 20% of voting rights and that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value.

2.2. Changes in accounting policies

2.2.1 Comparative information

In order to allow for the determination of the financial situation and performance trends, the Group’s consolidated financial statements have been presented comparatively with the previous year.

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

2.3. Summary of Significant Accounting Policies

Condensed consolidated financial statements for the period ended 31 March 2019, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2019 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2018. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2018.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Changes in the accounting estimates are applied in a period, if the change is made in that current period. They are applied both in the current period and in the future period, if the change is made for future periods. Significant estimates used in preparing the financial statements for the period ended on March 31, 2019 are consistent with those used in preparing the financial statements in the Consolidated for the year ended December 31, 2018. Significant accounting errors are applied retrospectively and the prior period financial statements are restated.

NOTE 3 - SEGMENT REPORTING

Management determines the operating segments based on the reports analyzed by the board of directors, and found effective in strategically decision taking.

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.

	31 March 2019	31 December 2018
Turkey	1.017.055.261	690.655.294
India	833.531.892	503.993.353
Hungary	266.210.342	257.080.867
Germany	104.372.631	41.692.496
Segment assets (*)	2.221.170.126	1.493.422.010
Unallocated assets (*)	330.124.993	293.113.589
Deduction: Inter-segment elimination	(265.934.808)	(264.475.558)
Total assets as per consolidated financial statements	2.285.360.311	1.522.060.041

(*) Total combined assets are generally formed of assets that are related with operations and do not include deferred income tax assets, time deposits.

	31 March 2019	31 December 2018
Turkey	134.100.970	111.139.031
India	145.689.884	280.744.894
Hungary	19.134.768	24.854.916
Germany	23.931.798	26.434.642
Segment liabilities (*)	322.857.420	443.173.483
Unallocated liabilities (*)	1.478.774.425	727.691.363
Deduction: Inter-segment elimination	(3.351.569)	(1.892.319)
Total liabilities as per consolidated financial statements	1.798.280.276	1.168.972.527

(*) Segment liabilities are generally formed of liabilities that are related with operations and do not include financial liabilities, deferred income tax liabilities and current income tax liabilities.

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NOTE 3 - SEGMENT REPORTING (Continued)

Geographical Segments

Geographical Analysis for the period 1 January - 31 March 2019

	Turkey(*)	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	142.566.264	54.316.228	85.186.547	29.401.739	311.470.778	(520.112)	310.950.666
Cost of sales	(102.574.662)	(41.783.353)	(67.902.680)	(23.181.905)	(235.442.600)	517.444	(234.925.156)
Gross profit	39.991.602	12.532.875	17.283.867	6.219.834	76.028.178	(2.668)	76.025.510
General administrative expenses	(30.483.350)	(5.136.939)	(9.225.005)	(4.598.390)	(49.443.684)	599.549	(48.884.135)
Other operating income / expense (net)	19.151.839	(829.256)	(75.961)	167.599	18.414.221	(597.693)	17.816.528
Operating profit / (loss)	28.660.091	6.566.680	7.982.901	1.789.043	44.998.715	(812)	44.997.903

Geographical Analysis for the period 1 January - 31 March 2018

	Turkey(*)	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	100.980.688	40.052.010	60.132.015	22.604.064	223.768.777	(401.184)	223.367.593
Cost of sales	(75.213.832)	(26.224.910)	(47.074.682)	(17.414.929)	(165.928.353)	456.321	(165.472.032)
Gross profit	25.766.856	13.827.100	13.057.333	5.189.135	57.840.424	55.137	57.895.561
General administrative expenses	(19.851.647)	(4.902.124)	(6.436.037)	(3.384.164)	(34.573.972)	21.913	(34.552.059)
Other operating income / expense (net)	1.777.044	47.369	495.298	415.481	2.735.192	(78.188)	2.657.004
Operating profit / (loss)	7.692.253	8.972.345	7.116.594	2.220.452	26.001.644	(1.138)	26.000.506

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NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2019	31 December 2018
Cash	577.980	394.786
Banks	252.398.123	196.629.005
- time deposit	203.173.291	146.792.870
- demand deposit	49.224.832	49.836.135
Other (Liquid fund)		-
	252.976.103	197.023.791

Effective interest rates on TL, EUR, USD and INR denominated time deposits at March 31, 2019 are %11,84, %1,73, %2,42, %4,47. (December 31, 2018: TL 18,16%, EUR 1,54%, USD 3,17%, INR 6,25%). The maturity days on TL, EUR, USD and INR denominated time deposits as of March 31, 2019 20-60 days, 1-14 days and 1-30 days for INR, EUR and USD respectively, 1-30 day for TL. (December 31, 2018: INR 51 days, TL 2 days, EUR 25 days and for USD 2 days).

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

	31 March 2019	31 March 2018
Cash and banks	252.976.103	132.882.657
Less: Interest Accruals	(297.445)	(343.710)
	252.678.658	132.538.947

NOTE 5 - FINANCIAL INVESTMENTS

	31 March 2019	31 December 2018
Less: Restricted cash (*)	62.726.125	51.444.157
	62.726.125	51.444.157

(*) Restricted bank balances are the cash amounts collected from the customers and the cash amounts obtained for the project financing as outlined in the concession agreement signed for the operation of the New Delhi Airport in India. Restricted bank balances are kept in blocked bank accounts with a maturity of longer than 3 months.

Financial investments with fair value difference reflected to other comprehensive income:

	Percentage of shares %	March 31, 2019 TL	Percentage of shares %	December 31, 2018 TL
Celebi Spain (*)	100,00	166.650	100,00	166.650
		166.650		166.650

(*) As at March 31, 2019, Celebi Spain, which is non-operational, is not significant to the consolidated financial statements of the Group, accordingly accounted as Financial investments with fair value difference reflected to other comprehensive income with the cost amount less impairment, if any, in the consolidated financial statements of the Group.

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NOTE 6 - EQUITY ACCOUNTED INVESTEEES

	%	31 March 2019	%	31 December 2018
Çelebi Nas	57,00	100.258.496	57,00	87.725.263
DASPL	24,99	7.972.170	24,99	8.000.645
		108.230.666		95.725.908

The movement in the investments accounted by equity method during the periods ended 31 March is as follows:

	31 March 2019	31 March 2018
As of 1 January	95.725.908	64.991.304
Share on profit / loss	3.786.072	3.734.636
Currency translation differences	8.718.686	2.566.598
Transfers(*)	-	(370.625)
As of 31 March	108.230.666	70.921.913

Profit /loss from investments accounted under equity method:

	1 January- 31 March 2019	1 January- 31 March 2018
Çelebi Nas	4.454.728	3.125.854
DASPL	(668.656)	608.782
	3.786.072	3.734.636

Summary statement of equity accounted investees:

Summary of financial statements of Çelebi Nas is as follows:

	31 March 2019	31 December 2018
Total Assets	451.820.653	340.587.418
Total Liabilities	280.674.844	191.429.738
	January 1- March 31, 2019	January 1- March 31, 2018
Total Revenue	45.527.313	36.799.141
Profit / (Loss) for the period	9.154.214	5.483.957

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NOTE 6 - EQUITY ACCOUNTED INVESTEEES(Continued)

Summary of financial statements of DASPL is as follows:

	31 March 2019	31 December 2018
Total Assets	43.499.644	44.129.002
Total Liabilities	10.080.999	10.586.487
	January 1- March 31, 2019	January 1- March 31, 2018
Total Revenue	10.038.639	7.624.666
Profit / (Loss) for the period	(4.713.946)	2.436.098

NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term borrowings:

	Effective Interest rate (%)	Original Amount	31 March 2019 TL
<i>Short term lease payables</i>			
Lease payables- USD		25.343	142.640
Lease payables- INR		365.074.945	29.739.005
Lease payables- TL		3.779.646	3.779.646
Lease payables- EUR		8.607.321	54.387.940
Total short term lease payables			88.049.231

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NOTE 7- SHORT TERM AND LONG TERM FINANCIAL LIABILITIES (Continued)

Short term financial liabilities: (continued)

			31 March 2019
	Effective Interest rate (%)	Original Amount	TL
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – EUR	-	1.143.635	7.226.398
Interest expense accrual –INR	-	7.438.903	605.973
INR borrowings	8,80-9,75	410.611.736	33.448.432
EUR borrowings	2,20-3,86	28.085.555	177.467.008
Short-term portion of total long term borrowings			218.747.811
Total short term liabilities:			306.797.042

Long-term financial liabilities

			31 March 2019
	Effective Interest Rate (%)	Original Amount	TL
INR borrowings	8,80-9,75	1.234.898.662	100.594.845
EUR borrowings	2,20-3,86	79.837.820	504.479.214
			605.074.059

Long-term finance lease obligations:

Long-term finance lease obligations – USD		4.357	24.525
Long-term finance lease obligations – INR		3.480.023.275	283.482.696
Long-term finance lease obligations – EUR		42.816.809	270.550.850
Long-term finance lease obligations – TL		9.132.866	9.132.866
Total long-term finance lease obligations			563.190.937
Total long-term financial liabilities			1.168.264.996
Total financial liabilities			1.475.062.038

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NOTE 7- SHORT TERM AND LONG TERM FINANCIAL LIABILITIES (Continued)

Short term financial liabilities:

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

Short-term portion of long-term financial liabilities:

	Effective interest rate (%)	Original balance	December 31, 2018	
				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
				229.741.802
Total short-term portion of total long term financial liabilities				229.741.802
Total short term financial liabilities				233.789.377

Long-term financial liabilities:

	Effective interest rate (%)	Original balance	December 31, 2018	
				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:				
INR finance lease obligations	9,10	129.304.821		9.736.651
USD 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

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NOTE 7- SHORT TERM AND LONG TERM FINANCIAL LIABILITIES (Continued)

The redemption schedule of borrowings according to their contractual re-pricing dates is as follows:

	31 March 2019	31 December 2018
Less than 1 year	306.797.042	233.789.377
Between 1-5 years	840.224.370	488.025.051
More than 5 years	328.040.626	-
	1.475.062.038	721.814.428

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

	31 March 2019	31 December 2018
Between 1-2 years	385.218.339	271.918.056
Between 2-3 years	81.471.874	72.307.854
Between 3-4 years	72.226.707	68.050.697
4 years and more	66.157.139	65.946.563
	605.074.059	478.223.170

Movement of financial liabilities for the period ended March 31, 2019 and March 31, 2018 is as follows:

	2019	2018
As of January 1	711.524.934	333.151.035
Addition in current year	177.818.412	3.083.600
Principal payments	(110.586.508)	(2.922.007)
Interest payments	(613.361)	(3.569.024)
Change in exchange differences	43.649.387	23.270.293
Change in interest accruals	2.029.006	2.761.826
As of March 31	823.821.870	355.775.723

Movement of financial lease liabilities for the period ended March 31, 2019 and March 31, 2018 is as follows:

	2019	2018
1 January 2019	623.958.072	8.201.771
Lease expense	11.892.800	185.506
Payments	(20.912.322)	(325.023)
FX expense	36.301.618	300.539
31 March 2019	651.240.168	8.362.793

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 March 2019	31 December 2018
Due from third parties	200.025.873	186.052.360
Less: Provision for doubtful receivables	(12.072.803)	(12.329.145)
Trade receivables from third parties (net)	187.953.070	173.723.215
Due from related parties	1.481.339	1.608.646
Total short-term trade receivables	189.434.409	175.331.861

Movement of provision for doubtful receivables is as follows:

	31 March 2019	31 March 2018
Opening balance	12.329.145	6.112.405
Additional provisions in current period	74.142	1.435.235
Cumulative translation differences	128.158	(33.642)
Write-off	(458.642)	-
Closing balance	12.072.803	7.513.998

Short-term trade payables

	31 March 2019	31 December 2018
Trade payables to third parties	73.693.483	75.215.390
Accrued liabilities	13.681.955	15.099.434
Total trade payables to third parties	87.555.438	90.314.824
Due to third parties (Note 25)	8.242.803	9.649.715
Total trade payables	95.798.241	99.964.539

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 March 2019	31 December 2018
Receivable from tax office	30.471.677	28.750.070
Deposits and guarantees given	9.997.774	4.774.448
Other short-term receivables from non-related parties	40.469.451	33.524.518
Due from related parties (Note 25)	26.572.386	24.164.660
Total short-term other receivables	67.041.837	57.689.178

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES(Continued)

Other Long Term Receivables

	31 March 2019	31 December 2018
Deposits and guarantees given (*)	61.605.449	55.750.097
Other long-term receivables from non-related parties	61.605.449	55.750.097
Due from related parties (Note 25)	100.494.722	95.869.814
Total short-term other receivables	162.400.171	151.619.911

(*) As of March 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 37.925.163 (December 31, 2018: TL34.172.242) and TL 23.556.497 (December 31, 2018: TL 21.173.569).

Other short-term payables

	31 March 2019	31 December 2018
Other short-term payables (*)	14.296.652	12.536.171
Deposits and guarantees received	1.076.429	309.822
	15.373.081	12.845.993

(*) As of 31 March 2019; TL 11.814.998 of other short-term payables (31 December 2018: TL 11.474.289) are the payables of Çelebi Delhi Cargo , a subsidiary of the Group, to its shareholder of Delhi International Airport Private Limited (DIAL) due to the concession contract signed between the parties..

	31 March 2019	31 December 2018
Other long-term payables		
Deposits and guarantees received	19.279.178	16.098.610
	19.279.178	16.098.610

NOTE 10 – INVENTORIES

	31 March 2019	31 December 2018
Trade goods	2.147.193	3.053.738
Other inventories (*)	12.290.747	11.059.888
	14.437.940	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 31 March 2019 are as follows

	Opening 1 January 2019	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2019
Cost						
Plant, machinery and equipment	313.225.567	7.575.747	(3.763.135)	129.286	8.891.392	326.058.857
Motor vehicles	92.226.743	1.885.312	(40.910)	34.236	4.786.590	98.891.971
Furniture and fixtures	29.989.578	153.097	(48.574)	-	394.379	30.488.480
Leasehold improvements	124.977.420	128.853	-	-	535.783	125.642.056
Construction in Progress (*)	156.979.027	51.720.444	-	(383.175)	95.057	208.411.353
	717.398.335	61.463.453	(3.852.619)	(219.653)	14.703.201	789.492.717
Accumulated depreciation						
Plant, machinery and equipment	(209.073.132)	(4.117.272)	1.552.989	(4.895)	(4.762.763)	(216.405.073)
Motor vehicles	(59.784.991)	(1.120.180)	34.092	84.439	(3.096.252)	(63.882.892)
Furniture and fixtures	(24.497.064)	(443.089)	36.101	678	(303.020)	(25.206.394)
Leasehold improvements (*)	(102.237.970)	(1.192.627)	-	-	(338.580)	(103.769.177)
	(395.593.157)	(6.873.168)	1.623.182	80.222	(8.500.615)	(409.263.536)
Net book value	321.805.178					380.229.181

(*) TL 196.293.309 of the investments in progress is composed of investments made for Istanbul Airport.

Depreciation expense for the period ended 31 March 2019 in the amount of TL 6.172.428 and TL 700.470 are respectively included in cost of sales and operating expenses.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Opening 1 January 2018	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2018
Cost						
Plant, machinery and equipment	270.953.620	5.618.110	(1.007.378)	-	3.421.866	278.986.218
Motor vehicles	64.371.389	417.873	-	123.760	4.296.037	69.209.059
Furniture and fixtures	26.259.867	145.809	(5.251)	15.420	433.975	26.849.820
Leasehold improvements (*)	120.745.249	2.147	(1.223)	74.898	535.277	121.356.348
Construction in Progress	1.672.075	25.745		(404.942)	84.107	1.376.985
	484.002.200	6.209.684	(1.013.852)	(190.864)	8.771.262	497.778.430
Accumulated depreciation						
Plant, machinery and equipment	(187.451.076)	(3.346.825)	976.681	42.502	(2.327.965)	(192.106.683)
Motor vehicles	(44.943.828)	(682.037)	-		(2.924.818)	(48.550.683)
Furniture and fixtures	(21.925.042)	(397.932)	4.689	(644)	(311.591)	(22.630.520)
Leasehold improvements (*)	(74.062.517)	(1.548.127)	-		(220.934)	(75.831.578)
	(328.382.463)	(5.974.921)	981.370	41.858	(5.785.308)	(339.119.464)
Net book value	155.619.737					158.658.966

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A.Ş. in the airports within which it operates were rented from the DHMI and other local authority. The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 March 2018 the net book value of these stations was TL 41.095.895. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

A tender for the construction of the third airport was made in Istanbul on May 2013. Following the bid, the joint venture group started to invest in Istanbul New Airport and it was announced by the General Directorate of State Airports Authority to terminate commercial flights from Istanbul Atatürk Airport starting from November 2018, after Istanbul New Airport started its activities. Due to the uncertainty about the final date of the Group's cargo warehouse and general aviation activities at Ataturk Airport, the Group has made a net book value of TL 26,450,397, which it has continued to use to fulfill the services in the consolidated financial statements, have reviewed their useful life and have decided that no amendment is required.

Depreciation expense for the period ended 31 March 2018 in the amount of TL 5.485.028 and TL 489.893 are respectively included in cost of sales and operating expenses. There are net book value TL 255.039 worth of financial leasing assets in plant, machinery and equipment as of 31 March 2018.

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NOTE 12 – RIGHT OF USE ASSETS

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

	Opening adjustments 1 January 2019	Additions	Transfers	Foreign Currency Translation Differences	Closing 31 March 2019
Cost					
Land	533.719.247	-	13.860.864	21.769.789	569.349.900
Plant, machinery and equipment	71.248.232	-	-	2.101.948	73.350.180
Vehicles	8.701.099	-	-	131.382	8.832.481
Furniture and fixtures	-	-	-	-	-
	613.668.578		13.860.864	24.003.119	651.532.561
Accumulated depreciation					
Land	-	(10.189.355)	-	(425.969)	(10.615.324)
Plant, machinery and equipment	-	(5.265.567)	-	(37.466)	(5.303.033)
Vehicles	-	(1.028.523)	-	(13.000)	(1.041.523)
Furniture and fixtures	-	-	-	-	-
	-	(16.483.445)	-	(476.435)	(16.959.880)
Net book value	613.668.578				634.572.681

Depreciation expense for the period ended 31 March 2019 in the amount of TL 16.483.445 is included in cost of sales.

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NOTE 13 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in intangible assets for the period ended 31 March 2019 are as follows:

	Opening 1 January 2019	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2019
Cost						
Rights	10.150.600	-	-	124.075	-	10.274.675
Customer relations	74.861.473	-	-	-	3.588.830	78.450.303
Software	22.471.782	2.511.570	(83.909)	95.578	541.034	25.536.055
Concession rights(**)	181.239.638	-	-	-	14.826.508	196.066.146
Build-operate-transfer investments (*)	140.626.194	-	-	-	11.495.523	152.121.717
		2.511.570	(83.909)	219.653	30.451.895	462.448.896
	429.349.687					
Accumulated depreciation						
Rights	(4.273.249)	(149.382)	-	(80.222)	-	(4.502.853)
Concession rights (**)	(60.736.114)	(2.587.199)	-	-	(5.147.069)	(68.470.382)
Customer relations	(74.861.473)	-	-	-	(3.588.830)	(78.450.303)
Software	(16.653.564)	(776.313)	83.909	-	(400.733)	(17.476.671)
Build-operate-transfer investments(*)	(53.716.625)	(2.006.438)	-	-	(4.524.266)	(60.247.329)
	(210.241.025)	(5.519.332)	83.909	(80.222)	(13.660.898)	(229.147.538)
Net book value	219.108.662					233.301.358

(*)TL 87.340.740 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.691.135.907, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 4.533.963 which is difference between discounted present value of deposit paid with interest rate,10,82%, and the deposit amounting to INR 452.500.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

(**) 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 IFRIC 12 and IFRIC 4. As of March 31, 2019, there are financial lease assets in the concession rights with the net book value of TL 10.112.090.

Amortization expense for the period ended 31 March 2019 in the amount of TL 352.350 and TL 4.896.952 are included in operating expenses and cost of sales.

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NOTE 13 – INTANGIBLE ASSETS (Continued)

Other Intangible Assets

Movements in intangible assets for the period ended 31 March 2018 are as follows:

	Opening 1 January 2018	Additions	Transfers	Foreign Currency Translation Differences	Closing 31 March 2018
Cost					
Rights	10.150.600	-	-	-	10.150.600
Customer relations	58.113.650	-	-	4.705.346	62.818.996
Software	16.914.994	436.537	190.863	493.743	18.036.137
Concession rights (**)	138.195.764	1.123.653	-	5.323.677	144.643.094
Build-operate-transfer investments (*)	96.831.439	-	-	3.698.845	100.530.284
	320.206.447	1.560.190	190.863	14.221.611	336.179.111
Accumulated depreciation					
Rights	(3.639.336)	(157.053)	(41.857)-	-	(3.838.246)
Concession rights (**)	(39.408.272)	(2.081.696)	-	(1.579.248)	(43.069.216)
Customer relations	(58.113.650)	-	-	(4.705.330)	(62.818.980)
Software	(13.069.233)	(382.558)	-	(453.090)	(13.904.881)
Build-operate-transfer investments(*)	(36.174.189)	(1.274.657)	-	(1.423.576)	(38.872.422)
	(150.404.680)	(3.895.964)	(41.857)	(8.161.244)	(162.503.745)
Net book value	169.801.767				173.675.366

(*) TL 57.925.059 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.453.873.935, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 3.733.135 which is difference between discounted present value of deposit paid with interest rate,10,82%, and the deposit amounting to INR 452.500.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

(**) 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 IFRIC 12 and IFRIC 4. As of March 31, 2019, there are financial lease assets in the concession rights with the net book value of TL 8.124.390.

Amortization expense for the period ended 31 March 2018 in the amount of TL 340.614 and TL 3.555.350 are included in operating expenses and cost of sales.

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NOTE 13 - INTANGIBLE ASSETS (Continued)

Goodwill

Positive goodwill at 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019	31 December 2018
Goodwill due to acquisition of CGHH	46.027.959	43.925.159
	46.027.959	43.925.159

Goodwill due to acquisition of CGHH

Positive goodwill at 31 March 2019 is as follows:

	31 March 2019	31 March 2018
1 January	43.925.159	34.112.091
Foreign Currency Translation Differences	2.102.800	2.757.005
Goodwill	46.027.959	36.869.096

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.

Ground handling services - Hungary

31 March 2019

46.027.959

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

%9,20

The Group management determined the budgeted gross profit margin by taking into consideration for 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.

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 March 2019.

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

	31 March 2019	31 December 2018
Provision for litigation and obligation	4.624.501	5.942.066
	4.624.501	5.942.066

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

	Provision for litigation	Total
1 January 2019	5.942.066	5.942.066
Provision cancellation	(1.336.138)	(1.336.138)
Currency translation differences	18.573	18.573
31 March 2019	4.624.501	4.624.501

	Provision for litigation	Total
1 January 2018	5.173.420	5.173.420
Provision cancellation	(195.525)	(195.525)
Currency translation differences	90.683	90.683
31 March 2018	5.068.578	5.068.578

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Short-term provision for employee benefits

	31 March 2019	31 December 2018
Provision for employee termination benefits(*)	7.592.329	5.961.921
Provision for unused vacation	7.231.462	6.512.563
	14.823.791	12.474.484

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

b) Long-term provisions

Long-term provision for employee benefits:

	31 March 2019	31 December 2018
Provision for employee termination benefits	28.725.419	27.467.482
	28.725.419	27.467.482

Provision for employment termination benefits is booked according to the explanations below. There are no agreements for pension commitments other than the legal requirement as 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 Labor 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 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 31 March 2018 consists of one month’s salary limited to a maximum of TL 6.017,60 TL (31 December 2018: TL 5.434,42 TL) 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..

Total employee termination benefit liability is calculated by 15 days per year of service for the current period ended at March 31, 209 and the liability is limited to INR 350.000 per employee.

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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. Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 6.017,60 which is effective from 1 January 2019 (31 December 2018: TL 5.434,42) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

Movements in the provision for employment termination benefits are as follows:

	2019	2018
As of January 1	33.429.403	25.968.784
Payments of provisions during the year	(1.978.854)	(2.295.222)
Actuarial (gain)/loss	-	971.258
Service cost of employee termination benefits	3.398.528	672.033
Interest cost of employee termination benefits	738.570	506.744
Currency translation differences	730.101	389.419
As of March 31	36.317.748	26.213.016

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

	2019	2018
As of January 1	6.512.563	4.839.679
Payments of provisions during the year	(138.230)	(152.758)
Increase in unused vacation rights during the year	2.906.280	2.164.229
Usage of vacation rights during the year	(1.798.604)	(2.078.528)
Currency translation differences	(250.547)	733.032
As of March 31	7.231.462	5.505.654

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities of the Group

Guarantees received	31 March 2019	31 December 2018
Guarantee letters	12.391.174	18.709.268
Guarantee cheques	240.000	1.503.672
Guarantee notes	-	1.932.256
	12.631.174	22.145.196

Guarantees given	31 March 2019	31 December 2018
Guarantee letters	206.385.867	190.664.947
Collaterals (*)	190.142.178	175.772.990
Pledged shares (*)	35.059.732	32.408.518
	431.587.777	398.846.455

(*)Collaterals and pledged shares amounting to TL 225.201.910 consist of collaterals given to the Group's subsidiaries and joint venture partners. (31 December 2018: 208.181.508 TL) (Note 25).

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

As of March 31, 2019, the Group has contingent liabilities amounting to TL 27.501.101 (December 31, 2018: TL 25.928.433) due to the legal cases and enforcement proceedings in progress against the Group.

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

CPGM given by the Group	March 31, 2019		December 31, 2018	
	Amount	TL Equivalent	Amount	TL Equivalent
A. CPGM given on behalf of the Group's legal personality				184.919.012
TL	17.181.310	17.181.310	17.877.847	17.877.847
EUR	6.042.420	38.180.845	5.616.164	33.854.238
USD	2.210.500	12.441.578	2.210.500	11.629.219
INR	1.423.334.369	115.944.818	1.405.334.369	105.821.678
HUF	837.055.897	16.490.001	837.022.897	15.736.030
B. CPGM given on behalf of fully consolidated subsidiaries		231.349.226		213.927.443
EUR	50.000	315.940	50.000	301.400
USD	1.092.196	6.147.316	1.092.196	5.745.935
INR	2.760.692.000	224.885.970	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	-	-	-	-
		431.587.778		398.846.455

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NOTE 15 - OTHER ASSETS AND LIABILITIES

	31 March 2019	31 December 2018
Other current assets		
Advances given to personnel	629.392	912.770
Deferred VAT	6.956.596	5.642.187
	7.585.988	6.554.957

	31 March 2019	31 December 2018
Other non current assets		
Prepaid taxes and funds (*)	20.467.914	24.036.869
Other		3.242
	20.467.914	24.040.111

(*) The amount consist of prepaid taxes and funds, which can be offset in more than 1 year period, of Celebi GH Delhi and Celebi Delhi Cargo amounting to TL 9.389.587 (31 December 2018: TL 10.748.789) and TL 11.075.085 (31 December 2018: TL 13.288.080) .

Other current liabilities

	31 March 2019	31 December 2018
Taxes and funds payable	5.586.191	5.167.724
Provision for operational leasing equalization (*)	-	785.947
Maintenance obligation liability	822.051	1.641.247
Other	1.438.954	2.283.756
	7.847.196	9.878.674

Other non current liabilities

	31 March 2019	31 December 2018
Provision for operational leasing equalization (*)	49.660.692	144.551.656
Maintenance obligation liability	-	43.668.500
	49.660.692	188.220.156

(*) Operating leasing cost equalization, in accordance with of IAS 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. On January 1, 2019, the related provision was canceled in accordance with IFRS 16 standard.

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NOTE 16 – PREPAID EXPENSES

Short Term Prepaid Expenses

	31 March 2019	31 December 2018
Prepaid expenses	12.019.971	15.398.692
Advances given	16.019.727	5.646.918
	28.039.698	21.045.610

Long Term Prepaid Expenses

	31 March 2019	31 December 2018
Prepaid expenses	2.215.270	17.525.550
Advances given for fixed assets(*)	9.791.681	26.147.970
	12.006.951	43.673.520

NOTE 17 – DEFERRED INCOME

Short-term deferred income

	31 March 2019	31 December 2018
Other advances received	31.181.501	14.506.622
Deferred income	893.962	1.191.949
	32.075.463	15.698.571

Long-term deferred income

	31 March 2019	31 December 2018
Deferred income	1.036.334	1.036.334
	1.036.334	1.036.334

NOTE 18 – LIABILITIES FOR EMPLOYEE BENEFITS

	31 March 2019	31 December 2018
Wages and salaries payable	11.251.058	16.694.157
Bonus payable accruals	16.164.004	16.802.024
Social security withholdings payable	22.532.842	5.715.061
	49.947.904	39.211.242

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NOTE 19 - EQUITY

Share Capital

As of 31 March 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 (31 December 2018: 2.430.000.000).

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

Shareholders	31 March 2019		31 December 2018	
	Amount	Share %	Amount	Share %
Çelebi Havacılık Holding A.Ş. (ÇHH)	21.236.463	87,39	21.236.463	87,39
Other	3.063.537	12,61	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 (“TCC”), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in 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 TCC, 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, TAS, 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 communique (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 TMS. Capital adjustment differences have no other use other than being transferred to share capital.

The amount of restricted reserves is TL 50.630.456 as of 31 March 2019 (31 December 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 installments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

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NOTE 19 - EQUITY (Continued)

Restricted Reserves (Continued)

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

NOTE 20 – REVENUE AND COST OF SALES

	1 January - 31 March 2019	1 January - 31 March 2018
Ground handling services	196.273.567	148.413.042
Cargo and warehouse services income	111.119.534	71.383.726
Revenue in the context of IFRIC 12	-	1.123.653
Rental revenue not related to aviation	14.244.661	8.432.276
Less: Returns and discounts	(10.687.096)	(5.985.104)
Sales revenue- net	310.950.666	223.367.593
Cost of sales	(234.925.156)	(165.472.032)
Gross profit	76.025.510	57.895.561

NOTE 21 - FINANCIAL INCOME

	1 January - 31 March 2019	1 January - 31 March 2018
Foreign exchange gains	2.529.412	7.921.786
Interest income	3.583.884	1.676.644
Other financial income	1.684.651	887.739
	7.797.947	10.486.169

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NOTE 22 - FINANCIAL EXPENSES

	1 January - 31 March 2019	1 January - 31 March 2018
Foreign exchange losses	(30.994.649)	(23.153.161)
Interest expenses	(8.460.551)	(4.062.379)
Financial expenses incurred under scope of IFRIC 4-12	(231.048)	(340.689)
Financial expenses incurred under scope of IFRS 16	(23.178.738)	
Other financial expenses	(1.134.642)	(401.278)
	(63.999.628)	(27.957.507)

NOTE 23 - TAX ASSETS AND LIABILITIES

	1 January - 31 March 2019	1 January - 31 December 2018
Current period corporate tax provision	1.970.338	36.342.656
Less: prepaid corporate tax expense	(1.819.642)	(24.151.601)
Current tax liability - net	150.696	12.191.055
Deferred tax assets	64.225.577	98.539.804
Deferred tax liabilities	(3.712.387)	(5.876.935)
Deferred tax assets / (liability) - net	60.513.190	92.662.869

(*) Group's current tax assets and current corporate tax payables are shown and presented as net amount separately in balance sheet.

Income Tax

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

In Turkey, the corporation tax rate is 20% (December 31, 2018: %20). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions and income tax deductions.

The corporation tax rate has been changed in 2014 as 19% up to fiscal profit HUF 500.000.000 and 10% for fiscal profit over HUF 500.000.000 with the regulation in Hungary. Effective from January 1, 2019, the rate of Hungarian corporate tax will be implemented as 9%.

In India, the corporate tax rate is 34,6% (2018: %34,6) for fiscal year 2019 (2018: 34,6%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc.) and income tax deductions (like research and development expenses).

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

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

Tax expense for the periods end 31 March 2019 and 2018 is presented below:

	1 January - 31 March 2019	1 January - 31 March 2018
- Current year corporate tax	(3.814.803)	(3.422.922)
- Deferred tax income /(expense)	16.272.280	1.072.883
Current year tax expense – net	12.457.477	(2.350.039)

Deferred Taxes

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for deferred revenue asset and liabilities are 22%, 9% or 10%, 29,65% and 34,6% for Turkey, Hungary, Germany, India respectively.

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 31 March 2019 and 31 December 2018 using the enacted tax rates are as follows:

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Taxes (Continued)

	Deferred tax base		Deferred tax assets / (liabilities)	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Deferred tax assets				
Personnel bonus accrual	(1.905.032)	(4.225.814)	419.107	929.679
Accrued sales commissions	(8.541.149)	(8.183.855)	1.879.053	1.800.448
Provision for employment termination benefits	(23.947.230)	(23.600.610)	4.789.446	4.720.122
Provision for operational leasing equalization	-	(144.298.040)		50.422.062
Rights and liabilities of use assets	(15.063.484)	-	3.444.187	
Provision for unused vacation rights	(4.423.469)	(3.899.340)	973.163	857.855
Provision for litigation and indemnity	(4.529.700)	(4.529.700)	996.534	996.534
Adjustments related to property plant and equipment and intangible assets	(74.292.632)	(66.578.499)	25.960.817	23.265.191
Investment incentives	(167.042.655)	(110.112.709)	36.749.384	24.224.796
Other	(5.249.456)	(3.776.673)	1.148.503	1.671.312
	(304.994.807)	(369.205.240)	76.360.194	108.887.999
Net off			(12.134.617)	(10.348.195)
Deferred tax assets			64.225.577	98.539.804
Deferred tax liabilities				
Adjustments related to property plant and equipment and intangible assets	77.163.951	75.686.003	(13.839.769)	(13.744.093)
Income accrual	7.182.023	9.335.660	(1.580.045)	(2.053.847)
Other	2.135.949	2.135.949	(427.190)	(427.190)
			(15.847.004)	(16.225.130)
Net off			12.134.617	10.348.195
Deferred tax liabilities			(3.712.387)	(5.876.935)
Deferred tax assets, net			60.513.190	92.662.869

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax movement table is as below:

	31 March 2019	31 March 2018
1 January	92.662.869	48.396.195
Foreign currency translation difference	2.604.219	2.049.819
Current period deferred tax income / (expense)	16.272.280	1.072.883
Actuarial gain / (loss) arising from defined benefit plans	-	188.699
Cancellation of provision for operational leasing equalization	(51.026.178)	
31 March	60.513.190	51.707.596

NOTE 24 - 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:

	1 January - 31 March 2019	1 January - 31 March 2018
Net profit / (loss) attributable to the equity holders of the parent	7.342.799	9.589.003
Weighted average number of shares with 1 Full TL face value each	2.430.000.000	2.430.000.000
Earnings / (losses) per share (Full TL)	0,0032	0,0039

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NOTE 25- TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Amounts due from and due to related parties during the periods and a summary of major transactions with related parties during the period are as follows:

i) Balance with related parties

Short term receivables from related parties

	31 March 2019	31 December 2018
Celebi Ground Services Austria ⁽²⁾	239.722	401.506
Çelebi Havacılık Holding ⁽¹⁾	104.096	378.227
Çelebi Nas ⁽³⁾	1.004.733	759.928
Other	132.788	68.985
	1.481.339	1.608.646

Other receivables from related parties

	March 31, 2019	December 31, 2018
Çelebi Havacılık Holding ^{(1)(*)}	127.067.108	120.034.474
	127.067.108	120.034.474

Payables to related parties

	31 March 2019	31 December 2018
Çelebi Havacılık Holding ^{(1)(**)}	4.208.228	4.969.255
Kamil Koç ⁽⁵⁾	510.786	577.914
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁵⁾	1.022.555	2.206.121
DASPL ⁽⁴⁾	1.675.030	1.490.860
Çelebi Nas ⁽³⁾	808.347	388.089
Other	17.857	17.476
	8.242.803	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 March 31, 2019, the related amount consists of legal, financial, human resources, management, corporate communication, procurement, business development services provided to the Group by ÇHH along with business development projects run by ÇHH on behalf and on account of the Group and expense projections.

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NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Significant Transactions with related parties

	1 January - 31 March 2019	1 January - 31 March 2018
Miscellaneous sales to related parties		
Çelebi Havacılık Holding(1)	-	60.442
Celebi Ground Services Austria(2)*	5.087	8.656
DASPL(3)	192.778	66.519
Other	9.911	78.606
	207.776	214.223
Employee and transportation expenses payable to related parties		
Çe-Tur Çelebi Turizm Tic. A.Ş.(4)	2.997.939	867.876
Kamil Koç	1.520.496	910.681
Contribution to holding expenses (*)		
Çelebi Havacılık Holding(1)	21.396.972	12.352.395
(*)	Contribution paid to Çelebi Havacılık Holding A.Ş. for services legal counseling, financial consultancy and human resource consultancy provided to Çelebi Hava Servisi A.Ş. by Çelebi Havacılık Holding A.Ş.	
	1 January - 31 March 2019	1 January - 31 March 2018
Other purchases from related parties (*)		
Çelebi Havacılık Holding (1)	1.096.071	786.194
DASPL(3)(**)	2.043.660	1.200.581
Celebi Nas	2.139.783	553.767
Çe-Tur Çelebi Turizm Tic. A.Ş. (4)	61.712	37.200
Other	-	107.271
	5.341.226	2.685.013

(1) Parent Company

(2) Subsidiary of the Group

(3) Associate of the Group

(4) Other related party

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NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Significant Transactions with related parties (continued)

(*) Other purchases include vehicle rent, organizational cost and other expenses. Purchases ÇHH that are classified under other purchases from related parties are comprised of expenses directly related to the Company that are business development projects and tenders executed and followed up ÇHH.

As of March 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:

March 31, 2019	EUR	INR	Total TL
Celebi Nas (1)	-	94.392.000	7.689.172
Celebi Delhi Cargo (2)	-	336.000.000	27.370.560
CASI(3)	-	2.330.300.000	189.826.238
Celebi Cargo GmbH (4)	50.000	-	315.940
	50.000	2.760.692.000	225.201.910

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 March 31, 2019, the risk of the cash loan in the respective bank is amounting INR 1.621.822.525.
- (2) Guarantee at an equivalent amount to the loan amount is given to aforementioned banks for the financial liabilities sourcing from agreements concluded with related banks regarding long term cash project loan at an amount of cash INR 1.200.000.000 and non-cash INR 100.000.000 concluded between Celebi Delhi Cargo and two India resident banks and 30% portion of the owned by the Company are pledged on behalf of the bank. As of March 31, 2019, the risk of the cash loan in the respective bank is amounting INR 767.288.850.
- (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 March 31, 2019, the risk of the cash loan in the respective bank is amounting to INR 885.376.443.
- (4) In order to fulfill the financial obligations arising from the loan agreements signed between Celebi Cargo GmbH and banks resident in Germany, a guarantee of EUR 50.000 is given by the Company to the lender banks.

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Significant Transactions with related parties (continued)

Key management compensation:

The Group has determined key management personnel as members of board of directors, general manager and vice general managers, Compensation amounts have been classified as follow:

	1 January - 31 March 2019	1 January- 31 March 2018
Short-term employee benefits to key management	4.795.558	3.192.753
	4.795.558	3.192.753

NOTE 26 - FINANCIAL RISK MANAGEMENT

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, in other words, maintaining foreign exchange position close to zero.

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 Euro and USD.

As of 31 March 2019, other things being constant, if the TL was to appreciate/depreciate by 10% against the USD, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 3.560.297 (31 December 2018: TL 2.545.690).

As of 31 March 2019, other things being constant, if the TL was to appreciate/depreciate by 10% against the Euro, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 61.479.722 (31 December 2018: TL 24.713.835).

As of March 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 511.618 (December 31, 2018: TL 13.549).

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

	31 March 2019	31 December 2018
Assets denominated in foreign currency	479.155.053	421.665.982
Liabilities denominated in foreign currency (-)	(1.063.465.476)	(643.482.923)
Net balance sheet position	(584.310.423)	(221.816.941)

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

NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of the Group’s foreign currency denominated assets and liabilities as of 31 March 2019 and 31 December 2018:

31 March 2019	TL Equivalent (Functional Currency)	USD	Euro	GBP/British Pound
1. Trade receivables	113.952.773	3.275.825	15.115.438	503
2. Monetary financial assets (Cash, Bank Accounts)	222.582.117	2.069.547	33.323.952	49.962
3. Other	41.701.654	423.178	6.222.675	-
4. Current Assets(1+2+3)	378.236.544	5.768.550	54.662.065	50.465
5. Other	100.918.509	-	15.971.151	-
6. Non-current assets (5)	100.918.509	-	15.971.151	-
7. Total assets (4+6)	479.155.053	5.768.550	70.633.216	50.465
8. Trade payables	19.978.481	(1.180.338)	4.212.951	150
9. Financial liabilities	239.223.986	25.343	37.836.511	-
10. Other monetary liabilities	29.208.423	593.594	3.225.641	747.779
11. Current liabilities (8+9+10)	288.410.890	(561.401)	45.275.103	747.929
12. Financial liabilities	775.054.586	4.357	122.654.628	-
13. Other monetary liabilities	-	-	-	-
14. Non-current liabilities (12+13)	775.054.586	4.357	122.654.628	-
15. Total liabilities (11+14)	1.063.465.476	(557.044)	167.929.731	747.929
16 Net foreign currency asset/(liability) position (7-15)	(584.310.423)	6.325.594	(97.296.515)	(697.464)
17. Net monetary foreign currency asset/(liability) Position (7-15)	(584.310.423)	6.325.594	(97.296.515)	(697.464)

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

NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

December 31, 2018	TL Equivalent	USD	EUR	GBP
1. Trade receivables	114.065.107	3.684.404	15.707.005	-
2. Monetary financial assets	177.421.410	1.639.996	27.952.305	44.652
3. Other	33.905.367	215.996	5.436.137	-
4. Current Assets (1+2+3)	325.391.884	5.540.396	49.095.447	44.652
5. Other	96.274.098	-	15.971.151	-
6. Non-current assets (5)	96.274.098	-	15.971.151	-
7. Total assets (4+6)	421.665.982	5.540.396	65.066.598	44.652
8. Trade payables	37.792.363	471.529	5.857.780	150
9. Financial liabilities	200.228.549	28.652	33.191.409	-
10. Other monetary liabilities	13.901.365	188.929	2.069.654	64.868
11. Short-term liabilities (8+9+10)	251.922.277	689.110	41.118.843	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)	643.482.923	701.509	106.064.997	65.018
16. Net foreign currency asset/(liability) position (7-15)	(221.816.941)	4.838.887	(40.998.399)	(20.366)
17. Net monetary foreign currency asset/(liability) position (7-15)	(221.816.941)	4.838.887	(40.998.399)	(20.366)

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NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

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

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 consistent 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 calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents and deferred tax liability, Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The ratio of netdebt/ (equity+net debt at 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019	31 December 2018
Total financial liabilities	1.387.519.882	721.814.428
Less: Cash and cash equivalents	(256.278.897)	(197.023.791)
Less: Restricted cash	62.726.125	(51.444.157)
Net debt	1.193.967.110	473.346.480
Shareholder’s equity	483.806.242	353.087.514
Capital invested	1.677.773.352	826.433.994
Net debt / capital invested	0,71	0,57

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NOTE 27 - FINANCIAL INSTRUMENTS

Fair value estimation

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

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Group's assets and liabilities measured fair value at 31 March 2019 and 31 December 2018 are as follows:

31 March 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	166.650	166.650
<hr/>				
December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	166.650	166.650

NOTE 28 – SUBSEQUENT EVENTS

The General Directorate of the Company will continue its activities at the new General Directorate located at the cargo warehouse facilities at Istanbul Airport as of 02.05.2019.

In the scope of the major transportation carried out from Atatürk Airport to Istanbul Airport on April 5-6, 2019, the Company has moved the machinery, furniture and fixtures to the a total of 40.000 m2 of ground services and warehouse facilities, including 21.000 m2 of closed area, which is constructed in Istanbul Airport and started to serve the customers. Within the scope of the investments made by the Company at Istanbul Airport, ground services and warehouse capacity have doubled.

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 08 May 2019 (today), to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees (approximately EUR 4.1 million) will be made by the Company. Thus, in accordance with the social responsibility policies related to the Company's environmentally sensitive activities; "taxiing" services will be provided to airline carriers at the Delhi Indira Gandhi Airport within the framework of the "Green Initiative" movement, which has been adopted for the activities carried out at the airports in India via KSU. KSU expects that the technical equipment investment to be made in the next 5 years will be approximately 6 million Euros and KSU's average annual turnover is expected to be around 3.5 million Euros.