

# **ÇELEBİ HAVA SERVİSİ A.Ş.**

**1 January - 30 September 2013 interim condensed  
consolidated financial statements**

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

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Condensed consolidated statement of financial positions**  
**as at September 30, 2013**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

---

<b>Table of contents</b>	<b>Page</b>
<b>Condensed consolidated interim statement of financial position .....</b>	<b>1-2</b>
<b>Condensed consolidated interim statements of income .....</b>	<b>3</b>
<b>Condensed consolidated interim statements of other comprehensive income .....</b>	<b>4</b>
<b>Condensed consolidated interim statements of changes in shareholder’s equity .....</b>	<b>5-6</b>
<b>Condensed consolidated interim statements of cash flows .....</b>	<b>7</b>
<b>Notes to the condensed consolidated financial statements .....</b>	<b>8-73</b>
NOTE 1 ORGANIZATION OF THE GROUP AND NATURE OF OPERATIONS .....	8-10
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS .....	11-26
NOTE 3 SEGMENT REPORTING .....	26-32
NOTE 4 CASH AND CASH EQUIVALENTS .....	33
NOTE 5 FINANCIAL INVESTMENTS .....	33
NOTE 6 EQUITY ACCOUNTED INVESTEEES .....	34
NOTE 7 SHORT TERM AND LONG TERM FINANCIAL LIABILITIES .....	35-38
NOTE 8 TRADE RECEIVABLES AND PAYABLES .....	38-39
NOTE 9 OTHER RECEIVABLES AND PAYABLES .....	39-40
NOTE 10 PROPERTY, PLANT AND EQUIPMENT .....	41-42
NOTE 11 INTANGIBLE ASSETS .....	43-47
NOTE 12 PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES .....	47-51
NOTE 13 OTHER ASSETS AND LIABILITIES .....	52-53
NOTE 14 PREPAID EXPENSES .....	53
NOTE 15 DEFERRED INCOME .....	54
NOTE 16 LIABILITIES FOR EMPLOYEE BENEFITS .....	54
NOTE 17 EQUITY .....	55-56
NOTE 18 SALES AND COST OF SALES .....	57
NOTE 19 EXPENSES BY NATURE .....	57
NOTE 20 GENERAL ADMINISTRATIVE EXPENSES .....	58
NOTE 21 FINANCIAL INCOME .....	58
NOTE 22 FINANCIAL EXPENSES .....	58
NOTE 23 TAX ASSETS AND LIABILITIES .....	59-62
NOTE 24 EARNINGS PER SHARE .....	63
NOTE 25 TRANSACTIONS AND BALANCES WITH RELATED PARTIES .....	64-66
NOTE 26 FINANCIAL RISK MANAGEMENT .....	67-70
NOTE 27 FINANCIAL INSTRUMENTS .....	71-72
NOTE 28 DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS .....	72-73
NOTE 29 SUBSEQUENT EVENTS .....	73

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Condensed consolidated statement of financial positions**  
**as at September 30, 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		<i>(Unaudited)</i>	<i>Restated(*)</i> <i>(Audited)</i>
	Notes	30 September 2013	31 December 2012
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	73.090.250	46.417.682
Trade receivables		81.962.628	52.447.810
-Due from third parties	8	71.756.566	43.831.020
-Due from related parties	8	10.206.062	8.616.790
Other receivables		7.906.151	8.751.236
-Other receivables from third parties	9	7.906.151	8.751.236
Inventories		9.276.443	8.301.002
Prepaid expenses	14	11.863.064	6.874.667
Assets related to current year tax		2.256.169	2.112.032
Other current assets	13	10.001.251	9.829.547
<b>Total current assets</b>		<b>196.355.956</b>	<b>134.733.976</b>
<b>Non-current assets</b>			
Financial investments	5	1.377.608	1.383.442
Investments accounted by equity method	6	11.441.876	10.026.878
Other long-term receivables		10.619.716	10.367.489
-Due from third parties	9	10.619.716	10.367.489
Property, plant and equipment	10	135.769.848	142.341.126
Intangible assets		125.264.902	131.152.167
- Other intangible assets	11	102.835.530	111.269.519
- Goodwill	11	22.429.372	19.882.648
Prepaid expenses	14	21.707.420	26.602.822
Deferred tax asset	23	16.888.213	15.554.815
Other non-current assets	13	6.438.267	4.389.900
<b>Total non-current assets</b>		<b>329.507.850</b>	<b>341.818.639</b>
<b>Total assets</b>		<b>525.863.806</b>	<b>476.552.615</b>

(\*)Please refer to note 2.2

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Condensed consolidated statement of financial positions**  
**as at September 30, 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(Unaudited) 30 September 2013	Restated (*) (Audited) 31 December 2012
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term financial liabilities	7	10.949.056	5.425.393
Current portion of long term financial liabilities	7	99.399.246	99.377.156
Trade payables		38.858.017	28.843.072
-Due to third parties	8	34.131.351	25.999.630
-Due to related parties	8	4.726.666	2.843.442
Liabilities for employee benefits	16	10.991.477	12.072.307
Other payables	9	5.484.044	3.642.598
- Due to third parties		5.484.044	3.642.598
Deferred income	15	8.348.657	18.773.139
Provisions		3.265.762	3.755.212
- Provisions for employee benefits	12	-	228.922
- Other provisions	12	3.265.762	3.526.290
Current tax liabilities	23	6.555.176	-
Other current liabilities	13	2.482.852	4.282.250
<b>Total current liabilities</b>		<b>186.334.287</b>	<b>176.171.127</b>
<b>Non-Current Liabilities</b>			
Long-term financial liabilities	7	229.261.379	188.181.163
Deferred income	15	406.195	3.080.744
Other non-current payables	9	3.922.634	970.476
Deferred income tax liabilities	23	6.198.980	5.628.521
Provisions		9.228.869	7.750.206
-Provisions for employee benefits	12	9.228.869	7.750.206
Other non-current liabilities	13	38.607.867	30.696.222
<b>Total non-current liabilities</b>		<b>287.625.924</b>	<b>236.307.332</b>
<b>Total liabilities</b>		<b>473.960.211</b>	<b>412.478.459</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>45.166.678</b>	<b>55.975.098</b>
Share Capital	17	24.300.000	24.300.000
Other comprehensive income/(expense) not to be reclassified to profit or loss		(926.882)	362.943
- Actuarial gain/(loss) arising from defined benefit plans		(926.882)	362.943
Other comprehensive income/(expense) to be reclassified to profit or loss		935.427	1.141.212
- Foreign currency translation differences		935.427	1.141.212
Restricted reserves	17	28.274.456	26.573.456
Retained earnings		(17.162.049)	(17.386.979)
Net profit/ (loss) for the year		9.745.726	20.984.466
<b>Non-controlling interest</b>		<b>6.736.917</b>	<b>8.099.058</b>
<b>Total equity</b>		<b>51.903.595</b>	<b>64.074.156</b>
<b>Total liabilities and equity</b>		<b>525.863.806</b>	<b>476.552.615</b>

Contingent assets and liabilities

(\*)Please refer to note 2.2

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Condensed consolidated profit or loss statement**  
**for the nine month interim period ended September 30, 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(Unaudited) 1 January - 30 September 2013	1 July - 30 September 2013	Restated (*) (Unaudited) 1 January - 30 September 2012	Restated (*) 1 July - 30 September 2012
<b>CONTINUING OPERATIONS</b>					
Revenue (net)	18	394.175.759	161.587.943	398.826.592	161.365.194
Cost of sales (-)	18	(287.107.878)	(103.875.050)	(290.186.029)	(108.105.532)
<b>GROSS PROFIT</b>	<b>18</b>	<b>107.067.881</b>	<b>57.712.893</b>	<b>108.640.563</b>	<b>53.259.662</b>
General administrative expenses (-)	20	(59.622.016)	(18.605.701)	(59.877.125)	(18.195.855)
Other operating income		12.201.793	7.802.049	3.612.650	844.470
Other operating expenses (-)		(5.140.623)	(1.919.065)	(5.229.900)	(1.826.401)
Income from investments accounted by Equity method	6	1.409.310	815.626	(449.849)	106.536
<b>OPERATING PROFIT</b>		<b>55.916.345</b>	<b>45.805.802</b>	<b>46.696.339</b>	<b>34.188.412</b>
Income from investment activities		375.661	186.249	507.886	239.837
Expense from investment activities (-)		(745.263)	(346.358)	(57.105)	(57.073)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME/(EXPENSE)</b>		<b>55.546.743</b>	<b>45.645.693</b>	<b>47.147.120</b>	<b>34.371.176</b>
Financial income	21	6.580.625	1.315.599	18.843.215	1.622.711
Financial expense (-)	22	(48.984.505)	(23.146.902)	(24.175.189)	(7.311.118)
<b>INCOME BEFORE TAX</b>		<b>13.142.863</b>	<b>23.814.390</b>	<b>41.815.146</b>	<b>28.682.769</b>
<b>Income tax expense</b>		<b>(5.585.138)</b>	<b>(4.296.277)</b>	<b>(9.643.301)</b>	<b>(5.862.813)</b>
Current tax expense	23	(6.193.830)	(3.961.688)	(11.892.169)	(6.437.320)
Deferred tax income/(expense)	23	608.692	(334.589)	2.248.868	574.507
<b>NET INCOME/ (EXPENSE)</b>		<b>7.557.725</b>	<b>19.518.113</b>	<b>32.171.845</b>	<b>22.819.956</b>
<b>Attributable to:</b>					
Non-controlling interest		(2.188.001)	(722.716)	(2.509.262)	(679.519)
Equity holder of the parent		9.745.726	20.240.829	34.681.107	23.499.475
		<b>7.557.725</b>	<b>19.518.113</b>	<b>32.171.845</b>	<b>22.819.956</b>
Earnings / (losses) per share (full TL)	24	0,004	0,008	0,014	0,010

(\*)Please refer to note 2.2

**ÇELEBİ HAVA SERVİSİ A.Ş.****Condensed consolidated other comprehensive income statement  
for the nine month interim period ended September 30, 2013**

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

	<b>(Unaudited)</b> <b>1 January -</b> <b>30 September</b> <b>2013</b>	<b>1 July -</b> <b>30 September</b> <b>2013</b>	<b>Restated(*)</b> <b>(Unaudited)</b> <b>1 January -</b> <b>30 September</b> <b>2012</b>	<b>Restated (*)</b> <b>1 July -</b> <b>30 September</b> <b>2012</b>
<b>Notes</b>				
<b>Net profit / (loss) for the period</b>	<b>7.557.725</b>	<b>19.518.113</b>	<b>32.171.845</b>	<b>22.819.956</b>
<b>Other comprehensive income/ (expense):</b>				
<b>To be reclassified to profit or loss</b>				
- Currency translation differences	(245.008)	247.400	(2.682.747)	2.086.065
<b>Not to be reclassified to profit or loss</b>				
-Actuarial gain/(loss) arising from defined benefit plans	(1.280.035)	(922.154)	287.188	153.839
<b>Other comprehensive income/(expense)</b>	<b>(1.525.043)</b>	<b>(674.754)</b>	<b>(2.395.559)</b>	<b>2.239.904</b>
<b>Total comprehensive income/(expense)</b>	<b>6.032.682</b>	<b>18.843.359</b>	<b>29.776.286</b>	<b>25.059.860</b>
<b>Total comprehensive income attributable to:</b>				
Non-controlling interest	(2.217.434)	(690.734)	(2.989.086)	(239.115)
Equity holders of the parent	8.250.116	19.534.093	32.765.372	25.298.975
	<b>6.032.682</b>	<b>18.843.359</b>	<b>29.776.286</b>	<b>25.059.860</b>

(\*) Please refer to note 2.2

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Consolidated statement of changes in equity**  
**for the nine month interim period ended 30 September 2013**

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

			Other comprehensive income/(expense) to be reclassified to profit or loss	Other comprehensive income/(expense) not to be reclassified to profit or loss	Retained earnings				
Notes	Share Capital	Restricted Reserves	Cumulative Translation Differences	Actuarial gain/(loss) arising from defined benefit plans)	Retained Earnings	Net profit / (loss) for the year	Equity attribute table to equity holders of the parent	Non- controlling interest	Total equity
<b>Balances at 1 January 2012 (Previously reported)</b>	<b>24.300.000</b>	<b>26.573.456</b>	<b>4.380.047</b>	<b>-</b>	<b>(23.472.276 )</b>	<b>7.623.634</b>	<b>39.404.861</b>	<b>11.077.361</b>	<b>50.482.222</b>
Effect of Adjustments- IAS 19 (Note 2.2)	-	-	-	243.628	(137.128)	(106.500)	-	-	-
<b>Balances at 1 January 2012 (restated)</b>	<b>24.300.000</b>	<b>26.573.456</b>	<b>4.380.047</b>	<b>243.628</b>	<b>(23.609.404)</b>	<b>7.517.134</b>	<b>39.404.861</b>	<b>11.077.361</b>	<b>50.482.222</b>
Transfers to retained earnings	-	-	-	-	7.517.134	(7.517.134)	-	-	-
Transactions related to non-controlling interests	-	-	-	-	(1.294.709)	-	(1.294.709)	1.294.709	-
<b>Other comprehensive income</b>									
-Change in foreign currency translation differences	-	-	(2.202.923)	-	-	-	(2.202.923)	(479.824)	(2.682.747)
-Change n Actuarial gain/(loss) arising from defined benefit plans	-	-	-	287.188	-	-	287.188	-	287.188
<b>Total other comprehensive income</b>	-	-	<b>(2.202.923)</b>	<b>287.188</b>	-	-	<b>(1.915.735)</b>	<b>(479.824)</b>	<b>(2.395.559)</b>
Net profit / (loss) for the period	-	-	-	-	-	<b>34.681.107</b>	<b>34.681.107</b>	<b>(2.509.262)</b>	<b>32.171.845</b>
<b>Total comprehensive income/ (expense)</b>	-	-	<b>(2.202.923)</b>	<b>287.188</b>	-	<b>34.681.107</b>	<b>32.765.372</b>	<b>(2.989.086)</b>	<b>29.776.286</b>
<b>Balances at 30 September 2012</b>	<b>24.300.000</b>	<b>26.573.456</b>	<b>2.177.124</b>	<b>530.816</b>	<b>(17.386.979)</b>	<b>34.681.107</b>	<b>70.875.524</b>	<b>9.382.984</b>	<b>80.258.508</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Consolidated statement of changes in equity**  
**for the nine month interim period ended 30 September 2013**

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

				Other comprehensive income/(expense) to be reclassified to profit or loss	Other comprehensive income/(expense) not to be reclassified to profit or loss	Retained earnings				
	Notes	Capital	Restricted Reserves	Cumulative translation differences	Actuarial gain/(loss) arising from defined benefit plans	Retained Earnings)	Net profit / (loss) for the period	Equity attribute table to equity holders of the parent	Non- controlling interests	Total equity
<b>Balances at 1 January 2013 (Previously reported)</b>										
		24.300.000	26.573.456	1.141.212	-	(17.143.351)	21.103.781	55.975.098	8.099.058	64.074.156
Effect of Adjustments- IAS 19(Note2.2)		-	-	-	362.943	(243.628)	(119.315)	-	-	-
<b>Balances at 1 January 2013 (Restated)</b>										
		24.300.000	26.573.456	1.141.212	362.943	(17.386.979)	20.984.466	55.975.098	8.099.058	64.074.156
The increase in consolidated equity of participations due to the subsidiaries taken into the scope of consolidation		-	-	-	-	-	-	-	667	667
Transfers to retained earnings	17	-	1.701.000	-	-	19.283.466	(20.984.466)	-	-	-
Transactions related to non-controlling interests		-	-	-	-	(854.626)	-	(854.626)	854.626	-
Dividends paid	17	-	-	-	-	(18.225.002)	-	(18.225.002)	-	(18.225.002)
Equity impact of the amortized joint venture		-	-	-	-	21.092	-	21.092	-	21.092
<b>Other comprehensive income</b>										
-Change in foreign currency translation differences		-	-	(205.785)	-	-	-	(205.785)	(39.223)	(245.008)
-Change in Actuarial gain/(loss) arising from defined benefit plans		-	-	-	(1.289.825)	-	-	(1.289.825)	9.790	(1.280.035)
<b>Total other comprehensive income</b>		-	-	<b>(205.785)</b>	<b>(1.289.825)</b>	-	-	<b>(1.495.610)</b>	<b>(29.433)</b>	<b>(1.525.043)</b>
Net profit / (loss) for the period		-	-	-	-	-	9.745.726	9.745.726	<b>(2.188.001)</b>	7.557.725
<b>Total comprehensive income/(expense)</b>		-	-	<b>(205.785)</b>	<b>(1.289.825)</b>	-	<b>9.745.726</b>	<b>8.250.116</b>	<b>(2.217.434)</b>	<b>6.032.682</b>
<b>Balances at 30 September 2013</b>										
		24.300.000	28.274.456	935.427	(926.882)	(17.162.049)	9.745.726	45.166.678	6.736.917	51.903.595



**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Consolidated statement of cash flows**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Unaudited	Restated (*)
		1 January–	1 January–
		30 September	30 September
	Notes	2013	2012
<b>A. Cash flows from operating activities</b>		<b>25.962.470</b>	<b>14.451.419</b>
Profit/(loss) before taxation		13.142.863	41.815.146
Adjustment for reconciliation of profit/(loss) before taxation		46.459.211	45.292.175
- Adjustment for depreciation and amortisation expense	10,11	25.384.373	23.410.066
- Adjustment for provisions	12	8.469.443	6.439.743
- Adjustment for interest income and expense	21,22	13.525.619	15.605.959
- Adjustment for (profit) on sales of property, plant and equipment, net		369.602	(450.781)
- Adjustments related to the fair value losses (gains)		(1.289.826)	287.188
<b>Changes in working capital</b>		<b>(27.103.702)</b>	<b>(69.362.549)</b>
- Adjustment for increase/decrease in inventories		(975.439)	(1.311.804)
- Adjustment for increase/decrease in trade receivables		(29.112.863)	(45.098.078)
- Adjustment for increase/decrease in other receivables related with operations		592.858	(9.330.881)
- Adjustment for increase/decrease in trade payables		10.377.651	(12.888.731)
- Adjustment for increase/decrease in other payables related with operations		(7.985.909)	(733.055)
- Adjustment for increase/decrease in working capital		-	-
<b>Cash flows from activities</b>		<b>32.498.372</b>	<b>17.744.772</b>
- Other cash inflow/outflow		(6.535.902)	(3.293.353)
<b>B. Cash flows from investing activities</b>		<b>(11.730.543)</b>	<b>(35.702.618)</b>
Cash inflows from the sale of property, plant and equipment and intangible assets	10,11	2.207.810	1.164.160
Cash outflows from the sale of property, plant and equipment and intangible assets	10,11	(9.982.463)	(34.136.617)
Cash outflow from the sale of other long-term assets		(3.955.890)	(2.730.161)
<b>C. Cash flows from financing activities</b>		<b>15.783.757</b>	<b>(32.195.808)</b>
Cash inflows from financial liabilities		46.625.969	(19.257.089)
Dividends paid	17	(18.225.002)	-
Interest paid		(14.530.017)	(14.889.003)
Net (decrease)/ increase in cash and cash equivalents		4.128.196	11.451.634
<b>D. Impact of foreign currency translation differences on cash and cash equivalents</b>		<b>(3.339.386)</b>	<b>4.855.904</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>30.804.494</b>	<b>(37.139.469)</b>
<b>E. Cash and cash equivalents at beginning of period</b>		<b>32.519.076</b>	<b>68.025.683</b>
<b>Cash and cash equivalents at end of period</b>	4	<b>63.323.570</b>	<b>30.886.214</b>

(\*)Please refer to note 2.2

## **ÇELEBİ HAVA SERVİSİ A.Ş.**

### **Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013**

(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 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 address of the Company is as follows:

Anel İş Merkezi Saray Mahallesi Site Yolu Sokak No:5 Kat:9  
34768 Umraniye / İstanbul

The liquidation process which started upon the resolution taken at the ordinary general assembly meeting in 2011 of Çelebi IC Antalya Havalimanı Terminal Yatırım İşletme A.Ş. ("Çelebi IC Yatırım") in liquidation with a share capital of TL 50.000, 49,99% of which is owned by the Company, has ended and was concluded legally on 11 September 2013.

The Company has consolidated Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. ("Çelebi Güvenlik") in which it holds 94,8% of shares. Çelebi Güvenlik maintains security at the Terminal and provides security services to the airline companies.

The Company has also participated in a tender offer as of 7 July 2006 called by the Budapest Airport Budapest Ferihegy Nemzetközi Repülőtér Üzemeltető Zártkörűen Működő Részvénytársaság ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi és Szolgáltatás Korlátolt Felelősségű Társaság ("BAGH") company that provides ground handling services at Budapest Airport and in which ("Ba Zrt") has a 100% share. The Company was informed of winning the tender offer on 14 July 2006 and participates in the Celebi Tanácsadó Korlátolt Felelősségű Társaság ("Celebi Kft") company that was founded on 22 September 2006 as founding shareholder for the realization of the abovementioned share transfer. Celebi Kft acquired all the shares of BAGH on 26 October 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Foldi Kiszolgáltató Korlátolt Felelősségű Társaság ("CGHH"). Celebi Kft has been taken over by CGHH with all assets and liabilities and merger transactions have been completed at 31 October 2007 after the completion of the registration, related changes in Articles of Association and General Assembly decisions carried out within the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital. As of 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding A.Ş. for TL 33.712.020.

As a result shareholding percentage of the Company has increased to 100% and CGHH was fully consolidated to the financial statements and this transaction was accounted for as an equity transaction disclosed as "Additional contribution to shareholders equity related to share purchase" on the consolidated financial statements. As of September 30, 2013, total paid in capital of CGHH is 200.000.000 Hungarian forint.

## **ÇELEBİ HAVA SERVİSİ A.Ş.**

### **Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013**

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

---

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

Within the framework of the tender relating to provide ground handling services for 10 years period in Mumbai Chhatrapati Shivaji International Airport in India which resulted in favor of the consortium in which the Company takes part, a joint venture company has been established on 12 December 2008 with a capital of 100.000.000 Indian Rupee and the title of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai India to provide ground handling services. The Company, as co-founder, has a 55% stake in Celebi Nas and the capital of the company is amounting to 552.000.000 Indian Rupee. Also 228.000.000 Indian Rupee has been paid as capital advance which has been registered by Celebi Nas' partners yet.

The Company participated as a co-founders 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 6 May 2009, and its capital share in Celebi Delhi Cargo is 74%. The paid capital of the Celebi Delhi Cargo is amounting to 720.000.000 Indian Rupee.

The equity needed to meet financial requirement of the investments planned and the fulfillment of the requirements arising from the Concession Agreement signed by Celebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), established in 18 November 2009, with a paid-in capital amounting to 16.900.000 Indian Rupee and in which the Company participated at 74%, with the tender authority upon winning the tender opened for the conduct of airport ground handling services in Delhi International Airport for 10 years, was met through a premium capital increase according to the legal legislation in India by paying 1.006.992.000 Indian Rupee and the Company has a 74% stake in Celebi GH Delhi.

The Company participated 16,67% of company Delhi Aviation Services Private Limited ("DASPL") with capital of 250.000.000 Indian Rupee under the title Celebi GH Delhi to carry out activities relating to the development, modernization and standardization to the international standards of air-conditioning, power generators and water system on passenger bridges on the airport

As of 25 March 2010, the Company participated 100% of a company that was established in Madrid, Spain under the title "Celebi Ground Handling Europe" ("Celebi Spain") with the capital of 10.000 Euro as a founding partner for the purpose of investing business in foreign countries, especially those in the European Union such as Troy Airport Services located in Poland of which the company owns %100 Shares but Celebi Europe has not started its operations yet.

The Company acquired shares of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo"), owning TL 150.000 paid capital, having a nominal value of TL 144.000 from Çelebi Holding A.Ş., with cash amounted to TL 146.880 (1 TL nominal value: 1,02 TL) as of 20 July 2010, Çelebi Kargo was established as of 20 November 2008 to provide cargo storage and handling services in storage and warehouse facilities on rented area in Frankfurt Cargo City Süd by Celebi Cargo GmbH as of which is subsidiary of Çelebi Kargo with 100% shares, amounting 8.500.000 Euro paid capital, established in November 2009 located in Frankfurt, Germany. As of 30 September 2013 the capital of Çelebi Kargo has been increased to TL 20.000.000 was and totally paid.

**ÇELEBİ HAVA SERVİSİ A.Ş.****Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

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

As of 30 September 2013, the condensed interim consolidated financial statements of the Company include the Celebi Nas, CGHH, Çelebi Guvenlik, Celebi Delhi Cargo, Celebi GH Delhi, Çelebi Kargo and Celebi Cargo (collectively, referred to as the "Group").

These consolidated financial statements for the period 1 January – 30 September 2013 have been approved for issue by the Board of Directors on 8 November 2013 and signed by Koray Özbay (General Manager) and Deniz Bal (Financial Affairs Director) on behalf of Board of Directors. The shareholders of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

**Subsidiaries:**

The Company has the following subsidiaries. The nature of the business of the Subsidiaries and their respective geographical segments are as follows:

<b><u>Subsidiary</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Geographical segment</u></b>	<b><u>Nature of business</u></b>
Çelebi Guvenlik	Turkey	Turkey	Aviation and other security services
CGHH	Hungary	Hungary	Ground handling services
Celebi Delhi Cargo	India	India	Warehouse and cargo services
Celebi GH Delhi	India	India	Ground handling services
Celebi Spain	Spain	Spain	Ground handling services (inactive)
Çelebi Kargo	Turkey	Turkey	Warehouse and cargo services
Celebi Cargo GmbH	Germany	Germany	Warehouse and cargo services

**Investments Accounted by Equity Method:**

<b><u>Investments Accounted by Equity Method</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Geographical segment</u></b>	<b><u>Nature of business</u></b>
Celebi Nas	India	India	Ground handling services

**Affiliates:**

The Company has the following subsidiaries (the "Subsidiaries"). The nature of the business of the Subsidiaries and their respective geographical segments are as follows:

<b><u>Affiliates</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Geographical segment</u></b>	<b><u>Nature of business</u></b>
DASPL	India	India	Ground handling services

As of 30 September 2013 average number of personnel is 10.407 (31 December 2012: 11.118).

## **NOTE 2– BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

### **2.1. Basis of presentation**

#### **2.1.1 Financial reporting standards**

The condensed interim condensed 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”).

The Company has prepared its financial statements for the interim period ended September 30, 2013 in accordance with Turkish Accounting Standard, No 34 Interim Financial Reporting.

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 interim condensed financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by POA.(Note: 2.2)

The Company and the group companies established in Turkey, maintain their books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in accordance with rules and principles published by POA, the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These consolidated financial statements have been prepared under the historical cost convention except for available for sale financial assets that are carried at fair value. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards

#### **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 condensed consolidated financial statements are presented in TL, which are the functional currency of the Company and the presentation currency of the Group. As of 30 September 2013, the currency of subsidiaries has shown below.

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

---

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

<u>Company</u>	<u>Currency</u>
Çelebi Güvenlik	Turkish Lira (TL)
CGHH	Hungarian Forint (HUF)
Celebi Delhi Cargo	Indian Rupee (INR)
Celebi GH Delhi	Indian Rupee (INR)
Celebi NAS	Indian Rupee (INR)
Çelebi Kargo	Turkish Lira (TL)
Celebi Cargo GmbH	Euro (EUR)

**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 standards and interpretations**

The accounting policies adopted in preparation of the interim consolidated financial statements as at 30 September 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows:

**TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)**

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

- i) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and,
- ii) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the statement of financial position that have been offset according to TAS 32. Such disclosures are applicable to financial instruments in the statement of financial position that have not been offset according to TAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the interim condensed consolidated financial statements of the Group.

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

**TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income**

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Group.

**TAS 19 Employee Benefits (Amended)**

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Group used to recognize the actuarial gain and loss in profit and loss statement before this amendment. The Group, disclosed the retrospective effect of the changes for the period ended 30 September 2013. Additionally, based on the amendment in the presentation of short term employee benefits, vacation pay liability previously presented in the short term provisions has been reclassified to long term provision for employee benefits.

**TAS 27 Separate Financial Statements (Amended)**

As a consequential amendment to TFRS 10 and TFRS 12, the POA also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Group.

**TAS 28 Investments in Associates and Joint Ventures (Amended)**

As a consequential amendment to TFRS 11 and TFRS 12, the POA also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. The Group is in the process of assessing the impact of the new standard on the financial position and performance of the Group. The effects of this standard on the Group's financial position or performance is indicated in Note 2.2.

## **ÇELEBİ HAVA SERVİSİ A.Ş.**

### **Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013**

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

---

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

##### **TFRS 10 Consolidated Financial Statements**

TFRS 10, replaces the parts of previously existing TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has no significant impact on the financial position or performance.

##### **TFRS 11 Joint Arrangements**

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. The Group applied the relevant changes in its financial statements as at 30 September 2013 and accounted according to equity method. Additionally, the Group restated its comparative financial statements according to this standard

##### **TFRS 12 Disclosure of Interests in Other Entities**

TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Apart from the disclosures regarding the significant issues and transactions in the interim period, disclosures according to the new standards are not applicable to interim periods so the Group did not provide this disclosure in the interim period.

##### **TFRS 13 Fair Value Measurement**

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted. Some of the disclosures about the financial instruments mentioned above, have to be provided in the interim condensed consolidated financial statements according to TAS 34.16 A (j). The Group is in the process of assessing the impact of the new standard on the financial position and performance of the Group (Note 27).

##### **TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group



## **ÇELEBİ HAVA SERVİSİ A.Ş.**

### **Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013**

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

---

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

##### **Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)**

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as ‘the beginning of the annual reporting period in which TFRS 10 is applied for the first time’. The assessment of whether control exists is made at ‘the date of initial application’ rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons POA has also amended application guidance of TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities to provide transition relief. The Group has reflected the effects of the Standard on its financial position and performance to financial statements.

##### **Improvements to TFRSs**

Annual Improvements to TFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Group

##### *TAS 1 Financial Statement Presentation:*

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

##### *TAS 16 Property, Plant and Equipment:*

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

##### *TAS 32 Financial Instruments: Presentation:*

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

##### *TAS 34 Interim Financial Reporting:*

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual financial statements for that reportable segment.

##### **Standards issued but not yet effective and not early adopted**

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

## **ÇELEBİ HAVA SERVİSİ A.Ş.**

### **Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013**

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

---

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

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

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company / the Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

##### **TFRS 9 Financial Instruments – Classification and measurement**

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income.

Early adoption is permitted. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

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

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

##### **IFRS 10 Consolidated Financial Statements (Amendment)**

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

## **ÇELEBİ HAVA SERVİSİ A.Ş.**

### **Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013**

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

---

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

##### **IFRIC Interpretation 21 Levies**

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The interpretation is not applicable for the Group and accordingly it does not have any impact on the financial position or performance of the Group.

##### **IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)**

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

##### **IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)**

In September 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

##### **Resolutions promulgated by the Public Oversight Authority**

In addition to those mentioned above, the POA has promulgated the following resolutions regarding the implementation of Turkish Accounting Standards. “Illustrative financial statement and user guide” became immediately effective at its date of issuance; however, the other resolutions shall become effective for the annual reporting periods beginning after December 31, 2012.

##### **2013-1 Illustrative Financial Statement and User Guide**

The POA promulgated “illustrative financial statement and user guide” on May 20, 2013 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply IAS, excluding financial institutions established to engage in banking, insurance, private pensions or capital market. The Group made reclassifications stated in Note 2.2.1. in order to comply with the requirements of this regulation.

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

**2013-2 Accounting of Combinations under Common Control**

In accordance with the resolution it has been decided that i) combination of entities under common control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred. These resolutions did not have an impact on the financial statements of the Group. The Group made reclassifications stated in Note 2.2.1. in order to comply with the requirements of this regulation.

**2013-3 Accounting of Redeemed Share Certificates**

Clarification has been provided on the conditions and circumstances where the redeemed share certificates shall be recognized as a financial liability or equity based financial instruments. These resolutions did not have an impact on the financial statements of the Group.

**2013-4 Accounting of Cross Shareholding Investments**

If a subsidiary of a parent entity holds shares of the parent, then this is defined as cross shareholding investment and accounting of this cross investment is assessed based on the type and different recognition principles adopted. With the subject resolution, this topic has been assessed under three main headings as explained below and the recognition principles have been determined for each of them.

- i) the subsidiary holding the equity based financial instruments of the parent,
- ii) the associates or joint ventures holding the equity based financial instruments of the parent,
- iii) the parent’s equity based financial instruments are held by an entity, which is accounted as an investment within the scope of IAS 39 and IFRS 9 by the parent

These resolutions did not have an impact on the financial statements 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.

## **ÇELEBİ HAVA SERVİSİ A.Ş.**

### **Notes to the condensed consolidated financial statements**

#### **for the nine month interim period ended 30 September 2013**

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

---

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

##### **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.
- 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.

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

The table below sets out all Subsidiaries and demonstrates their shareholding structures:

<u>Subsidiary</u>	<u>Direct and indirect shareholding by Celebi Hava and its Subsidiaries(%)</u>	
	<u>30 September2013</u>	<u>31 December 2012</u>
Çelebi Güvenlik (2)	94,8	94,8
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
Celebi GH Delhi	74,0	74,0
Celebi Spain (1)	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo GmbH	99,9	99,9

(1) As of 30 September 2013 Celebi Spain has directly and indirectly 100% voting right. However, Celebi Europe 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 as of 31 December 2012 (Note 5)

(2) Regarding the sale of the whole amount of the shares of Çelebi Güvenlik, which was announced by the Group through the material disclosure dated May 29, 2013, since the preconditions necessary for the closing within the frame of the regulations and legislations which Çelebi Güvenlik is contingent upon could not be fulfilled by the buyer within the time frame projected in the contract, the subject sale procedure was cancelled. As of September 30, 2013, since there is no final decision regarding the liquidation or sale of Çelebi Güvenlik, it was continued to be consolidated in the condensed financial statements

c) 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.

d) Joint ventures are accounted by the equity method.

<u>Investments Accounted by Equity Method</u>	<u>Direct and indirect shareholding by Çelebi Hava (%)</u>	
	<u>30 September2013</u>	<u>31 December2012</u>
Çelebi IC Antalya In Liquidation		
Havalimanı Terminal Yatırım ve İşletme A.Ş (*)	-	%49,99
Celebi Nas	%55,00	%55,00

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements

### for the nine month interim period ended 30 September 2013

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

---

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

(\*) The liquidation process which started upon the resolution taken at the ordinary general assembly meeting in 2011 of jointly controlled Çelebi IC Yatırım with a share capital of TL 50.000, 49,00% of which the Company is a shareholder, has ended and was concluded legally on September 11, 2013

- e) 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.
- f) Unrealized revenue transactions with the joint ventures have been eliminated by the rate of the controlling power of the Group over the Affiliate. Dividends from the shares the Company owns have also been eliminated from the related equity and income statement accounts.

#### 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 30 September 2013 comparatively with the consolidated statement of financial position as of 31 December 2012, presented the consolidated statement of comprehensive income, comprehensive income consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ended 30 September 2013 comparatively with the consolidated financial statements for the interim period ended 30 September 2012.

Pursuant to the decree taken in the CMB's meeting dated June 7, 2013 and numbered 20/670, for capital market board institutions within the scope of the Communiqué on Principles Regarding Financial Reporting in the Capital Market, financial statement templates and a user guide have been published, effective as of the interim periods ended after March 31, 2013. Various classifications were made in the Group's statement of financial position pursuant to these formats which have taken effect.

The classifications made in the condensed consolidated financial statement of the Group dated December 31, 2012 and the condensed consolidated profit or loss statement and other comprehensive income statement for the accounting period ended September 30, 2013 and the impacts of the amendments in IFRS 11 and IAS 19 are summarized in the following disclosures and statements;

-Receivables from third parties amounting to TL 209.154 shown in other current assets were classified as other receivables in the statement of financial position.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

---

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

-Short-term prepaid expenses amounting to TL 6.874.667 shown in other current assets were classified as a separate account in the statement of financial position.

-Assets related with current year tax amounting to TL 2.112.032 shown in other current assets were classified as a separate account in the statement of financial position.

-Fixed asset advances amounting to TL 6.460.466 shown in other current assets were classified as a long-term prepaid expenses.

-Long-term prepaid expenses amounting to TL 19.689.915 shown in other non-current assets were classified as a separate account in the statement of financial position.

-Fixed asset advances amounting to TL 452.411 shown in property, plant and equipment were classified as a long-term prepaid expenses.

-Short-term portion of long-term borrowings amounting to TL 99.377.156 in short-term borrowings in the statement of financial position are shown as a separate account.

-Accruals borrowings amounting to TL 9.893.565 in other short-term borrowings in the statement of financial position are shown as a trade payables account.

Deferred revenues amounting to TL 16.631.062, shown under other short term liabilities, calculated in accordance with TFRIC 12 and advances taken for placed orders amounting to TL 2.142.077 are shown as a different account under deferred short term income in the statement of financial position.

- Wages and salaries payable amounting to TL 7.468.988, employee taxes payable amounting to TL 3.277.806 and accrued bonus payable amounting to TL1.325.513 shown under other liabilities are classified under liabilities for employee benefits as a separate account.

- Deferred insurance claim recovery amounting to TL 2.673.900 and short term deferred revenue amounting to TL 406.844 shown in other long-term financial liabilities in the statement of financial position as a separately.

-Income from the sale of fixed assets amounting to TL 507.886 shown under other operating income shown under income from investment activities as a separate account.

- Income from the sale of fixed assets amounting to TL 57.105 shown under other operating income was classified under income from investment activities

IFRS 11 "Joint Arrangements" (The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures The amendment is effective for the financial years starting after 1 January 2013 and the practice was applied retrospectively.

According to the amendments on IAS 19 "Employee Benefits", the actuarial gain/(loss) of employee benefits are recognized under other comprehensive income. The amendment is effective for the periods after 1 January 2013 and the Group applied the changes retrospectively.



**ÇELEBİ HAVA SERVİSİ A.Ş.****Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****The changes in the consolidated financial position as at 31 December 2012:**

	Previously reported 31.12.2012	Effect of changes in presentation according to CMB notification	Effect of IFRS 11 amendment	Effect of IAS 19 amendment	Restated 31.12.2012
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	46.709.517	-	(291.835)	-	46.417.682
Trade receivables					
- Due from third parties	45.925.450	-	(2.094.430)	-	43.831.020
- Due from related parties	8.615.785	-	1.005	-	8.616.790
Other receivables					
-Due from third parties	9.003.609	209.154	(461.527)	-	8.751.236
Inventories	8.301.002	-	-	-	8.301.002
Prepaid expenses	-	6.874.667	-	-	6.874.667
Assets related to current year tax	-	2.112.032	-	-	2.112.032
Other current assets	25.769.700	(15.656.319)	(283.834)	-	9.829.547
<b>Total current assets</b>	<b>144.325.063</b>	<b>(6.460.466)</b>	<b>(3.130.621)</b>	<b>-</b>	<b>134.733.976</b>
<b>Non-current Assets</b>					
Financial investments	1.383.442	-	-	-	1.383.442
Other non-current receivables					
- Due from third parties	13.342.029	-	(2.974.540)	-	10.367.489
Property, plant and equipment	153.295.656	(452.441)	(10.502.089)	-	142.341.126
Other Intangible assets	112.698.089	-	(1.428.570)	-	111.269.519
Goodwill	19.882.648	-	-	-	19.882.648
Deferred tax assets	15.554.815	-	-	-	15.554.815
Prepaid expense	-	26.602.822	-	-	26.602.822
Investments accounted by equity method	-	-	10.026.878	-	10.026.878
Other non-current assets	25.068.874	(19.689.915)	(989.059)	-	4.389.900
<b>Total non-current assets</b>	<b>341.225.553</b>	<b>6.460.466</b>	<b>(5.867.380)</b>	<b>-</b>	<b>341.818.639</b>
<b>Total assets</b>	<b>485.550.616</b>	<b>-</b>	<b>(8.998.001)</b>	<b>-</b>	<b>476.552.615</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.**

**Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

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

	Previously reported 31.12.2012	Changes in presentation according to CMB notification	Effect of IFRS 11 amendment	Effect of IAS 19 amendment	Restated 31.12.2012
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short-term financial liabilities	109.291.229	(99.377.156)	(4.488.680)	-	5.425.393
Current portion of long term financial liabilities	-	99.377.156	-	-	99.377.156
Trade payables					
- Due to third parties	16.314.649	9.891.481	(206.500)	-	25.999.630
- Due to related parties	2.836.880	2.076	4.486	-	2.843.442
Liabilities for employee benefits	-	12.072.307	-	-	12.072.307
Other payables					
- Due to third parties	4.027.985	-	(385.387)	-	3.642.598
Deferred income	-	18.773.139	-	-	18.773.139
Provisions					
- Provisions for employee benefits	228.922	-	-	-	228.922
- Other provisions	13.848.897	(9.893.565)	(429.042)	-	3.526.290
Current tax liabilities	-	-	-	-	-
Other current liabilities	35.818.971	(30.845.438)	(691.283)	-	4.282.250
<b>Total current liabilities</b>	<b>182.367.533</b>	<b>-</b>	<b>(6.196.406)</b>	<b>-</b>	<b>176.171.127</b>
<b>Non-Current Liabilities</b>					
Long-term financial liabilities	190.876.297	-	(2.695.134)	-	188.181.163
Deferred income	-	3.080.744	-	-	3.080.744
Other non-current payables	970.476	-	-	-	970.476
Deferred income tax liabilities	5.628.521	-	-	-	5.628.521
Provisions	-	-	-	-	-
- Provisions for employee benefits	7.856.667	-	(106.461)	-	7.750.206
Other non-current liabilities	33.776.966	(3.080.744)	-	-	30.696.222
<b>Total non-current liabilities</b>	<b>239.108.927</b>	<b>-</b>	<b>(2.801.595)</b>	<b>-</b>	<b>236.307.332</b>
<b>Total liabilities</b>	<b>421.476.460</b>	<b>-</b>	<b>(8.998.001)</b>	<b>-</b>	<b>412.478.459</b>
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the parent</b>	<b>55.975.098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.975.098</b>
Share Capital	24.300.000	-	-	-	24.300.000
Other comprehensive income/(expense) not to be reclassified to profit or loss	-	-	-	-	-
- Actuarial gain/(loss) arising from defined benefit plans to gain or loss	-	-	-	-	-
Other comprehensive income/(expense) to be reclassified to profit or loss	-	-	-	362.943	362.943
- Foreign currency translation differences	1.141.212	-	-	-	1.141.212
Restricted reserves	26.573.456	-	-	-	26.573.456
Retained earnings	(17.143.351)	-	-	(243.628)	(17.386.979)
Net profit/ (loss) for the year	21.103.781	-	-	(119.315)	20.984.466
<b>Non-controlling interest</b>	<b>8.099.058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.099.058</b>
<b>Total equity</b>	<b>64.074.156</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64.074.156</b>
<b>Total liabilities and equity</b>	<b>485.550.616</b>	<b>-</b>	<b>(8.998.001)</b>	<b>-</b>	<b>476.552.615</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.****Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****The changes in statements of comprehensive income for the period ended 30 September 2012:**

	Previously reported 30.09.2012	Changes in presentation according to CMB notification	Effect of IFRS 11 amendment	Effect of IAS 19 amendment	Restated 30.09.2012
<b>CONTINUING OPERATIONS</b>					
Revenue (net)	408.568.231	-	(9.741.639)	-	398.826.592
Cost of sales (-)	(298.115.426)	-	8.216.584	(287.187)	(290.186.029)
<b>GROSS PROFIT</b>	<b>110.452.805</b>	<b>-</b>	<b>(1.525.055)</b>	<b>(287.187)</b>	<b>108.640.563</b>
General administrative expenses (-)	(61.094.272)	-	1.217.147	-	(59.877.125)
Other operating income	4.210.794	(507.886)	(90.258)	-	3.612.650
Other operating expenses (-)	(5.290.804)	57.105	3.799	-	(5.229.900)
Income from investments accounted by equity method	-	-	(449.849)	-	(449.849)
<b>OPERATING PROFIT</b>	<b>48.278.523</b>	<b>(450.781)</b>	<b>(844.216)</b>	<b>(287.187)</b>	<b>46.696.339</b>
Income from investment activities	-	507.886	-	-	507.886
Expense from investment activities	-	(57.105)	-	-	(57.105)
<b>Operating profit/(loss) before financial income/(expense)</b>	<b>48.278.523</b>	<b>-</b>	<b>(844.216)</b>	<b>(287.187)</b>	<b>47.147.120</b>
Financial income	19.105.240	-	(262.025)	-	18.843.215
Financial expense (-)	(25.281.430)	-	1.106.241	-	(24.175.189)
<b>INCOME BEFORE TAX</b>	<b>42.102.333</b>	<b>-</b>	<b>-</b>	<b>(287.187)</b>	<b>41.815.146</b>
<b>Income tax expense</b>	<b>(9.643.301)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9.643.301)</b>
Current tax expense	(11.892.169)	-	-	-	(11.892.169)
Deferred tax income	2.248.868	-	-	-	2.248.868
<b>NET INCOME/ (EXPENSE)</b>	<b>32.459.032</b>	<b>-</b>	<b>-</b>	<b>(287.187)</b>	<b>32.171.845</b>
<b>Attributable to:</b>					
Non-controlling interest	(2.509.262)	-	-	-	(2.509.262)
Equity holder of the parent	34.968.294	-	-	(287.187)	34.681.107
	<b>32.459.032</b>	<b>-</b>	<b>-</b>	<b>(287.187)</b>	<b>32.171.845</b>

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

**2.3. Summary of significant accounting policies**

Condensed consolidated financial statements for the period ended 30 September 2013, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 30 September 2013 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements except IFRS 11 and IAS 19 for the year ended 31 December 2012. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2012.

**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 management considers the Group within the views named geographic and operational segments. They are assessing the Group’s performance on an operating segment basis; Ground Handling Services, Security Services, Cargo and Warehouse Services, Terminal Construction and Management. Reportable operating segment revenues are Ground Handling Services, Security Services, Terminal Construction and Management and Cargo and Warehouse Services. The management assesses the performance of the operating segments based on a measure of EBITDA after IFRIC 12 effect and expense offsetting amount that does not have any cash-flow effect, regarding to operating leasing are excluded.

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**

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

**NOTE 3 - SEGMENT REPORTING (Continued)**

The segment information provided to the board of directors as of 30 September 2013 is as follows :

**1 January – 30 September 2013**

	Reportable Segments			Consolidation Adjustments	Consolidated
	Ground Handling Services	Airport Security Services	Cargo and Warehouse Services		
Revenue - net	287.784.624	799.408	106.038.445	(446.718)	394.175.759
Cost of sales	(201.237.164)	(1.037.266)	(85.213.401)	379.953	(287.107.878)
<b>Gross profit</b>	<b>86.547.460</b>	<b>(237.858)</b>	<b>20.825.044</b>	<b>(66.765)</b>	<b>107.067.881</b>
General administrative expenses	(45.912.383)	(193.350)	(13.986.327)	470.044	(59.622.016)
Addition: Depreciation and amortization	19.084.744	16.018	6.283.611	-	25.384.373
Addition: Operating lease equalization	94.350	-	5.888.772	-	5.983.122
Addition: Effect of IFRIC 12 shares	-	-	1.863.854	-	1.863.854
Addition: Prepaid allocation cost expense	866.304	-	-	-	866.304
Effect of EBITDA to investments accounted by equity method	3.680.858	-	24.034	-	3.704.892
<b>EBITDA</b>	<b>64.361.333</b>	<b>(415.190)</b>	<b>20.898.988</b>	<b>403.279</b>	<b>85.248.410</b>

**1 July – 30 September 2013**

	Reportable Segments			Consolidation Adjustments	Consolidated
	Ground Handling Services	Airport Security Services	Cargo and Warehouse Services		
Revenue – net	126.295.866	277.535	35.272.160	(257.618)	161.587.943
Cost of sales	(75.241.696)	(333.161)	(28.427.577)	127.384	(103.875.050)
<b>Gross profit</b>	<b>51.054.170</b>	<b>(55.626)</b>	<b>6.844.583</b>	<b>(130.234)</b>	<b>57.712.893</b>
General administrative expenses	(14.285.164)	(50.456)	(4.472.309)	202.228	(18.605.701)
Addition: Depreciation and amortization	6.372.895	5.232	2.110.529	-	8.488.656
Addition: Operating lease equalization	22.582	-	1.878.027	-	1.900.609
Addition: Effect of IFRIC 12 shares	-	-	610.631	-	610.631
Addition: Prepaid allocation cost expense	288.767	-	-	-	288.767
Effect of EBITDA to investments accounted by equity method	1.531.132	-	26.702	-	1.557.834
<b>EBITDA</b>	<b>44.984.382</b>	<b>(100.850)</b>	<b>6.998.163</b>	<b>71.994</b>	<b>51.953.689</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

### NOTE 3- SEGMENT REPORTING (Continued)

#### 1 January – 30 September 2012

	Reportable Segments			Consolidation Adjustments	Consolidated
	GroundHandling Services	Airport Security Services	Cargo and Warehouse Services		
Revenue - net	295.979.699	840.234	102.286.942	(280.283)	398.826.592
Cost of sales	(214.634.188)	(1.355.252)	(74.554.811)	358.222	(290.186.029)
<b>Gross profit</b>	<b>81.345.511</b>	<b>(515.018)</b>	<b>27.732.131</b>	<b>77.939</b>	<b>108.640.563</b>
General administrative expenses	(45.122.242)	(220.397)	(15.291.455)	756.969	(59.877.125)
Addition: Depreciation and amortization	17.181.995	21.613	6.206.458	-	23.410.066
Addition: Operating lease equalization	115.238	-	5.808.308	-	5.923.546
Addition: Effect of IFRIC 12 shares	-	-	2.185.751	-	2.185.751
Addition: Prepaid allocation cost expense	866.304	-	-	-	866.304
Effect of EBITDA to investments accounted by equity method	2.419.974	-	(96.343)	44.976	2.368.607
<b>EBITDA</b>	<b>56.806.780</b>	<b>(713.802)</b>	<b>26.544.850</b>	<b>879.884</b>	<b>83.517.712</b>

#### 1 July – 30 September 2012

	Reportable Segments			Consolidation Adjustments	Consolidated
	GroundHandling Services	Airport Security Services	Cargo and Warehouse Services		
Revenue - net	122.246.960	256.030	38.946.679	(84.475)	161.365.194
Cost of sales	(87.468.285)	(399.596)	(20.444.594)	206.943	(108.105.532)
<b>Gross profit</b>	<b>34.778.675</b>	<b>(143.566)</b>	<b>18.502.085</b>	<b>122.468</b>	<b>53.259.662</b>
General administrative expenses	(13.863.103)	(63.221)	(4.487.667)	218.136	(18.195.855)
Addition: Depreciation and amortization	5.347.393	5.811	2.607.323	-	7.960.527
Addition: Operating lease equalization	30.590	-	1.824.491	-	1.855.081
Addition: Effect of IFRIC 12 shares	-	-	712.594	-	712.594
Addition: Prepaid allocation cost expense	288.768	-	-	-	288.768
Effect of EBITDA to investments accounted by equity method	1.065.884	-	(28.689)	(67.390)	969.805
<b>EBITDA</b>	<b>27.648.207</b>	<b>(200.976)</b>	<b>19.130.137</b>	<b>273.214</b>	<b>46.850.582</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 3 - SEGMENT REPORTING (Continued)**

Reconciliation of EBITDA figure to income before tax is provided as follows:

	<b>1 January - 30 September 2013</b>	<b>1 July- 30 September 2013</b>	<b>1 January - 30 September 2012</b>	<b>1 July - 30 September 2012</b>
EBITDA for reported segments	85.248.410	51.953.689	83.517.712	46.850.582
Depreciation and amortization	(25.384.373)	(8.488.656)	(23.410.066)	(7.960.527)
Operating lease equalization	(5.983.122)	(1.900.609)	(5.923.546)	(1.855.081)
Effect of IFRIC 12	(1.863.854)	(610.630)	(2.185.751)	(712.594)
Other operating income	12.201.793	7.802.049	3.612.650	844.470
Other operating expenses (-)	(5.140.623)	(1.919.065)	(5.229.900)	(1.826.401)
Effect of allocation expense	(866.304)	(288.768)	(866.304)	(288.768)
EBITDA effect of equity accounted investees	(3.704.892)	(1.557.834)	(2.368.607)	(969.805)
Share of profit from equity accounted investees	1.409.310	815.626	(449.849)	106.536
<b>Operating profit</b>	<b>55.916.345</b>	<b>45.805.802</b>	<b>46.696.339</b>	<b>34.188.412</b>
Income from investment activities	375.661	186.249	507.886	239.837
Expenses from investment activities	(745.263)	(346.358)	(57.105)	(57.073)
Financial income	6.580.625	1.315.599	18.843.215	1.622.711
Financial expenses (-)	(48.984.505)	(23.146.902)	(24.175.189)	(7.311.118)
<b>Income before tax</b>	<b>13.142.863</b>	<b>23.814.390</b>	<b>41.815.146</b>	<b>28.682.769</b>

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.

<u>Total Assets</u>	<b>30 September 2013</b>	<b>31 December 2012</b>
Turkey	359.732.557	337.704.643
India	148.838.437	153.401.584
Hungary	62.061.143	56.927.008
Germany	21.931.784	20.436.696
<b>Segment Assets (*)</b>	<b>592.563.921</b>	<b>568.469.931</b>
Unallocated assets	71.160.326	40.175.349
Less: Inter-segment elimination	(137.860.441)	(132.092.665)
<b>Total assets as per consolidated financial statements</b>	<b>525.863.806</b>	<b>476.552.615</b>

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

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

---

**NOTE 3 SEGMENT REPORTING (Continued)**

<u>Total Liabilities</u>	<b>30 September 2013</b>	<b>31 December 2012</b>
Turkey	46.109.981	38.451.372
India	78.588.169	71.514.231
Hungary	8.717.801	8.582.963
Germany	4.667.070	3.985.119
<b>Segment liabilities (*)</b>	<b>138.083.021</b>	<b>122.533.685</b>
Unallocated liabilities	345.808.662	298.612.233
Less: Inter-segment elimination	(9.931.472)	(8.667.459)
<b>Total liabilities as per consolidated financial statements</b>	<b>473.960.211</b>	<b>412.478.459</b>

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



**ÇELEBİ HAVA SERVİSİ A.Ş.****Notes to the condensed consolidated financial statements****for the nine month interim period ended 30 September 2013**

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

**NOTE 3 - SEGMENT REPORTING (Continued)****Geographical Segments****Geographical Analysis for the interim period 1 January – 30 September 2013**

	<b>Turkey</b>	<b>Hungary</b>	<b>India</b>	<b>Germany</b>	<b>Total Combined</b>	<b>Intersegment Adjustment</b>	<b>Total</b>
Revenue	256.888.593	54.808.462	61.194.138	21.315.818	394.207.011	(31.252)	394.175.759
Cost of sales	(174.824.139)	(30.738.247)	(58.120.748)	(23.424.744)	(287.107.878)	-	(287.107.878)
Gross profit	82.064.454	24.070.215	3.073.390	(2.108.926)	107.099.133	(31.252)	107.067.881
General administrative expenses	(39.887.198)	(9.734.594)	(5.986.206)	(4.235.812)	(59.843.810)	221.794	(59.622.016)
Other operating income / expense-net	6.144.336	1.080.996	28.371	-	7.253.703	(192.533)	7.061.170
Profit from investments accounted under equity method	-	-	1.409.310	-	1.409.310	-	1.409.310
<b>Operating profit</b>	<b>48.321.592</b>	<b>15.416.617</b>	<b>(1.475.135)</b>	<b>(6.344.738)</b>	<b>55.918.336</b>	<b>(1.991)</b>	<b>55.916.345</b>

**Geographical Analysis for the period 1 July – 30 September 2013**

	<b>Turkey</b>	<b>Hungary</b>	<b>India</b>	<b>Germany</b>	<b>Total Combined</b>	<b>Intersegment Adjustment</b>	<b>Total</b>
Revenue	115.149.009	19.568.180	19.563.243	7.338.763	161.619.195	(31.252)	161.587.943
Cost of sales	(66.137.082)	(10.656.614)	(19.106.648)	(7.974.706)	(103.875.050)	-	(103.875.050)
Gross profit	49.011.927	8.911.566	456.595	(635.943)	57.744.145	(31.252)	57.712.893
General administrative expenses	(12.366.506)	(3.405.243)	(1.488.422)	(1.442.815)	(18.702.986)	97.285	(18.605.701)
Other operating income Expense (net)	4.722.014	1.052.871	205.564	-	5.980.449	(97.465)	5.882.984
Profit from investments accounted under equity method	-	-	815.626	-	815.626	-	815.626
<b>Operating profit</b>	<b>41.367.435</b>	<b>6.559.194</b>	<b>(10.637)</b>	<b>(2.078.758)</b>	<b>45.837.234</b>	<b>(31.432)</b>	<b>45.805.802</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.****Notes to the condensed consolidated financial statements****for the nine month interim period ended 30 September 2013**

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

**NOTE 3 - SEGMENT REPORTING (Continued)****Geographical Analysis for the interim period 1 January – 30 September 2012**

	<b>Turkey</b>	<b>Hungary</b>	<b>India</b>	<b>Germany</b>	<b>Total Combined</b>	<b>Intersegment Adjustment</b>	<b>Total</b>
Revenue	266.857.182	51.957.441	63.319.759	16.692.240	398.826.622	(30)	398.826.592
Cost of sales	(180.150.114)	(30.836.271)	(59.910.610)	(19.289.034)	(290.186.029)	-	(290.186.029)
Gross profit	86.707.068	21.121.170	3.409.149	(2.596.794)	108.640.593	(30)	108.640.563
General administrative expenses	(39.694.287)	(8.869.178)	(7.727.696)	(3.991.191)	(60.282.352)	405.227	(59.877.125)
Other operating income/Expense - net	(133.659)	(620.587)	(364.709)	(2.292)	(1.121.247)	(496.003)	(1.617.250)
Profit from investments accounted under equity method			(449.849)		(449.849)		(449.849)
<b>Operating profit</b>	<b>46.879.122</b>	<b>11.631.405</b>	<b>(5.133.105)</b>	<b>(6.590.277)</b>	<b>46.787.145</b>	<b>(90.806)</b>	<b>46.696.339</b>

**Geographical Analysis for the interim period 1 July – 30 September 2012**

	<b>Turkey</b>	<b>Hungary</b>	<b>India</b>	<b>Germany</b>	<b>Total Combined</b>	<b>Intersegment Adjustment</b>	<b>Total</b>
Revenue	112.670.907	18.984.533	22.528.083	7.181.671	161.365.194	-	161.365.194
Cost of sales	(68.731.567)	(10.755.933)	(21.429.775)	(7.144.305)	(108.061.580)	(43.952)	(108.105.532)
Gross profit	43.939.340	8.228.600	1.098.308	37.366	53.303.614	(43.952)	53.259.662
General administrative expenses	(12.223.699)	(3.028.080)	(1.701.610)	(1.299.575)	(18.252.964)	57.109	(18.195.855)
Other operating income/Expense - net	(202.925)	(444.592)	(291.473)	(2)	(938.992)	(42.939)	(981.931)
Profit from investments accounted under equity method	-	-	106.536	-	106.536	-	106.536
<b>Operating profit</b>	<b>31.512.716</b>	<b>4.755.928</b>	<b>(788.239)</b>	<b>(1.262.211)</b>	<b>34.218.194</b>	<b>(29.782)</b>	<b>34.188.412</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.****Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>30 September 2013</b>	<b>31 December 2012</b>
Cash	166.779	117.031
Banks		
–time deposit	54.272.113	24.620.534
–demand deposit	18.651.358	21.637.195
Other liquid assets	-	42.922
	<b>73.090.250</b>	<b>46.417.682</b>

Effective interest rates on TL, EUR, USD and INR denominated time deposits at 30 September 2013 are %7,32, %0,98, %1,95, %5,07. (31 December 2012: TL %8,40, EUR %2,39, USD %3,30, INR %4,75). The maturity days on TL, EUR, USD and INR denominated time deposits as of 30 September 2013 20-60 days for INR, EUR and USD, 1 day for TL. (31 December 2012: INR 20-60 days, TL, EUR and USD for 1-15 days)

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 30 September 2013 and 2012 are as follows:

	<b>30 September 2013</b>	<b>30 September 2012</b>
Cash and banks	73.090.250	50.232.380
Less: Interest Accruals	(4.168)	(298.865)
Less: Restricted cash (*)	(9.762.512)	(19.047.301)
	<b>63.323.570</b>	<b>30.886.214</b>

(\*) The mentioned amount represents the collections from the clients kept in mandatory restricted accounts according to the concession agreements signed for the operation of the terminals in New Delhi Airport in India (30 September 2012: TL 19.047.301).

**NOTE 5 - FINANCIAL INVESTMENTS****Available-for-sale assets:**

	<b>30 September 2013</b>		<b>31 December 2012</b>	
	<b>%</b>	<b>TL</b>	<b>%</b>	<b>TL</b>
DASPL	%16,67	1.357.083	%16,67	1.362.917
Celebi Spain (*)	%100,0	20.525	%100,0	20.525
		<b>1.377.608</b>		<b>1.383.442</b>

(\*) As at 30 September 2013, Celebi Spain is not material for the Group's financial statements at cost due to the failure and the company's operations have not started yet after deduction of depreciation not been consolidated in the consolidated financial statements and accounted for as available-for-sale financial assets are reflected in the financial statements.

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 6- EQUITY ACCOUNTED INVESTEEES**

	<b>30 September 2013</b>	<b>%</b>	<b>31 December 2012</b>
Çelebi Nas	11.441.876	55%	10.022.973
Çelebi IC Yatırım	-	49%	3.905
	<b>11.441.876</b>		<b>10.026.878</b>

The movement in the investments accounted by equity method during the periods ended 30 September 2013 and 2012 is as follows:

	<b>30 September 2013</b>	<b>30 September 2012</b>
<b>As of 1 January</b>	10.026.878	8.945.665
Share on profit / loss	1.409.310	(449.849)
Currency translation differences	(44.260)	(916.280)
Additions to equity accounted investees	-	1.991.453
Actuarial gains/losses fund from retirement plans	49.948	-
Equity effect of additional share purchase	-	849.034
<b>As of 30 September</b>	<b>11.441.876</b>	<b>10.420.023</b>

**Profit /loss from investments accounted under equity method:**

	<b>1 January - 30 September 2013</b>	<b>1 January - 30 September 2012</b>
Çelebi Nas	1.409.310	(447.946)
Çelebi IC Yatırım	-	(1.903)
	<b>1.409.310</b>	<b>(449.849)</b>

**Summary statement of equity accounted investees:**

	<b>30 September 2013</b>	<b>31 December 2012</b>
Total Assets	32.177.420	34.630.954
Total Liabilities	11.374.007	16.392.465
	<b>1 January - 30 September 2013</b>	<b>1 January - 30 September 2012</b>
Total Revenue	19.965.542	17.712.071
Profit / (Loss) for the period	2.562.382	(821.714)

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 7-SHORT TERM AND LONG TERM FINANCIAL LIABILITIES**

*Short-term financial liabilities:*

	30 September 2013		
	Effective Interest Rate(%)	Original Amount	TL
<i>Short-term borrowings:</i>			
TL borrowings	-	4.361.103	4.361.103
INR borrowings	5,45%-12,82%	85.000.092	2.768.453
<i>Other short term financial liabilities:</i>			
Derivative liabilities (*)			2.070.637
			9.200.193

(\*) 11 units of forward transactions to avoid the risk associated with cash flow with maturities differing between 1day and-161days Bank purchase amount is EUR 14.000.000 and bank selling the amount is TL 36.671.863.

*Short-term finance lease obligations*

Short-term finance lease obligations - US Dollar	74.882	152.333
Short-term finance lease obligations -Euro	580.894	1.596.530
<b>Total short-term finance lease obligations</b>		<b>1.748.863</b>
<b>Total short-term finance liabilities:</b>		<b>10.949.056</b>

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

Interest expense accrual - INR	6.591.986	214.701
Interest expense accrual - Euro	1.481.161	4.070.824
INR borrowings	5,45%-12,82%	449.567.187
Euro borrowings	Libor/Euribor+3,40%-6,50%	29.279.333
<b>Short-term portion of total long term borrowings:</b>		<b>99.399.246</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

*Long-term financial liabilities:*

		<b>30 September 2013</b>	
	<b>Effective interest rate (%)</b>	<b>Original amount</b>	<b>TL</b>
INR borrowings	5,45%-12,82%	1.659.234.510	54.041.268
Euro borrowings	Libor/Euribor+3,40%-6,50%	61.534.667	169.121.878
			<b>223.163.146</b>

*Long-term finance lease obligations:*

Long-term finance lease obligations – US Dollar	116.843	237.694
Long-term finance lease obligations - Euro	2.132.346	5.860.539
<b>Total long-term finance lease obligations</b>		<b>6.098.233</b>
<b>Total long-term financial liabilities</b>		<b>229.261.379</b>
<b>Total financial liabilities</b>		<b>339.609.681</b>

Short-term financial liabilities:

		<b>31 December 2012</b>	
	<b>Effective Interest Rate</b>	<b>Original amount</b>	<b>TL</b>
<i>Short-term borrowings:</i>			
INR borrowings	11,75%-12,82%	85.864.843	2.808.639

**Other short term financial liabilities:**

Derivative liabilities (*)	124.446
----------------------------	---------

(\*) 5 November 2012 is date of forward transactions for cash flow hedges, value date is 9 January 2013, bank purchase amount is EUR 2.000.000, bank selling amount is TL 4.589.000.

*Short-term finance lease obligations :*

Short-term finance lease obligations - Euro	1.003.480	2.359.885
Short-term finance lease obligations – US Dolar	74.286	132.423
<b>Total short-term finance lease obligations</b>		<b>2.492.308</b>
<b>Total short-term finance liabilities:</b>		<b>5.425.393</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

<b>31 December 2012</b>			
	<b>Effective Interest Rate</b>	<b>Original Amount</b>	<b>TL</b>
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual - US Dollar	-	19.954	35.570
Interest expense accrual - Euro	-	980.910	2.306.806
Interest expense accrual - INR	-	26.120.300	854.395
US Dollar borrowings	Libor+3,40%	2.000.000	3.565.200
Euro borrowings	Euribor+ 3,40% - Euribor+ 6,50%	33.282.666	78.270.846
INR borrowings	11,54%-15,75%	438.530.694	14.344.339

**Short-term portion of total long term borrowings** **99.377.156**

<b>31 December 2012</b>			
	<b>Effective Interest Rate</b>	<b>Original Amount</b>	<b>TL</b>
<i>Long-term financial liabilities:</i>			
INR borrowings	11,54%-15,75%	1.878.334.026	61.440.306
Euro borrowings	Euribor+ 3,40% - Euribor+ 6,50%	50.864.167	119.617.262

**Total long-term financial liabilities:** **181.057.568**

*Long-term finance lease obligations :*

Long-term finance lease obligations -Euro	2.898.317	6.815.971
Long-term finance lease obligations - US Dollar	172.570	307.624

**Total long-term finance lease obligations** **7.123.595**

**Total long-term financial liabilities:** **188.181.163**

**Total financial liabilities** **292.983.712**

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

	<b>30 September 2013</b>	<b>31 December 2012</b>
Less than 3 months	15.227.201	8.910.293
Between 3-12 months	95.121.101	95.892.256
Between 1-5 years	218.423.465	176.550.409
5 years and more	10.837.914	11.630.754
	<b>339.609.681</b>	<b>292.983.712</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

The redemption schedules of long-term bank borrowings as of 30 September 2013 and 31 December 2012 are as follows:

	<b>30 September 2013</b>	<b>31 December 2012</b>
Between 1-2 years	62.354.495	53.694.807
Between 2-3 years	78.750.826	43.554.597
Between 3-4 years	42.221.025	40.753.153
5 years and more	39.836.800	43.055.011
	<b>223.163.146</b>	<b>181.057.568</b>

The redemption schedules of financial lease obligations as of 30 September 2013 and 31 December 2012 are as follows:

	<b>30 September 2013</b>			<b>31 December 2012</b>		
	<b>Minimum lease payments</b>	<b>Interest</b>	<b>Total obligation</b>	<b>Minimum lease payments</b>	<b>Interest</b>	<b>Total obligation</b>
Less than 1 year	2.163.911	(415.048)	1.748.863	2.983.498	(491.190)	2.492.308
1 to 2 years	2.034.363	(302.529)	1.731.834	2.150.466	(397.356)	1.753.110
2 to 3 years	1.898.119	(197.333)	1.700.786	3.549.920	(432.411)	3.117.509
3 years and over	2.789.268	(123.655)	2.665.613	2.357.611	(104.635)	2.252.976
	<b>8.885.661</b>	<b>(1.038.565)</b>	<b>7.847.096</b>	<b>11.041.495</b>	<b>(1.425.592)</b>	<b>9.615.903</b>

**NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

	<b>30 September 2013</b>	<b>31 December 2012</b>
<b>Short-term trade receivables</b>		
Due from third parties	74.591.985	47.048.972
Less: Provision for doubtful receivables	(2.835.419)	(3.217.952)
<b>Trade receivables from third parties (net)</b>	<b>71.756.566</b>	<b>43.831.020</b>
<b>İlişkili taraflardan ticari alacaklar (Note 25)</b>	<b>10.206.062</b>	<b>8.616.790</b>
<b>Total short-term trade receivables</b>	<b>81.962.628</b>	<b>52.447.810</b>

The maturities of trade receivables are generally less than one month (31 December 2012: less than one month) The fair value of current trade receivables as of 30 September 2013 and 31 December 2012 equals their carrying amount as the impact of discounting is not significant.

The Group's previous experience in the collection of receivables has been considered in the provisions booked. Therefore, the Group does not foresee any additional trade receivable risk for the possible collection losses.



**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)**

Movement of provision for doubtful receivables is as follows:

	<b>30 September 2013</b>	<b>30 September 2012</b>
Opening balance	3.217.952	2.935.553
Cumulative translation differences	19.422	(18.060)
Collections and reversal of provisions	(401.955)	(27.654)
<b>Closing balance</b>	<b>2.835.419</b>	<b>2.889.839</b>

<b>Short-term trade payables</b>	<b>30 September 2013</b>	<b>31 December 2012</b>
Due to third parties	27.039.471	16.106.062
Accrued Liabilities	7.091.880	9.893.568
<b>Total trade payables to third parties</b>	<b>34.131.351</b>	<b>25.999.630</b>
Due to related parties (Note 25)	4.726.666	2.843.442
<b>Total short-term trade payables</b>	<b>38.858.017</b>	<b>28.843.072</b>

The fair value of short-term trade payables as of 30 September 2013 and 31 December 2012 equals their carrying amount as the impact of discounting is not significant.

**NOTE 9 - OTHER RECEIVABLES AND PAYABLES**

	<b>30 September 2013</b>	<b>31 December 2012</b>
<b>Other short-term receivables</b>		
Receivables from Tax Office	6.572.333	6.922.418
Deposits and guarantees given	685.784	1.507.727
Other short-term receivables	648.034	321.091
	<b>7.906.151</b>	<b>8.751.236</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**Notes to the condensed consolidated financial statements**  
**for the nine month interim period ended 30 September 2013**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Continued)**

	<b>30 September 2013</b>	<b>31 December 2012</b>
<b>Other long-term receivables</b>		
Deposits and guarantees given (*)	10.619.716	10.367.489
	<b>10.619.716</b>	<b>10.367.489</b>

(\*) As of 30 September 2013, the amount which was given for Group's subsidiaries and joint ventures in India, the Celebi GH Delhi, Celebi Delhi Cargo, Celebi Nas amounting to TL 6.683.594 (31 December 2012: TL 6.724.877) and TL 3.934.735 (31 December 2012: TL 3.642.226) as a deposit to the local authorities, companies and the amount which was shown in banks as blockage. As of 30 September 2013 there is no related amount of blockage. (31 December 2012: TL 2.041.226)

	<b>30 September 2013</b>	<b>31 December 2012</b>
<b>Other short-term payables</b>		
Other short-term payables (*)	5.340.612	3.251.728
Deposits received	143.432	390.870
	<b>5.484.044</b>	<b>3.642.598</b>

(\*) As of 30 September 2013; TL 5.340.612 (31 December 2012: TL 3.251.728) Celebi Delhi Cargo, a subsidiary of the Company in India, the other partner DIAL debts arising from the concession contract.

	<b>30 September 2013</b>	<b>31 December 2012</b>
<b>Other long-term payables</b>		
Deposits and guarantees received	3.922.634	970.476
	<b>3.922.634</b>	<b>970.476</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended 30 September 2013 are as follows:

	Opening 1 January 2013	Additions	Disposals	Transfers	Foreign currency translation differences	Closing 30 September 2013
<b>Cost</b>						
Plant, machinery and equipment	188.801.585	6.418.520	(1.528.260)	4.535	2.342.763	196.039.143
Motor vehicles	33.617.328	220.819	(2.247.084)	-	3.041.686	34.632.749
Furniture and fixtures	20.608.807	378.244	(230.886)	-	502.216	21.258.381
Leasehold improvements (*)	97.683.472	2.726.452	(1.245.464)	742.870	359.378	100.266.708
Construction in Progress	739.297	24.000	-	(747.405)	8.112	24.004
	<b>341.450.489</b>	<b>9.768.035</b>	<b>(5.251.694)</b>	<b>-</b>	<b>6.254.155</b>	<b>352.220.985</b>
<b>Accumulated depreciation</b>						
Plant, machinery and equipment	(115.539.733)	(8.451.836)	1.439.591	-	(871.380)	(123.423.358)
Motor vehicles	(19.976.849)	(1.894.886)	615.926	-	(2.001.779)	(23.257.588)
Furniture and fixtures	(14.818.571)	(1.314.706)	219.738	-	(214.468)	(16.128.007)
Leasehold improvements (**)	(48.774.210)	(5.223.298)	399.888	-	(44.564)	(53.642.184)
	<b>(199.109.363)</b>	<b>(16.884.726)</b>	<b>2.675.143</b>	<b>-</b>	<b>(3.132.191)</b>	<b>(216.451.137)</b>
<b>Net book value</b>	<b>142.341.126</b>					<b>135.769.848</b>

(\*) 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 30 September 2013 the net book value of these stations was TL 43.615.642. 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.

Depreciation expense for the period ended 30 September 2013 in the amount of TL 14.902.936 and TL 1.981.790 are respectively included in cost of sales and operating expenses.

There are net book value TL 8.123.797 worth of financial leasing assets in plant, machinery and equipment as of 30 September 2013.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 10 - PROPERTY, PLANT AND EQUIPMENTDİPNOT (Continued)

Movements in property, plant and equipment for the period ended 30 September 2012 are as follows:

	Opening 1 January 2012	Additions	Disposals	Transfers	Foreign currency translation differences	Closing 30 September 2012
<b>Cost</b>						
Plant, machinery and equipment	170.899.257	19.191.220	(1.001.974)	25.585	(1.439.654)	187.674.434
Motor vehicles	28.998.664	4.584.939	(43.370)	-	101.233	33.641.466
Furniture and fixtures	17.212.714	1.469.451	(282.269)	1.405.593	12.181	19.817.670
Leasehold improvements (*)	90.171.598	1.820.874		1.571.865	(48.938)	93.515.399
Construction in Progress	1.885.368	687.605		(2.284.221)	(102.936)	185.816
	<b>309.167.601</b>	<b>27.754.089</b>	<b>(1.327.613)</b>	<b>718.822</b>	<b>(1.478.114)</b>	<b>334.834.785</b>
<b>Accumulated depreciation</b>						
Plant, machinery and equipment	(105.536.891)	(7.782.619)	357.510	-	187.529	(112.774.471)
Motor vehicles	(17.177.796)	(1.971.635)	42.529	-	(171.798)	(19.278.700)
Furniture and fixtures	(13.454.825)	(1.138.983)	214.662	-	(19.194)	(14.398.340)
Leasehold improvements (**)	(42.516.126)	(4.191.662)		-	2.782	(46.705.006)
	<b>(178.685.638)</b>	<b>(15.084.899)</b>	<b>614.701</b>	<b>-</b>	<b>(681)</b>	<b>(193.156.517)</b>
<b>Net book value</b>	<b>130.481.963</b>			<b>-</b>		<b>141.678.268</b>

(\*) 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, 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 30 September 2012 the net book value of these stations was TL 44.007.550. 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.

Depreciation expense for the period ended 30 September 2012 in the amount of TL 13.000.992 and TL 2.083.907 are respectively included in cost of sales and operating expenses

There are net book value TL 9.376.911 worth of financial leasing assets in plant, machinery and equipment as of 30 September 2012.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 11 - INTANGIBLE ASSETS

##### Other Intangible Assets

	Opening 1 January 2013	Additions	Disposals	Foreign currency translation differences	Closing 30 September 2013
<b>Cost</b>					
Rights	12.453.583	-	(1.743)	(773.594)	11.678.246
Customer relations	32.379.129	-	-	4.346.464	36.725.593
Software	7.358.230	214.428	-	1.104.067	8.676.725
Concession rights (**)	61.327.682	-	-	(262.484)	61.065.198
Build-operate-transfer investments (*)	47.997.672	-	-	(205.432)	47.792.239
	<b>161.516.296</b>	<b>214.428</b>	<b>(1.743)</b>	<b>4.209.021</b>	<b>165.938.001</b>
<b>Accumulated depreciation</b>					
Rights	(1.648.776)	(462.788)	882	311.969	(1.798.713)
Concession rights (**)	(7.925.520)	(1.862.654)	-	35.635	(9.752.539)
Customer relations	(28.606.362)	(3.546.095)	-	(4.228.806)	(36.381.263)
Software	(4.890.610)	(798.430)	-	(508.121)	(6.197.161)
Build-operate-transfer investments (*)	(7.175.509)	(1.829.680)	-	32.394	(8.972.795)
	<b>(50.246.777)</b>	<b>(8.499.647)</b>	<b>882</b>	<b>(4.356.929)</b>	<b>(63.102.471)</b>
<b>Net book value</b>	<b>111.269.519</b>				<b>102.835.530</b>

(\*) TL 33.377.282 which is difference between discounted present value of deposit paid with interest rate, 11.46%, and the deposit amounting to INR 1.200.000.000, additionally INR 78.148.352, 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 5.442.161 which is difference between discounted present value of deposit paid with interest rate, 10.82%, and the deposit amounting to INR 400.000.000 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.

(\*\*) Celebi Delhi Cargo within the scope of the concession agreement signed between DIAL and refers to spending on fixed assets recognized in accordance with IFRIC 12.

Amortization expense for the period ended 30 September 2013 in the amount of TL 3.855.363 and TL 4.644.284 are included in operating expenses and cost of sales.

# ÇELEBİ HAVA SERVİSİ A.Ş.

## Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

### NOTE 11 - INTANGIBLE ASSETS (Continued)

#### Other Intangible Assets

Movements in intangible assets for the period ended 30 September 2012 are as follows:

	Opening 1 January 2012	Additions	Disposals	Foreign currency translation differences	Closing 30 September 2012
<b>Cost</b>					
Rights	9.594.834	2.898.482	(3.629)	(41.176)	12.448.511
Customer relations	31.661.370	-	-	598.136	32.259.506
Software	6.532.048	311.957	3.629	19.342	6.866.976
Concession rights (**)	63.235.826	-	-	(3.400.919)	59.834.907
Build-operate-transfer investments (*)	49.807.508	2.453.267	-	(2.693.019)	49.567.756
	<b>160.831.586</b>	<b>5.663.706</b>	<b>-</b>	<b>(5.517.636)</b>	<b>160.977.656</b>
<b>Accumulated depreciation</b>					
Rights	(820.949)	(621.107)	-	7.625	(1.434.431)
Concession rights (**)	(5.534.069)	(1.837.836)	-	308.341	(7.063.564)
Customer relations	(23.449.180)	(3.388.443)	-	(510.926)	(27.348.549)
Software	(4.056.358)	(606.971)	-	(10.622)	(4.673.951)
Build-operate-transfer investments	(5.197.907)	(1.870.810)	-	290.454	(6.778.263)
	<b>(39.058.463)</b>	<b>(8.325.167)</b>	<b>-</b>	<b>84.872</b>	<b>(47.298.758)</b>
<b>Net book value</b>	<b>121.773.123</b>				<b>113.678.898</b>

(\*) TL 36.253.939 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.200.000.000, 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.

As of 2 June 2010, TL 6.535.554 which is difference between discounted present value of deposits paid with interest rate, 10,82%, and the deposit amounting to INR 400.000.000 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.

Amortization expense for the period ended 30 September 2012 in the amount of TL 3.787.889 and TL 4.537.278 are included in operating expenses and cost of sales.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 11 - INTANGIBLE ASSETS (Continued)

##### Goodwill

Positive goodwill at 30 September 2013 and 31 December 2012 is as follows:

	30 September 2013	31 December 2012
Goodwill due to acquisition of CGHH	21.518.649	18.971.925
Celebi Nas due to acquisition of Celebi Nas addition share	910.723	910.723
	<b>22.429.372</b>	<b>19.882.648</b>

##### Goodwill due to acquisition of CGHH

The Company participated in the tender offer on 7 July 2006 opened by the Budapest Airport Budapest Ferihegy Nemzetközi Repülőtér Üzemeltető Zártkörűen Működő Részvénytársaság ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság ("BAGH") company that provides ground handling services at Budapest Airport and in which ("Ba Zrt") has a 100% share. The company was informed of winning the tender offer on 14 July 2006 and is participating in the Celebi Tanácsadó Korlátolt Felelősségű Társaság ("Celebi Kft") company founded on 22 September 2006 as a founding shareholder for the realization of the abovementioned share transfer. The trade name of the company BAGH was changed to Celebi Ground Handling Hungary Foldi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH") after the acquisition dated 26 October 2006.

After the studies of the independent valuation company named American Appraisal Hungary Ltd., fair value of the net assets of CGHH was determined to be TL 31.287.893 as of 26 October 2006 and acquired by Celebi Kft at a price of TL 49.448.419 which is the TL equivalent of 6.691.261 thousand Hungarian Forint (EUR 25.593.870). The acquisition has been accounted for according to the clauses of IFRS 3 "Business Combinations" and the goodwill amounting to TL 18.160.526 projected after the acquisition has been reflected in the financial statements at 31 December 2006.

The whole amount of goodwill is related to the acquisition of BAGH Company by Celebi Kft at 26 October 2006. Due to this acquisition, all assets and liabilities of Celebi Kft have been taken over by CGHH. The Group management considers the significant market position of CGHH in Hungary and the energy existed through merger with Çelebi Hava as main reasons to create goodwill.

Accordingly, the Group management allocated the mentioned goodwill amount over CGHH, by assuming CGHH is solo cash generating unit. Goodwill details relating to the acquisition of CGHH at 30 September 2013 are below:

	30 September 2013	30 September 2012
1 January	18.971.925	18.551.365
Foreign currency translation differences	2.546.724	(560.256)
<b>Goodwill</b>	<b>21.518.649</b>	<b>17.991.109</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 11 - INTANGIBLE ASSETS (Continued)

##### *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.

**30 September 2013**

##### **Ground handling services - Hungary**

**21.518.649**

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**

**%12,2**

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 30 September 2013.

##### **Goodwill from purchasing 4% shares of Celebi Nas**

The Company has purchased %4 shares of Celebi Nas on 26 January 2012 by paying USD 1.000.000 (TL 1.820.300) from Sovika Aviation Private Limited which has already owned %8 shares of Celebi Nas before, The purchase was recognized in accordance with IFRS 3 "Business Combinations" terms, The goodwill which has been calculated after the purchase as TL 910.723 has also been reflected in consolidated financial statements.

##### *Goodwill Impairment Test*

The Group compares the EBITDA projected at September 30, 2013 and the actual EBITDA in an impairment test.

The details for goodwill from the purchase of 4% shares of Celebi Nas are as follows:

Purchasing amount	1.820.300
Less: Identifiable asset, liabilities and fair values of contingent liabilities	(857.813)
Foreign currency translation differences	(51.764)

##### **Goodwill**

**910.723**



## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 11 - INTANGIBLE ASSETS (Continued)

Group management has evaluated the synergy which will be created by Celebi Nas with Celebi Hava in India as the main reasons of goodwill. By management, Celebi Nas has been evaluated as a single cash-generating unit thus goodwill has been allocated on Celebi Nas.

**30 September 2013**

<b>Ground handling services – India</b>	<b>910.723</b>
---	----------------

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 5 years have been used which are based on approved annual budgets and strategic projections of the management representing the best estimate of future performance.

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 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 30 September 2013.

#### NOTE 12 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

##### a) Short-term provisions

##### Short-term provision for employee benefits

	<b>30 September 2013</b>	<b>31 December 2012</b>
Provision for employee termination benefits	-	<b>228.922</b>

##### Other short-term provisions

	<b>30 September 2013</b>	<b>31 December 2012</b>
Provision for unused vacation	2.595.251	2.192.571
Provision for litigation	670.511	1.167.781
Other	-	165.938
	<b>3.265.762</b>	<b>3.526.290</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 12 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Movements of short term provisions as of 30 September 2013 are as follows:

	Provision for unused vacation	Provision for litigation	Other provisions	Total
<b>1 January 2013</b>	<b>2.192.571</b>	<b>1.167.781</b>	<b>165.938</b>	<b>3.526.290</b>
Increase during the year	1.956.903	-	-	1.956.903
Payments during the year	(362.242)	(508.906)	-	(871.148)
Usage during the year	(1.279.705)	-	(169.617)	(1.449.322)
Exchange difference	87.724	11.636	3.679	103.039
<b>30 September 2013</b>	<b>2.595.251</b>	<b>670.511</b>	<b>-</b>	<b>3.265.762</b>

	Provision for unused vacation	Provision for litigation	Other provision	Total
<b>1 January 2012</b>	<b>1.669.724</b>	<b>906.470</b>		<b>2.576.194</b>
Increase during the year	2.404.887	473.673	-	2.878.560
Payments during the year	(255.541)	-	-	(255.541)
Usage during the year	(1.729.013)	-	-	(1.729.013)
Exchange difference	(7.273)	(24.495)	-	(31.768)
<b>30 September 2012</b>	<b>2.082.784</b>	<b>1.355.648</b>	<b>-</b>	<b>3.438.432</b>

#### b) Long-term provisions:

Long-term provision for employee benefits	30 September 2013	31 December 2012
<b>Provision for employee termination benefits</b>	<b>9.228.869</b>	<b>7.750.206</b>

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.

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 30 September 2013 consists of one month's salary limited to a maximum of TL 3.254,44 (31 December 2012: TL 3.033,98) for each year of service.

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

**Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

**NOTE 12 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES  
(Continued)**

According to regulations in India, the Company is required to pay termination benefits to each employee in its subsidiaries and joint ventures 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 30 September 2013 and the liability is limited to INR 350.000 per employee.

Employee termination benefit liability is calculated by estimating the present value of the future probable obligation to the employees of the group in its subsidiaries that are registered in Turkey arising from the retirement of the employees, IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans, Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	<b>30 September 2013</b>	<b>31 December 2012</b>
Discount rate (%)	3,57	3,86
Turnover rate to estimate the probability of retirement (%)	92,62	92,86

The principal assumption is that the liability ceiling 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 3.254,44 which is effective from 1 July 2012 (31 December 2012: TL 3.033,98) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

	<b>30 September 2013</b>	<b>30 September 2012</b>
<b>1 January</b>	<b>7.979.127</b>	<b>7.743.075</b>
Paid during the year	(5.262.799)	(3.065.466)
Increase during the year	127.887	942.177
Actuarial losses/profits from retirement plan funds	1.610.958	(287.188)
Service cost	4.199.323	2.568.483
Interest cost	832.504	337.712
Foreign currency translation differences	(258.131)	(27.760)
<b>As of 30 September</b>	<b>9.228.869</b>	<b>8.211.033</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 12 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### Contingent assets and liabilities of the Group

30 September 2013 31 December 2012

##### Guarantees received:

Guarantee letters	4.806.736	4.597.658
Guarantee check	1.805.269	1.280.212
Guarantee notes	857.858	671.245
	<b>7.469.863</b>	<b>6.549.115</b>

##### Guarantees given:

Collateral	250.660.630	199.501.240
Guarantee letters	50.535.534	45.734.062
Share pledge	8.304.018	8.327.204
	<b>309.500.182</b>	<b>253.562.506</b>

The Company has contingent assets amounting to TL 1.350.549 (31 December 2012: TL 1.308.628), due to the legal cases in favor of the Company and contingent liabilities amounting to TL 18.502.925 due to the legal cases and enforcement proceedings against the Company as of 30 September 2013 (2012: TL 15.345.945), TL 15.122.000 portion of contingent liabilities are comprised of legal cases and enforcement proceedings related with the fire in warehouse (Note 28) in which Company is a sole defendant and co-defendant with the DHMI, other warehouse management companies and insurance companies (2012: TL 12.848.434).

After analysis of DIAL reconciliation we observed that below liability is considered as contingent liability by the management and no provision has been created in the books for the same. As informed by the management, the company is in the process of discussion with Dial for below matters and confident that the matters were not required to be recorded as provision at 30 September 2013.

# ÇELEBİ HAVA SERVİSİ A.Ş.

## Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

### NOTE 12 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The details of collaterals, pledges and mortgages ("CPM") of the Company at 30 September 2013 and 31 December 2012 are as follows:

Collaterals, pledges and mortgages given by the Company	Currency	30 September 2013		31 December 2012	
		Amount	TL equivalent	Amount	TL equivalent
<b>A. CPM given on behalf of the Company's legal personality</b>			<b>37.125.689</b>		<b>33.982.817</b>
	TL	4.880.769	4.880.769	4.275.266	4.275.266
	EUR	1.914.958	5.263.070	1.914.959	4.503.408
	USD	2.160.500	4.394.889	1.910.499	3.405.656
	INR	561.999.106	18.304.311	550.984.000	18.022.687
	HUF	465.000.000	4.282.650	465.000.000	3.775.800
<b>B. CPM given on behalf of fully consolidated subsidiaries</b>			<b>254.874.493</b>		<b>202.079.689</b>
	EUR	33.700.000	92.621.080	31.700.000	74.548.890
	USD	6.592.196	13.409.845	6.592.194	11.751.245
	INR	4.569.959.100	148.843.568	3.539.576.700	115.779.554
<b>C. CPM given for continuation of its economic activities on behalf of third parties</b>					
<b>D. Total amount of other CPM</b>			<b>17.500.000</b>	<b>-</b>	<b>17.500.000</b>
i. Total amount of CPM given on behalf of the majority shareholder	TL		17.500.000	17.500.000	17.500.000
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C				-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope of C				-	-
			<b>309.500.182</b>		<b>253.562.506</b>

The ratio of other collaterals, pledges and mortgages given by the Company to equity of the Company is 33,7% as of 30 September 2013 (31 December 2012: 27,3%). The Company has no benefit from CPM given to third parties.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 13 - OTHER ASSETS AND LIABILITIES

	30 September 2013	31 December 2012
<b>Other current assets</b>		
Restricted cash (*)	4.276.767	4.144.684
Deferred Value-added tax ("VAT")	1.229.525	1.391.381
Value-added tax ("VAT") refund	143.991	1.403.798
Advances given to personnel	360.831	249.135
Other	3.990.137	2.640.549
	<b>10.001.251</b>	<b>9.829.547</b>

(\*) The amount consist of blocked deposits, whose maturities are more than 3 months, of Celebi Delhi Cargo, Group's subsidiary located in India as of 30 September 2013. (31 December 2012: 4.144.684)

	30 September 2013	31 December 2012
<b>Other non-current assets</b>		
Prepaid taxes and funds (*)	6.435.025	4.386.658
Other	3.242	3.242
	<b>6.438.267</b>	<b>4.389.900</b>

(\*) The amount consist of prepaid taxes and funds, which can be offset in more than 1 year period, of Celebi GH Deli and Celebi Delhi Cargo amounting to TL 948.901 (31 December 2012: TL 952.980) and TL 5.130.759 respectively (31 December 2012: TL 3.433.677).

	30 September 2013	31 December 2012
<b>Other current liabilities</b>		
Taxes and funds payable	639.261	1.312.079
Provision for operational leasing equalization	871.736	756.695
Other miscellaneous payables and liabilities	971.855	2.213.476
	<b>2.482.852</b>	<b>4.282.250</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 13 - OTHER ASSETS AND LIABILITIES (Continued)

	30 September 2013	31 December 2012
<b>Other non-current liabilities</b>		
Provision for operational leasing equalization (*)	30.043.386	25.205.391
Other	8.564.481	5.490.831
	<b>38.607.867</b>	<b>30.696.222</b>

(\*) 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

#### NOTE 14 – PREPAID EXPENSES

	30 September 2013	31 December 2012
<b>Short term prepaid expenses</b>		
Prepaid expenses (*)	10.609.037	5.836.718
Advances given	1.254.027	1.037.949
	<b>11.863.064</b>	<b>6.874.667</b>

	30 September 2013	31 December 2012
<b>Long-term prepaid expenses:</b>		
Prepaid expenses (*)	19.141.687	19.689.914
Fixed asset advances given	2.565.733	6.912.908
	<b>21.707.420</b>	<b>26.602.822</b>

(\*) TL 19.924.992 (31 December 2012: 20.791.296 TL) of total prepaid expenses consist of long-term prepaid rent expenses in an airport in which Celebi Hava operates.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 15 – DEFERRED INCOME

	30 September 2013	31 December 2012
<b>Short-term Deferred Income</b>		
Short-term deferred revenues calculated based on TFRYK 12	6.360.736	16.631.061
Order advances received	1.987.921	2.142.078
	<b>8.348.657</b>	<b>18.773.139</b>

	30 September 2013	31 December 2012
<b>Long-term Deferred Income</b>		
Deferred revenue	406.195	406.844
Deferred insurance claim recovery (*)	-	2.673.900
	<b>406.195</b>	<b>3.080.744</b>

(\*) The deferred insurance claim recovery amount is comprised of the insurance policy related to the goods of third parties amounting to USD 1.500.000 which has been fully collected as of 31 December 2012 and is planned to be utilized by the Company under the circumstances that the Company is found to be liable for the losses incurred during the fire that broke out in Ataturk Airport ("AHL") Terminal C (Note 28).

#### NOTE 16 – LIABILITIES FOR EMPLOYEE BENEFITS

	30 September 2013	31 December 2012
Wages and salaries payable	7.386.513	7.468.988
Social security withholdings payment	3.096.247	3.277.806
Accrued bonus payable	508.717	1.325.513
	<b>10.991.477</b>	<b>12.072.307</b>



## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 17 - EQUITY

##### Share Capital

As of 30 September 2013, 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 2012: 2.430.000.000)

At 30 September 2013 and 31 December 2012, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	30 September 2013		31 December 2012	
	Amount	Share%	Amount	Share%
Çelebi Havacılık Holding A.Ş. (ÇHH)	18.797.553	77,36	13.299.633	54,73
Engin Çelebioğlu	-	-	2.432.430	10,02
Can Çelebioğlu	-	-	1.822.770	7,50
Canan Çelebioğlu	-	-	1.242.720	5,11
Other	5.502.447	22,64	5.502.447	22,64
	<b>24.300.000</b>	<b>100,00</b>	<b>24.300.000</b>	<b>100,00</b>

##### 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 Communiqué Serial: XI, No: 29 according to the CMB's announcements clarifying the said Communiqué, "Share Capital", "Restricted Reserves Allocated from Profit" and "Share Premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- 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 CMB Financial Reporting Standards.

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

Dividend requirements regulated by CMB applicable to listed companies are as follows:

In accordance with the CMB Decision No, 02/51 and dated 27 January 2010, concerning allocation basis of profit from operations of 2009, minimum profit distribution will not be applied.

**Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

---

**NOTE 17 – EQUITY (Continued)**

According to the Board's decision and Communiqué No, IV-27 issued by the CMB regarding the allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realized as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from operations are required to distribute the initial amount in cash.

Accordingly, if the amount of dividend distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit shall be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit shall be distributed. It is stated that dividend distributions should not be made if there is a loss in either the consolidated financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

In accordance with the Board Decision dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué XI No: 29, In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 28.274.456 as of 30 September 2013 (31 December 2012: TL 26.573.456).

After booking TL 1.701.000 of the net profit for the period amounting to TL 21.103.781 in the consolidated financial statement dated December 31, 2012 as secondary legal reserves, the Group distributed the remaining TL 18.225.002 as dividend.

Hungary based Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH") of which 70% is currently held by Çelebi, remaining 30% share is valued by a firm with Capital Markets Board license with a value of TL 33.712.020 is purchased on 08.12.2011 therefore increasing the Group's share in CGHH to 100%. It is consisted of the difference between acquisition value and net asset value for the acquired part amounting to TL minus 33.751.667. In addition, as of 26 January 2012, the percentage of the Group for Celebi NAS increased 4%. It is consisted of the difference between acquisition value and net asset value for the acquired part amounting to TL minus 545.407. The amount has been considered as an item of retained earnings during the determination of net distributable income for the period. "Equity Effect due to Acquisition" minus item under the equity amounted to TL 34.297.074. In accordance with the resolution published on the bulletin of CMB dated 14 March, 2013 and numbered 9/319, the amount of TL 17.143.351 in the accumulated loss account shall not be taken into account as an item of discount or addition in terms of the profit distribution in 2013 in terms of distributable net profit for the period.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 18 – REVENUE AND COST OF SALES

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Ground handling services	293.623.075	133.633.694	303.349.931	125.949.370
Cargo and warehouse services income	92.137.635	26.700.567	87.295.321	32.148.848
Airport security services	799.408	277.535	840.234	256.030
Revenue in the context of IFRIC 12	9.748.994	2.919.646	13.690.912	6.077.927
Rental revenue not related to aviation	6.475.636	2.359.769	2.219.434	464.388
Less: Returns and discounts	(8.608.989)	(4.303.268)	(8.569.240)	(3.531.369)
<b>Sales revenue- net</b>	<b>394.175.759</b>	<b>161.587.943</b>	<b>398.826.592</b>	<b>161.365.194</b>
<b>Cost of sales</b>	<b>(287.107.878)</b>	<b>(103.875.050)</b>	<b>(290.186.029)</b>	<b>(108.105.532)</b>
<b>Gross profit</b>	<b>107.067.881</b>	<b>57.712.893</b>	<b>108.640.563</b>	<b>53.259.662</b>

#### NOTE 19 - EXPENSES BY NATURE

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Personnel expenses	(127.118.532)	(41.160.379)	(126.718.596)	(49.280.924)
Payments to authorities and terminal managements (*)	(60.570.943)	(24.342.225)	(58.956.403)	(22.562.505)
Consultancy expenses	(27.976.473)	(9.127.343)	(24.760.797)	(7.543.036)
Equipment repair, maintenance, fuel and security expenses	(30.004.895)	(10.306.636)	(30.551.663)	(10.158.965)
Depreciation and amortization expenses	(25.384.373)	(8.488.656)	(23.410.066)	(7.960.527)
Expense in the context of IFRIC 12 (***)	(11.612.849)	(3.530.276)	(15.876.663)	(6.790.521)
Outsourced services	(11.740.805)	(4.537.253)	(12.662.774)	(7.857.574)
Travel and transportation expenses	(9.128.819)	(2.947.650)	(9.514.812)	(2.924.386)
Taxes and other fees	(3.825.987)	(861.996)	(3.938.095)	(1.391.264)
Insurance premiums	(2.331.978)	(811.004)	(2.717.728)	(907.720)
Cost of goods sold (**)	(1.751.802)	(91.434)	(4.141.841)	(468.807)
Other expenses	(35.282.438)	(16.275.899)	(36.813.716)	(8.455.158)
	<b>(346.729.894)</b>	<b>(122.480.751)</b>	<b>(350.063.154)</b>	<b>(126.301.387)</b>

(\*) Various expenses paid to authorities are comprised of royalty, rental facilities and check-in desks within the airport area, work licenses, and similar expenses.

(\*\*) Those expenses are comprised of spare parts and de-icing.

(\*\*\*) Those mentioned expenses are comprised of construction costs calculated under scope of IFRIC 12 and provisions for other liabilities within the frame of concession agreement.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Consultancy expenses	(26.833.889)	(8.725.845)	(23.849.710)	(7.130.355)
Personnel expenses	(17.129.209)	(4.809.658)	(19.715.410)	(6.275.908)
Depreciation and amortization	(5.837.153)	(1.988.115)	(5.871.796)	(1.861.935)
Travel and transportation expenses	(1.599.543)	(411.025)	(1.397.779)	(300.239)
Equipment repair, maintenance, fuel and security expenses	(1.312.079)	(517.809)	(474.920)	(189.569)
Payments to authorities and terminal managements	(1.244.323)	(445.138)	(1.235.512)	(357.006)
Insurance premiums	(482.719)	(167.831)	(424.403)	(133.388)
Taxes and other fees	(1.066.177)	(403.093)	(1.141.925)	(405.005)
Other expenses	(4.116.924)	(1.137.187)	(5.765.670)	(1.542.450)
	<b>(59.622.016)</b>	<b>(18.605.701)</b>	<b>(59.877.125)</b>	<b>(18.195.855)</b>

#### NOTE 21 - FINANCIAL INCOME

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Foreign exchange gains	3.663.796	368.469	15.583.661	390.552
Interest income	1.909.077	696.926	2.207.629	714.818
Unearned finance income	702.214	147.658	1.051.810	517.341
Other financial income	305.538	102.546	115	-
	<b>6.580.625</b>	<b>1.315.599</b>	<b>18.843.215</b>	<b>1.622.711</b>

#### NOTE 22 - FINANCIAL EXPENSES

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Foreign exchange losses	(31.910.678)	(17.259.902)	(3.655.126)	(787.808)
Interest expenses	(15.434.696)	(5.514.322)	(17.813.588)	(5.891.346)
Financial expenses incurred under scope of IFRIC 12	(533.816)	(50.269)	(2.201.070)	(579.621)
Unaccrued finance expenses	(548.264)	(118.921)	(326.606)	
Other financial expenses	(557.051)	(203.488)	(178.799)	(52.343)
	<b>(48.984.505)</b>	<b>(23.146.902)</b>	<b>(24.175.189)</b>	<b>(7.311.118)</b>

**Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

**NOTE 23 - TAX ASSETS AND LIABILITIES**

	<b>30 September 2013</b>	<b>31 December 2012</b>
Current period corporate tax provision	6.555.176	-
Current year tax assets	(2.256.169)	(2.112.032)
<b>Tax liability payable - net</b>	<b>4.299.007</b>	<b>(2.112.032)</b>
	<b>30 September 2013</b>	<b>31 December 2012</b>
Deferred tax assets	16.888.213	15.554.815
Deferred tax liabilities	(6.198.980)	(5.628.521)
<b>Deferred tax liability - net</b>	<b>10.689.233</b>	<b>9.926.294</b>

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 for the fiscal year 2013 is 20% (2012: 20%), 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), No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilized within the scope of the Income Tax Law transitional article 61).

Except for the dividends paid to non-resident corporations, which have a representative office in Turkey, or resident corporations, dividends are not subject to withholding tax. Dividends paid to other organizations or individuals are subject to withholding tax at the rate of 15%. Transfer of profit to capital is not accepted as a dividend distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2011: 20%). Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

**Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

---

**NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)**

There are numerous exemptions in the Corporation Tax Law concerning the corporations. Those related to the Company are as follows:

*Domestic participation exemption:*

Dividend income earned from investments in another company's shares is excluded in the calculation of the corporate tax (dividend income gained related to the participation in investment funds and investment trust shares is excluded).

*Share premiums exemption*

New share issue premiums, which represent the difference between the nominal and sale values of shares issued by joint-stock companies, are exempt from corporation tax.

*Foreign company participation exemption*

The participation income of corporations participating for at least one continuous year of 10% that does not have their legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) up until the date the income is generated and transferred to Turkey and until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike in their country of legal or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

*Real estate, investment equity, preferential rights, usufruct shares, founding shares, sales exemption*

75% portion of corporations' profits from the sale of participation shares, founding shares, pre-emptive rights and property, which have been in their assets for at least for two years, is exempt from corporate tax provided that these profits are added to share capital and are not withdrawn within five years, Income from the sale is generated until the end of the second calendar year following the year in which sale was realized.

The corporate tax rate is changed to since 2012 financial year. The corporation tax rate has been changed 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 in the fiscal year 2012.

In India, the corporate tax rate is 32,45% for fiscal year 2012 (2012: 32,45%). 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).

# ÇELEBİ HAVA SERVİSİ A.Ş.

## Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

### NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Tax expense for the periods end 30 September 2013 and 30 September 2012 is presented below:

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
- Current year corporate tax (*)	(6.193.830)	(3.961.688)	(11.892.169)	(6.437.320)
- Deferred tax income /( expense)	608.692	(334.589)	2.248.868	574.507
	<b>(5.585.138)</b>	<b>(4.296.277)</b>	<b>(9.643.301)</b>	<b>(5.862.813)</b>

(\*) The amount consist of local tax and innovation tax sourced by CGHH, as well as current period corporate tax.

### 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 20%, 19% or 10%, 32,45% for Turkey, Hungary, India New Delhi and Mumbai 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 30 September 2013 and 31 December 2012 using the enacted tax rates are as follows:

	<u>Cumulative temporary Differences</u>		<u>Deferred tax assets / (liabilities)</u>	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
<b>Deferred tax assets</b>				
Non-deductible financial losses (*)	(18.831.899)	(21.658.037)	-	670.264
Personnel bonus accrual	(351.730)	(863.855)	70.346	172.771
Accrued sales commissions	(3.269.073)	(1.631.326)	653.815	326.265
Provision for employment termination benefits	(8.949.908)	(7.499.227)	1.789.982	1.499.845
Provision for operational leasing	(30.043.386)	(24.263.883)	9.747.577	7.872.417
Equilization				
Provision for unused vacation	(1.912.153)	(1.534.923)	382.431	306.985
Provision for legal claims	(665.445)	(665.445)	133.089	133.089
Provision for investment consultancy expenses	-	(1.247.820)	-	249.564
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(17.356.136)	(20.959.738)	5.631.198	6.800.387
Deferred income from insurance claims	-	(2.673.900)	-	534.780
Other	(6.891.994)	(1.878.888)	1.923.566	295.511
			<b>20.332.004</b>	<b>18.861.878</b>
Net off			(3.443.791)	(3.307.063)
<b>Deferred tax assets</b>			<b>16.888.213</b>	<b>15.554.815</b>

(\*) Tax asset of unused tax losses can be gained in future periods and recognized in case there is a probability of sufficient profit. Celebi GH Delhi's, which has TL 18.831.899 (31 December 2012: TL 17.035.523) of total financial losses due to the possibility of not being able to benefit from a part or all foreseeable terms and has not been reflected TL 6.110.010 of deferred tax amount as of September 30, 2013.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

	<u>Total temporary differences</u>		<u>Deferred tax assets(liabilities)</u>	
	<u>30 September</u>	<u>31December</u>	<u>30 September</u>	<u>31December</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Deferred tax liabilities</b>				
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	48.768.018	45.768.586	(9.642.771)	(8.935.201)
Other	-	1.915	-	(383)
			<b>(9.642.771)</b>	<b>(8.935.584)</b>
Net off			3.443.791	3.307.063
<b>Deferred tax liabilities</b>			<b>(6.198.980)</b>	<b>(5.628.521)</b>
<b>Deferred tax asset, net</b>			<b>10.689.233</b>	<b>9.926.294</b>

Deferred tax movement table is as below:

	<b>1 January- 30 September 2013</b>	<b>1 January - 30 September 2012</b>
<b>1 January</b>	<b>9.926.294</b>	<b>8.969.945</b>
Foreign currency translation difference	154.247	(616.790)
Charge for the period	608.692	2.248.868
<b>30 September</b>	<b>10.689.233</b>	<b>10.602.023</b>



## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### 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.

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

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

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
<b>Net profit / (loss) attributable to the equity holders of the parent</b>	<b>9.745.726</b>	<b>20.240.829</b>	<b>34.681.107</b>	<b>23.499.475</b>
Weighted average number of shares with 1 Full TL face value each	2.430.000.000	2.430.000.000	2.430.000.000	2.430.000.000
<b>Earnings / (losses) per share (Full TL)</b>	<b>0,004</b>	<b>0,008</b>	<b>0,014</b>	<b>0,010</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### 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) Balances with related parties

Due from related parties	30 September 2013	31 December 2012
ÇHH (*)	9.733.551	8.301.471
Other	472.511	315.319
	<b>10.206.062</b>	<b>8.616.790</b>

(\*) This amount consist included in the financial balance of interest amounting to Euro 3.500.000 which CGHH has given to ÇHH with 1 year, 1 week maturity and with 3+6m% Euribor rates. As of 30 September 2013 gross amount is TL 8.909.821.

The maturities of due from related parties are generally shorter than a month (31 December 2012: shorter than a month). As of 30 September 2013 and 31 December 2012, the net book value and the fair value of short term due from related parties are taken equal, since the discounting transaction does not have a material effect.

Due to related parties	30 September 2013	31 December 2012
ÇHH (*)	3.854.245	2.441.257
Çe-Tur	742.920	388.611
Other	129.501	13.574
	<b>4.726.666</b>	<b>2.843.442</b>

(\*) As of September 30, 2013, 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.

##### ii) Transactions with related parties

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
<b>Miscellaneous sales to related parties</b>				
ÇHH	145.131	37.093	281.349	91.937
Çe-Tur	110.612	31.094	301.559	94.243
Celebi Ground Services Austria GMBH	136.123	48.403	101.015	48.082
Other	4.704	996	113.635	78.018
	<b>396.570</b>	<b>117.586</b>	<b>797.558</b>	<b>312.280</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

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

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
<b>Employee and transportation expenses payable to related parties</b>				
Çe-Tur	4.348.436	1.975.635	2.814.311	1.228.592
<b>Contribution to holding expenses (*)</b>				
ÇHH	23.070.167	7.504.911	20.738.250	6.483.201

(\*) 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. and Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. by Çelebi Havacılık Holding A.Ş. These expenses have been consistently incurred between periods and participations in Çelebi Havacılık Holding A.Ş. in the consideration of criteria such as staff number, company turnover and asset size.

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
<b>Other purchases from related parties (*)</b>				
ÇHH	2.516.302	751.061	3.391.825	1.385.891
Çe-Tur	782.155	177.639	940.522	361.428
Other	103.237	18.682	108.623	45.197
	<b>3.401.694</b>	<b>947.382</b>	<b>4.440.970</b>	<b>1.792.516</b>

(\*) 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.

# ÇELEBİ HAVA SERVİSİ A.Ş.

## Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

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

Collaterals given in favor of related parties for borrowings as of 30 September 2013 and 31 December 2012 are as follow:

30 September 2013	Euro	US Dollar	INR	HUF	TL	Total TL
ÇHH					17.500.000	17.500.000
CGHH (2)	24.200.000	-	-	-		66.511.280
Celebi Nas (1)			91.080.000			2.966.476
Celebi Delhi Cargo (3)			2.624.840.000			85.491.038
Celebi Delhi GH (4)			1.354.039.100			44.101.053
Celebi Cargo GmbH (5)	9.500.000					26.109.800
31 December 2012	Euro	US Dollar	INR	HUF	TL	Total TL
ÇHH	-	-	-	-	17.500.000	17.500.000
CGHH (2)	24.200.000	-	-	-	-	56.911.140
Celebi Nas (1)	-	-	91.080.000	-	-	2.979.227
Celebi Delhi Cargo (3)	-	-	2.094.840.000	-	-	68.522.216
Celebi Delhi GH (4)	-	-	1.353.656.700	-	-	44.278.110
Celebi Cargo GmbH (5)	7.500.000	-	-	-	-	17.637.750

- (1) 15,3% shares of the Company in Celebi Nas, Joint-Venture of the Company, have been pledged in favor of the relevant bank for the financial obligations stipulated by the agreements, signed by the Celebi Nas and a bank, resident in India, comprise INR 387.400.000 as cash credit and INR 50.000.000 as non-cash credit for the long-term project finance and INR100.000.000 as cash working capital credit
- (2) CCGH signed an agreement for project re-financing of it's outstanding borrowings amounting to EUR 20.000.000 in cash and EUR 2.000.000 non cash, For the mentioned loan, the Group gave a guarantee amounting to EUR 24.200.000, The repayments to the loan balance is EUR 15.500.000 as of 30 September 2013.
- (3) Celebi Delhi Cargo signed an agreement for bridge loan amounting to INR 2.465.000.000 and the Company gave a guarantee for full amount of borrowings to related banks. The Company gave corporate guarantee for amounting INR 720.000.000 of the loan to 30% the financial obligations stipulated in the agreements with relevant banks and all of the 74% shares of the Company in Celebi Delhi Cargo have been pledged in favor of these banks
- (4) The company has given guarantees for liabilities arising from the borrowing agreement signed for financing of long term projects with resident banks in India, which is amounted to INR 750.000.000 as cash, and amounted to INR 600.000.000 as non-cash, the company will pledge the shares amounting to all of the 74% shares of the company in Celebi Delhi Cargo which is corresponding to 23,9% of the total shares of company.
- (5) For borrowing agreements which are EUR 9.500.000 amounted, between Celebi Cargo GmbH and some banks in Germany, Celebi Cargo GmbH has given guarantees and deposits as same amount as the borrowing amount, The repayments to the loan balance is EUR 9.500.000 as of 30 September 2013.

### 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 - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Short-term employee benefits	6.893.990	2.029.067	9.534.625	3.023.789
Post-employment benefits	7.553	-	118.072	13.590
	<b>6.901.543</b>	<b>2.029.067</b>	<b>9.652.697</b>	<b>3.037.379</b>

**Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

---

**NOTE 26 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

***Foreign exchange risk***

The Group focused to manage miscellaneous financial risks including foreign currency exchange rates and interest rates because of activities of the Group. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects.

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, US Dollar, HUF and INR.

As of 30 September 2013, 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 1.099.771. (31 December 2012: TL 94.726).

As of 30 September 2013, 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 17.880.431 (31 December 2012: TL 17.176.857).

As of 30 September 2013, other things being constant, if the TL was to appreciate/depreciate by 10% against the INR, 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 8.950.680 (31 December 2012: TL 8.508.079).

As of 30 September 2013, other things being constant, if the TL was to appreciate/depreciate by 10% against the HUF, 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 232.984 (31 December 2012: TL 55.404).

Foreign currency denominated assets and liabilities of the Group as of 30 September 2013 and 31 December 2012 are as follows:

	<b>30 September 2013</b>	<b>31 December 2012</b>
Assets denominated in foreign currency	161.876.719	116.308.149
Liabilities denominated in foreign currency (-)	(421.374.158)	(374.855.860)
<b>Net balance sheet position</b>	<b>(259.497.439)</b>	<b>(258.547.711)</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

### NOTE 26 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of the Group's foreign currency denominated assets and liabilities as of 30 September 2013 and 31 December 2012:

<b>30 September 2013</b>	<b>TL Equivalent (Functional Currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Indian Rupee</b>	<b>Hungarian Forint</b>	<b>GBP/British Pound</b>
1. Trade receivables	66.333.657	2.021.168	20.814.855	89.616.874	227.560	-
2. Monetary financial assets (Cash, Bank Accounts)	58.503.131	3.725.195	13.444.922	355.986.732	219.405	109.629
3. Other	17.776.208	1.175.023	216.546	454.121.755	-	23
<b>4. Current assets (1+2+3)</b>	<b>142.612.996</b>	<b>6.921.386</b>	<b>34.476.323</b>	<b>899.725.361</b>	<b>446.965</b>	<b>109.652</b>
5. Other	19.263.723	-	-	591.456.029	-	-
<b>6. Non-current assets (5)</b>	<b>19.263.723</b>	<b>-</b>	<b>-</b>	<b>591.456.029</b>	<b>-</b>	<b>-</b>
<b>7. Total assets (4+6)</b>	<b>161.876.719</b>	<b>6.921.386</b>	<b>34.476.323</b>	<b>1.491.181.390</b>	<b>446.965</b>	<b>109.652</b>
8. Trade payables	21.853.624	1.321.245	3.059.152	280.239.044	154.007	65.019
9. Financial liabilities	105.987.199	74.882	32.094.786	541.159.265	-	-
10. Other monetary liabilities	21.464.731	-	301.398	479.225.818	545.926	-
<b>11. Current liabilities (8+9+10)</b>	<b>149.305.554</b>	<b>1.396.127</b>	<b>35.455.336</b>	<b>1.300.624.127</b>	<b>699.933</b>	<b>65.019</b>
12. Financial liabilities	229.261.379	116.849	63.667.012	1.659.234.510	-	-
13. Other monetary liabilities	42.807.225	2.000	411.575	1.279.459.228	-	-
<b>14. Non-current liabilities (12+13)</b>	<b>272.068.604</b>	<b>118.849</b>	<b>64.078.587</b>	<b>2.938.693.738</b>	<b>-</b>	<b>-</b>
<b>15. Total liabilities (11+14)</b>	<b>421.374.158</b>	<b>1.514.976</b>	<b>99.533.923</b>	<b>4.239.317.865</b>	<b>699.933</b>	<b>65.019</b>
<b>16. Net foreign currency asset/(liability) position (7-15)</b>	<b>(259.497.439)</b>	<b>5.406.410</b>	<b>(65.057.600)</b>	<b>(2.748.136.475)</b>	<b>(252.968)</b>	<b>44.633</b>
<b>17 Net monetary foreign currency asset/(liability) Position (7-15)</b>	<b>(259.497.439)</b>	<b>5.406.410</b>	<b>(65.057.600)</b>	<b>(2.748.136.475)</b>	<b>(252.968)</b>	<b>44.633</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

### NOTE 26 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2012	TL Equivalent (Functional Currency)	US Dollar	Euro	Indian Rupee	Hungarian Forin	GBP/British Pound
1. Trade receivables	43.938.847	902.869	13.912.294	252.710.885	165.724.015	-
2. Monetary financial assets (Kasa Cash, Bank Accounts)	38.587.525	3.625.930	5.560.008	479.942.643	412.284.630	625
3. Other	12.537.446	-	299.614	319.747.937	169.198.000	-
<b>4. Current assets (1+2+3)</b>	<b>95.063.818</b>	<b>4.528.799</b>	<b>19.771.916</b>	<b>1.052.401.465</b>	<b>747.206.645</b>	<b>625</b>
5. s	21.244.331	-	-	649.475.115	-	-
<b>6. Non-current assets (5)</b>	<b>21.244.331</b>	<b>-</b>	<b>-</b>	<b>649.475.115</b>	<b>-</b>	<b>-</b>
<b>7. Total assets (4+6)</b>	<b>116.308.149</b>	<b>4.528.799</b>	<b>19.771.916</b>	<b>1.701.876.580</b>	<b>747.206.645</b>	<b>625</b>
8. Trade payables	19.691.269	1.293.380	3.084.980	240.157.736	255.706.000	69.266
9. . Financial liabilities	104.802.549	2.094.240	35.319.974	550.515.836	-	-
10. Other monetary liabilities	28.546.173	-	474.410	699.647.686	559.732.355	-
<b>11. Current liabilities (8+9+10)</b>	<b>153.039.991</b>	<b>3.387.620</b>	<b>38.879.364</b>	<b>1.490.321.258</b>	<b>815.438.355</b>	<b>69.266</b>
12. . Financial liabilities	188.181.163	172.570	53.762.484	1.878.334.026	-	-
13. Other monetary liabilities	33.634.706	1.500.000	170.239	934.284.739	-	-
<b>14. Non-current liabilities (12+13)</b>	<b>221.815.869</b>	<b>1.672.570</b>	<b>53.932.723</b>	<b>2.812.618.765</b>	<b>-</b>	<b>-</b>
<b>15. Total liabilities (11+14)</b>	<b>374.855.860</b>	<b>5.060.190</b>	<b>92.812.087</b>	<b>4.302.940.023</b>	<b>815.438.355</b>	<b>69.266</b>
<b>16. Net foreign currency asset/(liability) position (7-15)</b>	<b>(258.547.711)</b>	<b>(531.391)</b>	<b>(73.040.171)</b>	<b>(2.601.063.443)</b>	<b>(68.231.710)</b>	<b>(68.641)</b>
<b>17. Net monetary foreign currency asset/(liability) Position (7-15)</b>	<b>(258.547.711)</b>	<b>(531.391)</b>	<b>(73.040.171)</b>	<b>(2.601.063.443)</b>	<b>(68.231.710)</b>	<b>(68.641)</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 26 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of export and import amounts for the years ended 30 September 2013 and 30 September 2012:

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Total export amount	-	-	1.814.233	1.176.674
Total import amount	6.756.764	1.716.795	12.112.937	1.653.596

#### 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 net debt/ (equity +net debt) at 30 September 2013 and 31 December 2012 are as follows:

	30 September 2013	31 December 2012
Total financial liabilities	339.609.681	292.983.712
Less: Cash and cash equivalents	(73.090.250)	(46.417.682)
Less: Current assets	(4.276.767)	(4.144.684)
Less: Long term receivables	-	(2.041.226)
Net debt	262.242.664	240.380.120
Equity	51.903.595	64.074.156
Equity + net debt	314.146.259	304.454.276
Net debt / (Equity + net debt) ratio	0,84	0,79



**Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

**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).

The Group's assets and liabilities quantified as fair values at 30 September 2013 and 31 December 2012 are as below

<b>30 September 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
<b>Available for sale financial assets</b>	-	-	1.377.608	<b>1.377.608</b>
<b>Total assets</b>	-	-	1.377.608	<b>1.377.608</b>

<b>30 September 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Liabilities</b>				
<b>Derivative Financial Instruments</b>	2.070.637	-	-	<b>2.070.637</b>
<b>Total liabilities</b>	<b>2.070.637</b>			<b>2.070.637</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2013

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

#### NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

31 December 2012	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Available for sale financial assets	-	-	1.383.442	<b>1.383.442</b>
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>1.383.442</b>	<b>1.383.442</b>

31 December 2012	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
Derivative Financial Instruments	124.446	-	-	124.446
<b>Total liabilities</b>	<b>124.446</b>	<b>-</b>	<b>-</b>	<b>124.446</b>

Marketable securities are recognized at cost less any impairment loss, in the consolidated interim condensed financial statements.

#### NOTE 28 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS

The cargo building of the Company located at Ataturk Airport ("AHL") Terminal C in which the Company carries out cargo - warehouse operations was damaged by a fire that broke out on 24 May 2006.

As a result of the fire, goods belonging to third parties were also damaged in addition to the damage to property, plant and equipment and leasehold improvements of the Company. As of 30 September 2013 some of the owners of the goods have applied to the Company and its insurance company for compensation of their losses by filing lawsuits against the Company and via enforcement proceedings

Because of the aforementioned fire, a judicial inquiry has been held with the inquiry file 2006/37927 E. at the Bakirkoy Office of the Directorate of Public Prosecutions, and in accordance with the results of the judicial inquiry criminal prosecution proceedings - Criminal suit number 2006/817 E. at Third Bakirkoy Third Magistrate Criminal Court - have been initiated against four DHMI security guards and an Ataturk Airport security guard for responsibility concerning the fire. The Company has been described as the aggrieved party in the indictment prepared by the Bakirkoy Office of the Public Prosecutor. The Company, with all rights related to private law reserved, has submitted a petition to be a participant in the court proceedings for the penalizing of the perpetrators, since it has been described as aggrieved party. Since the reasons and responsible of fire could not identified, the court has decided to acquittal of the DHMI personnel.

There are legal cases and enforcement proceedings under way: this comprises legal cases and enforcement proceedings amounting to TL 9.631.173 in which the Company is a co-defendant along with the DHMI, other warehouse management companies and insurance companies; and legal cases and enforcement proceedings amounting to TL 5.490.827 in which the Company is the sole defendant. Total legal cases and enforcement proceedings is TL 15.122.000 (Note 12) as of 30 September 2013.

**Notes to the condensed consolidated financial statements  
for the nine month interim period ended 30 September 2013**

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

---

**NOTE 28 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In this context, the company management deems it likely that all the exposed legal claims of the Fund Companies can be eliminated through settlement in the context of the fund as a result of the ongoing negotiations. On the other hand and leaving aside the ongoing negotiations for settlement, the maximum limit which the Company may be held liable under the existing lawsuits and actions taken is approximately TL 8.445.656 despite being a remote probability bearing in mind the internationally established legal rules regarding the air transportation and so on since the same has a limited liability against the cargo owners based on the limitation of the liability regulated under the international conventions given the legal nature of the contractual liability that may be assumed due to the agreement executed with the carriers.

The Company has an insurance policy regarding these commodities amounting to USD 1.500.000 which has been recorded as revenue and the whole amount of which has been collected.

For the purpose of compensating legal claims related to the fire that broke out on 24 May 2006, the company management has decided to use another insurance policy amounting to USD 10.000.000 in a special fund created in conjunction with the DHMI and other warehouse management company in accordance with the Sharing Agreement signed with same parties. The Sharing Agreement mentioned was established in order to deal with the consequences of legal cases and enforcement proceedings in which the Company is a co-defendant along with the DHMI and other warehouse management company.

Even though the contracting Company, DHMI, and other warehouse operator ("Fund Companies") maintain their claim that they can in no way be held responsible for the fire and its consequences, they have decided that the fund in question be established by the reinsurers of the Fund Companies in order to resolve the cases in which they are and are likely to be a party. As of the announcement date of the report, 204 cases with a total value of TL 81.303.142 (USD 39.968.116) and to which the Fund Companies are a party, have been solved with conciliation; for TL 50.303.981 (USD 24.729.123) negotiations between the claimants and the fund are ongoing no conciliation has been achieved within the scope of the fund. It is foreseen that the balance amounts remaining in the fund as a result of liquidation will be sufficient for the liquidation of all claims made with all fund parties but for which reconciliation meetings have not been finalized.

In view of the foregoing, the Company believes that all legal claims faced may be settled as part of the insurance policy collected and the fund formed. Since there are no further development which adversely affects the matters disclosed in past, the Company has not booked any provision in consolidated financial statements as of 30 September 2013.

**NOTE 29 - SUBSEQUENT EVENTS**

On October 1, 2013, the Board of Directors of our Company has unanimously decided that the equity amounting to INR 76.175.000 needed for the financing of the operations of Çelebi GH Delhi and the realization of planned investments, shall be provided through a premium capital increase within the governing legislation in India; and within this framework, that our Company shall pay a total of INR 75.850.000 (approximately USD 1,2 million) and that in accordance with the governing legislation in India, the maximum possible participation rate of 74% of our Company shall be retained and that all necessary operations and procedures shall be performed in this regard.