Çelebi Hava Servisi A.Ş.

Consolidated financial statements for the period January 1 – 31 December 2014 and independent auditor's report

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

EY
Building a better working world

Güney Bağımsız Denetim ve SMMM AŞ
Eski Büyükdere Cad.
Orjin Maslak No:27
Maslak, Sarıyer 34398
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
ey.com
Ticaret Sicil No: 479920-427502

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Independent auditors' report on the consolidated financial statements

To the Board of Directors of Çelebi Hava Servisi A.Ş.

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

Management's responsibility for the financial statements

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

Independent auditors' responsibility

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

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

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

Building a better working world

Opinion

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

Reports on other responsibilities arising from regulatory requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 10 March 2015.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2014 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

Ethem Kutucular, SMMM
Partner

10 March 2015
İstanbul, Turkey

CONTENTS

ÇELEBİ HAVA SERVİSİ A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	*(Audited)* 31 December 2014	*(Audited)* 31 December 2013
ASSETS			
Current Assets			
Cash and cash equivalents	4	79.950.529	60.306.285
Trade receivables		57.880.354	54.633.679
- Due from third parties	8	57.188.420	54.345.748
- Due from related parties	8	691.934	287.931
Other receivables		9.497.834	7.018.641
- Other receivables from third parties	9	9.497.834	7.018.641
Inventories	10	8.381.073	8.499.388
Prepaid expenses	15	10.107.013	8.650.120
Assets related to current year tax	28	-	2.524.731
Other current assets	14	13.769.195	11.828.967
Total current assets		**179.585.998**	**153.461.811**
Non-current assets			
Financial investments	5	1.546.360	1.458.860
Investments accounted by equity method	6	17.141.793	13.160.780
Other long-term receivables		23.500.013	21.851.050
- Due from third parties	9	13.625.063	11.465.300
-Due from related parties	9	9.874.950	10.385.750
Property, plant and equipment	11	166.486.309	145.532.422
Intangible assets		132.042.691	130.294.290
- Other intangible assets	12	108.836.481	106.206.043
- Goodwill	12	23.206.210	24.088.247
Prepaid expenses	15	19.159.212	21.619.445
Deferred tax asset	28	22.258.480	20.348.294
Other non-current assets	14	11.523.966	7.529.467
Total non-current assets		**393.658.824**	**361.794.608**
Total assets		**573.244.822**	**515.256.419**

The accompanying notes are an integral part of these financial statements.

ÇELEBİ HAVA SERVİSİ A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	*(Audited)* 31 December 2014	*(Audited)* 31 December 2013
LIABILITIES			
Current liabilities			
Short-term financial liabilities	7	34.908.082	4.759.407
Current portion of long term financial liabilities	7	89.293.531	84.133.917
Other financial liabilities	7	1.640.400	2.380.650
Trade payables		45.847.785	43.959.083
- Due to third parties	8	41.206.911	38.676.482
- Due to related parties	8	4.640.874	5.282.601
Liabilities for employee benefits	17	18.900.210	11.310.553
Other payables		4.521.860	7.700.859
- Due to third parties	9	4.521.860	7.700.859
Deferred income	16	3.571.895	8.192.306
Short-term provisions		4.103.530	3.039.290
- Provisions for employee benefits	13	3.245.538	2.366.362
-Other provisions	13	857.992	672.928
Current tax liabilities	28	2.258.497	-
Other current liabilities	14	4.498.684	3.166.014
Total current liabilities		**209.544.474**	**168.642.079**
Non-Current Liabilities			
Long-term financial liabilities	7	179.437.240	236.222.341
Other non-current payables	9	4.782.335	4.299.463
Deferred income tax liabilities	28	6.283.864	6.478.794
Long term provisions		9.234.288	9.256.100
- Provisions for employee benefits	13	9.234.288	9.256.100
Other non-current liabilities	14	57.509.125	43.516.344
Total non-current liabilities		**257.246.852**	**299.773.042**
Total liabilities		**466.791.326**	**468.415.121**
EQUITY			
Equity attributable to equity holders of the parent		**95.521.545**	**40.519.086**
Share Capital	18	24.300.000	24.300.000
Other comprehensive income/(expense) not to be reclassified to profit or loss		(1.243.129)	(880.179)
- Actuarial gain/(loss) arising from defined benefit plans		(1.243.129)	(880.179)
Other comprehensive income/(expense) to be reclassified to profit or loss		4.376.169	3.578.298
- Foreign currency translation differences		4.376.169	3.578.298
Restricted reserves	18	28.274.456	28.274.456
Retained earnings		(14.753.489)	(17.808.255)
Net profit/ (loss) for the year		54.567.538	3.054.766
Non-controlling interest		**10.931.951**	**6.322.212**
Total equity		**106.453.496**	**46.841.298**
Total liabilities and equity		**573.244.822**	**515.256.419**

Contingent assets and liabilities

The accompanying notes are an integral part of these financial statements.

ÇELEBİ HAVA SERVİSİ A.Ş.
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	*(Audited)* 31 December 2014	*(Audited)* 31 December 2013
CONTINUING OPERATIONS			
Revenue (net)	19	621.449.684	507.871.288
Cost of sales (-)	19	(446.548.943)	(372.204.304)
GROSS PROFIT	**19**	**174.900.741**	**135.666.984**
General administrative expenses (-)	21	(88.332.392)	(78.978.932)
Other operating income	22	10.089.218	14.565.718
Other operating expenses (-)	23	(4.728.719)	(9.652.798)
Income from investments accounted by equity method	6	2.959.639	2.330.264
OPERATING PROFIT		**94.888.487**	**63.931.236**
Income from investment activities	24	651.502	488.785
Expense from investment activities (-)	25	(7.955.555)	(1.371.436)
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME/(EXPENSE)		**87.584.434**	**63.048.585**
Financial income	26	25.446.710	8.999.626
Financial expense (-)	27	(42.386.869)	(70.071.456)
INCOME BEFORE TAX		**70.644.275**	**1.976.755**
Income tax expense		**(15.648.535)**	**(2.518.802)**
Current tax expense	28	(16.346.675)	(5.186.563)
Deferred tax income/(expense)	28	698.140	2.667.761
NET INCOME/ (EXPENSE)		**54.995.740**	**(542.047)**
Attributable to:			
Non-controlling interest		428.202	(3.596.813)
Equity holder of the parent		54.567.538	3.054.766
		54.995.740	**(542.047)**
Earnings / (losses) per share (Full TL)	29	0,022	0,001

The accompanying notes are an integral part of these financial statements.

ÇELEBİ HAVA SERVİSİ A.Ş.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	*(Audited)* 31 December 2014	*(Audited)* 31 December 2013
Net profit / (loss) for the period		**54.995.740**	**(542.047)**
Other comprehensive income/ (expense):			
To be reclassified to profit or loss			
- Currency translation differences		1.249.696	2.748.237
Not to be reclassified to profit or loss			
- Actuarial gain/(loss) arising from defined benefit plans		(364.580)	(1.235.813)
Other comprehensive income/(expense)		**885.116**	**1.512.424**
Total comprehensive income/(expense)		**55.880.856**	**970.377**
Total comprehensive income attributable to:			
Non-controlling interest		878.397	(3.278.353)
Equity holders of the parent		55.002.459	4.248.730

The accompanying notes are an integral part of these financial statements.

ÇELEBİ HAVA SERVİSİ A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

(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
Balances at 1 January 2013		**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**
Increase in minority of subsidiaries		-	-	-	-	-	-	-	667	667
Transfers to retained earnings	18	-	-	-	-	20.984.466	(20.984.466)	-	-	-
Transactions related to non-controlling interests		-	-	-	-	(1.500.840)	-	(1.500.840)	1.500.840	-
Dividends paid	18		1.701.000	-	-	(19.926.001)	-	(18.225.001)	-	(18.225.001)
Equity impact of the amortized joint venture		-	-	-	-	21.099	-	21.099	-	21.099
Other comprehensive income										
- Change in foreign currency translation differences		-	-	2.437.086	-	-	-	2.437.086	311.151	2.748.237
- Change in Actuarial gain/(loss) arising from defined benefit plans		-	-	-	(1.243.122)	-	-	(1.243.122)	7.309	(1.235.813)
Total other comprehensive income		-	-	**2.437.086**	**(1.243.122)**	-	-	**1.193.964**	**318.460**	**1.512.424**
Net profit / (loss) for the period		-	-	-	-	-	3.054.766	3.054.766	(3.596.813)	(542.047)
Total comprehensive income/(expense)		-	-	**2.437.086**	**(1.243.122)**	-	**3.054.766**	**4.248.730**	**(3.278.353)**	**970.377**
Balances at 31 December 2013		**24.300.000**	**28.274.456**	**3.578.298**	**(880.179)**	**(17.808.255)**	**3.054.766**	**40.519.086**	**6.322.212**	**46.841.298**

The accompanying notes are an integral part of these financial statements.

ÇELEBİ HAVA SERVİSİ A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

(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
Balances at 1 January 2014		24.300.000	28.274.456	3.578.298	(880.179)	(17.808.255)	3.054.766	40.519.086	6.322.212	46.841.298
Increase in minority of subsidiaries		-	-	-	-	-	-	-	3.731.342	3.731.342
Transfers to retained earnings	18	-	-	-	-	3.054.766	(3.054.766)	-	-	-
Other comprehensive income										
- Change in foreign currency translation differences		-	-	797.871	-	-	-	797.871	451.825	1.249.696
- Change in Actuarial gain/(loss) arising from defined benefit plans		-	-	-	(362.950)	-	-	(362.950)	(1.630)	(364.580)
Total other comprehensive income		-	-	797.871	(362.950)	-	-	434.921	450.195	885.116
Net profit / (loss) for the period		-	-	-	-	-	54.567.538	54.567.538	428.202	54.995.740
Total comprehensive income/(expense)		-	-	797.871	(362.950)	-	54.567.538	55.002.459	878.397	55.880.856
Balances at 31 December 2014		24.300.000	28.274.456	4.376.169	(1.243.129)	(14.753.489)	54.567.538	95.521.545	10.931.951	106.453.496

The accompanying notes are an integral part of these financial statements.

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

ÇELEBİ HAVA SERVİSİ A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	(Audited) 31 December 2014	(Audited) 31 December 2013
A. Cash flows from operating activities		**136.910.279**	**54.092.572**
Profit/loss before tax for the period		**70.644.275**	**1.976.755**
Adjustment for reconciliation of profit/(loss) before taxation		**81.865.913**	**59.912.486**
- Adjustment for depreciation and amortisation expense	11,12	32.708.892	33.136.423
- Adjustment for provisions	13	5.217.538	5.618.574
- Adjustment for interest income and expense	26,27	20.093.270	18.337.365
- Adjustment for (profit) on sales of property, plant and equipment, net		7.304.053	882.651
- Adjustments related to the fair value losses (gains)		614.072	1.620.505
- Other adjustments for reconciliation of profit/ loss		3.910.898	295.868
- Other item's adjustments related to cash flows arising from financing or investing activities		12.017.190	21.100
Changes in working capital		**(15.599.909)**	**(7.796.669)**
- Adjustment for increase/decrease in inventories		118.315	(198.386)
- Adjustment for increase/decrease in trade receivables		6.863.441	(12.907.610)
- Adjustment for increase/decrease in other receivables related with operations		(19.445.293)	(1.275.750)
- Adjustment for increase/decrease in trade payables		1.888.702	15.116.011
- Adjustment for increase/decrease in other payables related with operations		14.858.320	7.070.165
- Adjustment for increase/decrease in joint ventures are accounted by the equity method		(3.981.013)	(3.133.902)
-Collection from doubtfull receivable		23.718	212.846
-Retirement liability paid		(4.544.318)	(5.893.226)
-Vacation liability paid		-	(413.052)
- Tax payments/returns		(11.381.781)	(6.373.765)
Cash flows from operating activities		**136.910.279**	**54.092.572**
B. Cash flows from investing activities		**(72.809.063)**	**(26.870.833)**
Cash inflows from the sale of property, plant and equipment and intangible assets	11,12	937.621	2.493.571
Cash outflows from the purchase of property, plant and equipment and intangible asset	11,12	(60.054.803)	(27.863.571)
Cash outflows from the purchase of long term asset		(87.500)	(1.500.833)
Regarding the acquisition of control of subsidiaries cash outflows related to buy		(13.604.381)	-
C. Cash flows from financing activities		**(41.570.082)**	**(4.305.968)**
Cash inflows from financial liabilities		(21.476.812)	32.256.399
Dividends paid	18	-	(18.225.002)
Interest received		3.770.137	2.689.020
Interest paid		(23.863.407)	(21.026.385)
Net (decrease)/ increase in cash and cash equivalents		**2.253.722**	**5.683.879**
D. Impact of foreign currency translation differences on cash and cash equivalents		**(2.886.890)**	**(9.027.166)**
Net increase/decrease in cash and cash equivalents		**21.897.966**	**19.572.484**
E. Cash and cash equivalents at beginning of period		**51.799.723**	**32.227.239**
Cash and cash equivalents at end of period	4	**73.697.689**	**51.799.723**

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Çelebi Hava Servisi A.Ş. (collectively referred to as the "Company" or "Çelebi Hava") established in 1958 was the first private ground handling service company in the Turkish aviation sector. The company is continuing its operations under Çelebi Holding. . The Company provides ground handling services (representation, traffic, ramp, cargo, flight operations and aircraft maintenance etc) and fuel supplies to domestic and foreign airlines and private cargo companies. The Company operates in İstanbul Atatürk, İzmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta, Erzincan, Çanakkale, Balıkesir Edremit, Iğdır, Kocaeli, Bingöl airports, which are under the control of the State Airports Administration ("DHMI") and Istanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. ("HEAS"). The company is 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 Istanbul "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 Ümraniye / 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 also owns 94,8% of Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. ("Çelebi Güvenlik") which operates in airport terminal safety and provides safety services to airline companies. Pursuant to the resolution taken in the Ordinary General Assembly meeting, the liquidation process started as of December 31, 2013 and the title of the Company was changed into Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. in Liquidation. (In Liquidation Çelebi Güvenlik)

The Company was informed of winning the tender offer and participates in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("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 Kiszolgalo Korlatolt Felelossegu Tarsasag ("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 of 31 December 2014, total paid in capital of CGHH is 200.000.000 Hungarian forint.

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 1.120.000.000 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 18.150.000 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 1.081.917.000 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 Dağitim 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 10.800.000 Euro paid capital, established in November 2009 located in Frankfurt, Germany. As of December 31, 2014 the capital of Çelebi Kargo is TL 29.500.000 and totally paid. A "share purchase agreement" was signed on February 18, 2014 between Celebi Cargo GmBH, a subsidiary of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. registered in Frankurt, Germany, 100% of the capital of which is owned by Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş., in which the Company participates at the rate of 99,97%, and Aviapartner GmBH, also registered in Frankurt, Germany, for the transfer of all of the shares of Aviapartner Cargo GmbH operating in Frankfurt and Hahn International Airports in Germany, 100% of the capital of which is owned by Aviapartner GmBH for EUR 4,6 million to

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

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

Celebi Cargo GmBH. The closing procedures regarding this agreement were concluded on February 28, 2014. Negotiations are ongoing regarding the determination of the ultimate purchase price of over the financial statement dated February 28, 2014 within the framework of the "Share purchase agreement. As of 30 April 2014, the title of Aviapartner Cargo is changed to Celebi GmbH. Celebi Gmbh was taken over by Celebi Kargo with all its assets and liabilities and merged with Celebi Cargo Germany within the framework of the related effective regulations and the legal merger transactions were completed upon the registration made as of October 30, 2014.

As of 31 December 2014, the condensed interim consolidated financial statements of the Company include the Company, Celebi Nas, CGHH, Çelebi Guvenlik In Liquidation, 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 – 31 December 2014 have been approved for issue by the Board of Directors on 10 March 2015 and signed by Murat Zahal (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:

Subsidiary	Country of incorporation	Geographical segment	Nature of business
Çelebi Güvenlik In Liquidation	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 i
Celebi Cargo	Germany	Germany	Warehouse and cargo services i

Investments Accounted by Equity Method:

Investments Accounted by Equity Method	Country of incorporation	Geographical segment	Nature of business
Celebi Nas	India	India	Ground handling services

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Affiliates:

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

Affiliates	Country of incorporation	Geographical segment	Nature of business
DASPL	India	India	Ground hadling services

As of 31 December 2014 average number of personnel is 10.508 (31 December 2013: 10.343).

2.1. Basis of presentation

2.1.1 Financial reporting standards

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

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

The Company and 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. Company's functional and presentation currency is accepted as TL.

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates The consolidated financial statements are presented in TL, which are the functional currency of the Company and the presentation currency of the Group. As of 31 December 2014, the currency of subsidiaries has shown below.

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

Company	Currency
Çelebi Güvenlik in Liquidation	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 interpratations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2014 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 2014. The effects of these standards and interpretations on the the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:

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

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

TFRS Interpretation 21 Levies

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

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

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

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

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

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

TFRS 10 Consolidated Financial Statements (Amendment)

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

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

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

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, 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. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

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

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

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

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

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements to TAS/TFRSs

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

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

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

TFRS 3 Business Combinations

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

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

TFRS 8 Operating Segments

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

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

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

TAS 24 Related Party Disclosures

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

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

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

Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

TAS 40 Investment Property

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

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (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 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 TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

IFRS 15 Revenue from Contracts with Customers

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

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation witho ut otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:
• At cost
• In accordance with IFRS 9 (or IAS 39),
Or
• Using the equity method.

Annual Improvements to IFRSs - 2012-2014 Cycle

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

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

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

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

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

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

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

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated 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.

2.1.4 Basis of Consolidation

a) 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.

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

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

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

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

	Direct and indirect shareholding by Çelebi Hava and its Subsidiaries(%)	
Subsidiary	**31 December 2014**	**31 December 2013**
Çelebi Güvenlik In Liquadation (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	99,9	99,9

(1) As of 31 December 2014 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. (Note 5).

(2) Pursuant to the resolution taken in the Ordinary General Assembly meeting, of Çelebi Güvenlik with a capital of TL 1.906.736, participated by the Company at the rate of 94.8%, the liquidation process started as of December 31, 2013 and the title of the Company was changed into Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.in Liquidation. As of December, 2014, since Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.in Liquidation did not constitute any materiality on the consolidated financial statements of the Group, no additional presentation was made in the financial statements within the scope of IFRS 5 Assets Held for Sale and Discontinued Operations.

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

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

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.

	Direct and indirect shareholding by Çelebi Hava (%)	
Investments Accounted by Equity Method	**31 December 2014**	**31 December 2013**
Celebi Nas	%55,00	%55,00

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

The loans amounting to TL 10.385.750 presented under trade receivables from related parties in current assets in the condensed consolidated statement of financial position for the period ended December 31, 2013, given to CHH by CGHH was have been classified to other long-term receivables from related parties.

2.3. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarized below. These accounting policies are applied on a consistent basis for the comparative balances and results, unless otherwise indicated.

2.3.1 Cash and Cash Equivalents

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

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

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

2.3.2 Revenue

Revenues are the invoiced values of trading goods sold and services given. Revenues are recognized on an accrual basis at the time the Group sells a product to the customer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Rent income is recorded on an accrual basis, while interest income is recorded on an effective interest yield method basis. Dividend income is recorded as income as of the collection right transfer date.

In case of the Group sells on credit and does not acquired any interest throughout the maturity term or applies the lower interest rate than market interest rate and thus the transaction involves an effective financing process, the fair value of the provision for the sale is calculated by discounting the present value of receivables. The difference between the fair value and the nominal amount of the consideration is recognized as financial income in accordance with effective rate (internal efficiency).

According to the concession agreement signed by Celebi Delhi Cargo and Delhi International Airport Private Limited ("DIAL") on 24 August 2009, 36% of the income, except for income resulting from IFRIC 12, is generated from the operation of the cargo terminal in the airport in New Delhi for 25 years, belongs to DIAL and this amount is indicated in the consolidated financial statements by netting off against the sales income of Celebi Delhi Cargo..

According to concession agreement signed by Celebi GH Delhi and Delhi International Airport Private Limited ("DIAL") on 2 June 2010, comparatively higher amount among 15% of the income which is generated from the airport ground services provided in the airport in New Delhi for 10 years or 12,75% of income based on price ceiling determined by DIAL, belongs to DIAL and this amount is indicated in the consolidated financial statements by netting off against the sales income of Celebi Nas.

Since the gross revenue of CGHH is not subject to concession fee payment to authorities, revenue of CGHH has not been net-off in the consolidated financial statements (Note 19).

2.3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, restated to the equivalent purchasing power at 31 December 2004 for the items purchased before 1 January 2005 and stated at cost less depreciation for the items purchased after 1 January 2005. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets (Note 11).

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

	Useful Lives (Years)
Machinery and equipment	3-20
Motor vehicles	5
Furniture and fixtures	2-15
Leasehold improvements	5-15

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

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

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

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

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

2.3.4 Intangible Assets

Intangible assets are comprised of trademark licenses, patents, Build-Operate-Transfer investments, customer relations and computer software (Note 12).

a) Goodwill

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

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

b) Commercial Business Licenses (Rights)

Commercial business licenses are carried at cost in financial statement. Commercial business licenses have a limited useful life and are measured at cost less accumulated amortization. The estimated useful (19 years) lives for amortization of licenses for commercial operation cost is calculated using the straight line method.

c) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life (5-7 years) and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship. Where there is any indication that a contractual customer relationships may be impaired, the carrying value of asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

d) Computer software

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

e) Service Concession Arrangements & Build Operate – Transfer Investment

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

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

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

The operator shall account for revenue and costs relating to construction or upgrade services in accordance with Construction Contracts "IAS 11".

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

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

The amortization of the leasehold improvements related with the construction of the terminal has been conducted using the straight-line method based on the operation period of the terminal.

Celebi Nas	11 years
Celebi Delhi Cargo	25 years
Celebi GH Delhi	10 years

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

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

Celebi Delhi Cargo

An Agreement regarding improvement, modernization, financing and 25 years finite operating rights of the airport located in Delhi city of India has been signed on 24 August 2009. INR 1.200.000.000 deposit had been paid. Additional deposit, amounting to INR 78.148.352 is also paid in the period of 2012.

Celebi Nas

Operating rights agreement regarding ground services of airport in Mumbai, India for 11 years had been signed on 14 November 2008. INR 210.000.000 had been paid as deposit. As of 31 December 2013 INR 52.500.000 of the deposit amount had been returned back.

Furthermore, signed a Celebi Nas Letter of Award ("LOA") with Mumbai International Airport Private Limited ("MIAL"), the operator of the airport it which Celebi Nas operates, for the provision of air-conditioning and generator services, which have been mounted to the passenger bridges in the passenger terminal in the airport and the first installment amounting to INR 75 million (approximately USD 1,25 million) of the total deposit amounting to INR 150 million (approximately USD 2,5 million) was paid to MIAL. The Privilege Agreement has not been signed yet, and negotiations with MIAL are currently ongoing.

Celebi GH Delhi

Ground services agreement for 10 years regarding airport in Delhi city of India has been signed on 2 June 2010. INR 400.000.000 deposit has been paid.

According to these concession agreements, the Group has capitalized the differences between the paid deposit and its today's value as Build-Operate-Transfer investment and amortized them during the periods of concession agreements (Note 12).

2.3.5 Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realizable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 10).

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

2.3.6 Impairment of Assets

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

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

2.3.7 Financial Liabilities and Borrowing Costs

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

The Company compares borrowing costs arising from foreign currency borrowings for Residuum Upgrading Project with functional currency equivalent borrowing's interests and capitalizes borrowing costs by using cumulative approach in its financial statements (Note 7).

2.3.8 Financial Instruments

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortized cost using the effective interest method (Note 8).

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

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

Financial assets

Financial assets are initially recognized in the consolidated financial statements at their acquisition costs including the operational costs. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale in accordance with the requirements of IAS 39, "Financial Instruments". These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of the assets below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value- is removed from "Financial Assets Fair Value Reserve" in equity and the remained amount recognized as loss in the comprehensive income statement of the period.

The unrealized gains and losses arising from changes in the fair value of available-for-sale securities are recognized in "Financial Assets Fair Value Reserve" in equity. Gains and losses previously recognized in "Financial Assets Fair Value Reserve" are transferred to the statement of income when such available-for-sale financial assets are derecognized.

Available-for-sale assets that do not have a quoted market price in active markets and whose fair value cannot be measured reliably, the fair value of these assets are determined by using valuation techniques. These valuation techniques include taking as a basis the current transactions compatible with market conditions and other similar investment tools and the discount cash flow analyses considering the conditions specific for the company invested in.

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value.

2.3.9 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 8).

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

2.3.10 Business Combinations and Goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with IFRS 3 (Note 12).

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

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

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

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

Fair value changes of contingent consideration that arise from business combinations occurred before 1 January 2010 are adjusted against goodwill.

IFRS 3 "Business Combinations", which is effective for the periods beginning 1 January 2010, is applied for business combinations realized in 2010.

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill).

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

2.3.11 Foreign Currency Transactions

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

2.3.12 Earnings Per Share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned (Note 29).

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

2.3.13 Subsequent Events

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

2.3.14 Provisions, Contingent Liabilities and Contingent Assets

The conditions which are required to be met in order to recognize a provision in the consolidated financial statements are those that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (Note 13).

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

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

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

2.3.15 Leases

Financial leases

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the fair value of the leased asset, net of grants and tax credits receivable, or at the present value of the lease payment, whichever is the lower. Lease payments are treated as comprising capital and interest elements, the capital element is treated as reducing the capitalized obligation under the lease and the interest element is charged as expense to the statement of income. Depreciation on the relevant asset is also charged to the statement of income over its useful life (Note 7).

Operational leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

2.3.16 Related Parties

Shareholders who have control or common control on the Group, the companies or affiliates controlled by or affiliated to the shareholders, key management personnel and members of the board of directors, their families, the companies or affiliates controlled by or affiliated to them are deemed related parties in accordance with the aim of these consolidated financial statements (Note 30).

2.3.17 Segment Reporting

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorized to make decisions regarding the activities of the Group. The organs and persons authorized to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on activity basis such as; ground handling services, airport security services, airport terminal operating and cargo and warehouse services (Note 3).

2.3.18 Taxes on Income

Current and deferred income tax

Taxes on income for the period comprise of current tax and the change in the deferred income taxes. Current taxes on income comprise tax payable calculated on the basis of expected taxable income for the period using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous periods.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 28).

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

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

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly (Note 28).

2.3.19 Employee Benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service.

Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. All actuarial profits and losses are recognized in consolidated statements of income (Note 13).

2.3.20 Statement of Cash Flows

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

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

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

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

2.3.21 Dividends

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

2.3.22 Paid-in Capital

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

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

2.3.23 Offsetting

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

2.3.24 Derivative financial instruments and hedging activities

The Group uses foreign currency forward contracts to decrease its foreign exchange position and as of December 31, 2014 and 2013, it carries these instruments at their market value in its consolidated financial statements. The Group uses its year-end market rates and interest rates to calculate the market value of the foreign exchange forward contracts. In accordance with TAS 39 (Financial instruments: Recognition and Measurement), they are defined as held for trading and classified in the account of current liabilities (financial liabilities) in the consolidated financial statements and the changes in their fair value are reflected on the income statement.

As a result of the valuation performed regarding the forward contracts, the Group recorded the expense accrual in the account of other financial liabilities in its financial statements dated 31 December 2014.

2.4 Critical Accounting Estimates and Assumptions

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

(a) Goodwill impairment tests

As explained in Note 2.3.6 the Group performs impairment tests on goodwill annually at 31 December or more frequently if events or changes in circumstances indicate that it might be impaired. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. These calculations include certained estimations and assumptions. As a result of the impairment tests performed with the use of the above assumptions, no impairment was detected in the goodwill amount as of 31December 2014 (Note 12).

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

(b) Impairment of intangible assets

According to the accounting policy stated in Note 2.3.4. the intangible non-current assets are shown with their net value after the deduction of the accumulated depreciation, if any, and the value subtracted from the acquisition costs. As a result of the valuation studies performed at the purchase of 100% of CGHH shares, "Customer Relations" has been considered as an identifiable asset by the Group and shown under the intangible non-current assets. While the terms of the agreements signed by CGHH with its clients are either unlimited or for two to three years, it is seen that the clients continue the agreements for more than two to three years considering the average terms in the sector. The redemption and amortization are determined as seven years according to these estimates; all the important clients of CGHH have continued to work with CGHH since the year it started operations in Budapest and no important level of decrease is expected in the existing market share of CGHH. Thanks to the positive developments in the operations of CGHH, no indicator has been noted relating to whether or not there is a decrease in the registered net book value of the intangible non-current assets which are defined as "Customer Relations" and whose useful life is determined as seven years (Note 12).

(c) Provisions

As explained in Note 2.3.14, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the law suits and court cases opened against it at 31 December 2014 and for the ones where the Group estimates more than 50% probability of losing them necessary provisions are accounted for in the consolidated financial statements (Note 13).

(d) Taxes on income

As explained in Note 2.3.18, a provision is recognized for the current year tax liability based on the period results of the Group at the balance sheet date. Tax legislations in the Group's subsidiaries' and joint ventures' operating countries are subject to different manners of interpretation and subject to be altered frequently. Accordingly, the interpretation of tax implications regarding the operations of subsidiaries and joint ventures in foreign countries by the tax authorities may differ from the interpretation of the management. Consequently, the Group may encounter additional taxes, penalties and interests.

As of 31 December 2014, the Group has evaluated the possibility of any tax exposure that may arise in foreign subsidiaries and joint ventures and has not identified any necessity to recognize a provision.

(e) Unused carry-forward tax losses

Deferred tax asset is booked where there is a probability that a tax advantage can be gained in future periods.

Same as above, the Celebi GH Delhi has not booked deferred tax amounted to TL 24.645.938 to its financial statements as of 31 December 2014 which is arisen from the carry forward losses amounted to TL 7.996.375 due to the probability of inability to utilize carry-forward tax losses.

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

(f) Expenditures made within the scope of concession agreements according to IFRIC 12 application

Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo"), the subsidiary of the Group, established in New Delhi India, signed a concession agreement on 6 May 2009 with Delhi International Airport Private Limited ("DIAL") for development, modernization and operating of the cargo terminal at the airport in the city of New Delhi for 25 years.

Group, has accounted the capital expenditures related to the aforementioned investments in accordance with the with International Financial Reporting Interpretations Committee ("IFRIC 12") Service Concession Arrangements.

The estimates used by the Group in the application of IFRIC 12 are as follows:

i) TL 12.634.604 (31 December 2013: TL 5.490.831) has been provided regarding the estimated future renovation obligations in the consolidated financial statements as at 31 December 2014. The aforementioned provision was amortized by using average rate of 8,04% (31 December 2013: 8,04%).

ii) Concession rights presented under intangible assets has been determined by including profit margin determined by using the similar construction services on top of the estimated costs of the development and modernization of cargo terminal in accordance with the aforementioned concession agreement. Aforementioned intangible assets has been carried at amortized costs, Profit margin and discount rate is 2% (31 December 2013:2%) and 7,25% (31 December 2013: 7,25%) as at 31 December 2014.

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.

(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 31 December 2014 is as follows :

1 January – 31 December 2014

	Reportable Segments				
	Ground Handling Services	Cargo And Warehouse Services	Airport Security Services	Consolidation Adjustments	Consolidated
Revenue – net	416.877.577	205.148.051	-	(575.944)	621.449.684
Cost of sales	(284.879.479)	(161.641.708)	(27.756)	-	(446.548.943)
Gross profit	**131.998.098**	**43.506.343**	**(27.756)**	**(575.944)**	**174.900.741**
General administrative expenses	(70.817.880)	(17.803.397)	(19.834)	308.719	(88.332.392)
Addition: Depreciation and amortization	19.985.347	10.901.522	17.532	-	30.904.401
Addition: Operating lease equalization	(147.535)	8.016.527	-	-	7.868.992
Addition: Effect of IFRIC 12 shares	-	2.787.287	-	-	2.787.287
Addition: Prepaid allocation cost expense	1.155.072	-	-	-	1.155.072
Addition: Retirement pay liability and unused vacation provisions	6.150.351	1.608.816	-	-	7.759.167
Effect of EBITDA to investments accounted by equity method	6.412.149	257.993	-	-	6.670.142
EBITDA	**94.735.602**	**49.275.091**	**(30.058)**	**(267.225)**	**143.713.410**

The segment information provided to the board of directors as of 31 December 2013 is as follows :

1 January – 31 December 2013

	Reportable Segments				
	Ground Handling Services	Cargo And Warehouse Services	Airport Security Services	Consolidation Adjustments	Consolidated
Revenue – net	367.900.271	139.583.849	930.922	(543.754)	507.871.288
Cost of sales	(258.030.412)	(113.024.716)	(1.588.349)	439.173	(372.204.304)
Gross profit	**109.869.859**	**26.559.133**	**(657.427)**	**(104.581)**	**135.666.984**
General administrative expenses	(60.507.267)	(18.867.574)	(244.840)	640.749	(78.978.932)
Addition: Depreciation and amortization	24.578.338	8.536.884	21.201	-	33.136.423
Addition: Operating lease equalization	125.673	7.805.335	-	-	7.931.008
Addition: Effect of IFRIC 12 shares	-	2.304.769	-	-	2.304.769
Addition: Prepaid allocation cost expense	1.155.072		-		1.155.072
Addition: Retirement pay liability and unused vacation provisions	9.004.219	405.905	-	-	9.410.124
Effect of EBITDA to investments accounted by equity method	5.211.619	33.282	-	-	5.244.901
EBITDA	**89.437.513**	**26.777.734**	**(881.066)**	**536.168**	**115.870.349**

(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:

	1 January- 31 December 2014	1 January - 31 December 2013
EBITDA for		
Reported segments	143.713.410	115.870.349
Depreciation and amortization	(30.904.401)	(33.136.423)
Operating lease equalization	(7.868.992)	(7.931.008)
Effect of IFRIC 12	(2.787.287)	(2.304.769)
Retirement pay liability and unused vacation provisions	(7.759.167)	(9.410.124)
Other operating income	10.089.218	14.565.718
Other operating expenses (-)	(4.728.719)	(9.652.798)
Addition: Prepaid allocation cost expense	(1.155.072)	(1.155.072)
EBITDA effect of equity		
Accounted investees	(6.670.142)	(5.244.901)
Share of profit from equity accounted inventees	2.959.639	2.330.264
Operating profit	**94.888.487**	**63.931.236**
Income from investment activities	651.502	488.785
Expenses from investment activities (-)	(7.955.555)	(1.371.436)
Financial income	25.446.710	8.999.626
Financial expenses (-)	(42.386.869)	(70.071.456)
Income before tax	**70.644.275**	**1.976.755**

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.

Total Assets:	31 December 2014	31 December 2013
Turkey	382.671.374	342.990.373
India	171.575.597	157.161.385
Hungary	59.314.488	63.349.971
Germany	40.839.951	21.677.151
Segment assets (*)	**654.401.410**	**585.178.880**
Unallocated assets	79.023.305	70.690.153
Less: Inter-segment elimination	(160.179.892)	(140.612.614)
Total assets as per consolidated financial statements	**573.244.823**	**515.256.419**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

Total liabilities:	31 December 2014	31 December 2013
Turkey	48.778.216	42.750.310
India	92.667.785	88.146.827
Hungary	8.717.309	8.293.472
Germany	14.722.619	5.447.635
Segment liabilities (*)	**164.885.929**	**144.638.244**
Unallocated liabilities	311.563.117	333.975.109
Less: Inter-segment elimination	(9.657.719)	(10.198.232)
Total liabilities as per consolidated financial statements	**466.791.327**	**468.415.121**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

Geographical Segments

Geographical Analysis for the period 1 January - 31 December 2014

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	374.769.707	77.190.862	91.185.545	78.496.429	621.642.543	(192.859)	621.449.684
Cost of sales	(246.641.443)	(47.336.291)	(77.940.995)	(74.630.214)	(446.548.943)	-	(446.548.943)
Gross profit	128.128.264	29.854.571	13.244.550	3.866.215	175.093.600	(192.859)	174.900.741
General administrative expenses	(60.842.365)	(10.154.536)	(9.520.411)	(7.842.004)	(88.359.316)	26.924	(88.332.392)
Other operating income / expense (net)	(742.434)	766.897	5.421.904	-	5.446.367	(85.868)	5.360.499
Profit from investments accounted under equity method	-	-	2.959.639	-	2.959.639	-	2.959.639
Operating profit / (loss)	**66.543.465**	**20.466.932**	**12.105.682**	**(3.975.789)**	**95.140.290**	**(251.803)**	**94.888.487**

Geographical Analysis for the interim period 1 January - 31 December 2013

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	325.160.766	72.732.131	79.940.400	30.069.324	507.902.621	(31.333)	507.871.288
Cost of sales	(222.863.543)	(42.171.080)	(75.307.293)	(31.862.388)	(372.204.304)	-	(372.204.304)
Gross profit	102.297.223	30.561.051	4.633.107	(1.793.064)	135.698.317	(31.333)	135.666.984
General administrative expenses	(53.071.268)	(12.531.103)	(7.823.138)	(5.845.880)	(79.271.389)	292.457	(78.978.932)
Other operating income / expense (net)	9.484.228	1.108.753	(5.406.115)	(42.218)	5.144.648	(231.728)	4.912.920
Profit from investments accounted under equity method	-	-	2.330.264	-	2.330.264	-	2.330.264
Operating profit / (loss)	**58.710.183**	**19.138.701**	**(6.265.882)**	**(7.681.162)**	**63.901.840**	**29.396**	**63.931.236**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Cash	145.144	187.617
Banks		
- Time deposit	56.764.825	50.341.859
- Demand deposit	22.699.126	9.773.946
Other liquid assets	341.434	2.863
	79.950.529	**60.306.285**

Effective interest rates on TL, EUR, USD and INR denominated time deposits at 31 December 2014 are %9,27, %2,39, %1,93, %5,00. (31 December 2013: TL 7,32%, EUR 1,95%, USD 0,98%, INR 5,07%). The maturity days on TL, EUR, USD and INR denominated time deposits as of 31 December 2014 20-60 days,1-14 days and 1-3 days for INR, EUR and USD respectively, 1-35 day for TL. (31 December 2013: 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 3" December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Cash and banks	79.950.529	60.306.285
Less: Interest Accruals	(74.333)	(14.967)
Less: Restricted cash (*)	(6.178.507)	(8.491.595)
	73.697.689	**51.799.723**

(*) 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 (31 December 2013: 8.491.595 TL).

NOTE 5 - FINANCIAL INVESTMENTS

Available-for-sale assets:

	31 December 2014		31 December 2013	
	%	TL	%	TL
DASPL	%16,66	1.525.835	%16,67	1.438.335
Celebi Spain (*)	%100,0	20.525	%100,0	20.525
		1.546.360		**1.458.860**

(*) As at 31 December 2014, 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.

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

NOTE 6 - EQUITY ACCOUNTED INVESTEES

	%	31 December 2014	%	31 December 2013
Çelebi Nas	%55	17.141.793	%55	13.160.780
		17.141.793		**13.160.780**

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

	31 December 2014	31 December 2013
As of 1 January	**13.160.780**	**10.026.878**
Share on profit / loss	2.959.639	2.330.264
Currency translation differences	864.194	699.923
Actuarial gains/losses fund from retirement plans	157.180	103.715
As of 31 December	**17.141.793**	**13.160.780**

Profit /loss from investments accounted under equity method:

	1 January- 31 December 2014	1 January- 31 December 2013
Çelebi Nas	2.959.639	2.330.264
	2.959.639	**2.330.264**

Summary statement of equity accounted investees:

	31 December 2014	31 December 2013
Total Assets	36.612.513	34.384.187
Total Liabilities	5.445.615	10.455.495

	1 January- 31 December 2014	1 January- 31 December 2013
Total Revenue	33.704.153	27.197.455
Profit / (Loss) for the period	5.381.162	4.236.844

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

NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term borrowings:

	31 December 2014		
	Effective Interest Rate (%)	**Original Amount**	**TL**
Short-term financial liabilities:			
TL Borrowings	10,50% - 13,50%	30.000.000	30.000.000
INR Borrowings	12,00% - 12,82%	84.786.647	3.104.887
Total short term credits			**33.104.887**
Short-term finance lease obligations			
Short-term finance lease obligations - EUR		573.537	1.617.776
Short-term finance lease obligations - USD		79.960	185.419
Total short-term finance lease obligations			**1.803.195**
Short term liabilities			**34.908.082**
Short-term portion of long-term borrowings:			
Derivative financial instruments (*)		581.558	**1.640.400**

(*) 26 September 2014 is date of forward transactions for cash flow hedges, value date is 7 January 2015,bank purchase amount is EUR 12.000.000, bank selling amount is TL 35.588.400.

Short-term portion of long-term borrowings:

Interest expense accrual – INR	19.004.560	695.947
Interest expense accrual – EUR	446.457	1.259.321
Interest expense accrual – TL	1.821.513	1.821.513
INR borrowings	574.234.162	21.028.455
TL borrowings	15.000.000	15.000.000
EUR borrowings	17.544.686	49.488.295
Short-term portion of total long term borrowings:		**89.293.531**
Total short term liabilities:		**125.842.013**

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

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

Long-term financial liabilities:	31 December 2014		
	Effective Interest Rate(%)	**Original Amount**	**TL**
INR borrowings	12,00% - 12,82%	1.214.966.357	44.492.068
EUR borrowings	2,20% - Libor/Euribor +5,50%	46.410.148	130.909.104
TL borrowings	10,50% - 13,50%	-	-
			175.401.172
Long-term finance lease obligations:			
Long-term finance lease obligations – USD		24.848	57.620
Long-term finance lease obligations – EUR		1.410.447	3.978.448
Total long-term finance lease obligations			**4.036.068**
Total long-term financial liabilities			**179.437.240**
Total financial liabilities			**305.279.253**

Short-term financial liabilities:

	31 December 2013		
Short term borrowings:	**Effective Inerest Rate(%)**	**Original Amount**	**TL**
INR borrowings	11,50% – 12,78%	82.786.616	2.857.794
Total short term credits			**2.857.794**
Short-term finance lease obligations:			
Short-term finance lease obligations - EUR		589.874	1.732.164
Short-term finance lease obligations - USD		79.393	169.449
Total short-term finance lease obligations			**1.901.613**
Total short term liabilities			**4.759.407**
Other short term financial liabilities:			
Derivative liabilities (*)		810.710	**2.380.650**

(*) 5 units of forward transactions to avoid the risk associated with cash flow with maturities differing between 1day and-129days Bank purchase amount is EUR 10.500.000 and bank selling the amount is TL 29.076.125.

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

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

	31 December 2013		
	Effective Interest Rate(%)	**Original Amount**	**TL**
Short-term portion of long-term borrowings:			
Interest expense accrual - EUR	-	600.067	1.762.097
Interest expense accrual - INR	-	5.547.683	191.506
EUR borrowings	Libor/Euribor + 4,00% - 6,50%	22.392.667	65.756.066
INR borrowings	11,50% – 12,78%	475.789.340	16.424.248
Short-term portion of total long term borrowings:			**84.133.917**
Total short term liabilities:			**91.273.974**

	31 December 2013		
	Effective Interest Rate(%)	**Original Amount**	**TL**
Long-term financial liabilities:			
INR borrowings	11,50% – 12,78%	1.614.817.584	55.743.503
EUR borrowings	Libor/Euribor + 4,00% - 6,50%	59.404.834	174.442.294
Total long-term financial liabilities			**230.185.797**
Long-term finance lease obligations:			
Long-term finance lease obligations - EUR		1.983.984	5.825.969
Long-term finance lease obligations - USD		98.662	210.575
Total long-term finance lease obligations			**6.036.544**
Total long-term financial liabilities			**236.222.341**
Total financial liabilities			**327.496.315**

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

	31 December 2014	**31 December 2013**
Less than 3 months	13.190.195	14.168.862
Between 3-12 months	112.651.818	77.105.112
Between 1-5 years	179.437.240	230.454.960
5 years and more	-	5.767.381
	305.279.253	**327.496.315**

(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 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Between 1-2 years	82.104.380	70.492.852
Between 2-3 years	43.458.843	94.306.790
Between 3-4 years	32.517.249	43.391.295
4 years and more	17.320.700	21.994.860
	175.401.172	**230.185.797**

The redemption schedules of financial lease obligations as of 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014			31 December 2013		
	Minimum lease Payments	Interest	Total obligation	Minimum lease payments	Interest	Total obligation
Less than 1 year	2.072.879	(269.684)	1.803.195	2.316.726	(415.113)	1.901.613
Between 1-2 years	1.914.635	(224.909)	1.689.726	2.129.453	(295.120)	1.834.333
Between 2-3 years	1.743.924	(80.328)	1.663.596	1.982.556	(184.460)	1.798.096
Between 3-4 years	686.726	(3.980)	682.746	1.810.594	(83.160)	1.727.434
4 years and more	-	-	-	680.752	(4.071)	676.681
	6.418.164	**(578.901)**	**5.839.263**	**8.920.081**	**(981.924)**	**7.938.157**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 Decmeber 2014	31 December 2013
Due from third parties	60.330.934	57.473.999
Less: Provision for doubtful receivables	(3.142.514)	(3.128.251)
Trade receivables from third parties (net)	**57.188.420**	**54.345.748**
Due from related parties (Note 30)	691.934	287.931
Total short-term trade receivables	**57.880.354**	**54.633.679**

The maturities of trade receivables are generally less than 45 days (31 December 2013: less than one month). The fair value of current trade receivables as of 31 December 2014 and 31 December 2013 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.

(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:

	31 December 2014	31 December 2013
Opening balance	3.128.251	3.217.952
Cumulative translation differences	51.606	30.573
Foreign currency translation differences	(13.625)	92.572
Collections and reversal of provisions	(23.718)	(212.846)
Closing balance	**3.142.514**	**3.128.251**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Credit risks exposed by the Group for each financial instrument type as of 31 December 2014 and 2013 are shown below:

	Trade receivables		Other receivables		
31 December 2014	**Related Party**	**Other**	**Related Party**	**Other**	**Bank deposits (*)**
The maximum of credit risk exposed at the reporting date	**10.566.884**	**57.188.420**	**-**	**23.122.897**	**79.805.385**
- Credit risk covered by guarantees	-	***2.863.275***	-	-	-
Net carrying value of financial assets either are not due or not impaired	10.517.581	34.366.535	-	23.122.897	79.805.385
Net carrying value of financial assets which are overdue but not impaired	49.303	22.821.885	-	-	-
- Amount of risk covered by guarantees	-	*1.531.078*	-	-	-
Net carrying value of impaired assets					
- Overdue (gross carrying value)	-	*3.142.514*	-	-	-
- Impairment amount (-)	-	(3.142.514)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(*) Including restricted cash.

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

	Trade receivables		Other receivables		
31 December 2013	**Related Party**	**Other**	**Related Party**	**Other**	**Bank deposits (*)**
The maximum of credit risk exposed at the reporting date	**10.673.681**	**54.345.748**	-	**18.483.941**	**60.118.668**
-Credit risk covered by guarantees	-	*2.869.827*	-	-	-
Net carrying value of financial assets either are not due or not impaired	10.672.531	33.736.320	-	18.483.941	60.118.668
Net carrying value of financial assets which are overdue but not impaired	1.150	20.609.428	-	-	-
- Amount of risk covered by guarantees		*1.926.170*			
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	3.128.251	-	-	-
- Impairment amount (-)	-	(3.128.251)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(*) Including restricted cash.

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	31 December 2014	31 December 2013
Less than 1 month	11.266.946	7.586.554
Between 1-3 months	6.383.174	6.208.396
Between 3-12 months	4.926.061	6.357.855
Between 1-5 years	295.007	457.773
	22.871.188	**20.610.578**

Aging of overdue receivables that are not impaired including receivables from related parties is as follows:

	Trade receivables	
31 December 2014	**Related party**	**Other**
Overdue 1-30 days	49.303	11.217.643
Overdue 1-3 months	-	6.383.174
Overdue 3-12 months	-	4.926.061
Overdue 1-5 years	-	295.007
Amount of risk covered by guarantees	-	**1.531.078**

	Trade receivables	
31 December 2013	**Related party**	**Other**
Overdue 1-30 days	1.150	7.585.404
Overdue 1-3 months	-	6.208.396
Overdue 3-12 months	-	6.357.855
Overdue 1-5 years	-	457.773
Amount of risk covered by guarantees	-	**1.926.170**

Short-term trade payables

	31 December 2014	31 December 2013
Trade payables to third parties	38.054.108	25.263.887
Accrued liabilities	3.152.803	13.412.595
Total trade payables to third parties	**41.206.911**	**38.676.482**
Due to third parties (Note 30)	4.640.874	5.282.601
Total trade payables	**45.847.785**	**43.959.083**

The fair value of short-term trade payables as of 31 December 2014 and 2013 equals their carrying amount as the impact of discounting is not significant.

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
Other short-term receivables		
Receivables from Tax Office	6.560.868	6.738.823
Deposits and guarantees given	283.528	254.343
Other short-term receivables (*)	2.653.438	25.475
	9.497.834	**7.018.641**

(*) As of December 31, 2014, TL 2.238.572 of other various receivables consists of the amount of receivables held in the related blocked bank account with regard to the acquisition of the shares of Celebi Celebi by the Group's subsidiary GbmH Cargo.

	31 December 2014	31 December 2013
Other long-term receivables from third parties		
Deposits and guarentees given (*)	13.625.063	11.465.300
	13.625.063	**11.465.300**

(*) As of 31 December 2014, 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 8.481.462 (31 December 2013: TL 6.683.594) ve TL 5.060.111 (31 December 2013: TL 4.284.455) as a deposit to the local authorities, companies and the amount which was shown in banks as blockage. As of 31 December 2014, Group has no blockage balance.

	31 December 2014	31 December 2013
Other long-term receivables from related parties		
ÇHH (Note 30)	9.874.950	10.385.750
	9.874.950	**10.385.750**

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short-term payables	**31 December 2014**	**31 December 2013**
Other short-term payables (*)	4.478.856	2.499.581
Deposits received	43.004	40.538
Liquidated damage fee (**)	-	5.160.740
	4.521.860	**7.700.859**

(*) As of 31 December 2014; TL 3.966.746 of other short-term payables (31 December 2013: TL 2.455.407) Celebi Delhi Cargo, a subsidiary of the Company in India, the other partner DIAL debts arising from the concession contract.

(**) Pursuant to the privilege agreement signed between Celebi Delhi Cargo and DIAL, DIAL claimed a penalty in 2011 on the account that Celebi Delhi Cargo did not conform to the construction period determined in the appendix of the agreement for the construction to be made. As of February 1, 2014, the company and DIAL reconciled on the payment of a damage compensation amounting to INR 149.500.000 (TL 5.160.740). All amount is paid in 2014.

Other long-term payables	**31 December 2014**	**31 December 2013**
Deposits and guarantees received	4.782.335	4.299.463
	4.782.335	**4.299.463**

NOTE 10 - INVENTORIES

	31 December 2014	**31 December 2013**
Trade goods	1.052.140	1.461.261
Other inventories	7.328.933	7.038.127
	8.381.073	**8.499.388**

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

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended 31 December 2014 are as follows:

	Opening 1 January 2014	Additions due to purchase of subsidiaries (**)	Additions	Disposals(***)	Foreign Currency Translation Differences	Closing 31 December 2014
Cost						
Plant, machinery and equipment	202.313.681	1.486.839	31.070.395	(980.746)	(208.594)	233.681.575
Motor vehicles	36.925.913	-	194.973	(465.508)	(2.286.675)	34.368.703
Furniture and fixtures	21.469.906	-	866.347	(212.205)	(267.289)	21.856.759
Leasehold improvements (*)	99.959.534	2.076.789	17.131.555	(14.676.051)	(111.482)	104.380.345
Construction in Progress	8.669.072	-	2.051.283	-	-	10.720.355
	369.338.106	**3.563.628**	**51.314.553**	**(16.334.510)**	**(2.874.040)**	**405.007.737**
Accumulated depreciation						
Plant, machinery and equipment	(127.065.935)	(874.267)	(12.240.701)	620.356	141.641	(139.418.906)
Motor vehicles	(25.337.100)	-	(2.364.989)	390.228	1.573.445	(25.738.416)
Furniture and fixtures	(16.342.488)	-	(1.864.998)	209.544	168.024	(17.829.918)
Leasehold improvements (*)	(55.060.161)	(930.224)	(6.454.182)	6.875.990	34.389	(55.534.188)
	(223.805.684)	**(1.804.491)**	**(22.924.870)**	**8.096.118**	**1.917.499**	**(238.521.428)**
Net book value	**145.532.422**					**166.486.309**

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A,Ş in the airports within which it operates were rented from the DHMI and other local authority, The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 December 2014 the net book value of these stations was TL 45.102.539. 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 31 December 2014 in the amount of TL 20.753.304 and TL 2.171.566 are respectively included in cost of sales and operating expenses.

There are net book value TL 6.648.830 worth of financial leasing assets in plant, machinery and equipment as of 31 December 2014.

(**) For the detail of purchase of Celebi GmbH please refer to Note 12.

(***) Due to the apron widening works conducted by DHMİ as a solution to the increasing passenger traffic at Atatürk Airport, the Company evacuated its service buildings to hand them over to DHMİ in accordance with the provisions of the lease and moved into the new service buildings constructed in the area allotted by DHMİ on July 1, 2014. The net book value of the investments regarding the service buildings evacuated/handed over to DHMİ recognized in special expenses item as of the handing-over date is TL 7.872.903 which has been classified in expense from investment activities.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the period ended 31 December 2013 are as follows:

	Opening 1 January 2013	Additions	Disposals	Transfers	Foreign currency Translation Differences	Closing 31 December 2013
Cost						
Plant, machinery and equipment	188.801.585	10.521.524	(1.742.441)	4.674	4.728.339	202.313.681
Motor vehicles	33.617.328	262.652	(2.278.015)	-	5.323.948	36.925.913
Furniture and fixtures	20.608.807	643.415	(527.277)	-	744.961	21.469.906
Leasehold improvements (*)	97.683.472	3.278.742	(2.334.394)	748.786	582.928	99.959.534
Construction in Progress	739.297	8.669.070	-	(753.460)	14.165	8.669.072
	341.450.489	**23.375.403**	**(6.882.127)**	**-**	**11.394.341**	**369.338.106**
Accumulated depreciation						
Plant, machinery and equipment	(115.539.733)	(11.356.922)	1.652.972	-	(1.822.252)	(127.065.935)
Motor vehicles	(19.976.849)	(2.456.416)	624.133	-	(3.527.968)	(25.337.100)
Furniture and fixtures	(14.818.571)	(1.725.652)	515.581	-	(313.846)	(16.342.488)
Leasehold improvements (*)	(48.774.210)	(6.915.261)	714.080	-	(84.770)	(55.060.161)
	(199.109.363)	**(22.454.251)**	**3.506.766**	**-**	**(5.748.836)**	**(223.805.684)**
Net book value	**142.341.126**					**145.532.422**

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A,Ş in the airports within which it operates were rented from the DHMI and other local authority. The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 December 2013 the net book value of these stations was TL 41.789.147. 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 31 December 2013 in the amount of TL 20.187.509 and TL 2.266.743 are respectively included in cost of sales and operating expenses.

There are net book value TL 8.304.151 worth of financial leasing assets in plant, machinery and equipment as of 31 December 2013.

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

NOTE 12 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in intangible assets for the period ended 31 December 2014 are as follows:

	Opening 1 January 2014	Additions	Disposals	Foreign Currency Translarion Differences	Closing 31 December 2014
Cost					
Rights	11.690.098	23.007	(550.748)	-	11.162.357
Customer relations	39.556.774	3.944.255	-	(3.828.075)	39.672.954
Software	8.973.270	1.209.360	(24.465)	(251.393)	9.906.772
Concession rights (**)	64.721.241	-	-	3.937.271	68.658.512
Build-operate-transfer investments (*)	50.653.610	-	-	2.967.546	53.621.156
	175.594.993	**5.176.622**	**(575.213)**	**2.825.349**	**183.021.751**
Accumulated depreciation					
Rights	(2.004.071)	(665.541)	550.375	(657)	(2.119.894)
Customer relations	(39.556.764)	(657.375)	-	3.828.074	(36.386.065)
Software	(6.618.656)	(1.180.645)	21.556	172.752	(7.604.993)
Concession rights(**)	(11.053.640)	(2.793.188)	-	(732.433)	(14.579.261)
Build-operate-transfer investments (*)	(10.155.819)	(2.682.782)	-	(656.456)	(13.495.057)
	(69.388.950)	**(7.979.531)**	**571.931**	**2.611.280**	**(74.185.270)**
Net book value	**106.206.043**				**108.836.481**

(*) TL 35.309.834 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 5.851.374 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 31 December 2014 in the amount of TL 674.519 and TL 7.305.012 are included in operating expenses and cost of sales.

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

NOTE 12 - INTANGIBLE ASSETS (Continued)

Other Intangible Assets

Movements in intangible assets for the period ended 31 December 2013 are as follows:

	Opening 1 Ocak 2013	Additions	Disposals	Foreign Currency Translation Differences	Closing 31 December 2013
Cost					
Rights	12.453.583	11.852	(1.743)	(773.594)	11.690.098
Customer relations	32.379.129	-	-	7.177.645	39.556.774
Software	7.358.230	270.717	(17.551)	1.361.874	8.973.270
Concession rights (**)	61.327.682	-	-	3.393.559	64.721.241
Build-operate-transfer investments (*)	47.997.671	-	-	2.655.939	50.653.610
	161.516.295	282.569	(19.294)	13.815.423	175.594.993
Accumulated depreciation					
Rights	(1.648.776)	(668.146)	882	311.969	(2.004.071)
Customer relations	(28.606.362)	(3.958.613)	-	(6.991.789)	(39.556.764)
Software	(4.890.610)	(1.079.229)	17.551	(666.368)	(6.618.656)
Concession rights (**)	(7.925.520)	(2.538.256)	-	(589.864)	(11.053.640)
Build-operate-transfer investments (*)	(7.175.509)	(2.437.928)	-	(542.382)	(10.155.819)
	(50.246.777)	(10.682.172)	18.433	(8.478.434)	(69.388.950)
Net book value	111.269.518				106.206.043

(*) TL 34.957.485 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, TL5.540.305 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 31December 2013 in the amount of TL 4.622.795 and TL 6.059.378 are included in operating expenses and cost of sales.

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

NOTE 12 - INTANGIBLE ASSETS (Continued)

Goodwill

Positive goodwill at 31 December 2014 and 31 December 2013 is as follows:

	31 December 2014	31 December 2013
Goodwill due to acquisition of CGHH	20.934.547	23.177.524
Celebi Nas due to acquisition of Celebi Nas addition share	910.723	910.723
Goodwill due to acquisition of Celebi GmbH	1.360.940	-
	23.206.210	**24.088.247**

Goodwill due to acquisition of CGHH

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 6.691.261.000 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 31 December 2014 are below:

	31 December 2014	31 December 2013
1 January	23.177.524	18.971.925
Foreign Currency Translation Differences	(2.242.977)	4.205.599
Goodwill	**20.934.547**	**23.177.524**

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

NOTE 12 - 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.

	31 December 2014
Ground handling services - Hungary	**20.934.547**

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

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

Discount rate	**%9,7**

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

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December 2014.

Goodwill from purchasing 4% shares of Celebi Nas

The Company has purchased %4 shares of Celebi Nas with ratio of %51 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 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.

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**

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

NOTE 12 - 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.

	31 December 2014
Ground handling services – India	910.723

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 31 December 2014.

Goodwill from purchasing of Celebi GmbH

A "share purchase agreement" was signed on February 18, 2014 between Celebi Cargo GmBH, a subsidiary of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. registered in Frankurt, Germany, 100% of the capital of which is owned by Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş., in which the Company participates at the rate of 99,97%, and Aviapartner GmBH, also registered in Frankurt, Germany, for the transfer of all of the shares of Aviapartner Cargo GmbH (Aviapartner Cargo) operating in Frankfurt and Hahn International Airports in Germany in cargo storage and handling, 100% of the capital of which is owned by Aviapartner GmBH for EUR 4.459.283 (13.604.381 TL) to Celebi Cargo GmBH. The closing procedures regarding this agreement were concluded on February 28, 2014. As of December 31, 2014, negotiations are ongoing regarding the ultimate determination of the purchase price over the financial statements dated February 28, 2014 within the framework of the "Share purchase agreement. An ultimate agreement on the purchase price has not been reached by the group's management within the frame of this agreement and the purchase readjustment amounting to EUR 362.003 (TL 1.021.102) has been included in the calculation of goodwill. As of April 30, 3014, the official title of Aviapartner Cargo was changed as Celebi GmbH and all assets and liabilities of Celebi GmbH was taken over by Celebi Cargo and the legal merger was completed as of October 30, 2014.

The goodwill arising from the subject purchase has been recognized in the financial statements dated December 31, 2014 provisionally within the scope of TFRS 3.

Goodwill of Celebi GbmH which is calculated with net asset is follows:

Purchasing amount	13.604.380
Less: Identifiable asset, liabilities and fair values of contingent liabilities	(13.038.290)
Adjustment for purchase price	1.021.102
Foreign currency translation differences	(226.252)
Goodwill	**1.360.940**

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

NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

	31 December 2014	31 December 2013
Provision for unused vacation	857.992	665.445
Other	-	7.483
	857.992	**672.928**

Movements of short term provisions as of 31 December 2014 are as follows:

	Provision for litigation	Other provisions	Total
1 January 2014	**665.445**	**7.483**	**672.928**
Increase during the year	192.547	-	192.547
Payments during the year	-	(7.483)	(7.483)
31 December 2014	**857.992**	-	**857.992**

	Provision for litigation	Other provisions	Total
1 Ocak 2013	**1.167.781**	**165.938**	**1.333.719**
Increase during the year	-	6.431	6.431
Payments during the year	-	-	-
Usage during the year	(527.085)	(174.104)	(701.189)
Exchange difference	24.749	9.218	33.967
31 December 2013	**665.445**	**7.483**	**672.928**

Short-term provision for employee benefits

	31 December 2014	31 December 2013
Provision for employee termination benefits	56.202	-
Provision for unused vacation	3.189.336	2.366.362
	3.245.538	**2.366.362**

b) Long-term provisions:

Long-term provision for employee benefits

	31 December 2014	31 December 2013
Provision for employee termination benefits	**9.234.288**	**9.256.100**

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

NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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 31 December 2014 consists of one month's salary limited to a maximum of TL 3.438,22 (31 December 2013: TL 3.254,44) for each year of service.

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

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 31 December 2014 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.

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 3.438,22 which is effective from 1 January 2014 (31 December 2013: TL 3.254,44) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

	31 December 2014	31 December 2013
As of 1 January	**11.622.462**	**10.171.698**
Paid during the year	(4.544.318)	(6.306.278)
Increase during the year	4.492.978	3.384.064
Actuarial gain/loss	614.072	1.620.505
Service Cost	2.125.351	4.637.249
Interest Cost	736.710	1.031.798
Foreign currency translation differences	28.160	(146.222)
Used during the period	(2.595.589)	(2.770.352)
End of the period	**12.479.826**	**11.622.462**

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

NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities of the Group

	31 December 2014	31 December 2013
Guarantees received:		
Guarantee letters	8.622.680	7.367.247
Guarantee check	1.315.110	1.847.072
Guarantee notes	793.267	887.672
	10.731.057	**10.101.991**
Guarantees given:		
Collateral	267.590.094	247.913.850
Guarantee letters	59.651.356	52.999.542
Share pledge	12.599.398	8.801.189
	339.840.848	**309.714.581**

The Company has contingent assets amounting to TL 1.455.536 (31 December 2013: TL 1.392.881), due to the legal cases in favor of the Company and contingent liabilities amounting to TL 20.239.696 due to the legal cases and enforcement proceedings against the Company as of 31 December 2014 (2013: TL 19.374.452), TL 16.088.136 portion of contingent liabilities are comprised of legal cases and enforcement proceedings related with the fire in warehouse (Note 33) in which Company is a sole defendant and co-defendant with the DHMI, other warehouse management companies and insurance companies(2013:TL15.821.307).

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

NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The details of collaterals, pledges and mortgages ("CPM") of the Company at 31 December 2014 and 31 December 2013 are as follows:

		31 December 2014		31 December 2013	
Collaterals, pledges and mortgages given by the Company	**Currency**	**Amount**	**TL equivalent**	**Amount**	**TL equivalent**
A. CPM given on behalf of the Company's legal personality			**46.219.833**		**39.996.969**
	TL	6.765.106	6.765.106	5.096.477	5.096.477
	USD	2.210.500	5.125.929	2.053.918	6.031.332
	EUR	2.969.279	8.375.445	1.810.500	3.864.150
	HUF	571.011.496	20.910.441	561.999.117	19.400.210
	INR	562.825.000	5.042.912	565.000.000	5.604.800
B. CPM given on behalf of fully consolidated subsidiaries			**293.621.015**		**269.717.612**
	EUR	38.846.667	109.574.794	33.700.000	98.960.050
	USD	5.792.196	13.431.523	6.092.196	13.002.574
	INR	4.659.057.850	170.614.698	4.569.959.100	157.754.988
C. CPM given for continuation of its economic activities on behalf of third parties				-	-
D. Total amount of other CPM					
i. Total amount of CPM given on behalf of the majority shareholder				-	-
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					
			339.840.848		**309.714.581**

The ratio of other collaterals, pledges and mortgages given by the Company to equity of the Company is 0,0% as of 31 December 2014 (31 December 2013: 0,0%). The Company has no benefit from CPM given to third parties.

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

NOTE 14 - OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2014	31 December 2013
Restricted cash (*)	5.766.185	5.629.522
Deferred Value-added tax ("VAT")	2.712.512	1.483.776
Insurance expense need to be compensated	4.434.582	4.180.278
Advances given to personnel	452.783	311.444
Other	403.133	223.947
	13.769.195	**11.828.967**

(*) Comprises the deposits blocked of Çelebi Delhi Cargo and Celebi GH Delhi, the subsidiaries of the Group in India, as of 31 December 2014. (31 December 2013: TL 4.144.684).

Other non-current assets	31 December 2014	31 December 2013
Prepaid taxes and funds (*)	11.520.724	7.526.225
Other	3.242	3.242
	11.523.966	**7.529.467**

(*) 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 1.883.821 (31 December 2013: TL 1.005.713) ve TL 9.636.903 (31 December 2013: TL 6.520.512).

Other current liabilities	31 December 2014	31 December 2013
Taxes and funds payable	1.880.870	1.233.204
Rent equilization reserves	855.783	968.464
Other miscellaneous payables and liabilities	1.762.031	964.346
	4.498.684	**3.166.014**

Other non-current liabilities	31 December 2014	31 December 2013
Provision for operational leasing equalization (*)	44.874.521	34.880.012
Other	12.634.604	8.636.332
	57.509.125	**43.516.344**

(*) 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.

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

NOTE 15 – PREPAID EXPENSES

Short-term prepaid expenses	31 December 2014	31 December 2013
Prepaid expenses (*)	7.298.816	6.366.303
Advances given	2.808.197	2.283.817
	10.107.013	**8.650.120**

Long-term prepaid expenses	31 December 2014	31 December 2013
Prepaid expenses (*)	17.315.719	18.912.672
Capital advances given	1.843.493	2.706.773
	19.159.212	**21.619.445**

(*) TL 17.326.080 (31 December 2013:TL 19.636.224) of total prepaid expenses consist of long-term prepaid rent expenses in an airport in which Celebi Hava operates.

NOTE 16 – DEFERRED INCOME

Short-term Deferred Income	31 December 2014	31 December 2013
Short term deferred revenues calculated based on IFRYK12	1.053.674	5.922.443
Order advances received	2.518.221	2.269.863
	3.571.895	**8.192.306**

NOTE 17 – LIABILITIES FOR EMPLOYEE BENEFITS

	31 December 2014	31 December 2013
Wages and salaries payable	9.197.040	6.273.012
Social security withholdings payment	3.885.525	3.707.536
Premium and bonus payable accruals	5.817.645	1.330.005
	18.900.210	**11.310.553**

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

NOTE 18 - EQUITY

Share Capital

As of 31 December 2014, 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 2013: 2.430.000.000).

At 31 December 2014 and 31 December 2013, the shareholding structure of the Group is stated in historical amounts below:

	31 December 2014		31 December 2013	
Shareholders	**Amount**	**Share %**	**Amount**	**Share%**
Çelebi Havacılık Holding A.Ş. (ÇHH)	19.042.115	78,36	18.797.553	77,36
Other	5.257.885	21,64	5.502.447	22,64
	24.300.000	**100,00**	**24.300.000**	**100,00**

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

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

- "If the difference is arising from the valuation of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";
- If the difference is arising from valuation of "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained Earnings",

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

The amount of restricted reserves is TL 28.274.456 as of 31 December 2014 (31 December 2013: TL 28.274.456).

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

NOTE 18 – EQUITY (Continued)

Listed companies distribute dividend in accordance with the Communique No. II-19.1 issued by the CMB which is effective from February 1, 2014. Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legistrations. The communique does not constitute a mininum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

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

Furthermore, in the event that the account item "Equity Effect on Acquisition" exists in the equity in the consolidated financial statements, this account item is not considered as a discount or addition item in the calculation of the net distributable profit for the period.

NOTE 19 – REVENUE AND COST OF SALES

	1 January - 31 December 2014	1 January- 31 December 2013
Ground handling services	423.575.946	375.808.500
Cargo and warehouse services income	195.502.481	123.257.803
Airport security services	-	930.922
Revenue in the context of IFRIC 12	4.798.315	11.223.438
Rental revenue not related to aviation	9.446.946	9.354.644
Less: Returns and discounts	(11.874.004)	(12.704.019)
Sales revenue- net	**621.449.684**	**507.871.288**
Cost of sales	**(446.548.943)**	**(372.204.304)**
Gross profit	**174.900.741**	**135.666.984**

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

NOTE 20 - EXPENSES BY NATURE

	1 January - 31 December 2014	1 January - 31 December 2013
Personnel expenses	(215.526.510)	(167.788.545)
Payments to authorities and terminal managements (*)	(95.515.061)	(82.223.901)
Equipment repair, maintenance, fuel and security expenses	(45.029.868)	(37.854.105)
Consultancy expenses	(42.976.666)	(38.061.626)
Depreciation and amortization expenses	(30.904.401)	(33.136.423)
Outsourced services	(17.929.067)	(15.580.863)
Travel and transportation expenses	(14.169.097)	(12.572.293)
Expense in the context of IFRIC (**)	(7.585.602)	(13.528.208)
Taxes and other fees	(5.808.941)	(5.265.782)
Insurance premiums	(4.228.990)	(3.787.192)
Other expenses	(55.207.132)	(41.384.298)
	(534.881.335)	**(451.183.236)**

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

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2014	1 January - 31 December 2013
Consultancy expenses	(41.567.809)	(36.553.790)
Personnel expenses	(28.455.961)	(22.156.264)
Depreciation and amortization	(2.846.085)	(6.889.538)
Travel and transportation expenses	(2.474.798)	(2.174.606)
Equipment repair, maintenance, fuel and security expenses	(2.225.240)	(2.103.017)
Payments to authorities and terminal managements	(1.691.670)	(1.721.638)
Taxes and other fees	(1.635.752)	(1.441.690)
Insurance premiums	(666.396)	(656.102)
Other expenses	(6.768.681)	(5.282.287)
	(88.332.392)	**(78.978.932)**

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

NOTE 22 – OTHER OPERATING INCOME

	1 January- 31 December 2014	1 January- 31 December 2013
Income from returning corporate tax	4.150.907	-
Foreign exchange gains	3.258.725	7.708.851
Cancelation of provisions	1.603.815	3.998.379
Income from insurance claims	85.534	536.522
Other incomes	990.237	2.321.966
	10.089.218	**14.565.718**

NOTE 23 - OTHER OPERATING EXPENSE

	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange losses	(2.406.658)	(2.002.127)
Donation expenses	(295.711)	(188.106)
Expenses and compensation for damage (*)	(176.517)	(5.426.052)
Other expenses	(1.849.833)	(2.036.513)
	(4.728.719)	**(9.652.798)**

(*) TL 4.870.411 is related to the damage compensation payment reconciled pursuant to the privilege agreement signed between Celebi Delhi and DIAL. (Refer to Note 9)

NOTE 24 – INCOME FROM INVESTMENT ACTIVITIES

	1 January- 31 December 2014	1 January- 31 December 2013
Income from the sale of fixed assets	651.502	488.785
	651.502	**488.785**

NOTE 25 - EXPENSE FROM INVESTMENT ACTIVITIES

	1 January- 31 December 2014	1 January- 31 December 2013
Loss from the sale of fixed assets	(7.955.555)	(1.371.436)
	(7.955.555)	**(1.371.436)**

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

NOTE 26 - FINANCIAL INCOME

	1 January- 31 December 2014	1 January - 31 December 2013
Foreign exchange gains	19.482.490	4.979.213
Interest income	3.770.137	2.689.020
Other financial income	2.194.083	1.331.393
	25.446.710	**8.999.626**

NOTE 27 - FINANCIAL EXPENSES

	1 January- 31 December 2014	1 January - 31 December 2013
Foreign exchange losses	(15.356.686)	(46.266.880)
Interest expenses	(23.863.407)	(21.026.385)
Financial expenses incurred under scope of IFRIC 12	(571.000)	(1.092.353)
Other financial expenses	(2.595.776)	(1.685.838)
	(42.386.869)	**(70.071.456)**

NOTE 28 - TAX ASSETS AND LIABILITIES

	1 January- 31 December 2014	1 January- 31 December 2013
Current period corporate tax provision	16.165.009	5.794.379
Less: prepaid corporate tax expense	(13.906.512)	(8.319.110)
Current tax liability - net	**2.258.497**	**(2.524.731)**

	1 January- 31 December 2014	1 January- 31 December 2013
Deferred tax assets	22.258.480	20.348.294
Deferred tax liabilities	(6.283.864)	(6.478.794)
Deferred tax assets / (liability) - net	**15.974.616**	**13.869.500**

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.

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, the corporation tax rate for the fiscal year 2014 is 20% (2013: 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 for the withholding tax at the rate of 19,8% on the investment incentive allowance amount utilized within the scope of the Provisional Article 61 of the Income Tax Law).

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 (2013: 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.

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.

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

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 2014.

In India, the corporate tax rate is 33,99% in Mumbai, 32,45% in Delhi for fiscal year 2014 (2013: 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).

In Germany, the corporate tax rate is 31,925% for fiscal year 2014 (2013: 31,925%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses).

Tax expense for the periods end 31 December 2014 and 2013 is presented below:

	1 January - 31 December 2014	**1 January - 31 December 2013**
- Current year corporate tax	(16.346.675)	(5.186.563)
- Deferred tax income /(expense)	698.140	2.667.761
	(15.648.535)	**(2.518.802)**

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

Reconciliation of tax expenses stated in consolidated statements of income of the periods ended at 31 December 2014 and 2013 is as follows:

	2014	2013
Profit before tax	**70.644.275**	**1.976.755**
Expected tax expense according to parent company (20%)	(14.128.855)	(395.351)
Differences in tax rates of subsidiaries	(4.046.933)	(4.550.039)
Expected tax expense of the Group	**(18.175.788)**	**(4.945.390)**
Tax effect of non deductible expenses	(23.036)	(928.088)
Utilization of previous years losses	-	824.538
Non deductible expenses	(251.389)	(852.046)
Discount stems from donations and aids	4.430.942	4.839.500
Tax payables even if loss declared on statutory records (*)	(1.270.926)	(1.350.004)
Other	(358.338)	(107.312)
Current period tax expense of the Group	**(15.648.535)**	**(2.518.802)**

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

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%, 33,99% for Turkey, Hungary, India New Delhi and Mumbai respectively.

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

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

	Cumulative temporary Differences		Deferred tax assets / (liabilities)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Deferred tax assets				
Non-deductible financial losses (*)	-	-	-	-
Personnel bonus accrual	(3.832.045)	(891.675)	766.409	178.335
Accrued sales commissions	(2.155.760)	(2.848.425)	431.152	569.685
Provision for employment termination benefits	(7.906.189)	(8.956.121)	1.581.238	1.791.224
Provision for operational leasing Equilization	(44.126.737)	(33.877.136)	14.316.920	10.991.437
Provision for unused vacation	(2.239.061)	(1.722.199)	447.812	344.440
Provision for legal claims	(857.992)	(665.445)	171.598	133.089
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(17.502.738)	(23.109.125)	5.678.763	7.497.756
Other	(8.954.692)	(8.427.462)	2.587.574	2.335.231
			25.981.466	**23.841.197**
Net off			(3.722.986)	(3.492.903)
Deferred tax assets			**22.258.480**	**20.348.294**

(*)) 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 24.645.938 (31 December 2013: TL 22.093.485) 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 7.996.375 of deferred tax amount as of December 31, 2014.

	Cumulative temporary Differences		Deferred tax assets / (liabilities)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Deferred tax liabilities				
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	50.623.692	50.542.998	(10.006.850)	(9.963.894)
Other	-	39.020	-	(7.803)
			(10.006.850)	**(9.971.697)**
Nett off			3.722.986	3.492.903
Deferred tax liabilities			**(6.283.864)**	**(6.478.794)**
Deferred tax asset, net			**15.974.616**	**13.869.500**

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

NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax movement table is as below:

	2014	2013
1 January	**13.869.500**	**9.926.294**
Foreign currency translation difference	1.499.287	994.469
Charge for the period	698.140	2.667.761
Actuarial gain / (loss) arising from defined benefit plans	(92.311)	280.976
31 December	**15.974.616**	**13.869.500**

NOTE 29 - 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 - 31 December 2014	1 January - 31 December 2013
Net profit / (loss) attributable to the equity holders of the parent	**54.567.538**	**3.054.766**
Weighted average number of shares with 1 Full TL face value each	2.430.000.000	2.430.000.000
Earnings / (losses) per share (Full TL)	**0,022**	**0,001**

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

NOTE 30 - 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

Short term receivables from related parties	31 December 2014	31 December 2013
ÇHH(*)	74.192	-
Other	617.742	287.931
	691.934	**287.931**

Long term receivables from related parties	31 December 2014	31 December 2013
ÇHH (*)	9.874.950	10.385.750
	9.874.950	**10.385.750**

(*) 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 2,20+6m% Euribor rates.

The maturities of due from related parties are generally shorter than a month (31 December 2013: shorter than a month). As of 31 December 2014 and 31 December 2013, 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	31 December 2014	31 December 2013
ÇHH (*)	4.104.202	4.540.479
Çe-Tur	517.711	712.968
Other	18.961	29.154
	4.640.874	**5.282.601**

(*) As of December 31, 2014, 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.

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

NOTE 30 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Transactions with related parties

	1 January - 31 December 2014	1 January - 31 December 2013
Miscellaneous sales to related parties		
ÇHH	187.310	171.259
Çe-Tur	143.103	127.935
Celebi Ground Services Austria	697.617	425.875
Other	54.479	33.609
	1.082.509	**758.678**

	1 January - 31 December 2014	1 January - 31 December 2013
Employee and transportation expenses payable to related parties		
Çe-Tur	5.652.535	6.061.724
Contribution to holding expenses (*)		
ÇHH	34.882.306	31.388.711

(*) Contribution paid to Çelebi Havacilik Holding A.Ş. for services (legal counseling, financial consultancy and human resource consultancy) provided to Çelebi Hava Servisi A.Ş. and Çelebi Guvenlik Sistemleri ve Danismanlik A.Ş. by Çelebi Havacilik Holding A.Ş. These expenses have been consistently incurred between periods and participations in Çelebi Havacilik Holding A.Ş. in the consideration of criteria such as staff number, company turnover and asset size.

	1 January - 31 December 2014	1 January - 31 December 2013
Other purchases from related parties (*)		
ÇHH	3.280.617	3.838.027
Çe-Tur	1.184.271	1.050.589
Other	1.237.668	335.491
	5.702.556	**5.224.107**

(*) 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.

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

NOTE 30 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Collaterals given in favor of related parties for borrowings as of 31 December 2014 and 31 December 2013 are as follow:

31 December 2014	EUR	USD	INR	Total TL
CGHH (2)	24.200.000	-	-	68.260.940
Celebi Nas (1)	-	-	91.080.000	3.335.350
Celebi Delhi Cargo (3)	-	-	2.713.640.000	99.373.497
Celebi Delhi GH (4)	-	-	1.354.337.850	49.595.852
Celebi Cargo GmbH (5)	14.646.667			41.313.854

31 December 2013	EUR	USD	INR	Total TL
CGHH (2)	24.200.000	-	-	71.063.300
Celebi Nas (1)	-	-	91.080.000	3.144.082
Celebi Delhi Cargo (3)	-	-	2.624.840.000	90.609.477
Celebi Delhi GH (4)	-	-	1.354.039.100	46.741.430
Celebi Cargo GmbH (5)	9.500.000	-	-	27.896.750

(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, Fort he mentioned loan, the Group gave a guarantee amounting to EUR 24.200.000, The repayments to the loan balance is EUR 11.000.000 as of 31 December 2014.

(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 1.120.000.000 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 arised 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 13.266.667 amounted, between Celebi Cargo GmbH and some banks in Germany, Celebi Cargo GmbH has given guarantees and deposits EUR 14.646.667 amounted. The repayments to the loan balance is EUR 13.266.667 as of 31 December 2014.

Key management compensation:

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

	1 January - 31 December 2014	1 January- 31 December 2013
Short-term employee benefits	8.949.045	9.141.280
Post-employment benefits	163.618	7.554
	9.112.663	**9.148.834**

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

NOTE 31 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

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.

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

Interest rate risk

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

Interest rate positions of the Group at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Fixed interest rate financial instruments		
Financial Asset		
- Cash and Cash Equivalents	*56.764.825*	*50.341.859*
Financial Liabilities	176.700.305	161.524.366
Floating interest rate financial instruments		
Financial liabilities	128.578.948	165.971.949

If other variables are kept constant, interest expense due to financial liabilities would have been either TL 477.268 higher or lower if the interest rates were 2% more or less at 31 December 2014. (31 December 2013: TL 189.412).

Expected re-pricing and maturity dates have not been presented with an additional statement due to agreement maturity dates of financial assets and liabilities excluding borrowings received are in line with the expected re-pricing and maturity dates.

Maturity analysis of the bank borrowing based on re-pricing dates as of 31 December 2014 and 2013 are presented at Note 7.

NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

Credit risk consists of cash and cash equivalents, bank deposits and receivables from customers exposed to credit risk, Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk from any individual counterparty (except related parties). (Note 8)

Liquidity risk

Cash flow generated through amount and term of borrowing back payments is managed by considering the amount of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities when necessary and on the other hand sufficient and reliable sources of high quality loans are accessible. The Group has long-term financial liabilities amounted TL 179.437.240 as of 31 December 2014 (31 December 2013: TL 236.222.341) (Note 7).

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

NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

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

31 December 2014	Carrying value	Total contractual cash outflow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non derivative financial liabilities						
Financial liabilities	303.638.853	348.128.949	13.022.530	122.539.765	212.566.654	-
Trade payables						
- Related party	4.640.874	4.640.874	4.640.874	-	-	-
- Other	41.206.911	41.206.911	41.206.911	-	-	-
Other liabilities	9.304.195	9.304.195	-	4.521.860	4.782.335	-

31 December 2013	Carrying value	Total contractual cash outflow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non derivative financial liabilities						
Financial liabilities	325.115.665	377.035.962	18.272.080	82.713.642	264.961.170	11.089.070
Trades payables						
- Related party	5.282.601	5.282.601	5.282.601	-	-	-
- Other	38.676.482	38.676.482	38.676.482	-	-	-
Other liabilities	12.000.322	12.000.322	-	7.700.859	4.299.463	-

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

NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

Currency risk

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

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

As of 31 December 2014, 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 1.330.808 (31 December 2013: TL 1.762.458).

As of 31 December 2014, 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 11.166.983 (31 December 2013: TL 20.104.521).

As of 31 December 2014, 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 5.446.329 (31 December 2013: TL 10.009.522).

As of 31 December 2014, 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 785.367 (31 December 2013: TL 1.328.779).

Foreign currency denominated assets and liabilities of the Group as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Assets denominated in foreign currency	228.921.715	167.159.103
Liabilities denominated in foreign currency (-)	(374.328.286)	(437.221.404)
Net balance sheet position	**(145.406.571)**	**(270.062.301)**

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

NOTE 31 – FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of the Group's foreign currency denominated assets and liabilities as of 31 December 2014 and 31 December 2013:

31 December 2014	TL Equivalent (Functional Currency)	USD	Euro	Indian Rupee	Hungarian Forin	GBP/British Pound
1. Trade receivables	58.064.878	2.334.773	12.238.682	203.515.580	1.191.560.436	-
2. Monetary financial assets (Cash, Bank Accounts)	74.513.157	3.694.801	14.025.226	658.429.451	224.519.531	72.564
3. Other	29.814.721	660.501	1.746.161	465.613.897	703.896.000	-
4. Current Assets(1+2+3)	**162.392.756**	**6.690.075**	**28.010.069**	**1.327.558.928**	**2.119.975.967**	**72.564**
5. Other	66.528.959	-	6.143.594	1.340.278.372	13.251.000	-
6. Non-current assets (5)	**66.528.959**	**-**	**6.143.594**	**1.340.278.372**	**13.251.000**	**-**
7. Total assets (4+6)	**228.921.715**	**6.690.075**	**34.153.663**	**2.667.837.300**	**2.133.226.967**	**72.564**
8. Trade payables	29.666.459	846.147	5.230.161	271.022.772	311.712.851	65.018
9. . Financial liabilities	79.020.500	79.960	19.146.237	678.025.369	-	-
10. Other monetary liabilities	23.133.500	-	1.210.922	328.505.717	858.032.888	-
11. Current liabilities (8+9+10)	**131.820.459**	**926.107**	**25.587.320**	**1.277.553.858**	**1.169.745.739**	**65.018**
12. . Financial liabilities	179.437.240	24.848	47.820.595	1.214.966.357	-	-
13. Other monetary liabilities	63.070.587	159	335.153	1.675.197.312	86.956.000	-
14. Non-current liabilities (12+13)	**242.507.827**	**25.007**	**48.155.748**	**2.890.163.669**	**86.956.000**	**-**
15. Total liabilities (11+14)	**374.328.286**	**951.114**	**73.743.068**	**4.167.717.527**	**1.256.701.739**	**65.018**
16. Net foreign currency asset/(liability) position (7-15)	**(145.406.571)**	**5.738.961**	**(39.589.405)**	**(1.499.880.227)**	**876.525.228**	**7.546**
17. Net monetary foreign currency asset/(liability) Position (7-15)	**(145.406.571)**	**5.738.961**	**(39.589.405)**	**(1.499.880.227)**	**876.525.228**	**7.546**

ÇELEBİ HAVA SERVİSİ A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

NOTE 31 – FINANCIAL RISK MANAGEMENT (Continued)

31 December 2013	TL Equivalent (Functional Currency)	USD	Euro	Indian Rupee	Hungarian Forin	GBP/British Pound
1. Trade receivables	53.402.237	6.446.598	6.332.294	253.789.871	1.238.675.000	-
2. Monetary financial assets (Cash, Bank Accounts)	55.600.837	6.468.069	8.603.008	353.461.084	396.952.000	112.224
3. Other	20.490.543	167.990	1.079.052	390.727.523	350.348.000	-
4. Current Assets(1+2+3)	**129.493.617**	**13.082.657**	**16.014.354**	**997.978.478**	**1.985.975.000**	**112.224**
5. Other	37.665.486	-	6.359.730	550.119.873	-	-
6. Non-current assets (5)	**37.665.486**	**-**	**6.359.730**	**550.119.873**	**-**	**-**
7. Total assets (4+6)	**167.159.103**	**13.082.657**	**22.374.084**	**1.548.098.351**	**1.985.975.000**	**112.224**
8. Trade payables	47.026.988	4.587.094	4.289.928	634.462.341	252.967.000	65.019
9. . Financial liabilities	91.273.974	79.393	24.393.317	564.123.638	-	-
10. Other monetary liabilities	14.872.296	57.727	356.195	283.878.086	393.513.496	-
11. Current liabilities (8+9+10)	**153.173.258**	**4.724.214**	**29.039.440**	**1.482.464.065**	**646.480.496**	**65.019**
12. . Financial liabilities	236.222.341	98.662	61.388.818	1.614.817.564	-	-
13. Other monetary liabilities	47.825.805	2.000	410.055	1.350.446.421	-	-
14. Non-current liabilities (12+13)	**284.048.146**	**100.662**	**61.798.873**	**2.965.263.985**	**-**	**-**
15. Total liabilities (11+14)	**437.221.404**	**4.824.876**	**90.838.313**	**4.447.728.050**	**646.480.496**	**65.019**
16. Net foreign currency asset/(liability) position (7-15)	**(270.062.301)**	**8.257.781**	**(68.464.229)**	**(2.899.629.699)**	**1.339.494.504**	**47.205**
17. Net monetary foreign currency asset/(liability) Position (7-15)	**(270.062.301)**	**8.257.781**	**(68.464.229)**	**(2.899.629.699)**	**1.339.494.504**	**47.205**

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

NOTE 31 – FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of export and import amounts for the years ended 31 December 2014 and 2013:

	1 January - 31 December 2014	1 January - 31 December 2013
Total export amount	160.431	-
Total import amount	15.859.742	9.848.239

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 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Total financial liabilities	305.279.253	327.496.315
Less: Cash and cash equivalents	(79.950.529)	(60.306.285)
Less: Current assets	(5.766.185)	(5.629.522)
Net debt	219.562.539	261.560.508
Equity	106.196.429	46.841.298
Equity + net debt	325.758.968	308.401.806
Net debt / (Equity + net debt) ratio	0,67	0,85

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

NOTE 32 - 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 31 December 2014 and 31 December 2013 are as below:

31 December 2014	Level 1	Level 2	Level 3	Total
Assets	-	-	1.546.360	**1.546.360**
Available for sale financial assets	-	-	-	-
Total assets	-	-	1.546.360	**1.546.360**

31 December 2014	Level 1	Level 2	Level 3	Total
Liabilities (*)	-	1.640.400	-	**1.640.400**
Derivative Financial Instruments	-	-	-	-
Total liabilities	-	1.640.400	-	**1.640.400**

(*) The transaction date of cash flow hedge forwards is September 26, 2014 and the effective date is January 7, 2015, with the bank purchase amount is EUR 12.000.000 and bank sale amount is EUR 35.588.400.

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

NOTE 32 - FINANCIAL INSTRUMENTS (Continued)

31 December 2013	Level 1	Level 2	Level 3	Total
Assets				
Available for sale financial assets	-	-	1.458.860	**1.458.860**
Total assets	-	-	1.458.860	**1.458.860**

31 December 2013	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative Financial Instruments	-	2.380.650	-	**2.380.650**
Total liabilities	-	2.380.650	-	**2.380.650**

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

NOTE 33 - 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 31 December 2014 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.

There are legal cases and enforcement proceedings under way: this comprises legal cases and enforcement proceedings amounting to TL 10.568.346 (Note 14) 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 5.519.790 in which the Company is the sole defendant. Total legal cases and enforcement proceedings is TL 16.088.136.

NOTE 33 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR CONDENSED INTERIM THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 as of 31 December 2013.

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.

As of the date of approval of these financial statements, 220 lawsuits with value of TL 97.427.201 (USD 42.014.404) to which the Fund Companies have been a side and which has an invoice value of TL 58.259.435 (USD 25.123.738) has been settled amicably and 216 of these 220 lawsuits with a value of TL 93.929.814 (USD 40.506.194) has been paid to the claimants as TL 57.995.510 (USD 25.009.923). The amount that has been agreed on of these remaining 4 lawsuits that have been settled amicably is USD 113.815 and the claim value is USD 1.508.210; and it is projected that these 4 lawsuits will result in payment in the near future.

Discussions on the 17 claims between the other claimants and the fund, which have not yet been reconciled are ongoing. The invoice value of these claims are USD 4.621.315 and it is projected that the remaining balance of USD 15 million after the payment of the agreed amounts pertaining to the 4 lawsuits mentioned above will be sufficient to liquidate all of the claims which have been directed at all sides of the fund, but the reconciliation discussions of which have not yet been concluded.

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.

NOTE 34 - SUBSEQUENT EVENTS

None.