# Çelebi Hava Servisi A.Ş.

## January 1 – September 30, 2014 condensed interim consolidated financial statements

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

**(Convenience translation into English of a review report originally issued in Turkish)**

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

## ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS OF SEPTEMBER 30, 2014 and DECEMBER 31, 2013

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

| | Notes | *(Unaudited)* 30 September 2014 | *(Audited)* 31 December 2013 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 4 | 104.837.986 | 60.306.285 |
| Trade receivables | | 85.053.244 | 65.019.429 |
| - Due from third parties | 8 | 74.191.910 | 54.345.748 |
| - Due from related parties | 8 | 10.861.334 | 10.673.681 |
| Other receivables | | 9.995.107 | 7.018.641 |
| - Other receivables from third parties | 9 | 9.995.107 | 7.018.641 |
| Inventories | | 8.970.174 | 8.499.388 |
| Prepaid expenses | 14 | 15.213.816 | 8.650.120 |
| Assets related to current year tax | 23 | - | 2.524.731 |
| Other current assets | 13 | 14.794.233 | 11.828.967 |
| **Total current assets** | | **238.864.560** | **163.847.561** |
| **Non-current assets** | | | |
| Financial investments | 5 | 1.565.110 | 1.458.860 |
| Investments accounted by equity method | 6 | 16.481.436 | 13.160.780 |
| Other long-term receivables | | 13.426.188 | 11.465.300 |
| - Due from third parties | 9 | 13.426.188 | 11.465.300 |
| Property, plant and equipment | 10 | 163.592.878 | 145.532.422 |
| Intangible assets | | 135.763.358 | 130.294.290 |
| - Other intangible assets | 11 | 107.849.043 | 106.206.043 |
| - Goodwill | 11 | 27.914.315 | 24.088.247 |
| Prepaid expenses | 14 | 19.997.144 | 21.619.445 |
| Deferred tax asset | 23 | 21.909.548 | 20.348.294 |
| Other non-current assets | 13 | 10.205.107 | 7.529.467 |
| **Total non-current assets** | | **382.940.769** | **351.408.858** |
| **Total assets** | | **621.805.329** | **515.256.419** |

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

## ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2014 and DECEMBER 31, 2013

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

| | **Notes** | ***(Unaudited)*** **30 September 2014** | ***(Audited)*** **31 December 2013** |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Short-term financial liabilities | 7 | 34.717.984 | 4.759.407 |
| Current portion of long term financial liabilities | 7 | 90.803.594 | 84.133.917 |
| Other financial liabilities | 7 | 175.200 | 2.380.650 |
| Trade payables | | 52.045.644 | 43.959.083 |
| - Due to third parties | 8 | 48.477.305 | 38.676.482 |
| - Due to related parties | 8 | 3.568.339 | 5.282.601 |
| Liabilities for employee benefits | 16 | 13.502.802 | 11.310.553 |
| Other payables | 9 | 6.479.671 | 7.700.859 |
| - Due to third parties | | 6.479.671 | 7.700.859 |
| Deferred income | 15 | 5.209.280 | 8.192.306 |
| Short-term provisions | | 5.303.778 | 3.039.290 |
| - Provisions for employee benefits | 12 | 4.445.786 | 2.366.362 |
| - Other provisions | 12 | 857.992 | 672.928 |
| Current tax liabilities | 23 | 6.970.330 | - |
| Other current liabilities | 13 | 5.225.841 | 3.166.014 |
| **Total current liabilities** | | **220.434.124** | **168.642.079** |
| **Non-Current Liabilities** | | | |
| Long-term financial liabilities | 7 | 223.546.526 | 236.222.341 |
| Other non-current payables | 9 | 4.748.738 | 4.299.463 |
| Deferred income tax liabilities | 23 | 7.238.195 | 6.478.794 |
| Long term provisions | | 7.284.985 | 9.256.100 |
| - Provisions for employee benefits | 12 | 7.284.985 | 9.256.100 |
| Other non-current liabilities | 13 | 55.367.056 | 43.516.344 |
| **Total non-current liabilities** | | **298.185.500** | **299.773.042** |
| **Total liabilities** | | **518.619.624** | **468.415.121** |
| **EQUITY** | | | |
| **Equity attributable to equity holders of the parent** | | **91.858.397** | **40.519.086** |
| Share Capital | 17 | 24.300.000 | 24.300.000 |
| Other comprehensive income/(expense) not to be reclassified to profit or loss | | 358.737 | (880.179) |
| - Actuarial gain/(loss) arising from defined benefit plans | | 358.737 | (880.179) |
| Other comprehensive income/(expense) to be reclassified to profit or loss | | 5.222.911 | 3.578.298 |
| - Foreign currency translation differences | | 5.222.911 | 3.578.298 |
| Restricted reserves | 17 | 28.274.456 | 28.274.456 |
| Retained earnings | | (14.753.489) | (17.808.255) |
| Net profit/ (loss) for the year | | 48.455.782 | 3.054.766 |
| **Non-controlling interest** | | **11.327.308** | **6.322.212** |
| **Total equity** | | **103.185.705** | **46.841.298** |
| **Total liabilities and equity** | | **621.805.329** | **515.256.419** |

Contingent assets and liabilities

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

## ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 and 2013

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

| | Notes | Unaudited 1 January - 30 September 2014 | 1 July - 30 September 2014 | Unaudited 1 January - 30 September 2013 | 1 July - 30 September 2013 |
|---|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | | |
| Revenue (net) | 18 | 479.138.384 | 195.753.156 | 388.617.382 | 158.460.522 |
| Cost of sales (-) | 18 | (340.553.372) | (125.701.415) | (281.549.501) | (100.747.629) |
| **GROSS PROFIT** | **18** | **138.585.012** | **70.051.741** | **107.067.881** | **57.712.893** |
| General administrative expenses (-) | 20 | (63.706.345) | (20.797.358) | (59.622.016) | (18.605.701) |
| Other operating income | | 9.106.949 | 1.704.169 | 12.201.793 | 7.802.049 |
| Other operating expenses (-) | | (3.396.134) | (868.646) | (5.140.623) | (1.919.065) |
| Income from investments accounted by equity method | 6 | 2.148.728 | 789.765 | 1.409.310 | 815.626 |
| **OPERATING PROFIT** | | **82.738.210** | **50.879.671** | **55.916.345** | **45.805.802** |
| Income from investment activities | | 297.021 | 95.063 | 375.661 | 186.249 |
| Expense from investment activities (-) | | (8.235.328) | (1.418.317) | (745.263) | (346.358) |
| **OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME/(EXPENSE)** | | **74.799.903** | **49.556.417** | **55.546.743** | **45.645.693** |
| Financial income | 21 | 20.276.376 | 5.205.720 | 6.580.625 | 1.315.599 |
| Financial expense (-) | 22 | (32.197.994) | (8.974.187) | (48.984.505) | (23.146.902) |
| **INCOME BEFORE TAX** | | **62.878.285** | **45.787.950** | **13.142.863** | **23.814.390** |
| **Income Tax Expense** | | **(13.746.573)** | **(10.029.820)** | **(5.585.138)** | **(4.296.277)** |
| Current tax expense | 23 | (13.286.328) | (8.714.870) | (6.193.830) | (3.961.688) |
| Deferred tax income/(expense) | 23 | (460.245) | (1.314.950) | 608.692 | (334.589) |
| **NET INCOME/ (EXPENSE)** | | **49.131.712** | **35.758.130** | **7.557.725** | **19.518.113** |
| **Attributable to:** | | | | | |
| Non-controlling interest | | 675.930 | 275.519 | (2.188.001) | (722.716) |
| Equity holder of the parent | | 48.455.782 | 35.482.611 | 9.745.726 | 20.240.829 |
| | | **49.131.712** | **35.758.130** | **7.557.725** | **19.518.113** |
| Earnings / (losses) per share (Full TL) | 24 | 0,020 | 0,015 | 0,004 | 0,008 |

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

## ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 and 2013

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

| | Notes | Unaudited 1 January - 30 September 2014 | 1 July- 30 September 2014 | Unaudited 1 January - 30 September 2013 | 1 July - 30 September 2013 |
|---|---|---|---|---|---|
| **Net profit / (loss) for the period** | | **49.131.712** | **35.758.130** | **7.557.725** | **19.518.113** |
| **Other comprehensive income/ (expense):** | | | | | |
| **To be reclassified to profit or loss** | | | | | |
| - Currency translation differences | | 2.243.104 | 2.644.472 | (245.008) | 247.400 |
| **Not to be reclassified to profit or loss** | | | | | |
| - Actuarial gain/(loss) arising from defined benefit plans | | 1.238.916 | 4.447 | (1.280.035) | (922.154) |
| **Other comprehensive income/(expense)** | | **3.482.020** | **2.648.919** | **(1.525.043)** | **(674.754)** |
| **Total comprehensive income/(expense)** | | **52.613.732** | **38.407.049** | **6.032.682** | **18.843.359** |
| **Total comprehensive income attributable to:** | | | | | |
| Non-controlling interest | | 1.274.421 | 794.786 | (2.217.434) | (690.734) |
| Equity holders of the parent | | 51.339.311 | 37.612.263 | 8.250.116 | 19.534.093 |
| | | **52.613.732** | **38.407.049** | **6.032.682** | **18.843.359** |

## ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 and 2013

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

| | | | | **Other comprehensive income/(expense) to be reclassified to profit or loss** | **Other comprehensive income/(expense) not to be reclassified to profit or loss** | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Notes** | **Share capital** | **Restricted reserves** | **Cumulative Translation Differences** | **Actuarial gain/(loss) arising from defined benefit plans** | **Retained Earnings** | **Net profit/(loss) fort he 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 subsidaries | | - | - | - | - | - | - | - | 667 | 667 |
| Transfers to retained earnings | 17 | - | 1.701.000 | - | - | 19.283.466 | (20.984.466) | - | - | - |
| Transactions related to non-controlling interests | | - | - | - | - | (854.626) | - | (854.626) | 854.626 | - |
| Dividend paid | 17 | - | - | - | - | (18.225.002) | - | (18.225.002) | - | (18.225.002) |
| Equity impact of the amortized joint venture | | - | - | - | - | 21.092 | - | 21.092 | - | 21.092 |
| **Other comprehensive income** | | | | | | | | | | |
| - Change in foreign currency translation differences | | - | - | (205.785) | - | - | - | (205.785) | (39.223) | (245.008) |
| - Change in Actuarial gain/(loss) arising from defined benefit plans | | - | - | - | (1.289.825) | - | - | (1.289.825) | 9.790 | (1.280.035) |
| **Total other comprehensive income** | | **-** | **-** | **(205.785)** | **(1.289.825)** | **-** | **-** | **(1.495.610)** | **(29.433)** | **(1.525.043)** |
| Net profit / (loss) for the period | | - | - | - | - | - | 9.745.726 | 9.745.726 | (2.188.001) | 7.557.725 |
| **Total comprehensive income/ (expense)** | | **-** | **-** | **(205.785)** | **(1.289.825)** | **-** | **9.745.726** | **8.250.116** | **(2.217.434)** | **6.032.682** |
| **Balances at 30 September 2013** | | **24.300.000** | **28.274.456** | **935.427** | **(926.882)** | **(17.162.049)** | **9.745.726** | **45.166.678** | **6.736.917** | **51.903.595** |

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

## ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 and 2013

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

| | | | | Other comprehensive income/(expense) to be reclassified to profit or loss | Other comprehensive income/(expense) not to be reclassified to profit or loss | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Notes** | **Share capital** | **Restricted reserves** | **Cumulative Translation Differences** | **Actuarial gain/(loss) arising from defined benefit plans** | **Retained Earnings** | **Net profit/(loss) fort he 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** |
| Transactions related to non-controlling interests | | - | - | - | - | - | - | - | 3.730.675 | 3.730.675 |
| Transfers to retained earnings | 17 | - | - | - | - | 3.054.766 | (3.054.766) | - | - | - |
| **Other comprehensive income** | | | | | | | | | | |
| - Change in foreign currency translation differences | | - | - | 1.644.613 | - | - | - | 1.644.613 | 598.491 | 2.243.104 |
| - Change in Actuarial gain/(loss) arising from defined benefit plans | | - | - | - | 1.238.916 | - | - | 1.238.916 | - | 1.238.916 |
| **Total other comprehensive income** | | | | **1.644.613** | **1.238.916** | | | **2.883.529** | **598.491** | **3.482.020** |
| Net profit / (loss) for the period | | - | - | - | - | - | **48.455.782** | **48.455.782** | **675.930** | **49.131.712** |
| **Total comprehensive income/ (expense)** | | | | **1.644.613** | **1.238.916** | **-** | **48.455.782** | **51.339.311** | **1.274.421** | **52.613.732** |
| **Balances at 30 September 2014** | | **24.300.000** | **28.274.456** | **5.222.911** | **358.737** | **(14.753.489)** | **48.455.782** | **91.858.397** | **11.327.308** | **103.185.705** |

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

## ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 and 2013

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

| | Notes | Unaudited 1 January – 30 September 2014 | Unaudited 1 January – 30 September 2013 |
|---|---|---|---|
| **A. Cash flows from operating activities** | | **98.111.480** | **25.517.904** |
| **Profit/loss before tax for the period** | | **62.878.285** | **13.142.865** |
| **Adjustment for reconciliation of profit/(loss) before taxation** | | **63.748.512** | **45.937.546** |
| - Adjustment for depreciation and amortisation expense | | 22.527.061 | 25.384.373 |
| - Adjustment for provisions | | 5.378.088 | 6.344.494 |
| - Adjustment for interest income and expense | | 15.697.124 | 13.525.619 |
| - Adjustment for (profit) on sales of property, plant and equipment, net | | 7.938.307 | 369.602 |
| - Adjustments related to the fair value losses (gains) | | (1.407.490) | 1.610.958 |
| - Other adjustments for reconciliation of profit/ loss | | 5.568.082 | (1.297.500) |
| - Other item's adjustments related to cash flows arising from financing or investing activities | | 8.047.340 | - |
| **Changes in working capital** | | **(28.515.317)** | **(33.562.507)** |
| - Adjustment for increase/decrease in inventories | | (470.786) | (975.441) |
| - Adjustment for increase/decrease in trade receivables | | (20.037.500) | (29.936.195) |
| - Adjustment for increase/decrease in other receivables related with operations | | (15.519.654) | (1.699.679) |
| - Adjustment for increase/decrease in trade payables | | 8.086.561 | 10.014.945 |
| - Adjustment for increase/decrease in other payables related with operations | | 10.334.946 | (3.252.306) |
| - Adjustment for increase/decrease in joint ventures are accounted by the equity method | | (3.320.656) | (1.414.998) |
| Retirement liability paid | | (3.673.890) | (6.027.722) |
| Collection of doubtful receivables | | - | 401.955 |
| Vacation liability paid | | (193.880) | (362.242) |
| Tax payments/returns | | (3.720.458) | (310.824) |
| **Cash flows from operating activities** | | **98.111.480** | **25.517.904** |
| **B. Cash flows from investing activities** | | **(33.971.859)** | **(10.321.378)** |
| Cash inflows from the sale of property, plant and equipment and intangible assets | 10, 11 | 70.909 | 2.207.810 |
| Cash outflows from the purchase of property, plant and equipment and intangible asset | 10, 11 | (20.438.387) | (12.529.188) |
| Regarding the acquisition of control of subsidiaries cash outflows related to buy | | (13.604.381) | - |
| **C. Cash flows from financing activities** | | **8.255.315** | **14.999.795** |
| Cash inflows from financial liabilities | | 23.952.439 | 46.750.415 |
| Dividends paid | 17 | - | (18.225.001) |
| Interest received | | 2.407.223 | 1.909.077 |
| Interest paid | | (18.104.347) | (15.434.696) |
| Net (decrease)/ increase in restricted cash and cash equivalents | | **673.524** | **4.423.763** |
| **D. Impact of foreign currency translation differences on cash and cash equivalents** | | **(27.863.234)** | **(3.523.753)** |
| **Net increase/decrease in cash and cash equivalents** | | **45.205.226** | **31.096.331** |
| **E. Cash and cash equivalents at beginning of period** | | **51.799.723** | **32.227.239** |
| **Cash and cash equivalents at end of period** | 4 | **97.004.949** | **63.323.570** |

## 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 a result shareholding percentage of the Company has increased to 100% and CGHH was fully consolidated to the financial statements and this transaction was accounted for as an equity transaction disclosed as "Additional contribution to shareholders equity related to share purchase" on the consolidated financial statements. As of 30 September 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.

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

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

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 September 30, 2014 the capital of Çelebi Kargo is TL 27.500.000 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 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.

As of 30 September 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, Celebi Cargo and Celebi GmbH (collectively, referred to as the "Group").

These consolidated financial statements for the period 1 January – 30 September 2014 have been approved for issue by the Board of Directors on 10 November 2014 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 |
|---|---|---|---|
| Tasfiye halinde 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 |
| Celebi Cargo | Germany | Germany | Warehouse and cargo services |
| Celebi GmbH | Germany | Germany | Warehouse and cargo services |

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

## NOTE 2– BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**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 |

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 30 September 2014 average number of personnel is 10.486.(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").

The Group has prepared its financial statements for the interim period ended September 30, 2014 in accordance with Turkish Accounting Standard, No 34 Interim Financial Reporting.

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

The 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.

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

### 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 30 September 2014, the currency of subsidiaries has shown below.

| Company | Currency |
|---|---|
| Çelebi Guvenlik 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) |
| Celebi 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 interim condensed consolidated financial statements as at 30 September 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 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 interim condensed consolidated financial statements of the Group.

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

**TRFS 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.

**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 interim condensed 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 interim condensed 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 interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

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

**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.

**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.

**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 amendments will not have an impact on the 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 CONDENSED INTERIM 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 Group do not expect that these amendments will have significant impact on the financial position or performance of the Company / the Group.

**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 interim condensed consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

## NOTE 2 –BASIS OF PRESENTATION OF CONDENSED INTERIM 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 11 - Acquisition of an Interest in a Joint Operation (Amendment)

In May 2014 the IASB amended IFRS 11 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 IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs 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 amendments will not have an impact on the financial position or performance of the Group.

### 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 Company / the Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

### IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendment)– Bearer Plants

In June 2014, the IASB issued amendments that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in IAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of IAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments 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.

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

### 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 without 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.

### 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.

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

### 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.

### 2.1.3 Financial statements of joint ventures operating in foreign countries

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

### 2.1.4 Basis of Consolidation

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

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

## NOTE 2 –BASIS OF PRESENTATION OF CONDENSED INTERIM 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** | **30 September 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 GmbH | 99,9 | 99,9 |
| Celebi GmbH | 99,9 | - |

(1) (1) As of 30 September 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) (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 September, 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 CONDENSED INTERIM 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** | **30 September 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

Reflected expenses amounting to TL 5.558.377 TL in gross amount under revenue and cost of sales in the condensed consolidated statement of profit or loss for the year ended September 30, 2013 have been reclassified by offsetting.

### *2.3. Summary of Significant Accounting Policies*

Condensed consolidated financial statements for the period ended 30 September 2014, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 30 September 2014 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2013. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2013.

## 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 30 September 2014 is as follows:

### 1 January - 30 September 2014

| | Reportable Segments | | | | |
|---|---|---|---|---|---|
| | **Ground Handling Services** | **Airport Security Services** | **Cargo and Warehouse Services** | **Consolidation Adjustments** | **Consolidated** |
| Revenue – net | 323.025.462 | - | 156.525.905 | (412.983) | 479.138.384 |
| Cost of sales | (208.129.259) | (24.541) | (132.399.572) | - | (340.553.372) |
| **Gross profit** | **114.896.203** | **(24.541)** | **24.126.333** | **(412.983)** | **138.585.012** |
| General administrative expenses | (50.285.829) | (10.868) | (13.830.383) | 420.735 | (63.706.345) |
| Addition: Depreciation and amortization | 15.029.915 | 13.448 | 7.483.698 | - | 22.527.061 |
| Addition: Operating lease equalization | (156.879) | - | 6.011.789 | - | 5.854.910 |
| Addition: Effect of IFRIC 12 shares | - | - | 2.041.625 | - | 2.041.625 |
| Addition: Prepaid allocation cost expense | 866.304 | - | - | - | 866.304 |
| Effect of EBITDA to investments accounted by equity method | 4.981.635 | - | (90.731) | - | 4.890.904 |
| **EBITDA** | **85.331.349** | **(21.961)** | **25.742.331** | **7.752** | **111.059.471** |

### 1 July - 30 September 2014

| | Reportable Segments | | | | |
|---|---|---|---|---|---|
| | **Ground Handling Services** | **Airport Security Services** | **Cargo and Warehouse Services** | **Consolidation Adjustments** | **Consolidated** |
| Revenue – net | 140.192.177 | - | 55.798.796 | (237.817) | 195.753.156 |
| Cost of sales | (77.512.661) | (18.817) | (48.169.937) | - | (125.701.415) |
| **Gross profit** | **62.679.516** | **(18.817)** | **7.628.859** | **(237.817)** | **70.051.741** |
| General administrative expenses | (19.999.660) | (5.723) | (966.387) | 174.412 | (20.797.358) |
| Addition: Depreciation and amortization | 4.832.910 | 3.773 | 2.779.623 | - | 7.616.306 |
| Addition: Operating lease equalization | 10.151 | - | 1.957.980 | - | 1.968.131 |
| Addition: Effect of IFRIC 12 shares | - | - | 846.680 | - | 846.680 |
| Addition: Prepaid allocation cost expense | 288.768 | - | - | - | 288.768 |
| Effect of EBITDA to investments accounted by equity method | 2.080.958 | - | (260.756) | - | 1.820.202 |
| **EBITDA** | **49.892.643** | **(20.767)** | **11.985.999** | **(63.405)** | **61.794.470** |

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

## NOTE 3 - SEGMENT REPORTING (Continued)

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

### 1 January - 30 September 2013

| | Reportable Segments | | | | |
|---|---|---|---|---|---|
| | Ground Handling Services | Airport Security Services | Cargo and Warehouse Services | Consolidation Adjustments | Consolidated |
| Revenue – net | 282.723.371 | 799.408 | 105.541.321 | (446.718) | 388.617.382 |
| Cost of sales | (189.561.496) | (1.037.266) | (91.330.692) | 379.953 | (281.549.501) |
| **Gross profit** | **93.161.875** | **(237.858)** | **14.210.629** | **(66.765)** | **107.067.881** |
| General administrative expenses | (48.568.626) | (193.350) | (11.330.084) | 470.044 | (59.622.016) |
| Addition: Depreciation and amortization | 19.084.744 | 16.018 | 6.283.611 | - | 25.384.373 |
| Addition: Operating lease equalization | 94.350 | - | 5.888.772 | - | 5.983.122 |
| Addition: Effect of IFRIC 12 shares | - | - | 1.863.854 | - | 1.863.854 |
| Addition: Prepaid allocation cost expense | 866.304 | - | - | - | 866.304 |
| Effect of EBITDA to investments accounted by equity method | 3.680.858 | - | 24.034 | - | 3.704.892 |
| **EBITDA** | **68.319.505** | **(415.190)** | **16.940.816** | **403.279** | **85.248.410** |

### 1 July - 30 September 2013

| | Reportable Segments | | | | |
|---|---|---|---|---|---|
| | Ground Handling Services | Airport Security Services | Cargo and Warehouse Services | Consolidation Adjustments | Consolidated |
| Revenue – net | 123.665.569 | 277.535 | 34.775.036 | (257.618) | 158.460.522 |
| Cost of sales | (65.996.984) | (333.161) | (34.544.868) | 127.384 | (100.747.629) |
| **Gross profit** | **57.668.585** | **(55.626)** | **230.168** | **(130.234)** | **57.712.893** |
| General administrative expenses | (16.941.407) | (50.456) | (1.816.066) | 202.228 | (18.605.701) |
| Addition: Depreciation and amortization | 6.372.895 | 5.232 | 2.110.529 | - | 8.488.656 |
| Addition: Operating lease equalization | 22.582 | - | 1.878.027 | - | 1.900.609 |
| Addition: Effect of IFRIC 12 shares | - | - | 610.631 | - | 610.631 |
| Addition: Prepaid allocation cost expense | 288.768 | - | - | - | 288.768 |
| Effect of EBITDA to investments accounted by equity method | 1.531.132 | - | 26.702 | - | 1.557.834 |
| **EBITDA** | **48.942.555** | **(100.850)** | **3.039.991** | **71.994** | **51.953.690** |

(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 - 30 September 2014 | 1 July- 30 September 2014 | 1 January - 30 September 2013 | 1 July - 30 September 2013 |
|---|---|---|---|---|
| EBITDA for Reported segments | 111.059.471 | 61.794.470 | 85.248.410 | 51.953.690 |
| Depreciation and amortization | (22.527.061) | (7.616.306) | (25.384.373) | (8.488.656) |
| Operating lease equalization | (5.854.910) | (1.968.131) | (5.983.122) | (1.900.609) |
| Effect of IFRIC 12 | (2.041.625) | (846.680) | (1.863.854) | (610.631) |
| Other operating income | 9.106.949 | 1.704.169 | 12.201.793 | 7.802.049 |
| Other operating expenses (-) | (3.396.134) | (868.646) | (5.140.623) | (1.919.065) |
| Addition: Prepaid allocation cost expense | (866.304) | (288.768) | (866.304) | (288.768) |
| EBITDA effect of equity Accounted investees | (4.890.904) | (1.820.202) | (3.704.892) | (1.557.834) |
| Share of profit from equity accounted inventees | 2.148.728 | 789.765 | 1.409.310 | 815.626 |
| **Operating profit** | **82.738.210** | **50.879.671** | **55.916.345** | **45.805.802** |
| Income from investment activities | 297.021 | 95.063 | 375.661 | 186.249 |
| Expenses from investment activities (-) | (8.235.328) | (1.418.317) | (745.263) | (346.358) |
| Financial income | 20.276.376 | 5.205.720 | 6.580.625 | 1.315.599 |
| Financial expenses (-) | (32.197.994) | (8.974.187) | (48.984.505) | (23.146.902) |
| **Income before tax** | **62.878.285** | **45.787.950** | **13.142.863** | **23.814.390** |

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: | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Turkey | 450.198.915 | 342.990.373 |
| India | 188.670.994 | 157.161.385 |
| Hungary | 66.420.710 | 63.349.971 |
| Germany | 69.570.387 | 21.677.151 |
| **Segment assets (*)** | **774.861.006** | **585.178.880** |
| Unallocated assets | 109.139.858 | 70.690.153 |
| Less: Inter-segment elimination | (262.195.535) | (140.612.614) |
| **Total assets as per consolidated financial statements** | **621.805.329** | **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: | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Turkey | 48.047.131 | 42.750.310 |
| India | 91.367.878 | 88.146.827 |
| Hungary | 5.916.979 | 8.293.472 |
| Germany | 34.629.638 | 5.447.635 |
| **Segment liabilities (*)** | **179.961.626** | **144.638.244** |
| Unallocated liabilities | 356.481.499 | 333.975.109 |
| Less: Inter-segment elimination | (17.823.501) | (10.198.232) |
| **Total liabilities as per consolidated financial statements** | **518.619.624** | **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 interim period 1 January - 30 September 2014**

| | Turkey | Hungary | India | Germany | Total Combined | Intersegment Adjustment | Total |
|---|---|---|---|---|---|---|---|
| Revenue | 288.659.655 | 58.871.026 | 67.821.279 | 63.868.806 | 479.220.766 | (82.382) | 479.138.384 |
| Cost of sales | (185.864.111) | (34.865.992) | (57.267.351) | (62.555.918) | (340.553.372) | - | (340.553.372) |
| Gross profit | 102.795.544 | 24.005.034 | 10.553.928 | 1.312.888 | 138.667.394 | (82.382) | 138.585.012 |
| General administrative expenses | (43.023.421) | (7.466.698) | (7.031.085) | (6.382.083) | (63.903.287) | 196.942 | (63.706.345) |
| Other operating income / expense (net) | 15.149.502 | 694.978 | 4.864.751 | - | 20.709.231 | (14.998.416) | 5.710.815 |
| Profit from investments accounted under equity method | - | - | 2.148.728 | - | 2.148.728 | - | 2.148.728 |
| **Operating profit / (loss)** | **74.921.625** | **17.233.314** | **10.536.322** | **(5.069.195)** | **97.622.066** | **(14.883.856)** | **82.738.210** |

**Geographical Analysis for the interim period 1 July - 30 September 2014**

| | Turkey | Hungary | India | Germany | Total Combined | Intersegment Adjustment | Total |
|---|---|---|---|---|---|---|---|
| Revenue | 128.062.926 | 20.514.330 | 24.262.363 | 22.941.519 | 195.781.138 | (27.982) | 195.753.156 |
| Cost of sales | (73.558.507) | (12.000.962) | (19.031.548) | (21.110.398) | (125.701.415) | - | (125.701.415) |
| Gross profit | 54.504.419 | 8.513.368 | 5.230.815 | 1.831.121 | 70.079.723 | (27.982) | 70.051.741 |
| General administrative expenses | (13.680.236) | (2.832.143) | (2.478.985) | (1.911.348) | (20.902.712) | 105.354 | (20.797.358) |
| Other operating income / expense (net) | 285.980 | 260.745 | 230.150 | - | 776.875 | 58.648 | 835.523 |
| Profit from investments accounted under equity method | - | - | 789.765 | - | 789.765 | - | 789.765 |
| **Operating profit / (loss)** | **41.110.163** | **5.941.970** | **3.771.745** | **(80.227)** | **50.743.651** | **136.020** | **50.879.671** |

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

## NOTE 3 - SEGMENT REPORTING (Continued)

### Geographical Segments

**Geographical Analysis for the interim period 1 January - 30 September 2013**

| | Turkey | Hungary | India | Germany | Total Combined | Intersegment Adjustment | Total |
|---|---|---|---|---|---|---|---|
| Revenue | 251.330.216 | 54.808.462 | 61.194.138 | 21.315.818 | 388.648.634 | (31.252) | 388.617.382 |
| Cost of sales | (169.265.762) | (30.738.247) | (58.120.748) | (23.424.744) | (281.549.501) | - | (281.549.501) |
| Gross profit | 82.064.454 | 24.070.215 | 3.073.390 | (2.108.926) | 107.099.133 | (31.252) | 107.067.881 |
| General administrative expenses | (39.887.198) | (9.734.594) | (5.986.206) | (4.235.812) | (59.843.810) | 221.794 | (59.622.016) |
| Other operating income / expense (net) | 6.144.336 | 1.080.996 | 28.371 | - | 7.253.703 | (192.533) | 7.061.170 |
| Profit from investments accounted under equity method | - | - | 1.409.310 | - | 1.409.310 | - | 1.409.310 |
| **Operating profit / (loss)** | **48.321.592** | **15.416.617** | **(1.475.135)** | **(6.344.738)** | **55.918.336** | **(1.991)** | **55.916.345** |

**Geographical Analysis for the interim period 1 July - 30 September 2013**

| | Turkey | Hungary | India | Germany | Total Combined | Intersegment Adjustment | Total |
|---|---|---|---|---|---|---|---|
| Revenue | 112.021.588 | 19.568.180 | 19.563.243 | 7.338.763 | 158.491.774 | (31.252) | 158.460.522 |
| Cost of sales | (63.009.661) | (10.656.614) | (19.106.648) | (7.974.706) | (100.747.629) | - | (100.747.629) |
| Gross profit | 49.011.927 | 8.911.566 | 456.595 | (635.943) | 57.744.145 | (31.252) | 57.712.893 |
| General administrative expenses | (12.366.509) | (3.405.243) | (1.488.422) | (1.442.812) | (18.702.986) | 97.285 | (18.605.701) |
| Other operating income / expense (net) | 4.722.014 | 1.052.871 | 205.564 | - | 5.980.449 | (97.465) | 5.882.984 |
| Profit from investments accounted under equity method | - | - | 815.626 | - | 815.626 | - | 815.626 |
| **Operating profit / (loss)** | **41.367.432** | **6.559.194** | **(10.637)** | **(2.078.755)** | **45.837.234** | **(31.432)** | **45.805.802** |

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

## NOTE 4 - CASH AND CASH EQUIVALENTS

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Cash | 211.782 | 187.617 |
| Banks | | |
| - Time deposit | 87.230.310 | 50.341.859 |
| - Demand deposit | 17.387.853 | 9.773.946 |
| Other liquid assets | 8.041 | 2.863 |
| | **104.837.986** | **60.306.285** |

Effective interest rates on TL, EUR, USD and INR denominated time deposits at 30 September 2014 are %8,28, %1,74, %1,85, %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 30 September 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 30 September 2014 and 30 September 2013 are as follows:

| | 30 September 2014 | 30 September 2013 |
|---|---|---|
| Cash and banks | 104.837.986 | 73.090.250 |
| Less: Interest Accruals | (55.099) | (4.168) |
| Less: Restricted cash (*) | (7.777.938) | (9.762.512) |
| | **97.004.949** | **63.323.570** |

(*) The mentioned amount represents the collections from the clients kept in mandatory restricted accounts according to the concession agreements signed for the operation of the terminals in New Delhi Airport in India (30 September 2013: 9.762.512 TL).

## NOTE 5 - FINANCIAL INVESTMENTS

***Available-for-sale assets:***

| | 30 September 2014 | | 31 December 2013 | |
|---|---|---|---|---|
| | **%** | **TL** | **%** | **TL** |
| DASPL | %16,67 | 1.544.585 | %16,67 | 1.438.335 |
| Celebi Spain (*) | %100,0 | 20.525 | %100,0 | 20.525 |
| | | **1.565.110** | | **1.458.860** |

(*) As at 30 September 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

| | % | 30 September 2014 | % | 31 December 2013 |
|---|---|---|---|---|
| Celebi Nas | %55 | 16.481.436 | %55 | 13.160.780 |
| | | **16.481.436** | | **13.160.780** |

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

| | 30 September 2014 | 30 September 2013 |
|---|---|---|
| **As of 1 January** | 13.160.780 | 10.026.878 |
| Share on profit / loss | 2.148.728 | 1.409.310 |
| Currency translation differences | 1.059.004 | (44.260) |
| Actuarial gains/losses fund from retirement plans | 112.924 | 49.948 |
| **As of 30 September** | **16.481.436** | **11.441.876** |

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

| | 1 January- 30 September 2014 | 1 January- 30 September 2013 |
|---|---|---|
| Celebi Nas | 2.148.728 | 1.409.310 |
| | **2.148.728** | **1.409.310** |

**Summary statement of equity accounted investees:**

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Total Assets | 35.871.984 | 34.384.187 |
| Total Liabilities | 5.905.735 | 10.455.495 |

| | 1 January- 30 September 2014 | 1 January - 30 September 2013 |
|---|---|---|
| Total Revenue | 24.621.604 | 19.965.542 |
| Profit / (Loss) for the period | 3.906.778 | 2.562.382 |

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

## NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

***Short-term financial liabilities:***

| | 30 September 2014 | | |
|---|---|---|---|
| | **Effective Interest Rate (%)** | **Original Amount** | **TL** |
| ***Short term borrowings:*** | | | |
| TL Borrowings | 10,5%-13,5% | 29.735.762 | 29.735.762 |
| INR Borrowings | 12%-12,82% | 84.299.973 | 3.125.000 |
| **Total short term credits** | | | **32.860.762** |
| ***Short-term finance lease obligations*** | | | |
| Short-term finance lease obligations - EUR | | 579.048 | 1.674.258 |
| Short-term finance lease obligations - USD | | 80.286 | 182.964 |
| **Total short-term finance lease obligations** | | | **1.857.222** |
| **Short term liabilities** | | | **34.717.984** |
| ***Short-term portion of long-term borrowings:*** | | | |
| Derivative financial instruments (*) | | 60.593 | **175.200** |

(*) 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 | 20.140.815 | 746.620 |
| Interest expense accrual - EUR | 1.404.437 | 4.060.788 |
| Interest expense accrual - TL | - | 497.277 |
| INR borrowings | 551.493.283 | 20.443.856 |
| EUR borrowings | 22.499.500 | 65.055.053 |
| **Short-term portion of total long term borrowings:** | | **90.803.594** |
| **Total short term liabilities:** | | **125.696.778** |

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

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

| ***Long-term financial liabilities:*** | **30 September 2014** | | |
|---|---|---|---|
| | **Effective Interest Rate (%)** | **Original amount** | **TL** |
| INR borrowings | 12%-12,82% | 1.343.386.674 | 49.799.344 |
| EUR borrowings | Libor/Euribor + 3,00-6,87 | 51.585.167 | 149.153.353 |
| TL borrowings | 10,5% | | 20.000.000 |
| | | | **218.952.697** |
| ***Long-term finance lease obligations:*** | | | |
| Long-term finance lease obligations – USD | | 45.030 | 102.618 |
| Long-term finance lease obligations – EUR | | 1.553.300 | 4.491.211 |
| **Total long-term finance lease obligations** | | | **4.593.829** |
| **Total long-term financial liabilities** | | | **223.546.526** |
| **Total financial liabilities** | | | **349.243.304** |

***Short-term financial liabilities :***

| | **31 December 2013** | | |
|---|---|---|---|
| | **Effective Interest Rate (%)** | **Original amount** | **TL** |
| ***Short term borrowings:*** | | | |
| 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 November 2012 is date of forward transactions for cash flow hedges, value date is 9 January 2013,bank purchase amount is EUR 2.000.000, bank selling amount is TL 4.589.000.

(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:

| | **30 September 2014** | **31 December 2013** |
|---|---|---|
| Less than 3 months | 45.658.793 | 14.168.862 |
| Between 3-12 months | 80.037.985 | 77.105.112 |
| Between 1-5 years | 223.546.526 | 230.454.960 |
| 5 years and more | - | 5.767.381 |
| | **349.243.304** | **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 30 September 2014 and 31 December 2013 are as follows:

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Between 1-2 years | 103.178.122 | 70.492.852 |
| Between 2-3 years | 53.901.059 | 94.306.790 |
| Between 3-4 years | 28.808.963 | 43.391.295 |
| 4 years and more | 33.064.553 | 21.994.860 |
| | **218.952.697** | **230.185.797** |

The redemption schedules of financial lease obligations as of 30 September 2014 and 31 December 2013 are as follows:

| | 30 September 2014 | | | 31 December 2013 | | |
|---|---|---|---|---|---|---|
| | Minumum lease Payments | Interest | Total obligation | Minimum lease payments | Interest | Total obligation |
| Less than 1 year | 2.161.936 | (304.714) | 1.857.222 | 2.189.103 | (331.793) | 1.857.310 |
| Between 1-2 years | 2.006.074 | (252.100) | 1.753.974 | 2.040.683 | (234.495) | 1.806.188 |
| Between 2-3 years | 1.836.439 | (106.901) | 1.729.538 | 1.878.804 | (170.561) | 1.708.243 |
| Between 3-4 years | 1.134.375 | (24.058) | 1.110.317 | 1.560.342 | (43.831) | 1.516.511 |
| | **(7.138.824)** | **(687.773)** | **6.451.051** | **7.668.932** | **(780.680)** | **6.888.252** |

## NOTE 8 - TRADE RECEIVABLES AND PAYABLES

| Short-term trade receivables | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Due from third parties | 77.323.846 | 57.473.999 |
| Less: Provision for doubtful receivables | (3.131.936) | (3.128.251) |
| **Trade receivables from third parties (net)** | **74.191.910** | **54.345.748** |
| **Due from related parties (Note 25)** | 10.861.334 | 10.673.681 |
| **Total short-term trade receivables** | **85.053.244** | **65.019.429** |

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 30 September 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:

| | 30 September 2014 | 30 September 2013 |
|---|---|---|
| Opening balance | 3.128.251 | 3.217.952 |
| Cumulative translation differences | 3.685 | 19.422 |
| Collections and reversal of provisions | - | (401.955) |
| **Closing balance** | **3.131.936** | **2.835.419** |

**Short-term trade payables**

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Trade payables to third parties | 32.570.101 | 25.263.887 |
| Accrued liabilities | 15.907.204 | 13.412.595 |
| **Total trade payables to third parties** | **48.477.305** | **38.676.482** |
| Due to third parties (Note 25) | 3.568.339 | 5.282.601 |
| **Total trade payables** | **52.045.644** | **43.959.083** |

The fair value of short-term trade payables as of 30 September 2014 and 31 December 2013 equals their carrying amount as the impact of discounting is not significant.

## NOTE 9 - OTHER RECEIVABLES AND PAYABLES

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| **Other short-term receivables** | | |
| Receivables from Tax Office | 5.483.629 | 6.738.823 |
| Deposits and guarentees given | 278.626 | 254.343 |
| Other short-term receivables | 4.232.852 | 25.475 |
| | **9.995.107** | **7.018.641** |

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

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

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| **Other long-term receivables** | | |
| Deposits and guarentees given (*) | 13.426.188 | 11.465.300 |
| | **13.426.188** | **11.465.300** |

(*) As of 30 September 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 8.357.790 (31 December 2013: TL 6.683.594) ve TL 4.984.908 (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 30 September 2014, Group has no blockage balance.

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| **Other short-term payables** | | |
| Liquidated damage fee (**) | - | 5.160.740 |
| Other short-term payables (*) | 6.436.139 | 2.499.581 |
| Deposits received | 43.532 | 40.538 |
| | **6.479.671** | **7.700.859** |

(*) As of 30 September 2014; TL 5.091.665 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 compensation amounting to INR 149.500.000 (TL 5.160.740). All amount is paid in 2014.

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| **Other long-term payables** | | |
| Deposits and guarantees received | 4.748.738 | 4.299.463 |
| | **4.748.738** | **4.299.463** |

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

## NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended 30 September 2014 are as follows:

| | Opening 1 January 2014 | Additions due to purchase of subsidiaries(**) | Additions | Disposals(***) | Transfers | Foreign currency Translation Differences | Closing 30 September 2014 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Plant, machinery and equipment | 202.313.681 | 1.751.139 | 27.846.121 | (450.891) | - | 633.288 | 232.093.338 |
| Motor vehicles | 36.925.913 | - | 110.070 | (470.415) | - | (1.343.720) | 35.221.848 |
| Furniture and fixtures | 21.469.906 | - | 581.873 | (219.959) | - | (154.918) | 21.676.902 |
| Leasehold improvements (*) | 99.959.534 | - | 7.430.502 | (14.554.700) | 8.669.069 | 27.744 | 101.532.149 |
| Construction in Progress | 8.669.072 | - | 5.533.726 | - | (8.669.069) | (359) | 5.533.370 |
| | **369.338.106** | **1.751.139** | **41.502.292** | **(15.695.965)** | **-** | **(837.965)** | **396.057.607** |
| **Accumulated depreciation** | | | | | | | |
| Plant, machinery and equipment | (127.065.935) | - | (9.082.422) | 266.137 | - | (276.950) | (136.159.170) |
| Motor vehicles | (25.337.100) | - | (1.719.084) | 394.342 | - | 903.434 | (25.758.408) |
| Furniture and fixtures | (16.342.488) | - | (1.430.988) | 218.417 | - | 104.783 | (17.450.276) |
| Leasehold improvements (*) | (55.060.161) | - | (4.833.202) | 6.807.853 | - | (11.365) | (53.096.875) |
| | **(223.805.684)** | **-** | **(17.065.696)** | **7.686.749** | **-** | **719.902** | **(232.464.729)** |
| **Net book value** | **145.532.422** | | | | | | **163.592.878** |

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A,Ş in the airports within which it operates were rented from the DHMI and other local authority, The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 30 September 2014 the net book value of these stations was TL 45.596.708. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

Depreciation expense for the period ended 30 September 2014 in the amount of TL 15.587.846 and TL 1.477.850 are respectively included in cost of sales and operating expenses.

There are net book value TL 7.124.271 worth of financial leasing assets in plant, machinery and equipment as of 30 September 2014.

(**) For the detail of purchase of Celebi GmbH please refer to Note 11.
(***) 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 and depots 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 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A,Ş in the airports within which it operates were rented from the DHMI and other local authority, The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 30 September 2013 the net book value of these stations was TL 43.615.642. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

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

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

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

## NOTE 11 - INTANGIBLE ASSETS

### Other Intangible Assets

Movements in intangible assets for the period ended 30 September 2014 are as follows:

| | Opening 1 January 2014 | Additions | Disposals | Transfers | Foreign Currency Translarion Differences | Closing 30 September 2014 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Rights | 11.690.098 | 14.689 | - | - | - | 11.704.787 |
| Customer relations | 39.556.774 | - | - | - | (2.552.050) | 37.004.724 |
| Spftware | 8.973.270 | 347.791 | - | - | (147.669) | 9.173.392 |
| Concession rights (**) | 64.721.241 | - | - | - | 4.780.964 | 69.502.205 |
| Build-operate-transfer investments (*) | 50.653.610 | - | - | - | 3.741.793 | 54.395.403 |
| | **175.594.993** | **362.480** | **-** | **-** | **5.823.038** | **181.780.511** |
| **Accumulated depreciation** | | | | | | |
| Rights | (2.004.071) | (61.879) | - | - | (648) | (2.066.598) |
| Concession rights (**) | (11.053.640) | (2.082.063) | - | - | (900.653) | (14.036.356) |
| Customer relations | (39.556.764) | - | - | - | 2.552.049 | (37.004.715) |
| Software | (6.618.656) | (1.317.657) | - | - | 99.105 | (7.837.208) |
| Build-operate-transfer investments(*) | (10.155.819) | (1.999.766) | - | - | (831.006) | (12.986.591) |
| | **(69.388.950)** | **(5.461.365)** | **-** | **-** | **918.847** | **(73.931.468)** |
| **Net book value** | **106.206.043** | | | | | **107.849.043** |

(*) TL 36.192.751 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 6.001.405 which is difference between discounted present value of deposit paid with interest rate,10,82%, and the deposit amounting to INR 400.000.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

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

Amortization expense for the period ended 30 September 2014 in the amount of TL 529.775 and TL 4.931.590 are included in operating expenses and cost of sales.

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

## NOTE 11 - INTANGIBLE ASSETS (Continued)

### Other Intangible Assets

Movements in intangible assets for the period ended 30 September 2013 are as follows:

| | Opening 1 January 2013 | Additions | Disposals | Foreign Currency Translation Differences | Closing 30 September 2013 |
|---|---|---|---|---|---|
| **Cost** | | | - | | |
| Rights | 12.453.583 | - | (1.743) | (773.594) | 11.678.246 |
| Customer relations | 32.379.129 | - | - | 4.346.464 | 36.725.593 |
| Spftware | 7.358.230 | 214.428 | - | 1.104.067 | 8.676.725 |
| Concession rights (**) | 61.327.682 | - | - | (262.484) | 61.065.198 |
| Build-operate-transfer investments (*) | 47.997.671 | - | - | (205.432) | 47.792.239 |
| | **161.516.295** | **214.428** | **(1.743)** | **4.209.021** | **165.938.001** |
| **Accumulated depreciation** | | | | | |
| Rights | (1.648.776) | (462.788) | 882 | 311.969 | (1.798.713) |
| Concession rights (**) | (7.925.520) | (1.862.654) | - | 35.635 | (9.752.539) |
| Customer relations | (28.606.362) | (3.546.095) | - | (4.228.806) | (36.381.263) |
| Software | (4.890.610) | (798.430) | - | (508.121) | (6.197.161) |
| Build-operate-transfer investments(*) | (7.175.509) | (1.829.680) | - | 32.394 | (8.972.795) |
| | **(50.246.777)** | **(8.499.647)** | **882** | **(4.356.929)** | **(63.102.471)** |
| **Net book value** | **111.269.518** | | | | **102.835.530** |

(*) TL 33.377.282 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.200.000.000, additionally INR 78.148.352 paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 5.442.161 which is difference between discounted present value of deposit paid with interest rate,10,82%, and the deposit amounting to INR 400.000.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

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

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

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

## NOTE 11 - INTANGIBLE ASSETS (Continued)

### Goodwill

Positive goodwill at 30 September 2014 and 31 December 2013 is as follows:

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Goodwill due to acquisition of CGHH | 21.682.210 | 23.177.524 |
| Celebi Nas due to acquisition of Celebi Nas addition share | 910.723 | 910.723 |
| Goodwill due to acquisition of Aviapartner | 5.321.382 | - |
| | **27.914.315** | **24.088.247** |

**<u>Goodwill due to acquisition of CGHH</u>**

The Company participated in the tender offer on 7 July 2006 opened by the Budapest Airport Budapest Ferihegy Nemzetkozi Repuloter Uzemelteto Zartkoruen Mukodo Reszvenytarsasag ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Feleossegu Tarsasag ("BAGH") company that provides ground handling services at Budapest Airport and in which ("Ba Zrt") has a 100% share. The company was informed of winning the tender offer on 14 July 2006 and is participating in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft") company founded on 22 September 2006 as a founding shareholder for the realization of the abovementioned share transfer. The trade name of the company BAGH was changed to Celebi Ground Handling Hungary Foldi Kiszolgalo Korlatolt Felelossegu Tarsasag ("CGHH") after the acquisition dated 26 October 2006.

After the studies of the independent valuation company named American Appraisal Hungary Ltd,, fair value of the net assets of CGHH was determined to be TL 31.287.893 as of 26 October 2006 and acquired by Celebi Kft at a price of TL 49.448.419 which is the TL equivalent of 6.691.261.000 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 30 September 2014 are below:

| | 30 September 2014 | 30 September 2013 |
|---|---|---|
| 1 January | 23.177.574 | 18.971.925 |
| Foreign Currency Translation Differences | (1.495.364) | 2.546.724 |
| **Goodwill** | **21.682.210** | **21.518.649** |

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

## NOTE 11 - INTANGIBLE ASSETS (Continued)

*Goodwill Impairment Test*

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

| | 30 September 2014 |
|---|---|
| **Ground handling services - Hungary** | 21.682.210 |

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

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

| | |
|---|---|
| **Discount rate** | **%12,2** |

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

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 30 September 2014.

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

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

*Goodwill Impairment Test*

The group 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 11 - INTANGIBLE ASSETS (Continued)

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

| | 30 September 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 30 September 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 (13.604.380 TL) to Celebi Cargo GmBH. The closing procedures regarding this agreement were concluded on February 28, 2014. As of September 30, 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 has been included in the calculation of goodwill. The closing procedures regarding this agreement were concluded on February 28, 2014. The title of Company is changed to Celebi GmbH as of 30 April 2014.

The goodwill arising from the subject purchase has been recognized in the financial statements dated September 30, 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 | (9.094.035) |
| Adjustment for purchase price | 1.046.695 |
| Foreign currency translation differences | (235.658) |
| **Goodwill** | **5.321.382** |

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

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

### a) Short term provisions

### Other short-term provisions

| | 30 September 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 30 September 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 |
| Exchange difference | - | (7.483) | (7.483) |
| **30 September 2014** | **857.992** | **-** | **857.992** |

| | Provision for litigation | Other provisions | Total |
|---|---|---|---|
| **1 January 2013** | **1.167.781** | **165.938** | **1.333.719** |
| Payments during the year | (508.906) | - | (508.906) |
| Usage during the year | - | (169.617) | (169.617) |
| Exchange difference | 11.636 | 3.679 | 15.315 |
| **30 September 2013** | **670.511** | **-** | **670.511** |

### Short-term provision for employee benefits

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Provision for employee termination benefits | 962.685 | - |
| Provision for unused vacation | 3.483.101 | 2.366.362 |
| | **4.445.786** | **2.366.362** |

### b) Long-term provisions:

### Long-term provision for employee benefits

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Provision for employee termination benefits | 7.284.985 | 9.256.100 |

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

## NOTE 12 - 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 30 September 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 30 September 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. Böylece 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:

| | 30 September 2014 | 30 September 2013 |
|---|---|---|
| **As of 1 January** | **11.622.462** | **10.171.698** |
| Paid during the year | (3.867.770) | (5.625.041) |
| Increase during the year | 5.141.069 | 2.084.790 |
| Actuarial gain/loss | (1.407.490) | 1.610.958 |
| Service Cost | 1.273.838 | 4.199.323 |
| Interest Cost | 573.897 | 832.504 |
| Foreign currency translation differences | 5.481 | (170.407) |
| Used during the period | (1.610.716) | (1.279.705) |
| **End of the period** | **11.730.771** | **11.824.120** |

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

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

**Contingent assets and liabilities of the Group**

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| **Guarantees received:** | | |
| Guarantee letters | 7.874.257 | 7.367.247 |
| Guarantee check | 1.313.073 | 1.847.072 |
| Guarantee notes | 791.563 | 887.672 |
| | **9.978.893** | **10.101.991** |

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| **Guarantees given:** | | |
| Collateral | 269.483.282 | 247.913.850 |
| Guarantee letters | 58.593.041 | 52.999.542 |
| Share pledge | 12.754.224 | 8.801.188 |
| | **340.830.547** | **309.714.580** |

The Company has contingent assets amounting to TL 1.463.081 (31 December 2013: TL 1.392.881), due to the legal cases in favor of the Company and contingent liabilities amounting to TL 20.160.429 due to the legal cases and enforcement proceedings against the Company as of 30 September 2014 (2013: TL 19.374.452), TL 16.098.884 portion of contingent liabilities are comprised of legal cases and enforcement proceedings related with the fire in warehouse (Note 28) in which Company is a sole defendant and co-defendant with the DHMI, other warehouse management companies and insurance companies(2013:TL15.821.307).

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

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

The details of collaterals, pledges and mortgages ("CPM") of the Company at 30 September 2014 and 31 December 2013 are as follows:

| | | 30 September 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** | | | **44.937.426** | | **39.996.969** |
| | TL | 5.384.776 | 5.384.776 | 5.096.477 | 5.096.477 |
| | EUR | 2.925.509 | 8.458.818 | 2.053.918 | 6.031.332 |
| | USD | 2.210.500 | 5.037.509 | 1.810.500 | 3.864.150 |
| | INR | 561.999.110 | 20.833.307 | 561.999.117 | 19.400.210 |
| | HUF | 562.825.000 | 5.223.016 | 565.000.000 | 5.604.800 |
| **B. CPM given on behalf of fully consolidated subsidiaries** | | | **295.893.121** | | **269.717.612** |
| | EUR | 37.880.000 | 109.526.232 | 33.700.000 | 98.960.050 |
| | USD | 5.992.196 | 13.655.615 | 6.092.196 | 13.002.574 |
| | INR | 4.659.057.850 | 172.711.274 | 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 | | | | | |
| | | | **340.830.547** | | **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 30 September 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 13 - OTHER ASSETS AND LIABILITIES

| **Other current assets** | **30 September 2014** | **31 December 2013** |
|---|---|---|
| Restricted cash (*) | 5.732.505 | 5.629.522 |
| Deferred Value-added tax ("VAT") | 4.117.560 | 1.483.776 |
| Insurance expense need to be compensated | 4.498.996 | 4.180.278 |
| Advances given to personnel | 368.857 | 311.444 |
| Other | 76.315 | 223.947 |
| | **14.794.233** | **11.828.967** |

(*) Comprises the deposits blocked of Çelebi Delhi Cargo and Celebi GH Delhi, the subsidiaries of the Group in India, as of 30 September 2014. (31 December 2013: TL 4.144.684).

| **Other non-current assets** | **30 September 2014** | **31 December 2013** |
|---|---|---|
| Prepaid taxes and funds (*) | 10.201.864 | 7.526.225 |
| Other | 3.243 | 3.242 |
| | **10.205.107** | **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 1.906.970 (31 December 2013: TL 1.005.713) ve TL 8.294.894 (31 December 2013: TL 6.520.512).

| **Other current liabilities** | **30 September 2014** | **31 December 2013** |
|---|---|---|
| Taxes and funds payable | 1.567.440 | 1.233.204 |
| Rent equilization reserves | 857.664 | 968.464 |
| Other miscellaneous payables and liabilities | 2.800.737 | 964.346 |
| | **5.225.841** | **3.166.014** |

| **Other non-current liabilities** | **30 September 2014** | **31 December 2013** |
|---|---|---|
| Provision for operational leasing equalization (*) | 43.456.084 | 34.880.012 |
| Other | 11.910.972 | 8.636.332 |
| | **55.367.056** | **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 14 – PREPAID EXPENSES

| Short-term prepaid expenses | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Prepaid expenses (*) | 10.397.415 | 6.366.303 |
| Advances given | 4.816.401 | 2.283.817 |
| | **15.213.816** | **8.650.120** |

| Long-term prepaid expenses | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Prepaid expenses (*) | 17.689.582 | 18.912.672 |
| Capital advances given | 2.307.562 | 2.706.773 |
| | **19.997.144** | **21.619.445** |

(*) TL 17.614.848 (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 15 – DEFERRED INCOME

| Short-term Deferred Income | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Short term deferred revenues calculated based on IFRYK12 | 2.500.417 | 5.922.443 |
| Order advances received | 2.708.863 | 2.269.863 |
| | **5.209.280** | **8.192.306** |

## NOTE 16 – LIABILITIES FOR EMPLOYEE BENEFITS

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Wages and salaries payable | 8.757.890 | 6.273.012 |
| Social security withholdings payment | 3.883.255 | 3.707.536 |
| Accrued bonus payable | 861.657 | 1.330.005 |
| | **13.502.802** | **11.310.553** |

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

## NOTE 17 - EQUITY

### Share Capital

As of 30 September 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 30 September 2014 and 31 December 2013, the shareholding structure of the Group is stated in historical amounts below:

| | 30 September 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 communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") 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 30 September 2014 (31 December 2013: TL 28.274.456).

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

## NOTE 17 – 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 18 – REVENUE AND COST OF SALES

| | **1 January - 30 September 2014** | **1 July - 30 September 2014** | **1 January - 30 September 2013** | **1 July- 30 September 2013** |
|---|---|---|---|---|
| Ground handling services | 327.332.321 | 141.512.839 | 288.014.483 | 126.339.804 |
| Cargo and warehouse services income | 148.128.615 | 53.881.032 | 92.137.635 | 30.816.821 |
| Airport security services | - | - | 799.408 | 277.535 |
| Revenue in the context of IFRIC 12 | 3.448.762 | 55.865 | 9.748.994 | 2.919.646 |
| Rental revenue not related to aviation | 8.877.735 | 3.188.204 | 6.475.636 | 2.359.769 |
| Less: Returns and discounts | (8.649.049) | (2.884.784) | (8.558.774) | (4.253.053) |
| **Sales revenue- net** | **479.138.384** | **195.753.156** | **388.617.382** | **158.460.522** |
| **Cost of sales** | **(340.553.372)** | **(125.701.415)** | **(281.549.501)** | **(100.747.629)** |
| **Gross profit** | **138.585.012** | **70.051.741** | **107.067.881** | **57.712.893** |

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

## NOTE 19 - EXPENSES BY NATURE

| | 1 January - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| Personnel expenses | (153.442.120) | (55.308.250) | (127.118.532) | (41.160.379) |
| Payments to authorities | (73.699.091) | (29.552.305) | (60.570.943) | (24.342.225) |
| and terminal managements (*) | (31.302.445) | (9.671.348) | (27.976.473) | (9.127.343) |
| Consultancy expenses | | | | |
| Equipment repair, maintenance | (29.191.572) | (10.043.598) | (24.642.881) | (10.306.636) |
| fuel and security expenses | (22.527.061) | (7.616.306) | (25.384.373) | (8.488.656) |
| Depreciation and amortization expenses | (5.490.387) | (902.545) | (11.612.849) | (3.530.277) |
| Expense in the context of IFRIC 12 (***) | (13.741.645) | (4.749.776) | (11.740.805) | (4.537.253) |
| Outsourced services | (11.325.765) | (4.837.584) | (9.128.819) | (2.947.650) |
| Travel and transportation expenses | (4.212.142) | (1.491.742) | (3.825.987) | (861.996) |
| Taxes and other fees | (3.161.465) | (1.000.921) | (2.331.978) | (811.004) |
| Other expenses | (56.166.024) | (21.324.398) | (36.837.877) | (13.239.911) |
| | **(404.259.717)** | **(146.498.773)** | **(341.171.517)** | **(119.353.330)** |

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

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

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

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

## NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES

| | 1 January - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| Consultancy expenses | (30.233.708) | (9.286.568) | (26.833.889) | (8.725.845) |
| Personnel expenses | (19.550.168) | (7.309.450) | (17.129.209) | (4.809.658) |
| Depreciation and amortization | (2.007.625) | (377.436) | (5.837.153) | (1.988.115) |
| Travel and transportation expenses | (1.883.076) | (547.106) | (1.599.543) | (411.025) |
| Equipment repair, maintenance, fuel and security expenses | (1.673.833) | (596.010) | (1.312.079) | (517.809) |
| Payments to authorities and terminal | (1.302.034) | (428.947) | (1.244.323) | (445.138) |
| Managements | (504.101) | (155.258) | (482.719) | (167.831) |
| Insurance premiums | (1.155.207) | (487.650) | (1.066.177) | (403.093) |
| Taxes and other fees | (5.396.593) | (1.608.933) | (4.116.924) | (1.137.187) |
| | **(63.706.345)** | **(20.797.358)** | **(59.622.016)** | **(18.605.701)** |

## NOTE 21 – FINANCIAL INCOME

| | 1 January - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| Foreign exchange gains | 15.969.420 | 3.506.035 | 3.663.796 | 368.469 |
| Interest income | 2.407.223 | 816.085 | 1.909.077 | 696.926 |
| Other incomes | 1.899.733 | 883.600 | 1.007.752 | 250.204 |
| | **20.276.376** | **5.205.720** | **6.580.625** | **1.315.599** |

## NOTE 22 - FINANCIAL EXPENSES

| | 1 January - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| Foreign exchange losses | (12.256.870) | (3.012.520) | (31.910.678) | (17.259.902) |
| Interest expenses | (18.104.347) | (5.464.396) | (15.434.696) | (5.514.322) |
| Other expenses | (1.836.777) | (497.271) | (1.639.131) | (372.678) |
| | **(32.197.994)** | **(8.974.187)** | **(48.984.505)** | **(23.146.902)** |

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

## NOTE 23 - TAX ASSETS AND LIABILITIES

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Current period corporate tax provision | 13.215.519 | 5.794.379 |
| Less: Prepaid corporate tax | (6.245.189) | (8.319.110) |
| **Assets related to current year tax - net** | **6.970.330** | **(2.524.731)** |

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Deferred tax assets | 21.909.548 | 20.348.294 |
| Deferred tax liabilities | (7.238.195) | (6.478.794) |
| **Deferred tax assets/ (liabilities) – net** | **14.671.353** | **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.

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.

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

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

*Domestic participation exemption:*

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

*Share premiums exemption*

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

*Foreign company participation exemption*

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

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

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

The corporate tax rate has been changed to since 2014 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 India, the corporate tax rate is 32,45% 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).

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

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

Tax expense for the periods end 30 September 2014 and 2013 is presented below:

| | 1 January - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| - Current year corporate tax | (13.286.328) | (8.714.870) | (6.193.830) | (3.961.688) |
| - Deferred tax income /( expense) | (460.245) | (1.314.950) | 608.692 | (334.589) |
| | **(13.746.573)** | **(10.029.820)** | **(5.585.138)** | **(4.296.277)** |

**Deferred taxes**

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for deferred revenue asset and liabilities are 20%, 19% or 10%, 32,45% for Turkey, Hungary, India New Delhi and Mumbai respectively.

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 30 September 2014 and 31 December 2013 using the enacted tax rates are as follows:

| | Cumulative temporary Differences | | Deferred tax assets / (liabilities) | |
|---|---|---|---|---|
| | 30 September 2014 | 31 December 2013 | 30 September 2014 | 31 December 2013 |
| **Deferred tax assets** | | | | |
| Non-deductible financial losses (*) | - | - | - | - |
| Personnel bonus accrual | (413.394) | (891.675) | 82.679 | 178.335 |
| Accrued sales commissions | (3.830.473) | (2.848.425) | 766.095 | 569.685 |
| Provision for employment termination benefits | (7.049.554) | (8.956.121) | 1.409.911 | 1.791.224 |
| Provision for operational leasing Equilization | (42.634.321) | (33.877.136) | 13.832.705 | 10.991.437 |
| Provision for unused vacation | (2.388.965) | (1.722.199) | 477.793 | 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 | (18.190.800) | (23.109.125) | 5.902.006 | 7.497.756 |
| Other | (7.094.308) | (8.427.462) | 2.175.525 | 2.335.231 |
| | | | **24.818.312** | **23.841.197** |
| Net – off | | | (2.908.764) | (3.492.903) |
| **Deferred tax assets** | | | **21.909.548** | **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 16.050.064 (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 5.207.443 of deferred tax amount as of September 30, 2014.

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

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

| | Cumulative temporary Differences | | Deferred tax assets / (liabilities) | |
|---|---|---|---|---|
| | 30 September 2014 | 31 December 2013 | 30 September 2014 | 31 December 2013 |
| **Deferred tax liabilities** | | | | |
| Net difference between the tax base and carrying amount of property plant and | 51.487.898 | 50.542.998 | (10.146.959) | (9.963.894) |
| Other | - | - | - | (7.803) |
| | | | **(10.146.959)** | **(9.971.697)** |
| Net – off | | | 2.908.764 | 3.492.903 |
| **Deferred tax liabilities** | | | **(7.238.195 )** | **(6.478.794)** |
| **Deferred tax assets, net** | | | **14.671.353** | **13.869.500** |

Deferred tax movement table is as below:

| | 2014 | 2013 |
|---|---|---|
| **1 January** | **13.869.500** | **9.926.294** |
| Foreign currency translation difference | 1.262.098 | 154.247 |
| Charge for the period | (460.245) | 608.692 |
| **30 September** | **14.671.353** | **10.689.233** |

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

## NOTE 24 - EARNINGS PER SHARE

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

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

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

| | 1 January - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| **Net profit / (loss) attributable to the equity holders of the parent** | **48.455.782** | **35.482.611** | **9.745.726** | **20.240.829** |
| Weighted average number of shares with 1 Full TL face value each | 2.430.000.000 | 2.430.000.000 | 2.430.000.000 | 2.430.000.000 |
| **Earnings / (losses) per share (Full TL)** | **0,020** | **0,015** | **0,004** | **0,008** |

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

## NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

### i) Balances with related parties

| Due from related parties | 30 September 2014 | 31 December 2013 |
|---|---|---|
| ÇHH (*) | 10.094.390 | 10.385.750 |
| Other | 766.944 | 287.931 |
| | **10.861.334** | **10.673.681** |

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

The maturities of due from related parties are generally shorter than a month (31 December 2013: shorter than a month). As of 30 September 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 | 30 September 2014 | 31 December 2013 |
|---|---|---|
| ÇHH (*) | 2.864.914 | 4.540.479 |
| Çe-Tur | 607.137 | 712.968 |
| Other | 96.288 | 29.154 |
| | **3.568.339** | **5.282.601** |

(*) As of September 30, 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.

### ii) Transactions with related parties

| | 1 January - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| **Miscellaneous sales to related parties** | | | | |
| ÇHH | 54.591 | 13.994 | 145.131 | 37.093 |
| Çe-Tur | 123.401 | 43.710 | 110.612 | 31.094 |
| Celebi Ground Services Austria GMBH | 507.161 | 175.158 | 136.123 | 48.403 |
| Other | 436.039 | 277.890 | 4.704 | 996 |
| | **1.121.192** | **510.752** | **396.570** | **117.586** |

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

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

| | 1 January - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| **Employee and transportation expenses payable to related parties** | | | | |
| Çe-Tur | 4.170.402 | 1.559.700 | 4.348.436 | 1.975.635 |
| **Contribution to holding expenses (*)** | | | | |
| ÇHH | 25.174.052 | 7.474.314 | 23.070.167 | 7.504.911 |

(*) 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 - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| **Other purchases from related parties (*)** | | | | |
| ÇHH | 2.279.805 | 1.009.549 | 2.516.302 | 751.061 |
| Çe-Tur | 1.087.305 | 440.442 | 782.155 | 177.639 |
| Other | 1.506.049 | 459.488 | 103.237 | 18.682 |
| | **4.873.159** | **1.909.479** | **3.401.694** | **947.382** |

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

Collaterals given in favor of related parties for borrowings as of 30 September 2014 and 31 December 2013 are as follow:

| 30 September 2014 | EUR | USD | INR | Total TL |
|---|---|---|---|---|
| ÇHH | - | - | - | - |
| CGHH (2) | 24.200.000 | - | - | 69.971.880 |
| Celebi Nas (1) | - | - | 91.080.000 | 3.376.336 |
| Celebi Delhi Cargo (3) | - | - | 2.713.640.000 | 100.594.635 |
| Celebi Delhi GH (4) | - | - | 1.354.337.850 | 50.205.304 |
| Celebi Cargo GmbH (5) | 13.680.000 | - | - | 39.554.352 |

| 31 December 2013 | EUR | USD | INR | Total TL |
|---|---|---|---|---|
| ÇHH | - | - | - | - |
| 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) CGHH 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 12.500.000 as of 30 September 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 13.300.000 amounted, between Celebi Cargo GmbH and some banks in Germany, Celebi Cargo GmbH has given guarantees at 13.680.000 EUR because of the financial liability, The repayments to the loan balance is EUR 13.300.000 as of 30 September 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 - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| Short-term employee benefits | 7.632.191 | 3.186.080 | 6.893.990 | 2.029.067 |
| Post-employment benefits | 163.618 | 101.065 | 7.553 | - |
| | **7.795.809** | **3.287.145** | **6.901.543** | **2.029.067** |

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

## NOTE 26 - FINANCIAL RISK MANAGEMENT

*Currency risk*

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

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 30 September 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 727.342 (31 December 2013: TL 1.762.458).

As of 30 September 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 11.219.726 (31 December 2013: TL 20.104.521).

As of 30 September 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 5.718.892 (31 December 2013: TL 10.009.522).

As of 30 September 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 1.656.993 (31 December 2013: TL 1.328.779).

Foreign currency denominated assets and liabilities of the Group as of 30 September 2014 and 31 December 2013 are as follows:

| | **30 September 2014** | **31 December 2013** |
|---|---|---|
| Assets denominated in foreign currency | 274.768.834 | 167.159.103 |
| Liabilities denominated in foreign currency (-) | (420.780.039) | (437.221.404) |
| **Net balance sheet position** | **(146.011.205)** | **(270.062.301)** |

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

## NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency denominated assets and liabilities of the Group as of 30 September 2014 and 31 December 2013 are as follows:

| 30 September 2014 | TL Equivalent (Functional Currency) | USD | Euro | Indian Rupee | Hungarian Forin | GBP/ British Pound |
|---|---|---|---|---|---|---|
| 1. Trade receivables | 74.359.739 | 1.647.272 | 14.734.348 | 250.445.693 | 2.017.118.000 | - |
| 2. Monetary financial assets (Includes Cash, Bank Accounts) | 99.231.273 | 2.919.255 | 23.404.326 | 623.663.858 | 161.852.047 | 77.467 |
| 3. Other | 33.637.909 | 303.528 | 3.035.023 | 497.160.017 | 618.643.431 | - |
| **4. Current Assets(1+2+3)** | **207.228.921** | **4.870.055** | **41.173.697** | **1.371.269.568** | **2.797.613.478** | **77.467** |
| 5. Other | 67.539.913 | 145.833 | 6.706.403 | 1.287.055.529 | 11.372.000 | - |
| **6. Non-current assets (5)** | **67.539.913** | **145.833** | **6.706.403** | **1.287.055.529** | **11.372.000** | **-** |
| **7. Total assets (4+6)** | **274.768.834** | **5.015.888** | **47.880.100** | **2.658.325.097** | **2.808.985.478** | **77.467** |
| 8. Trade payables | 35.326.051 | 1.697.071 | 6.432.318 | 261.434.614 | 260.164.744 | 204.284 |
| 9. . Financial liabilities | 95.463.739 | 80.286 | 24.543.578 | 655.934.071 | - | - |
| 10. Other monetary liabilities | 25.547.500 | - | 2.216.671 | 346.250.765 | 679.170.466 | - |
| **11. Current liabilities (8+9+10)** | **156.337.290** | **1.777.357** | **33.192.567** | **1.263.619.450** | **939.335.210** | **204.284** |
| 12. . Financial liabilities | 203.546.526 | 45.030 | 53.138.467 | 1.343.386.674 | - | - |
| 13. Other monetary liabilities | 60.896.223 | 1.864 | 352.850 | 1.594.046.790 | 84.098.000 | - |
| **14. Non-current liabilities (12+13)** | **264.442.749** | **46.894** | **53.491.317** | **2.937.433.464** | **84.098.000** | **-** |
| **15. Total liabilities (11+14)** | **420.780.039** | **1.824.251** | **86.683.884** | **4.201.052.914** | **1.023.433.210** | **204.284** |
| **16. Net foreign currency asset/(liability) position (7-15)** | **(146.011.205)** | **3.191.637** | **(38.803.784)** | **(1.542.727.817)** | **1.785.552.268** | **(126.817)** |
| **17. Net monetary foreign currency asset/(liability) Position (7-15)** | **(146.011.205)** | **3.191.637** | **(38.803.784)** | **(1.542.727.817)** | **1.785.552.268** | **(126.817)** |

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

## NOTE 26 - 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 (Includes 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 26 - FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of export and import amounts for the years ended 30 September 2014 and 30 September 2013:

| | 1 January - 30 September 2014 | 1 July - 30 September 2014 | 1 January - 30 September 2013 | 1 July- 30 September 2013 |
|---|---|---|---|---|
| Total export amount | 81.161 | 81.161 | - | - |
| Total import amount | 15.315.515 | 14.735.429 | 6.756.764 | 1.716.795 |

### Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the debt / equity ratio, This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents and deferred tax liability, Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The ratio of net debt/ (equity +net debt) at 30 September 2014 and 31 December 2013 is as follows:

| | 30 September 2014 | 31 December 2013 |
|---|---|---|
| Total financial liabilities | 349.243.304 | 327.496.315 |
| Less: Cash and cash equivalents | (104.837.986) | (60.306.285) |
| Less: Current assets | (5.732.505) | (5.629.522) |
| Net debt | 238.672.813 | 261.560.508 |
| Equity | 103.185.705 | 46.841.298 |
| Equity + net debt | 341.858.518 | 308.401.806 |
| Net debt / (Equity + net debt) ratio | 0,70 | 0,85 |

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

## NOTE 27 - FINANCIAL INSTRUMENTS

### Fair value estimation

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

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

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

The Group's assets and liabilities quantified as fair values at 30 September 2014 and 31 December 2013 are as below:

| **30 September 2014** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| **Available for sale financial assets** (Note 5) | - | - | 1.565.110 | 1.565.110 |
| **Derivative assets** | - | - | - | - |
| **Total assets** | **-** | **-** | **1.565.110** | **1.565.110** |

| **30 September 2014** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Liabilities** | | | | |
| **Derivative Financial Instruments** (Note 7) (*) | - | 175.200 | - | **175.200** |
| **Total liabilities** | | **175.200** | | **175.200** |

(*)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.

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

## NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

| 31 December 2013 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| **Available for sale financial assets** (Note 5) | - | - | 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** | | | | |
| **Other financial liabilities** (Note 7) | - | 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 28 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

As a result of the fire, goods belonging to third parties were also damaged in addition to the damage to property, plant and equipment and leasehold improvements of the Company. As of 30 September 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 10.440.990 (Note 12) 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 5.657.894 in which the Company is the sole defendant. Total legal cases and enforcement proceedings are TL 16.098.884.

## NOTE 28 - 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 30 September 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 issuance of the Report, 219 lawsuits with value of TL 95.744.346 (USD 42.013.404) to which the Fund Companies have been a side and which has an invoice value of TL 57.117.752 (USD 25.063.738) has been settled amicably and 215 of these 219 lawsuits with a value of TL 92.307.288 (USD 40.505.194) has been paid to the claimants as TL 56.858.379 (USD 24.949.923). 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 4.307.789 and it is projected that the remaining balance of USD 15 million after the payment of the agreed amounts pertaining to the 7 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 as of 30 September 2014.

## NOTE 29 - SUBSEQUENT EVENTS

None.