Çelebi Hava Servisi Anonim Şirketi

Consolidated financial statements
for the period January 1 – December 31, 2019
and independent auditor's report

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

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Çelebi Hava Servisi Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

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

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

2) Basis for Opinion

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

3) Key Audit Matters

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

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

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Key Audit Matter	How the matter was addressed in the audit
"Service Concession Arrangements" recognised within the scope of Turkish Financial Reporting Interpretations Committee ("TFRS Interpretations") 12 and "Build Operate Transfer Investments" As explained in Note 2 in the accompanying consolidated financial statements as of December 31, 2019, the Group has "Service Concession Arrangements" and "Build Operate Transfer Investments" in the countries where its subsidiaries continue their operations. A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop / upgrade, operate and maintain the grantor's infrastructure. During the arrangement period, the operator receives income from the services provided. The party that recognizes the concession, controls the infrastructure investment and the contractor will eventually be transferred to the party that recognizes the operator's infrastructure investment. The Group has applied the intangible asset model within the scope of TFRS Interpretation 12 "Service Concession Agreements" in the related agreements because the Group has the right to demand compensation from the users for the infrastructure investment subject to the service concession agreement, and intangible assets arising from "Concession Rights" is recognised at the account of intangible assets. In addition, contracted maintenance or modernization obligations in the framework of service concession contracts are recognized in accordance with the Turkish Accounting Standard ("TAS") 37 "Provisions, Contingent Liabilities and Contingent Assets". In addition, the intangible assets from build-operate-transfer investments have been accounted under "Build-Operate-Transfer Investments" account As presented in Note 13, the net book value of "Concession Rights" accounted under intangible assets as of December 31, 2019 is TL 114.850.416 and net book value of "Build-operate-transfer investments" is TL 92.138.160, and as presented in Note 15, "Maintenance obligation liability" accounted under other current and non-current liabilities is TL 56.045.280. "Concession rights", "Build-operate-transfer investments" and "Maintenance obligation liability" which are recognized within the scope of such agreements have been determined as key audit matter due to the complexity of judgements and assumptions included in such transactions.	The audit procedures applied including but not limited to the following are: Reviewing the terms of the contract, testing that the spending amounts are accounted for in a timely and appropriate manner in accordance with the cost value, reviewing useful life and residual value estimates and assumptions based on the calculation, Testing the calculated depreciation amounts, examining the renewal investment estimates that will occur in the forthcoming years estimated within the scope of the contract, evaluating the appropriateness of the discount rates applied within the scope of reducing the relevant amounts to today, The comparison of estimated and actual amounts includes procedures such as verifying the deposit amounts paid under the contract through the supporting documents. In addition, within the scope of the featured accounting mentioned above, we have questioned the appropriateness of the information contained in the consolidated financial statements and explanatory footnotes and the importance of the disclosed information for the readers of the financial statements.

4) Other Matters

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

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

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

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B) Report on Other Legal and Regulatory Requirements (Cont'd)

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

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

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

Cem Tovil
Partner

İstanbul, March 3, 2020

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

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

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

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

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

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

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

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

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

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

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

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

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

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

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

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

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

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

		Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss		Accumulated Profits				
	Paid-in capital	**Actuarial gain/(loss) arising from defined benefit plans**	**Foreign currency translation differences**	**Restricted Reserves**	**Retained earnings**	**Net profit for the year**	**Equity attribute table to equity holders of the parent**	**Non-controlling interest**	**Total shareholder's equity**
Balances at January 1, 2019	**24.300.000**	**(24.478.059)**	**97.242.555**	**50.630.456**	**(16.019.346)**	**204.583.956**	**336.259.562**	**16.827.952**	**353.087.514**
Transfers	-	-	-	12.757.500	191.826.456	(204.583.956)	-	-	-
Dividend distrıbution	-	-	-	-	(128.803.766)	-	(128.803.766)	-	(128.803.766)
Subsidiary share purchase	-	-	-	-	(403.147)	-	(403.147)	14.416.443	14.013.296
TFRS 16 first adaptation impact (*)	-	-	-	-	71.183.770	-	71.183.770	24.699.987	95.883.757
Other comprehensive income / (expenses)									
- Foreign currency translation differences	-	-	39.133.603	-	-	-	39.133.603	3.178.433	42.312.036
-Actuarial gain/(loss) arising from defined benefit plans	-	453.095	-	-	-	-	453.095	27.131	480.226
Total other comprehensive income / (expenses)		**453.095**	**39.133.603**	**-**	**-**	**-**	**39.586.698**	**3.205.564**	**42.792.262**
			-						
Net profit for the period	-	-	-	-	-	192.355.079	192.355.079	3.108.822	195.463.901
Total comprehensive income / (expense)	**-**	**453.095**	**39.133.603**	**-**	**-**	**192.355.079**	**231.941.777**	**6.314.386**	**238.256.163**
Balances at December 31, 2019	**24.300.000**	**(24.024.964)**	**136.376.158**	**63.387.956**	**117.783.967**	**192.355.079**	**510.178.196**	**62.258.768**	**572.436.964**

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

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE PERIOD OF JANUARY 1 – DECEMBER 31, 2018

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

		Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss		Accumulated Profits				
	Paid-in capital	**Actuarial gain/(loss) arising from defined benefit plans**	**Foreign currency translation differences**	**Restricted Reserves**	**Retained earnings**	**Net profit for the year**	**Equity attribute table to equity holders of the parent**	**Non-controlling interest**	**Total shareholder's equity**
Balances at January 1, 2018	**24.300.000**	**(18.927.043)**	**42.350.965**	**43.097.456**	**(17.302.954)**	**85.361.608**	**158.880.032**	**9.975.142**	**168.855.174**
Transfers	-	-	-	7.533.000	77.828.608	(85.361.608)	-	-	-
Dividend distrıbution	-	-	-	-	(76.545.000)	-	(76.545.000)	-	(76.545.000)
Capital contribution of non-controlling interests	-	-	-	-	-	-	-	6.198	6.198
Other comprehensive income / (expenses)	-	-	-	-	-	-	-	-	-
- Foreign currency translation differences	-	-	54.891.590	-	-	-	54.891.590	3.005.931	57.897.521
-Actuarial gain/(loss) arising from defined benefit plans	-	(5.551.016)	-	-	-	-	(5.551.016)	(25.634)	(5.576.650)
Total other comprehensive income / (expenses)	**-**	**(5.551.016)**	**54.891.590**	-	-	-	**49.340.574**	**2.980.297**	**52.320.871**
Net profit for the period	-	-	-	-	-	204.583.956	204.583.956	3.866.315	208.450.271
Total comprehensive income / (expense)	**-**	**(5.551.016)**	**54.891.590**	-	-	**204.583.956**	**253.924.530**	**6.846.612**	**260.771.142**
Balances at December 31, 2018	**24.300.000**	**(24.478.059)**	**97.242.555**	**50.630.456**	**(16.019.346)**	**204.583.956**	**336.259.562**	**16.827.952**	**353.087.514**

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

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

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

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

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

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

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

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

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

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

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

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

The address of the Company is as follows:
Tayakadın Mahallesi Nuri Demirağ Caddesi No:39
Aranvutköy / İstanbul

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

Information on Subsidiaries, Joint Ventures, and Associate:

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

- **Subsidiaries of the Group are as below:**

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

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

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

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

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

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

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

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

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

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

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

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

- ***Joint venture:***

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

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

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

- ***Associate***

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

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

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

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1 Financial reporting standards

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

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

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

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

Functional and Presentation Currency

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

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

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

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

2.1. Basis of presentation (continued)

2.1.1 Financial reporting standards (continued)

Going Concern

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

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS)

a) Amendments that are mandatorily effective from 2019 year

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

TFRS 16 *Leases*

General impact of application of TFRS 16 Leases

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

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

Impact of the new definition of a lease

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

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

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

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

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (continued)

a) Amendments that are mandatorily effective from 2019 year (continued)

TFRS 16 ***Leases (continued)***

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

Impact on Lessee Accounting

Operating leases

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

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

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

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

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

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group opted to recognise a lease expense on a straight-line basis as permitted by TFRS 16.
.
As at January 1, 2019, the impact of TFRS 16 on the financial statements of the Group is disclosed in "the effects of accounting policy amendments" note.

Finance leases

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

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

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (continued)

a) Amendments that are mandatorily effective from 2019 year (continued)

TFRS 16 *Leases (continued)*

Impact on Lessor Accounting

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

a) Effect of transition

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

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

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

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

b) Current period effect

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

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

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

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (continued)

a) Amendments that are mandatorily effective from 2019 year (continued)

TFRS 16 *Leases (continued)*

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

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

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

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

a) Amendments that are mandatorily effective from 2019 year (continued)

TFRS 16 *Leases (continued)*

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

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

2.1.2 Amendments in Turkish Financial Reporting Standards (IFRS) (continued)

a) Amendments that are mandatorily effective from 2019 year (continued)

TFRS 16 *Leases (continued)*

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

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

TFRS Interpretation 23 *Uncertainty over Income Tax Treatments*

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

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

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

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

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

Annual Improvements to TFRS Standards 2015–2017 Cycle

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

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

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

2.1.2 Amendments in Turkish Financial Reporting Standards (IFRS) (continued)

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

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

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

TFRS 17 Insurance Contracts

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

Amendments to TFRS 3 *Definition of a Business*

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

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

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

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

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

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

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

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

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

2.1.4 Basis of Consolidation

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

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

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

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

2.1.4 Basis of Consolidation (continued)

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

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

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

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

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

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

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

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

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

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

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

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

2.1.4 Basis of Consolidation (continued)

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

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

2.2. Changes in accounting policies

2.2.1 Comparative information

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

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

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

2.3 Changes in significant accounting policy and estimations

2.3.1 Changes in significant accounting policy

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

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

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

2.4 Summary of significant accounting policies

2.4.1 Accounting of income

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

Dividend Income

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

2.4.2 Financial Assets

Classification

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

Recognition and Measurement

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

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

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

2.4 Summary of significant accounting policies (continued)

2.4.2 Financial Assets(continued)

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

Financial Statement Exclusion

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

Impairment

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

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

2.4.3 Cash and Cash Equivalents

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

2.4.4 Property, plant and equipment

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

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

2.4 Summary of significant accounting policies (continued)

2.4.4 Property, plant and equipment (continued)

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

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

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

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

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

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

2.4.5 Intangible Assets

a) Goodwill

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

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

b) Computer software

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

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

2.4 Summary of significant accounting policies (continued)

2.4.5 Intangible Assets (continued)

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

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

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

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

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

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

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

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

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

Celebi Delhi Cargo

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

Celebi Nas

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

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

2.4 Summary of significant accounting policies (continued)

2.4.5 Intangible Assets (continued)

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

CASI

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

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

2.4.6 Inventories

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

2.4.7 Impairment of Assets

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

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

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

2.4 Summary of significant accounting policies (continued)

2.4.8 Financial Liabilities and Borrowing Costs

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

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

2.4.9 Leases

The Group as lessee

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

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

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

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

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

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

2.4 Summary of significant accounting policies (continued)

2.4.9 Leases (continued)

The Group as lessee (continued)

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

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

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

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

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

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

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

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

2.4 Summary of significant accounting policies (continued)

2.4.9 Leases (continued)

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

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

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

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

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

2.4.10 Trade Payables

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

2.4.11 Business Combinations and Goodwill

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

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

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

2.4 Summary of significant accounting policies (continued)

2.4.11 Business Combinations and Goodwill (continued)

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

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

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

2.4.12 Foreign Currency Transactions

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

2.4.13 Earnings per Share

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

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

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

2.4 Summary of significant accounting policies (continued)

2.4.14 Subsequent Events

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

2.4.15 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

2.4.16 Related Parties

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

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

   If that person;

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

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

2.4 Summary of significant accounting policies (continued)

2.4.16 Related Parties (continued)

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

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

2.4.17 Segment Reporting

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

2.4.18 Taxes on Income

Current tax expense and deferred tax

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

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

Income tax

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

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

2.4 Summary of significant accounting policies (continued)

2.4.18 Taxes on Income

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

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

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

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

Deferred tax

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

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

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

2.4 Summary of significant accounting policies (continued)

2.4.18 Taxes on Income (continued)

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

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

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

2.4.19 Employee Benefits

Employment termination benefits

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

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

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

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

Provision for unused vacation rights

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

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

2.4 Summary of significant accounting policies (continued)

2.4.20 Statement of Cash Flows

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

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

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

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

2.4.21 Dividends

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

2.4.22 Paid-in Capital

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

2.4.23 Offsetting

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

2.5 Critical Accounting Estimates and Assumptions

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

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

2.4 Critical Accounting Estimates and Assumptions (continued)

(a) Goodwill impairment

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

(b) Impairment of intangible assets

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

(c) Provisions

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

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

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

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

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

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

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

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

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

2.5 Critical Accounting Estimates and Assumptions (continued)

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

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

Preparation of consolidated financial statements in accordance with TAS requires the management to make decisions, estimations and assumptions affecting the implementation of policies and amounts of assets, liabilities, income and expense which are reported. Actual results may differ from those estimates.
Estimations and assumptions forming a basis for estimations are continuously reviewed. Updates made in accounting estimates are recorded in the period of update and following periods affected from the aforementioned updates.

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

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

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

Note 11 – Property, plant and equipment

Note 12 – Right-of-use assets

Note 13 – Intangible assets

Note 14 – Employee benefit obligations

Note 29 – Tax assets and liabilities

Note 31 – Related party disclosures

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

NOTE 3 - SEGMENT REPORTING

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

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

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

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

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

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

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

NOTE 3 – SEGMENT REPORTİNG (Continued)

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

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

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

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

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

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

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

NOTE 5 - FINANCIAL INVESTMENTS

Restricted Bank Balances:

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

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

Financial investments with fair value difference reflected to other comprehensive income

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

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

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

NOTE 6 - INVESTMENT ACCOUNTED BY USING THE EQUITY METHOD

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

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

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

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

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

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

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

NOTE 6 - INVESTMENT ACCOUNTED USING THE EQUITY METHOD (Continued)

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

Summary of financial statements of Çelebi Nas is as follows:

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

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

Summary of financial statements of DASPL is as follows:

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

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

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

NOTE 7 - SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term financial liabilities:

			December 31, 2019
	Effective interest rate (%)	**Original balance**	**TL**
Short term borrowings:			
INR Borrowings	8,80-9,75	227.352.736	18.943.030
TL Borrowings	-	2.478.408	2.478.408
			21.421.438
Short-term finance lease obligations			
USD finance lease obligations		10.822	64.283
INR finance lease obligations		89.336.618	7.443.527
EUR finance lease obligations		11.107.981	73.874.736
TL finance lease obligations		8.503.315	8.503.315
HUF finance lease obligations		202.456.213	4.073.419
Total short-term finance lease obligations (*)			**93.959.280**

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

Short-term portion of long-term borrowings:

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

Long-term financial liabilities:

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

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

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

Short term financial liabilities:

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

Short-term portion of long-term financial liabilities:

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

Long-term financial liabilities:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

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

Movements of provision for doubtful receivables is as follows:

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

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

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

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

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

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

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

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

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

Short term trade payables

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

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

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

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other long term receivables

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

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

Other short-term payables

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

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

Other long-term payables

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

DİPNOT 10 - INVENTORIES

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

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

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

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

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

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

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

NOTE 12 - RIGHT OF USE ASSETS

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

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

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

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

NOTE 13 - INTANGIBLE ASSETS

Other Intangible Assets

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

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

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

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

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

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

NOTE 13 - INTANGIBLE ASSETS (Continued)

Other Intangible Assets (Continued)

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

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

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

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

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

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

DİPNOT 13 – INTANGIBLE ASSETS (Continued)

Goodwill

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

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

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

Goodwill at December 31, 2019 is as follows:

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

Goodwill Impairment Test

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

	December 31, 2019
Ground handling services - Hungary	47.009.266

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

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

Discount Rate	**%9**

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

	December 31, 2019
Ground handling services - KSU	13.923.000

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

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

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

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

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

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

Short-term provision for employee benefits

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

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

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

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

b) Long-term provisions

Long-term provision for employee benefits

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

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

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

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

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

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

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

TAS/TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

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

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

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

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

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

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

b) Contingent assets and liabilities

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

Guarantees received:

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

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

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

Guarantees given:

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

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

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

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

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

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

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

DİPNOT 15 - OTHER ASSETS AND LIABILITIES

Other current assets

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

Other non current assets

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

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

Other current liabilities

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

Other non current liabilities

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

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

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

NOTE 16 - PREPAID EXPENSES

Short-term prepaid expenses

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

Long-term prepaid expenses

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

NOTE 17 - DEFERRED INCOME

Short-term deferred income

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

Long-term deferred income

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

NOTE 18 - LIABILITIES FOR EMPLOYEE BENEFITS

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

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

NOTE 19 - EQUITY

Share Capital

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

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

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

Restricted Reserves

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

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

- If the difference is arising from the valuation of "Paid-in capital" and not yet been transferred to capital should be classified under the "Inflation adjustment to share capital";
- If the difference is arising from valuation of "Restricted reserves" and "Share premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained earnings",

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

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

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

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

NOTE 19 - EQUITY (Continued)

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

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

NOTE 20 - REVENUE AND COST OF SALES

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

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

NOTE 21 - EXPENSES BY NATURE

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

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

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

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

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

NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES

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

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

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

NOTE 23 - OTHER OPERATING INCOME

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

NOTE 24 - OTHER OPERATING EXPENSE

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

NOTE 25 - INCOME FROM INVESTMENT ACTIVITIES

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

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

NOTE 26 - EXPENSES FROM INVESTMENT ACTIVITIES

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

NOTE 27 - FINANCIAL INCOME

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

NOTE 28 - FINANCIAL EXPENSES

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

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

NOTE 29 - TAX ASSETS AND LIABILITIES

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

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

Income tax

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

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

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

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

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

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

NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

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

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

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

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

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

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

Deferred Taxes

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

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

NOTE 29- TAX ASSETS AND LIABILITIES (Continued)

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

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

The table of deferred tax movement is as follows:

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

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

NOTE 30 - EARNINGS PER SHARE

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

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

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

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

NOTE 31 - RELATED PARTY DISCLOSURES

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

i) Balances with related parties

Short term receivables from related partiess

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

Other receivables from related parties

	December 31, 2019	December 31, 2018
Çelebi Havacılık Holding (1)(*)	108.144.891	120.034.474
	108.144.891	**120.034.474**

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

NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

Payables to related parties

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

(1) Parent company
(2) Subsidiary of the Group
(3) Non-operational asset available for sale of the Group
(4) Joint venture of the Group
(5) Associate of the Group
(6) Other related party

(*) The related amount is comprised of the CHH''s group loan receivable from CGHH amounting to EUR 20.000.000 with 30 June 2023 maturity and 3.95% interest rate.
(**) As of December 31, 2019, the related amount consists of legal, financial affairs, human resources, management, corporate communication, procurement, IT and business development services received from ÇHH and expenses invoiced within the scope of business development projects run by ÇHH on behalf and on account of the company.

ii) Significant transactions with related parties

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

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

NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

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

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

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

(1) Parent company
(2) Subsidiary of the Group
(3) Associate of the Group
(4) Other related party

(*) The purchases made from Çelebi Havacılık Holding consist of expenses directly reflected the Company regarding business development projects and tenders conducted by Çelebi Aviation Holding on behalf and account of the Company..
(**) Purchases from DASPL that are related to services provided for the aeration, generator and utility water installed in passenger bridges.
(***) Purchases from Celebi Nas that are related to expenses reflected of equipment rent and staff fees.

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

NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

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

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

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

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

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

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

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

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

NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

Key management compensation:

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

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

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

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

Interest rate risk

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

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

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

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

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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

Liquidity risk

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

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

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

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Currency risk

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

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

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

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

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

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

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

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

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the debt / equity ratio. This ratio is found by dividing net debt to total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital invested is calculated as equity, as shown in the consolidated balance sheet, plus net debt. Net debt is calculated by deducting cash and cash equivalents and deferred tax liabilities from total debt. Total capital is calculated by adding equity and net debt as presented in the balance sheet.

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

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

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

NOTE 33 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

Financial assets

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

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

Financial liabilities

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

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

- Level 1: Valuation techniques using market prices (unadjusted) in the active market for the identified financial instruments.

- Level 2: Other valuation techniques, including indirect or direct observable input. The fair value of financial assets that are not traded in an active market is calculated using the observations on the market at the highest level that can be used and the assumptions at the lowest level for the company.

- Level 3: Valuation techniques that do not include observable market inputs.

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

NOTE 33 - FINANCIAL INSTRUMENTS (Continued)

Fair value of financial instruments (Continued)

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

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

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

NOTE 34 - SUBSEQUENT EVENTS

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