

Çelebi Hava Servisi Anonim Şirketi

Condensed consolidated financial statements for the interim period January 1 – June 30, 2019 and review report

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

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

To the General Assembly of Çelebi Hava Servisi A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Çelebi Hava Servisi A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”) as of 30 June 2019 and the related condensed consolidated statements of profit or loss, condensed consolidated statements of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended. Group management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

Other matter

The audit of the consolidated financial statements of the Group as of and for the year ended 31 December 2018 and the review of the condensed consolidated financial statements of the Group as of and for the six months period ended 30 June 2018 were performed by another independent auditor. The predecessor auditor expressed an unqualified audit opinion in the auditor's report dated 8 March 2019 on the consolidated financial statements as of and for the year ended 31 December 2018 and concluded that nothing has come to their attention that causes them to believe that the condensed consolidated interim financial information of the Group for the six-months period ended 30 June 2018 was not prepared in all material respects in accordance with TMS 34 on the independent review report dated 17 August 2018.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Cem Tovil
Partner

İstanbul, 9 August 2019

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ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE INTERIM PERIOD ENDED JUNE 30, 2019**

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

		<i>Reviewed</i>	<i>Audited</i>
	Notes	June 30, 2019	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	4	118.478.885	197.023.791
Financial investments		42.232.346	51.444.157
-Restricted cash	5	42.232.346	51.444.157
Trade receivables		238.224.034	175.331.861
-Due from related parties	8	2.227.822	1.608.646
-Due from third parties	8	235.996.212	173.723.215
Other receivables		66.480.103	57.689.178
-Due from third parties	9	26.264.070	24.164.660
-Due from related parties	9	40.216.033	33.524.518
Inventories	10	15.497.373	14.113.626
Prepaid expenses	16	46.999.240	21.045.610
Current income tax assets	23	52.336	251.958
Other current assets	15	12.439.135	6.554.957
Total current assets		540.403.452	523.455.138
Non-current assets			
Financial investments	5	166.650	166.650
Other receivables		159.503.215	151.619.911
-Due from related parties	9	93.374.224	95.869.814
-Due from third parties	9	66.128.991	55.750.097
Investments accounted using equity method	6	113.756.268	95.725.908
Property, plant and equipment	11	423.297.307	321.805.178
Rights of use assets	12	514.652.734	-
Intangible assets		302.552.668	263.033.821
-Goodwill	13	61.259.368	43.925.159
-Other intangible assets	13	241.293.300	219.108.662
Prepaid expenses	16	17.305.038	43.673.520
Deferred tax assets	23	68.308.887	98.539.804
Other non-current assets	15	26.047.965	24.040.111
Total non-current assets		1.625.590.732	998.604.903
Total assets		2.165.994.184	1.522.060.041

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE INTERIM PERIOD ENDED JUNE 30, 2019

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

	Notes	Reviewed June 30, 2019	Audited December 31, 2018
LIABILITIES			
Current liabilities			
Short term financial liabilities	7	7.330.642	3.559.964
Short term portion of long term financial liabilities	7	379.923.702	229.741.802
Short term lease payables	7	84.822.416	487.611
Trade payables		128.604.173	99.964.539
-Due to related parties	8	14.974.736	9.649.715
-Due to third parties	8	113.629.437	90.314.824
Employee benefit obligations	18	60.317.458	39.211.242
Other payables		15.005.416	12.845.993
-Due to third parties	9	15.005.416	12.845.993
Deferred income	17	21.035.308	15.698.571
Current income tax liabilities	23	7.294.307	12.443.013
Short-term provisions		21.326.314	18.416.550
-Provisions for employee benefits	14	16.824.160	12.474.484
-Other provisions	14	4.502.154	5.942.066
Other current liabilities	15	8.045.161	9.878.674
Total current liabilities		733.704.897	442.247.959
Non-current liabilities			
Long term financial liabilities	7	460.595.316	478.223.168
Long term lease payables	7	465.196.817	9.801.883
Other payables		16.337.608	16.098.610
-Due to third parties	9	16.337.608	16.098.610
Long term provisions		29.499.027	27.467.482
-Provisions for employee benefits	14	29.499.027	27.467.482
Deferred tax liabilities	23	1.093.711	5.876.935
Other non-current liabilities	15	51.417.186	188.220.156
Deferred income	17	1.036.334	1.036.334
Total non-current liabilities		1.025.175.999	726.724.568
Total liabilities		1.758.880.896	1.168.972.527
EQUITY			
Equity attributable to equity holders of the parent			
Paid-in capital	19	24.300.000	24.300.000
Other accumulated comprehensive income/(expense) not to be reclassified to profit or loss		(24.222.104)	(24.478.059)
- Actuarial gain/(loss) arising from defined benefit plans		(24.222.104)	(24.478.059)
Other accumulated comprehensive income/(expense) to be reclassified to profit or loss		135.160.505	97.242.555
- Foreign currency translation differences		135.160.505	97.242.555
Restricted reserves	19	63.387.956	50.630.456
Retained earnings		117.783.966	(16.019.346)
Net profit/ (loss) for the year		30.775.754	204.583.956
Non-controlling interest		59.927.211	16.827.952
Total equity		407.113.288	353.087.514
Total liabilities and equity		2.165.994.184	1.522.060.041

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD OF JANUARY 1– JUNE 30, 2019**

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

		Reviewed	Reviewed		
		January 1- June 30, 2019	April 1- June 30, 2019	January 1- June 30, 2018	April 1- June 30, 2018
Notes					
CONTINUING OPERATIONS					
Revenue	20	748.783.115	437.832.449	541.381.724	318.904.243
Cost of sales (-)	20	(543.675.710)	(308.750.554)	(366.918.229)	(202.336.309)
GROSS PROFIT / (LOSS)	20	205.107.405	129.081.895	174.463.495	116.567.934
General administrative expenses (-)		(105.595.783)	(56.751.648)	(76.863.875)	(42.311.817)
Other operating income		60.300.692	28.780.479	71.593.126	22.560.182
Other operating expenses (-)		(26.621.430)	(12.917.745)	(78.336.266)	(31.960.326)
OPERATING PROFIT / (LOSS)		133.190.884	88.192.981	90.856.480	64.855.973
Income from investment activities		2.216.816	622.880	1.851.705	1.819.249
Expenses from investment activities (-)		(263)	(263)	(210.314)	(183.164)
Income from investments accounted by equity method		7.160.667	3.374.595	9.294.130	5.559.494
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME		142.568.104	92.190.193	101.792.001	72.051.552
Financial income	21	15.992.574	8.194.627	32.116.688	21.630.520
Financial expenses (-)	22	(137.299.970)	(73.300.342)	(68.931.987)	(40.974.480)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		21.260.708	27.084.478	64.976.702	52.707.592
Tax income / (expense)		10.298.594	(2.158.883)	(5.136.715)	(2.786.676)
Current tax expense	23	(12.102.691)	(8.287.888)	(8.766.944)	(5.344.022)
Deferred tax income / (expense)	23	22.401.285	6.129.005	3.630.229	2.557.346
INCOME / (LOSS) FROM CONTINUING OPERATIONS		31.559.302	24.925.595	59.839.987	49.920.916
Income / (Loss) Attributable to:					
Non-controlling interest		783.548	1.492.640	1.498.413	1.168.345
Equity holder of the parent		30.775.754	23.432.955	58.341.574	48.752.571
		31.559.302	24.925.595	59.839.987	49.920.916
Earnings per share (Kr)	24	0,013	0,010	0,024	0,020

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD OF JANUARY 1 – JUNE 30, 2019**

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

	<i>Reviewed</i>		<i>Reviewed</i>	
	January 1- June 30, 2019	April 1- June 30, 2018	January 1- June 30, 2018	April 1- June 30, 2018
Net profit for the period	31.559.302	24.925.595	59.839.987	49.920.916
Not to be reclassified to profit or loss				
- Actuarial gain/(loss) arising from defined benefit obligation	-	-	(2.148.790)	(1.205.298)
Share of other comprehensive income of investments accounted through equity method not to be reclassified to profit or loss				
- Actuarial gain/(loss) from defined benefit obligation from investments accounted using the equity method	344.536	344.536	(21.035)	(21.035)
Tax effect of other comprehensive income not to be reclassified to profit or loss				
- Tax on actuarial gain/(loss) arising from defined obligation	-	-	330.043	141.344
- Tax on actuarial gain/(loss) arising from defined benefit obligation from investments accounted using the equity method	(88.581)	(88.581)	5.408	5.408
To be reclassified to profit or loss				
- Foreign currency translation differences	41.115.564	9.794.649	26.313.239	15.516.886
Other comprehensive income/(expense)	41.371.519	10.050.604	24.478.865	14.437.305
Total comprehensive income	72.930.821	34.976.199	84.318.852	64.358.221
Total comprehensive income attributable to:				
Non-controlling interest	3.981.162	1.644.960	2.877.515	2.154.631
Equity holders of the parent	68.949.659	33.331.239	81.441.337	62.203.590
	72.930.821	34.976.199	84.318.852	64.358.221

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE INTERIM PERIOD OF JANUARY 1 – JUNE 30, 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							
				Retained earnings					
	Share capital	Actuarial gain/(loss) arising from defined benefit plans	Cumulative translation differences	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable equity holders of the parent	Non-controlling interest	Total 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 distribution	-	-	-	-	(128.803.767)	-	(128.803.767)	-	(128.803.767)
Purchase of subsidiary shares	-	-	-	-	(403.147)	-	(403.147)	14.418.110	14.014.963
Impact of TFRS 16 first application(*)	-	-	-	-	71.183.770	-	71.183.770	24.699.987	95.883.757
Other comprehensive income/(expense)									
- Foreign currency translation differences	-	-	37.917.950	-	-	-	37.917.950	3.197.614	41.115.564
- Actuarial gain/(loss) arising from defined benefit plans	-	255.955	-	-	-	-	255.955	-	255.955
Total other comprehensive income	-	255.955	37.917.950	-	-	-	38.173.905	3.197.614	41.371.519
Net profit for the period	-	-	-	-	-	30.775.754	30.775.754	783.548	31.559.302
Total comprehensive income/(expense)	-	255.955	37.917.950	-	-	30.775.754	68.949.659	3.981.162	72.930.821
Balances at June 30, 2019	24.300.000	(24.222.104)	135.160.505	63.387.956	117.783.966	30.775.754	347.186.077	59.927.211	407.113.288

(*) The impact of the reversal of the operational leasing equalization provision, which was reserved in accordance with TAS 17 in previous periods, has been recorded in retained earnings.

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE INTERIM PERIOD OF JANUARY 1 – JUNE 30, 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			Retained earnings				
	Share capital	Actuarial gain/(loss) arising from defined benefit plans	Cumulative translation differences	Restricted reserves	Retained earnings	Net profit for the year	Equity attribute table to equity holders of the parent	Non- controlling interest	Total 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	-	-	-	-	85.361.608	(85.361.608)	-	-	-
Dividend distribution	-	-	-	7.533.000	(84.078.000)	-	(76.545.000)	-	(76.545.000)
Other comprehensive income / (expense)									
- Foreign currency translation differences	-	-	24.923.326	-	-	-	24.923.326	1.389.913	26.313.239
- Actuarial gain/(loss) arising from defined benefit plans	-	(1.823.563)	-	-	-	-	(1.823.563)	(10.811)	(1.834.374)
Total other comprehensive income	-	(1.823.563)	24.923.326	-	-	-	23.099.763	1.379.102	24.478.865
Net profit for the period	-	-	-	-	-	58.341.574	58.341.574	1.498.413	59.839.987
Total comprehensive income/(expense)	-	(1.823.563)	24.923.326	-	-	58.341.574	81.441.337	2.877.515	84.318.852
Balances at June 30, 2018	24.300.000	(20.750.606)	67.274.291	50.630.456	(16.019.346)	58.341.574	163.776.369	12.852.657	176.629.026

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD OF JANUARY 1 – JUNE 30, 2019
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		<i>Current year</i>	<i>Prior year</i>
		Reviewed	Reviewed
	Notes	January 1 - June 30, 2019	January 1 - June 30, 2018
A. Cash flows from operating activities		76.454.903	35.975.154
Net profit for the period		31.559.302	59.839.987
Adjustment for reconciliation of net profit/loss		123.230.163	72.638.545
Adjustments related depreciation and amortisation expense	11,12,13	59.419.740	21.729.773
Adjustments related impairment (reversals)		3.162.446	3.169.295
Adjustments related to provisions		11.931.828	5.370.520
- Adjustment related to provisions for employee benefits		11.931.828	5.370.520
Adjustments related to interest income and expenses	21,22	23.362.010	5.729.381
- Adjustment related to interest income		(6.366.457)	(3.403.604)
- Adjustment related to interest expense		29.728.467	9.132.985
Adjustments related to unrealized related foreign currency translation differences		45.029.952	42.438.382
Adjustments related to tax (income) expense		(10.298.594)	5.136.715
Adjustment related to undistributed profit of investments that are accounted by the equity method	6	(7.160.667)	(9.294.130)
Adjustment related to gain/(loss) on sales of property, plant and equipment		(2.216.552)	(1.641.391)
Changes in working capital		(55.404.356)	(82.822.985)
Decrease/(increase) in financial investments		9.368.609	(1.668.840)
Adjustments related to increase/decrease in trade receivables		(66.280.440)	(70.706.530)
-Increase/decrease in due from related parties		(619.176)	(4.402.864)
-Increase/decrease in due from third parties		(65.661.264)	(66.303.666)
Adjustments related to increase/decrease in other receivables related with operations		(22.149.974)	(23.653.943)
Adjustments related to increase/decrease in inventories		(1.383.747)	(4.954.162)
Decrease/(increase) in prepaid expenses		(13.446.012)	(45.728.658)
Adjustments related to increase/decrease in trade payables		28.639.634	15.333.109
-Increase/decrease in due to related parties		5.325.021	1.148.298
-Increase/decrease in due to third parties		23.314.613	14.184.811
Increase/(decrease) in payables related to employee benefits		21.106.216	12.722.548
Adjustment related to increase/decrease in other payables related with operations		(11.258.642)	35.833.491
Cash flows from operating activities		99.385.109	49.655.547
Payment related to provisions for employee benefit	14	(6.808.558)	(5.703.220)
Payments related to other provision		(444.978)	-
Tax returns (payments)		(15.676.670)	(7.977.173)

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD OF JANUARY 1 – JUNE 30, 2019
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		<i>Current year</i>	<i>Prior year</i>
		Reviewed	Reviewed
	Notes	January 1 - June 30, 2019	January 1 - June 30, 2018
B. Cash flows from investing activities		(122.146.173)	(44.554.196)
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		5.280.416	5.028.388
- Cash inflows from the sale of property, plant and equipment	11	5.251.926	5.028.388
- Cash inflows from the sale of intangible assets	13	28.490	-
Cash outflows from the purchase of property, plant and equipment and intangible asset		(124.308.200)	(49.582.584)
- Cash outflows from the purchase of property, plant and equipment		(113.620.389)	(31.217.314)
- Cash outflows from the purchase of intangible asset		(10.687.811)	(18.365.270)
Cash inflows from cash advances and debts given to related parties		10.804.611	-
C. Cash flows from financing activities		(94.071.087)	42.881.912
Lease payments		(36.979.369)	-
Cash inflows from financial liabilities		241.936.740	202.067.795
Cash outflows due to debt payments		(173.206.634)	(80.189.212)
Dividends paid		(128.803.767)	(76.545.000)
Interest paid		(3.384.514)	(6.225.900)
Interest received		6.366.457	3.403.604
Dividends received		-	370.625
Net increase (decrease) in cash and cash equivalents, before the effect of foreign currency translation differences		(139.762.357)	34.302.870
D. Impact of foreign currency translation differences		61.374.249	(8.925.704)
Net increase/decrease in cash and cash equivalents		(78.388.108)	25.377.166
E. Cash and cash equivalents at beginning of period		196.730.773	113.404.415
Cash and cash equivalents at end of period	4	118.342.665	138.781.581

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Çelebi Hava Servisi A.Ş. (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 airports, which are under the control of the State Airports Administration ("DHMI") and İstanbul Sabiha Gökçen 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 İstanbul ("BIST") since November 18, 1996. The percentage of shares which are publicly traded is 10,53% (December 31, 2018: 12,61%).

The address of the Company is as follows:

Tayakadın Mahallesi Nuri Demirağ Caddesi N 39
Arnavutköy / İstanbul

The average number of employees working for the Group for the year ended June 30, 2019 is 13.390 (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:

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

(*) As of June 30, 2019 Çelebi Spain has no operational activity.

(**) 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.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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

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

The Company won the tender offer on acquisition of Budapest Airport Handling Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság ("BAGH") which provides ground handling service in Budapest Airport, and participated in the Celebi Tanácsadó Korlátolt Felelősségű Társaság ("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 Kiszolgáltató Korlátolt Felelősségű Társaság ("CGHH"). Celebi Kft was 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 June 30, 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 1.327.757.000 Indian Rupee on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which is established on November 18, 2009 with a share capital of 24.430.000 Indian Rupee with a shareholding rate of 74%. On May 22, 2017, the Company acquired 25,9% share of Çelebi GH Delhi and reached to an ownership rate of 99,9%. The Company currently operates ground handling services in New Delhi, Ahmedabad, Cochin and Bangalore Airports in India as part of the ongoing concession agreements. As a result of the tender concluded on 14 December 2018, the concession agreement signing process at Hyderabad Airport, which has been granted a concession for a period of 10 years, continues. On 15 March 2018, the company's title was changed to Celebi Airport Services India Private Limited ("CASI").

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on November 20, 2008 to carry out transportation, cargo storage and distribution activities. Celebi Cargo GmbH ("Celebi Cargo"), the subsidiary of Çelebi Kargo with a 100% ownership, was established on November 2009 and has share capital amounting to EUR 32.100.000, rented storage and warehouse facilities at International Frankfurt Airport Cargo (Frankfurt Cargo City Süd) and carry out flight cargo storage and handling services. As of June 30, 2019, the paid share capital of Çelebi Kargo is TL 114.000.000.

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

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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

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

- *Joint venture:*

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

<u>Joint Venture</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
Celebi Nas	India	India	Ground handling services

In the sequel of winning the tender of rendering ground handling services for a 10 years period in Mumbai Chhatrapati Shivaji International Airport (CSIA) in Mumbai, India by the consortium in which the Company takes part, a joint venture of the Company has been established on December 12, 2008 with the trade name of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai, India. The Company has participated as the founding partner in Celebi Nas and has 57% shareholding where the share capital of Celebi Nas is 552.000.000 Indian Rupee. A premium capital increase of 228.000.000 Indian Rupee has been paid by the shareholders of Celebi Nas in previous years. Although the Company has 57% shareholding, in accordance with the conditions in Articles of Association signed between the Company and the counterparty shareholder, Celebi Nas is accounted using the equity method and treated as a joint venture. On April 8, 2015, Celebi Nas has signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the CSIA International Airport, for rendering services of air conditioners and generators mounted on passenger boarding bridges in the passenger terminal. With this agreement, Celebi Nas has been granted the concession rights until May, 2036. With this agreement, Celebi Nas has been granted the concession rights until May, 2036. In addition, the ten (10) year ground handling privilege of Celebi NAS, which has been in place since 2009 to carry out ground handling services at the CSIA international airport, expires in December 2019. Celebi Nas participated in the tender by CSIA international airport operator MIAL for the extension of its concession from January 1, 2020 to December 31, 2029 for 10 (ten) years. The proposal was submitted to MIAL on 29 January 2018. The concession agreement between Celebi Nas and the contracting authority MIAL was signed on 19 May 2018. Thus, Celebi Nas, a subsidiary of Celebi, will continue to provide ground services for additional 10 (ten) years from January 1, 2020 to December 31, 2029 after the expiry of the current concession period at CSIA airport in Mumbai, India.

- *Associate*

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

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

Çelebi GH Delhi, a subsidiary of the Group, has participated in establishment of Delhi Aviation Services Private Limited ("DASPL") with a shareholding of 16,66%, DASPL is resident in New Delhi, India and operating in rendering services of air conditioners, water providing systems and generators mounted on passenger boarding bridges with international standards established with a share capital is 250.000.000 Indian Rupee. On November 14, 2016, Çelebi GH Delhi, has acquired 8,33% of additional shares of DASPL and reached to a shareholding rate of 24,99%. The Group accounts DASPL by using the equity method in its consolidated financial statements.

As of June 30, 2019, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Çelebi Güvenlik in liquidation, 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 – June 30, 2019 has been approved for the issuance by the Board of Directors on August 9, 2019 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Accounting and Finance Director, on behalf of Board of Directors.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED 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”).

The Group has prepared its financial statements for the interim period ended June 30, 2019 according to Turkey Accounting Standard No.34 Interim Financial Reporting Accounting Standards.

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

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

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

Functional and Presentation Currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in TL, which are the functional currency of the Company and the presentation currency of the Group. As of June 30, 2019, the currency of subsidiaries has shown below.

Company

Çelebi Güvenlik in liquidation
CGHH
Celebi Delhi Cargo
CASI
Celebi Nas
Çelebi Kargo
Celebi Cargo GmbH
DASPL
KSU

Currency

Turkish Lira (TL)
Hungarian Forint (HUF)
Indian Rupee (INR)
Indian Rupee (INR)
Indian Rupee (INR)
Turkish Lira (TL)
EUR (EUR)
Indian Rupee (INR)
Indian Rupee (INR)

Going Concern

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards

a) Amendments to TFRSs that are mandatorily effective from 2019 year

TFRS 16	<i>Leases</i>
TFRS Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
TAS 28 (amendments)	<i>Long-term Interests in Associates and Joint Ventures</i>
TAS 19 (amendments)	<i>Plan Amendment, Curtailment or Settlement</i>
Annual Improvements to 2015–2017 Cycle	<i>Amendments to TFRS 3, TFRS 11, TAS 12 and TAS 23</i>

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.

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 IFRIC 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 asset

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:

- 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;
- Recognised depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019**

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

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards (Continued)

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

TFRS 16 Leases (Continued)

Impact on Lessee Accounting (Continued)

Operating leases (continued)

- 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, the Group opted to recognise a lease expense on a straight-line basis as permitted by TFRS 16.

As of January 1, 2019, the impact of TFRS 16 on the financial statements of the Group is disclosed in “The Impacts 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.

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.

Under TFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts.

a) Transition effect

The Group has presented the right of use assets in the separate line in the consolidated statement of financial position as “right of use assets.” The net book values of the right of use assets are as follows:

Balance as of January 1, 2019 : 521.453.313

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards (Continued)

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

TFRS 16 Leases (Continued)

Impact on Lessor Accounting (Continued)

a) Transition effect (continued)

The lease obligations are presented under the "Borrowings" in the consolidated statement of financial position. The net book values of the lease payables are as follows:

	Discounted on January 1, 2019 by using alternative borrowing interest rate	Previously classified as leasing in accordance with TAS 17	TOTAL
Balance as of January 1, 2019	521.453.313	10.289.494	531.742.807

In measuring the lease payables, the Group discounted its 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 Euro, 1,9% for lease contracts in Hungarian Forint and for rent contracts in Indian Rupee 9,16 %-11,87%.

b) Current period effect

As a result of TFRS 16, as of June 30, 2019, the Group has accounted TL 514.652.734 right of use and TL 538.902.957 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 three months ended June 30, 2019, the Group has accounted for TL 28.874.831 amortization expense and TL 11.706.322 interest expense from these leases.

For the first time adoption of TFRS 16, the Group has used the following facilitation practices and exclusions permitted by the standard:

- the use of a single discount rate in a rental portfolio with very similar characteristics
- Accounting of operational leases as short-term leases with a lease term of less than 12 months as of January 1, 2019
- use the contract to determine the lease term in which it includes options to extend or terminate the contract.

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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards (Continued)

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

TAS 19 Employee Benefits (*amendments*)

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.

- 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	<i>Insurance Contracts</i>
TFRS 3 (amendments)	<i>Business Combinations</i>
TMS 1 (amendments)	<i>Presentation of Financial Statements</i>
TMS 8 (amendments)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>

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.

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards (Continued)

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

Amendments to TFRS 3 *Business Combinations*

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 standard 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.

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.

2.1.3 Financial Statements of Joint Ventures Operating in Foreign Countries

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

2.1.4 Basis of Consolidation

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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

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

2.1. Basis of Presentation (Continued)

2.1.4 Basis of Consolidation (continued)

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

Subsidiary	Ownership interest (%)	
	June 30, 2019	December 31, 2018
Çelebi Güvenlik in liquidation ⁽²⁾	94,8	94,8
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
Celebi GH Delhi	99,9	99,9
Celebi Spain ⁽¹⁾	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9
KSU ⁽³⁾	50,0	-
Celebi Tanzania ⁽⁴⁾	65,0	-

- (1) As of March 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 taken in the Ordinary General Assembly meeting, of Çelebi Güvenlik with a capital of TL 1.906.736, participated by the Company at the rate of 94,8%, the liquidation process started as of December 31, 2013 and the title of the Company was changed into Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. in liquidation. As of June 30, 2019, since Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. in liquidation did not constitute any materiality on the consolidated financial statements of the Group, no additional presentation was made in the financial statements within the scope of TFRS 5 Assets Held for Sale and Discontinued Operations.
- (3) 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 and the Company has control power on KSU. As a result of the provisional purchase price allocation, TL 13.923.999 is recorded as goodwill in the consolidated financial statements (Note 13).
- (4) 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.

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

2.1. Basis of presentation (Continued)

2.1.4 Basis of Consolidation (Continued)

- e) The Group categorized the sales and purchase of its subsidiaries' shares transactions as transactions between group shareholders except parent company. Therefore, for the addition share purchase from other than parent company, the Group records the difference between cost of purchase and book value of asset of subsidiary's purchased portion under shareholders' equity. For the share sales to other than parent company, the Group records the income or loss as a result of the difference between sales price and book value of asset of subsidiary's sold portion under shareholders' equity.
- f) Joint venture and the associate of the Group are accounted by using the equity method.

Joint venture	Ownership interest (%)	
	June 30, 2019	December 31, 2018
Çelebi Nas	57,00	57,00

Associate	Ownership interest (%)	
	June 30, 2019	December 31, 2018
DASPL	24,99	24,99

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

2.2. Changes in Accounting Policies

2.2.1 Comparative Information

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

The Group presented the condensed consolidated statement of financial position as of June 30, 2019 comparatively with the consolidated statement of financial position as of December 31, 2018, presented the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows and condensed consolidated statement of changes in equity for the period ended June 30, 2019 comparatively with the consolidated financial statements for the interim period ended June 30, 2018.

2.3. Summary of Significant Accounting Policies

Condensed consolidated financial statements for the period ended June 30, 2019, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of June 30, 2019 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended December 31, 2018. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended December 31, 2018.

Changes in the accounting estimates are applied in a period, if the change is made in that current period. They are applied both in the current period and in the future period, if the change is made for future periods. Significant estimates used in preparing the financial statements for the period ended on June 30, 2019 are consistent with those used in preparing the financial statements in the Consolidated for the year ended December 31, 2018. Significant accounting errors are applied retrospectively and the prior period financial statements are restated.

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NOTE 3 - SEGMENT REPORTING

Management determines the operating segments based on the reports analyzed by the board of directors, and found effective in strategically decision taking. The management considers the Group within the views named geographic and operational segments. They are assessing the Group's performance on an operating segment basis; Ground Handling Services, Security Services, Cargo and Warehouse Services, Terminal Construction and Management. Since the Group's income consists primarily of these segments, reportable operating segment revenues are Ground Handling Services, Security Services, Terminal Construction and Management and Cargo and Warehouse Services. The management assesses the performance of the operating segments based on a measure of EBITDA after deduction of the impact of TFRS Interpretation ("TFRIC 12"), TFRS 16 (excluding interest), 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 June 30, 2019 is as follows :

Operation Groups				
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
January 1 – June 30, 2019				
Revenue	493.712.918	258.473.954	(3.403.757)	748.783.115
Cost of sales	(361.589.608)	(185.253.048)	3.166.946	(543.675.710)
Gross profit	132.123.310	73.220.906	(236.811)	205.107.405
General administrative expenses	(83.249.753)	(23.602.959)	1.256.929	(105.595.783)
Addition: Depreciation and amortization	40.498.730	18.921.010	-	59.419.740
Addition: Effect of TFRS 16 (interest excluded)	(22.278.926)	(6.595.905)	-	(28.874.831)
Addition: Effect of TFRIC 4-12	-	3.919.582	-	3.919.582
Addition: Retirement pay liability and unused vacation provisions	9.773.359	2.618.876	-	12.392.235
EBITDA effect of investments accounted by using equity method	23.798.347	(152.178)	-	23.646.169
EBITDA	100.665.067	68.329.332	1.020.118	170.014.517
Operation Groups				
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
April 1 – June 30, 2019				
Revenue	300.000.605	140.495.025	(2.663.181)	437.832.449
Cost of sales	(208.817.147)	(102.582.391)	2.648.984	(308.750.554)
Gross profit	91.183.458	37.912.634	(14.197)	129.081.895
General administrative expenses	(44.970.024)	(12.218.246)	436.622	(56.751.648)
Addition: Depreciation and amortization	25.230.666	5.583.159	-	30.813.825
Addition: Effect of TFRS 16 (interest excluded)	(12.746.001)	1.131.839	-	(11.614.162)
Addition: Effect of TFRIC 4-12	-	1.734.801	-	1.734.801
Addition: Retirement pay liability and unused vacation provisions	5.701.891	1.403.125	-	7.105.016
EBITDA effect of investments accounted by using equity method	10.397.848	140.350	-	10.538.198
EBITDA	74.797.838	35.687.662	422.425	110.907.925

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NOTE 3 – SEGMENT REPORTING (Continued)

The segment information provided to the board of directors as of June 30, 2018 is as follows :

	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
January 1 – June 30, 2018				
Revenue	347.864.785	196.905.293	(3.388.354)	541.381.724
Cost of sales	(234.129.421)	(135.434.446)	2.645.638	(366.918.229)
Gross profit	113.735.364	61.470.847	(742.716)	174.463.495
General administrative expenses	(59.793.113)	(17.947.028)	876.266	(76.863.875)
Addition: Depreciation and amortization	13.324.550	8.405.223	-	21.729.773
Addition: Operating lease equalization	(101.667)	4.753.015	-	4.651.348
Addition: Effect of TFRIC 4-12	-	1.924.147	-	1.924.147
Addition: Prepaid allocation cost expense	577.536	-	-	577.536
Addition: Retirement pay liability and unused vacation provisions	4.383.006	1.328.884	-	5.711.890
EBITDA effect of investments accounted by using equity method	19.965.373	(652.780)	-	19.312.593
EBITDA	92.091.049	59.282.308	133.550	151.506.907
	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
April 1 – June 30, 2018				
Revenue	207.735.421	113.078.763	(1.909.941)	318.904.243
Cost of sales	(129.482.454)	(74.152.512)	1.298.657	(202.336.309)
Gross profit	78.252.967	38.926.251	(611.284)	116.567.934
General administrative expenses	(33.986.873)	(8.991.587)	666.643	(42.311.817)
Addition: Depreciation and amortization	7.314.311	4.544.577	-	11.858.888
Addition: Operating lease equalization	(46.954)	2.320.943	-	2.273.989
Addition: Effect of TFRIC 4-12	-	1.152.831	-	1.152.831
Addition: Prepaid allocation cost expense	288.767	-	-	288.767
Addition: Retirement pay liability and unused vacation provisions	2.901.110	1.899.617	-	4.800.727
EBITDA effect of investments accounted by using equity method	10.839.999	(376.975)	-	10.463.024
EBITDA	65.563.327	39.475.657	55.359	105.094.343

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NOTE 3- SEGMENT REPORTING (Continued)

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

	January 1– June 30, 2019	April 1– June 30, 2019	January 1– June 30, 2018	April 1– June 30, 2018
EBITDA for reported segments	170.014.517	110.907.925	151.506.907	105.094.343
Depreciation and amortization	(59.419.740)	(30.813.825)	(21.729.773)	(11.858.888)
Effect of TFRS 16 (interest excluded)	28.874.831	11.614.162	-	-
Operating lease equalization	-	-	(4.651.348)	(2.273.989)
Effect of TFRIC 4-12	(3.919.582)	(1.734.801)	(1.924.147)	(1.152.831)
Prepaid allocation cost expense	-	-	(577.536)	(288.766)
Retirement pay liability and unused vacation provisions	(12.392.235)	(7.105.016)	(5.711.890)	(4.800.727)
Other operating income	60.300.692	28.780.479	71.593.126	22.560.182
Other operating expenses (-)	(26.621.430)	(12.917.745)	(78.336.266)	(31.960.326)
EBITDA effect of investments accounted by using equity method	(23.646.169)	(10.538.198)	(19.312.593)	(10.463.025)
Operating profit	133.190.884	88.192.981	90.856.480	64.855.973
Income from investment activities	2.216.816	622.880	1.851.705	1.819.249
Expenses from investment activities(-)	(263)	(263)	(210.314)	(183.164)
Financial income	15.992.574	8.194.627	32.116.688	21.630.520
Financial expenses (-)	(137.299.970)	(73.300.342)	(68.931.987)	(40.974.480)
Income from investments accounted by equity method	7.160.667	3.374.595	9.294.130	5.559.494
Income before tax	21.260.708	27.084.478	64.976.702	52.707.592

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NOTE 3- SEGMENT REPORTING (Continued)

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. The reconciliation between geographical segment assets and total assets stated in consolidated financial statements, is as follows:

	June 30, 2019	December 31, 2018
Turkey	1.236.346.704	690.655.294
India	669.751.740	503.993.353
Hungry	269.686.618	257.080.867
Germany	104.486.499	41.692.496
Segment assets (*)	2.280.271.561	1.493.422.010
Unallocated assets (*)	169.368.603	293.113.589
Deduction: Inter-segment elimination	(283.645.980)	(264.475.558)
Total liabilities as per condensed consolidated financial statements	2.165.994.184	1.522.060.041

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

The reconciliation between geographical segment liabilities and total liabilities stated in consolidated financial statements, is as follows:

	June 30, 2019	December 31, 2018
Turkey	145.314.820	111.139.031
India	167.803.289	280.744.894
Hungry	28.792.425	24.854.916
Germany	23.340.019	26.434.642
Segment liabilities (*)	365.250.553	443.173.483
Unallocated liabilities (*)	1.398.962.604	727.691.363
Deduction: Inter-segment elimination	(5.332.261)	(1.892.319)
Total liabilities as per condensed consolidated financial statements	1.758.880.896	1.168.972.527

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

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NOTE 3 – SEGMENT REPORTING (Continued)

Geographical region

Geographical segment analysis for the interim period January 1 – June 30, 2019

Geographical segment analysis of the operating profit / (loss) for the interim period January 1 – June 30, 2019 is as follows:

	Turkey	Hungry	India	Germany	Total Combined	Inter-segment Elimination	Total
Revenue	383.657.868	113.921.607	193.095.733	61.279.047	751.954.255	(3.171.140)	748.783.115
Cost of sales	(258.198.773)	(91.626.764)	(148.873.035)	(48.143.129)	(546.841.701)	3.165.991	(543.675.710)
Gross profit	125.459.095	22.294.843	44.222.698	13.135.918	205.112.554	(5.149)	205.107.405
General administrative expenses	(62.714.522)	(10.863.919)	(23.031.528)	(10.008.245)	(106.618.214)	1.022.431	(105.595.783)
Other operating income / expense - (net)	39.864.753	206.100	(6.476.945)	1.105.472	34.699.380	(1.020.118)	33.679.262
Operating profit / (loss)	102.609.326	11.637.024	14.714.225	4.233.145	133.193.720	(2.836)	133.190.884

Geographical segment analysis of the operating profit / (loss) for the interim period April 1 – June 30, 2019 is as follows:

	Turkey	Hungry	India	Germany	Total Combined	Inter-segment Elimination	Total
Revenue	241.091.604	59.605.379	107.909.186	31.877.308	440.483.477	(2.651.028)	437.832.449
Cost of sales	(155.624.111)	(49.843.411)	(80.970.355)	(24.961.224)	(311.399.101)	2.648.547	(308.750.554)
Gross profit	85.467.493	9.761.968	26.938.831	6.916.084	129.084.376	(2.481)	129.081.895
General administrative expenses	(32.231.172)	(5.726.980)	(13.806.523)	(5.409.855)	(57.174.530)	422.882	(56.751.648)
Other operating income / expense (net)	20.712.914	1.035.356	(6.400.984)	937.873	16.285.159	(422.425)	15.862.734
Operating profit / (loss)	73.949.235	5.070.344	6.731.324	2.444.102	88.195.005	(2.024)	88.192.981

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NOTE 3- SEGMENT REPORTING (Continued)

Geographical region

Geographical segment analysis for the interim period January 1 – June 30, 2018

Geographical segment analysis of the operating profit / (loss) for the interim period January 1 – June 30, 2018 is as follows:

	Turkey	Hungry	India	Germany	Total Combined	Inter-segment Elimination	Total
Revenue	273.015.544	85.226.335	134.308.907	51.383.409	543.934.195	(2.552.471)	541.381.724
Cost of sales	(168.574.408)	(56.681.099)	(105.179.325)	(39.124.472)	(369.559.304)	2.641.075	(366.918.229)
Gross profit	104.441.136	28.545.236	29.129.582	12.258.937	174.374.891	88.604	174.463.495
General administrative expenses	(46.904.085)	(10.322.216)	(12.429.425)	(7.246.637)	(76.902.363)	38.488	(76.863.875)
Other operating income / expense - net	(5.855.263)	500.516	200.362	(1.455.207)	(6.609.592)	(133.548)	(6.743.140)
Operating profit / (loss)	51.681.788	18.723.536	16.900.519	3.557.093	90.862.936	(6.456)	90.856.480

Geographical segment analysis of the operating profit / (loss) for the interim period April 1 – June 30, 2018 is as follows:

	Turkey	Hungry	India	Germany	Total Combined	Inter-segment Elimination	Total
Revenue	172.034.856	45.174.325	74.176.892	28.779.345	320.165.418	(1.261.175)	318.904.243
Cost of sales	(93.360.576)	(30.456.189)	(58.104.643)	(21.709.543)	(203.630.951)	1.294.642	(202.336.309)
Gross profit	78.674.280	14.718.136	16.072.249	7.069.802	116.534.467	33.467	116.567.934
General administrative expenses	(27.052.438)	(5.420.092)	(5.993.388)	(3.862.473)	(42.328.391)	16.574	(42.311.817)
Other operating income / expense (net)	(7.632.306)	453.147	(294.936)	(1.870.689)	(9.344.784)	(55.360)	(9.400.144)
Operating profit / (loss)	43.989.536	9.751.191	9.783.925	1.336.640	64.861.292	(5.319)	64.855.973

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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NOTE 4 - CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018
Cash	563.131	394.786
Banks	117.915.754	196.629.005
- time deposit	58.827.370	146.792.870
- demand deposit	59.088.384	49.836.135
	118.478.885	197.023.791

Effective interest rates on TL, EUR, USD and INR denominated time deposits at June 30, 2019 are 22,35%, 0,64%, 2,83%, 4,25%-6,80% (December 31, 2018: TL 18,16%, EUR 1,54%, USD 3,17%, INR 6,25%). The maturity days on TL, EUR, USD and INR denominated time deposits as of June 30, 2019 are 1-5 days for TL, 1-14 days EUR, 1-15 days for USD, 20-60 days for INR respectively (December 31, 2018: 51 days for INR, 2 days for TL, 25 days for Avro and 2 days for USD).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at June 30, 2019 and June 30, 2018 are as follows:

	June 30, 2019	June 30, 2018
Cash and banks	118.478.885	138.817.778
Less: Interest accruals	(136.220)	(36.197)
	118.342.665	138.781.581

NOTE 5 – FINANCIAL INVESTMENTS

	June 30, 2019	December 31, 2018
Restricted bank balances (*)	42.232.346	51.444.157
	42.232.346	51.444.157

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

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

	Percentage of shares %	June 30, 2019 TL	Percentage of shares %	December 31, 2018 TL
Celebi Spain (*)	100,00	166.650	100,00	166.650
		166.650		166.650

(*) As at June 30, 2019, Celebi Spain, which is non-operational, is not significant to the consolidated financial statements of the Group, accordingly accounted as available for sale financial assets with the cost amount less impairment, if any in the consolidated financial statements of the Group.

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NOTE 6 – INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

	Percentage of shares %	June 30, 2019	Percentage of shares %	December 31, 2018
Çelebi Nas	57,00	104.996.963	57,00	87.725.263
DASPL	24,99	8.759.305	24,99	8.000.645
		113.756.268		95.725.908

The movements of investments accounted using the equity method during the interim periods ended June 30 are as follows:

	June 30, 2019	June 30, 2018
As of January 1	95.725.908	64.991.304
Share of profit / loss	7.160.667	9.294.130
Currency translation differences	10.613.738	8.866.033
Gains (losses) on remeasurements defined benefit plans	255.955	(15.627)
Dividend payments	-	(370.625)
As of June 30	113.756.268	82.765.215

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

	January 1- June 30, 2019	January 1- June 30, 2018
Çelebi Nas	7.305.665	8.069.709
DASPL	(144.998)	1.224.421
	7.160.667	9.294.130

Summary of financial statements of the investment accounted by using the equity method:

Summary of financial statements of Çelebi Nas is as follows:

	June 30, 2019	December 31, 2018
Total Assets	386.659.592	340.587.418
Total Liabilities	207.200.687	191.429.738
	January 1- June 30, 2019	January 1- June 30, 2018
Revenue	96.006.624	78.006.992
Net Profit / (Loss) for the Period	12.816.956	14.157.384

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NOTE 6 - INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (Continued)

Summary of financial statements of the investment accounted by using the equity method (Continued)

Summary of financial statements of DASPL is as follows:

	June 30, 2019	December 31, 2018
Total Assets	44.165.371	44.129.002
Total Liabilities	7.595.548	10.586.487
	January 1- June 30, 2019	January 1- June 30, 2018
Revenue	20.790.281	17.205.112
Net Profit / (Loss)	(580.223)	4.899.639

NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term financial liabilities:

		June 30, 2019	
	Effective interest rate (%)	Original balance	TL
Short term borrowings:			
INR Borrowings	11,20	87.834.196	7.330.642
Total Short term borrowings:			7.330.642
Short-term finance lease obligations			
USD finance lease obligations		23.492	135.198
INR finance lease obligations		85.934.615	7.172.103
EUR finance lease obligations		10.789.434	70.678.347
TL finance lease obligations		6.329.113	6.329.113
HUF finance lease obligations		25.057.009	507.655
Total short-term finance lease obligations (*)			84.822.416

(*) TL 84.313.835 of the short term lease payables consists of the discounted lease amounts in accordance with TFRS 16 effective as of January 1, 2019.

		June 30, 2019	
	Effective interest rate (%)	Original balance	TL
Short-term portion of long-term borrowings:			
Interest expense accrual – EUR		552.676	3.620.413
Interest expense accrual –INR		5.577.810	465.524
INR borrowings	8,80 - 9,75	336.364.857	28.073.011
EUR borrowings	2,20 - 4,15	53.088.182	347.764.754
Short-term portion of total long term borrowings			379.923.702
Total short term liabilities:			472.076.760

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

Long-term financial liabilities:

			June 30, 2019
	Effective interest rate (%)	Original balance	TL
INR Borrowings	8,80 - 9,75	1.273.090.451	106.252.129
EUR Borrowings	2,20 - 4,15	54.092.416	354.343.187
			460.595.316
<i>Long-term finance lease obligations:</i>			
Long-term finance lease obligations – INR		435.334.675	36.333.032
Long-term finance lease obligations – EUR		63.427.638	415.495.428
Long-term finance lease obligations – TL		12.285.136	12.285.136
Long-term finance lease obligations – FT		53.465.992	1.083.221
Total long-term finance lease obligations (*)			465.196.817

(*) TL 454.589.122 of long-term lease payables consists of the discounted lease amounts in accordance with TFRS 16 effective as of January 1, 2019.

Total long-term financial liabilities	925.792.133
Total financial liabilities	1.397.868.893

Short term financial liabilities:

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

Short-term portion of long-term financial liabilities:

			December 31, 2018
	Effective interest rate (%)	Original balance	TL
<i>Short-term portion of long-term borrowings:</i>			
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
Total short term liabilities:			233.789.377

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

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	391.495.418
			478.223.168
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	65.232
Total long-term finance lease obligations			9.801.883
Total long-term financial liabilities			488.025.051
Total financial liabilities			721.814.428

The redemption schedules of financial liabilities of the Group as at June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
Less than 3 months	22.313.020	97.598.929
Between 3-12 months	449.763.740	136.190.448
Between 1-5 years	640.338.849	488.025.051
More than 5 years	285.453.284	-
	1.397.868.893	721.814.428

The redemption schedules of long-term bank borrowings as of June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
Between 1-2 years	259.140.913	271.918.056
Between 2-3 years	85.817.027	72.307.854
Between 3-4 years	89.999.635	68.050.697
4 years and more	25.637.741	65.946.561
	460.595.316	478.223.168

As of June 30, 2019 and December 31, 2018, the maturity dates for lease payables are as follows:

	June 30, 2019	December 31, 2018
Less than 1 year	84.822.416	487.611
Between 1-5 years	179.743.533	9.801.883
More than 5 years	285.453.284	-
	550.019.233	10.289.494

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	June 30, 2019	December 31, 2018
Due from third parties	251.713.624	186.052.360
Less: Provision for doubtful receivables	(15.717.412)	(12.329.145)
Trade receivables from third parties (net)	235.996.212	173.723.215
Due from related parties (Note 25)	2.227.822	1.608.646
Total short-term trade receivables	238.224.034	175.331.861

Movements of provision for doubtful receivables is as follows:

	June 30, 2019	June 30, 2018
Opening balance	12.329.145	6.112.405
Additional provisions in current period	3.162.446	3.169.295
Foreign currency translation differences	225.821	146.330
Write-off of uncollectible receivables	-	(2.451.975)
As of June 30	15.717.412	6.976.055

Short-term trade payables

	June 30, 2019	June 30, 2018
Trade payables to third parties	87.560.717	75.215.390
Accrued liabilities	26.068.720	15.099.434
Total trade payables to third parties	113.629.437	90.314.824
Due to related parties (Note 25)	14.974.736	9.649.715
Total short-term trade payables	128.604.173	99.964.539

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Other short term receivables

	June 30, 2019	December 31, 2018
Receivables from tax office	31.767.031	28.750.070
Deposits and guarantees given	8.449.002	4.774.448
Other short-term receivables from non-related parties	40.216.033	33.524.518
Due from related parties (Note 25)	26.264.070	24.164.660
Total short-term other receivables	66.480.103	57.689.178

Other Long Term Receivables

	June 30, 2019	December 31, 2018
Deposits and guarantees given (*)	66.128.991	55.750.097
Other long-term receivables from non-related parties	66.128.991	55.750.097
Due from related parties (Note 25)	93.374.224	95.869.814
Total long-term other receivables	159.503.215	151.619.911

(*) As of June 30, 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 39.995.402 (December 31, 2018: TL 34.172.242) and TL 25.694.247 (December 31, 2018: TL 21.173.569).

Other short-term payables

	June 30, 2019	December 31, 2018
Other short-term payables (*)	13.037.047	12.536.171
Deposits and guarantees received	1.968.369	309.822
Total short-term other payables	15.005.416	12.845.993

(*) As of June 30, 2019; TL 10.278.737 of other short-term payables (December 31, 2018: TL 11.474.289) are the payables of Çelebi Delhi Cargo, a subsidiary of the Group, to its shareholder of Delhi International Airport Private Limited (DIAL) due to the concession contract signed between the parties.

Other long-term payables

	June 30, 2019	December 31, 2018
Deposits and guarantees received	16.337.608	16.098.610
Total long-term other payables	16.337.608	16.098.610

NOTE 10 – INVENTORIES

	June 30, 2019	December 31, 2018
Trade goods	2.210.303	3.053.738
Other inventories (*)	13.287.070	11.059.888
Total inventories	15.497.373	14.113.626

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended June 30, 2019 are as follows:

	Opening January 1, 2019	Additions	Disposals	Transfers	Foreign currency translation differences	Closing June 30, 2019
Cost						
Plant, machinery and equipment	313.225.567	67.445.980	(5.753.209)	6.843.675	12.827.687	394.589.700
Motor vehicles	92.226.743	2.684.995	(40.910)	239.859	7.214.891	102.325.578
Furniture and fixtures	29.989.578	24.682.553	(105.072)	794.492	633.240	55.994.791
Leasehold improvements	124.977.420	9.006.478	(2.941)	146.736.871	857.940	281.575.768
Construction in Progress	156.979.027	9.800.383	-	(154.834.550)	1.232.222	13.177.082
	717.398.335	113.620.389	(5.902.132)	(219.653)	22.765.980	847.662.919
Accumulated depreciation						
Plant, machinery and equipment	(209.073.132)	(9.289.702)	2.739.084	-	(6.633.258)	(222.257.008)
Motor vehicles	(59.784.991)	(2.313.209)	34.092	77.279	(4.741.429)	(66.728.258)
Furniture and fixtures	(24.497.064)	(1.504.824)	92.599	-	(478.507)	(26.387.796)
Leasehold improvements	(102.237.970)	(6.240.524)	983	-	(515.039)	(108.992.550)
	(395.593.157)	(19.348.259)	2.866.758	77.279	(12.368.233)	(424.365.612)
Net book value	321.805.178					423.297.307

Depreciation expense for the period ended June 30, 2019 in the amount of TL 19.057.449 and TL 290.810 are respectively included in cost of sales and operating expenses.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the interim period ended June 30, 2018 are as follows:

	Opening January 1, 2018	Additions	Disposals	Transfers	Foreign currency translation differences	Closing June 30, 2018
Cost						
Plant, machinery and equipment	270.953.620	7.273.879	(5.420.649)	472.960	8.674.107	281.953.917
Motor vehicles	64.371.389	2.010.508	(28.245)	128.677	6.434.532	72.916.861
Furniture and fixtures	26.259.867	1.398.757	(13.473)	15.420	651.497	28.312.068
Leasehold improvements (*)	120.745.249	1.070.883	(1.223)	74.898	1.064.660	122.954.467
Construction in progress	1.672.075	19.608.517	-	(883.370)	164.992	20.562.214
	484.002.200	31.362.544	(5.463.590)	(191.415)	16.989.788	526.699.527
Accumulated depreciation						
Plant, machinery and equipment	(187.451.076)	(7.850.784)	2.035.439	48.746	(5.927.652)	(199.145.327)
Motor vehicles	(44.943.828)	(1.404.216)	28.243	(1.274)	(4.581.582)	(50.902.657)
Furniture and fixtures	(21.925.042)	(833.830)	12.911	(1.290)	(446.518)	(23.193.769)
Leasehold improvements (*)	(74.062.517)	(3.046.465)	-	-	(461.906)	(77.570.888)
	(328.382.463)	(13.135.295)	2.076.593	46.182	(11.417.658)	(350.812.641)
Net book value	155.619.737					175.886.886

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A.Ş. in the airports within which it operates were rented from the DHMI and other local authority, The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of June 30, 2018 the net book value of these stations was TL 40.291.573. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives.

A tender for the construction of the third airport was made in Istanbul on May 2013. Following the bid, the joint venture group started to invest in Istanbul New Airport and it was announced by the General Directorate of State Airports Authority to terminate commercial flights from Istanbul Atatürk Airport starting from November 2018, after Istanbul New Airport started its activities. Due to the uncertainty about the final date of the Group's cargo warehouse and general aviation activities at Ataturk Airport, the Group has made a net book value of TL 25.214.641, which it has continued to use to fulfill the services in the consolidated financial statements, have reviewed their useful life and have decided that no amendment is required.

Depreciation expense for the period ended June 30, 2018 in the amount of TL 11.985.530 and TL 1.149.765 are respectively included in cost of sales and operating expenses.

There are net book value TL 236.040 worth of financial leasing assets in plant, machinery and equipment as of June 30, 2018.

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NOTE 12 – RIGHT OF USE ASSETS

Movements in right of use assets for the period ended June 30, 2019 are as follows:

	Opening adjustments January 1, 2019	Additions	Transfers	Foreign currency translation differences	Closing June 30, 2019
Cost					
Building and land	466.900.211	-	13.860.864	7.922.950	488.684.025
Machinery, plant and equipment	46.856.511	-	-	392.000	47.248.511
Vehicles	7.696.591	-	-	162.369	7.858.960
	521.453.313	-	13.860.864	8.477.319	543.791.496
Accumulated depreciation					
Building and land	-	(16.541.021)	-	(273.272)	(16.814.293)
Plant, machinery and equipment	-	(10.622.908)	-	(16.007)	(10.638.915)
Vehicles	-	(1.677.930)	-	(7.624)	(1.685.554)
	-	(28.841.859)	-	(296.903)	(29.138.762)
Net book value	521.453.313				514.652.734

Depreciation expense for the period ended June 30, 2019 in the amount of TL 28.841.859 is included in cost of sales.

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NOTE 13 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in intangible assets for the period ended June 30, 2019 are as follows:

	Opening January 1, 2019	Additions	Disposals	Transfers	Foreign currency translation differences	Closing June 30, 2019
Cost						
Rights	10.150.600	-	-	124.075	-	10.274.675
Customer relations	74.861.473	-	-	-	5.821.873	80.683.346
Software	22.471.782	4.172.030	(36.370)	95.578	892.306	27.595.326
Concession rights	181.239.638	1.839.986	-	-	19.710.338	202.789.962
Build-operate-transfer investments	140.626.194	4.675.795	-	-	15.405.795	160.707.784
	429.349.687	10.687.811	(36.370)	219.653	41.830.312	482.051.093
Accumulated depreciation						
Rights	(4.273.249)	(298.764)	-	(77.279)	-	(4.649.292)
Customer relations	(74.861.473)	-	-	-	(5.821.873)	(80.683.346)
Software	(16.653.564)	(1.264.672)	7.880	-	(636.650)	(18.547.006)
Concession rights (**)	(60.736.114)	(5.432.128)	-	-	(6.788.365)	(72.956.607)
Build-operate-transfer investments(*)	(53.716.625)	(4.234.058)	-	-	(5.970.859)	(63.921.542)
	(210.241.025)	(11.229.622)	7.880	(77.279)	(19.217.747)	(240.757.793)
Net book value	219.108.662					241.293.300

(*) TL 92.833.634 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.762.120.403, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 3.952.923 which is difference between discounted present value of deposit paid with interest rate, 10,82%, and the deposit amounting to INR 452.500.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

(**) Refers to fixed asset expenditures made within 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 June 30, 2019, there are financial lease assets in the concession rights with the net book value of TL 10.188.288.

Amortization expense for the period ended June 30, 2019 in the amount of TL 944.695 and TL 10.284.927 are included in operating expenses and cost of sales respectively.

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NOTE 13 – INTANGIBLE ASSETS (Continued)

Other Intangible Assets (Continued)

Movements in other intangible assets for the period ended June 30, 2018 are as follows:

	Opening January 1, 2018	Additions	Transfers	Foreign Currency Translation Differences	Closing June 30, 2018
Cost					
Rights	10.150.600	-	-	-	10.150.600
Customer relations	58.113.650	-	-	6.061.122	64.174.772
Software	16.914.994	1.276.646	191.415	846.448	19.229.503
Concession rights (**)	138.195.764	4.411.976	-	18.090.560	160.698.300
Build-operate-transfer investments(*)	96.831.439	12.531.415	-	15.214.396	124.577.250
	320.206.447	18.220.037	191.415	40.212.526	378.830.425
Accumulated depreciation					
Rights	(3.639.336)	(4.339)	(46.182)	-	(3.689.857)
Customer relations	(58.113.650)	-	-	(6.061.122)	(64.174.772)
Software	(13.069.233)	(1.182.520)	-	(757.340)	(15.009.093)
Concession rights (**)	(39.408.272)	(4.399.893)	-	(5.385.883)	(49.194.048)
Build-operate-transfer investments(*)	(36.174.189)	(3.007.726)	-	(4.855.946)	(44.037.861)
	(150.404.680)	(8.594.478)	(46.182)	(17.060.291)	(176.105.631)
Net book value	169.801.767				202.724.794

(*) TL 75.167.299 which is difference between discounted present value of deposits paid with interest rate 11,46%, and the deposit amounting to INR 1.691.135.905, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 5.372.496 which is difference between discounted present value of deposit paid with interest rate 10,82%, and the deposit amounting to INR 452.500.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

(**) Refers to fixed asset expenditures made within within the scope of the concession agreement signed between DIAL Celebi Delhi Cargo and are recognized in accordance with TFRIC 12 and TFRIC 4. As of June 30, 2018 there are financial lease assets in the concession rights with the net book value of TL 8.693.916.

Amortization expense for the period ended June 30, 2018 in the amount of TL 723.066 and TL 7.871.412 are included in operating expenses and cost of sales respectively.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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NOTE 13 – INTANGIBLE ASSETS (Continued)

Goodwill

Goodwill at June 30, 2019 and December 31, 2018 is as follows:

	June 30, 2019	December 31, 2018
Goodwill due to acquisition of CGHH	47.336.368	43.925.159
Goodwill due to acquisition of KSU (*)	13.923.000	-
	61.259.368	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 June 30, 2019 is as follows:

	June 30, 2019	June 30, 2018
As of January 1	43.925.159	34.112.091
Goodwill due to acquisition of KSU	13.923.000	-
Foreign currency translation differences	3.411.209	3.551.396
Goodwill	61.259.368	37.663.487

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

	June 30, 2019	December 31, 2018
Provision for litigation and obligation	4.502.154	5.942.066
	4.502.154	5.942.066

Movements of other short term provisions for the period January 1- June 30, 2019 are as follows:

	June 30, 2019	June 30, 2018
As of January 1,	5.942.066	5.173.420
Addition during the year	319.152	578.764
Payments during the year	(444.978)	-
Reversal of provision	(1.391.577)	(180.768)
Currency translation differences	77.491	215.988
June 30, 2019	4.502.154	5.787.404

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

a) Short term provisions (continued)

Short-term provision for employee benefits

	June 30, 2019	December 31, 2018
Provision for employee termination benefits (*)	8.206.978	5.961.921
Provision for unused vacation rights	8.617.182	6.512.563
	16.824.160	12.474.484

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

b) Long-term provisions

Long-term provision for employee benefits

	June 30, 2019	December 31, 2018
Provision for employee termination benefits	29.499.027	27.467.482
	29.499.027	27.467.482

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

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at June 30, 2019 consists of one month's salary limited to a maximum of TL 6.017,60 (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

Total employee termination benefit liability is calculated by 15 days per year of service for the current period ended at June 30, 2019 and the liability is limited to INR 350.000 per employee.

TAS/IFRS 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.

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

Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 6.379,86 which is effective from July 1, 2019 (January 1, 2019: TL 6.017,60) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

The provisions for employee benefits for the period between January 1, 2019 and June 30, 2019 are as follows :

	June 30, 2019	June 30, 2018
As of January 1	33.429.403	25.968.784
Payments of provisions during the period	(6.378.849)	(5.353.040)
Actuarial (gain)/loss	-	2.148.792
Service cost of employee termination benefits	8.106.016	2.493.943
Interest cost of employee termination benefits	1.477.138	1.013.487
Currency translation differences	1.072.297	840.680
Balance at the end of the period	37.706.005	27.112.646

The provisions for unused vacation rights for the period between January 1, 2019 and June 30, 2019 are as follows :

	June 30, 2019	June 30, 2018
As of January 1	6.512.563	4.839.679
Payments of provisions during the period	(429.709)	(350.180)
Increase in unused vacation rights during the period	4.976.652	3.929.130
Usage of vacation rights during the year	(2.627.978)	(2.036.417)
Currency translation differences	185.654	327.496
Balance at the end of the period	8.617.182	6.709.708

a) Contingent assets and liabilities of the Group

Guarantees received	June 30, 2019	December 31, 2018
Guarantee letters	17.162.962	18.709.268
Guarantee cheques	555.505	1.503.672
Guarantee notes	-	1.932.256
	17.718.467	22.145.196
Guarantees given	June 30, 2019	December 31, 2018
Guarantee letters	221.485.195	190.664.947
Collaterals (*)	194.814.373	175.772.990
Pledged shares (*)	35.920.516	32.408.518
	452.220.084	398.846.455

(*) Collaterals and pledged shares amounting to TL 230.734.889 consist of collaterals given to the Group's subsidiaries and joint venture partners (December 31, 2018: TL 208.181.508) (Note 25).

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

The litigations and claims those generate contingent assets and liabilities to the Group as of June 30, 2019 are as follows:

As of June 30, 2019, the Group has contingent liabilities amounting to TL 28.012.802 (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 and mortgages of the Company at June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019		December 31, 2018	
	Amount	TL Equivalent	Amount	TL Equivalent
CPGM given by the Group				
A. CPGM given on behalf of the Group's legal personality		215.199.498		184.919.012
TL	20.850.856	20.850.856	17.877.847	17.877.847
EUR	7.532.851	49.345.446	5.616.164	33.854.238
USD	2.210.500	12.721.649	2.210.500	11.629.219
INR	1.381.781.249	115.323.463	1.405.334.369	105.821.678
HUF	837.022.897	16.958.084	837.022.897	15.736.030
B. CPGM given on behalf of fully consolidated subsidiaries		237.020.586		213.927.443
EUR	50.000	327.535	50.000	301.400
USD	1.092.196	6.285.697	1.092.196	5.745.935
INR	2.760.692.000	230.407.354	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	-	-	-	-
		452.220.084		398.846.455

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NOTE 15 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	June 30, 2019	December 31, 2018
Advances given to personnel	936.937	912.770
Deferred VAT	11.502.198	5.642.187
	12.439.135	6.554.957

Other Non-Current Assets

	June 30, 2019	December 31, 2018
Prepaid taxes and funds (*)	26.044.723	24.036.869
Other	3.242	3.242
	26.047.965	24.040.111

(*) The amount consist of prepaid taxes and funds, which can be offset in more than 1 year period, of Celebi GH Delhi and Celebi Delhi Cargo amounting to TL 11.132.044 (December 31, 2018: TL 10.748.789) and TL 14.912.679 (December 31, 2018: TL 13.288.080) .

Other Current Liabilities

	June 30, 2019	December 31, 2018
Taxes and funds payable	6.342.826	5.167.724
Provision for operational leasing equalization	-	785.947
Maintenance obligation liability	842.233	1.641.247
Other	860.102	2.283.756
	8.045.161	9.878.674

Other Non-Current Liabilities

	June 30, 2019	December 31, 2018
Provision for operational leasing equalization (*)	-	144.551.656
Maintenance obligation liability	51.417.186	43.668.500
	51.417.186	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. On January 1, 2019, the related provision was canceled in accordance with TFRS 16 standard.

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NOTE 16 – PREPAID EXPENSES**Short Term Prepaid Expenses**

	June 30, 2019	December 31, 2018
Prepaid expenses	37.188.554	15.398.692
Advances given	9.810.686	5.646.918
	46.999.240	21.045.610

Long Term Prepaid Expenses

	June 30, 2019	December 31, 2018
Prepaid expenses	5.673.929	17.525.550
Advances given for fixed assets	11.631.109	26.147.970
	17.305.038	43.673.520

NOTE 17 – DEFERRED INCOME**Short-term deferred income**

	June 30, 2019	December 31, 2018
Advances received	20.439.333	14.506.622
Deferred income	595.975	1.191.949
	21.035.308	15.698.571

Long-term deferred income

	June 30, 2019	December 31, 2018
Deferred income	1.036.334	1.036.334
	1.036.334	1.036.334

NOTE 18 – LIABILITIES FOR EMPLOYEE BENEFITS

	June 30, 2019	December 31, 2018
Wages and salaries payable	27.410.249	16.694.157
Bonus payable accruals	20.919.090	16.802.024
Social security withholdings payable	11.988.119	5.715.061
	60.317.458	39.211.242

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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NOTE 19 - EQUITY

Share Capital

As of June 30, 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 shares).

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

Shareholders	June 30, 2019		December 30, 2018	
	Amount	Share %	Amount	Share%
Çelebi Havacılık Holding A.Ş. (ÇHH)	21.742.326	89,47	21.236.463	87,39
Other	2.557.674	10,53	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) must be associated:

- 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 June 30, 2019, the amount of restricted reserves is TL 63.387.956 (December 31, 2018: TL 50.630.456 TL).

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.

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.

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NOTE 20 – REVENUE AND COST OF SALES

	January 1- June 30, 2019	April 1- June 30, 2019	January 1- June 30, 2018	April 1- June 30, 2018
Ground handling services	495.378.365	299.104.798	342.865.358	195.342.430
Revenue from cargo and warehouse services	244.161.621	133.042.087	187.355.280	115.971.554
Rental revenue not related to aviation	29.477.508	15.232.847	18.152.587	9.720.311
Revenue in the context of TFRIC 12	1.869.281	1.869.281	4.411.976	3.288.323
Less: Returns and discounts	(22.103.660)	(11.416.564)	(11.403.477)	(5.418.375)
Revenue	748.783.115	437.832.449	541.381.724	318.904.243
Cost of sales	(543.675.710)	(308.750.554)	(366.918.229)	(202.336.309)
Gross profit	205.107.405	129.081.895	174.463.495	116.567.934

NOTE 21 - FINANCIAL INCOME

	January 1- June 30, 2019	April 1- June 30, 2019	January 1- June 30, 2018	April 1- June 30, 2018
Foreign exchange gains	2.934.910	405.498	25.845.177	17.923.391
Interest income	6.366.457	2.782.573	3.403.604	1.726.961
Other financial income	6.691.207	5.006.556	2.867.907	1.980.168
	15.992.574	8.194.627	32.116.688	21.630.520

NOTE 22 - FINANCIAL EXPENSES

	January 1- June 30, 2019	April 1- June 30, 2019	January 1- June 30, 2018	April 1- June 30, 2018
Foreign exchange losses	(66.473.545)	(35.478.896)	(54.698.771)	(31.545.610)
Interest expenses	(17.790.741)	(9.330.190)	(9.132.985)	(5.070.606)
Financial expenses incurred within the scope of TFRIC 4-12	(1.216.463)	(985.415)	(717.132)	(376.443)
Financial expenses incurred within the scope of TFRS 16	(45.803.455)	(22.624.717)	-	-
Other financial expenses	(6.015.766)	(4.881.124)	(4.383.099)	(3.981.821)
	(137.299.970)	(73.300.342)	(68.931.987)	(40.974.480)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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NOTE 23 - TAX ASSETS AND LIABILITIES

	June 30, 2019	December 31, 2018
Current period corporate tax provision	10.727.586	36.342.656
Less: prepaid corporate tax expense	(3.485.615)	(24.151.601)
Current tax liability - net (*)	7.241.971	12.191.055
Deferred tax assets	68.308.887	98.539.804
Deferred tax liabilities	(1.093.711)	(5.876.935)
Deferred tax assets / (liability) - net	67.215.176	92.662.869

(*) Current income tax assets and current income tax liabilities from the different subsidiaries 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 22% (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.

In 2014, the corporate tax rate in Hungary, has been changed as 19% up to a fiscal profit of HUF 500.000.000 and 10% for a fiscal profit over HUF 500.000.000. Effective from January 1, 2018, the corporate tax rate in Hungarian will be implemented as 9%.

In India, the corporate tax rate is 34,6% (2018: 34,94%) for the fiscal year of 2019. 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).

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Income Tax (continued)

For the periods ended on June 30, 2019 and 2018, tax expenses of the Group are as follows:

	January 1- June 30, 2019	April 1- June 30, 2019	January 1- June 30, 2018	April 1- June 30, 2018
- Current period corporate tax	(12.102.691)	(8.287.888)	(8.766.944)	(5.344.022)
- Deferred tax income	22.401.285	6.129.005	3.630.229	2.557.346
Current tax income (expense) - net	10.298.594	(2.158.883)	(5.136.715)	(2.786.676)

Deferred Taxes

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

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at June 30, 2019 and December 31, 2018 using the enacted tax rates are as follows:

	Total temporary differences		Deferred tax assets / (liabilities)	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Deferred tax assets				
Personnel bonus accrual	(4.839.669)	(4.225.814)	1.064.727	929.679
Accrued sales commissions	(7.391.430)	(8.183.855)	1.626.115	1.800.448
Provision for employment termination benefits	(24.174.770)	(23.600.610)	4.834.954	4.720.122
Provision for operational leasing equalization	-	(144.298.040)	-	50.422.062
TFRS 16 adjustments	(36.363.412)	-	7.272.682	-
Provision for unused vacation rights	(5.707.793)	(3.899.340)	1.255.714	857.855
Provision for litigation and indemnity	(4.403.874)	(4.529.700)	968.852	996.534
Adjustments related to property plant and equipment and intangible assets	(77.178.677)	(66.578.499)	26.969.798	23.265.191
Investment incentives	(180.103.127)	(110.112.709)	39.622.688	24.224.796
Other	(13.252.223)	(3.776.673)	3.040.577	1.671.312
	(353.414.975)	(369.205.240)	86.656.107	108.887.999
Net off			(18.347.220)	(10.348.195)
Deferred tax assets			68.308.887	98.539.804

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Taxes (continued)

	Deferred tax base		Deferred tax assets / (liabilities)	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Deferred tax liabilities				
Adjustments related to property plant and equipment and intangible assets	96.306.433	75.686.003	(17.736.949)	(13.744.093)
Income accrual	5.803.600	9.335.660	(1.276.792)	(2.053.847)
Other	2.135.949	2.135.949	(427.190)	(427.190)
	104.245.982	87.157.612	(19.440.931)	(16.225.130)
Net off			18.347.220	10.348.195
Deferred tax liabilities			(1.093.711)	(5.876.935)
Deferred tax assets, net			67.215.176	92.662.869

Deferred tax movement table is as follows:

	June 30, 2019	December 31, 2018
As of January 1,	92.662.869	48.396.193
Foreign currency translation differences	5.989.667	7.030.978
Deferred tax income / (expenses) for the current period	22.401.285	3.630.229
Defined benefit plans remeasurement losses / gains	-	330.043
Reversal of provision for operational leasing equalization	(53.838.645)	-
As of June 30	67.215.176	59.387.443

NOTE 24 - EARNINGS PER SHARE

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

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

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

	January 1- June 30, 2019	April 1- June 30, 2019	January 1- June 30, 2018	April 1- June 30, 2018
Net profit / (loss) attributable to the parent company	30.775.754	23.432.955	58.341.574	48.752.571
Weighted average number of shares with 1 KR face value each	2.430.000.000	2.430.000.000	2.430.000.000	2.430.000.000
Earnings per share(Kr)	0,013	0,010	0,024	0,020

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NOTE 25 - 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 parties

	June 30, 2019	December 31, 2018
Çelebi Nas ⁽³⁾	1.307.773	759.928
Çelebi Havacılık Holding ⁽¹⁾	380.821	378.227
Celebi Ground Handling Services Austria ⁽²⁾	363.175	401.506
Other	176.053	68.985
	2.227.822	1.608.646

Other receivables from related parties

	June 30, 2019	December 31, 2018
Çelebi Havacılık Holding ^{(1) (*)}	119.638.294	120.034.474
	119.638.294	120.034.474

Payables to related parties

	June 30, 2019	December 31, 2018
Çelebi Havacılık Holding ^{(1) (**)}	7.810.453	4.969.255
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁵⁾	2.491.323	2.206.121
Çelebi Nas ⁽³⁾	2.166.934	388.089
Kamil Koç ⁽⁵⁾	1.370.374	577.914
DASPL ⁽⁴⁾	1.135.652	1.490.860
Diğer	-	17.476
	14.974.736	9.649.715

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

(*) The related amount is comprised of the CHH's group loan receivable from CGHH amounting to EUR 20.000.000 with June 30, 2023 maturity and 3.95% interest rate. TL 26.264.070 of the total amount has a maturity of less than one year.

(**) As of June 30, 2019, the related amount consists of legal, financial, human resources, management, corporate communication, procurement, business development services provided to the Group by ÇHH along with business development projects run by ÇHH on behalf and on account of the Group and expense projections.

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant Transactions with related parties

	January 1- June 30, 2019	April 1- June 30, 2019	January 1- June 30, 2018	April 1- June 30, 2018
Miscellaneous sales to related parties				
Celebi Ground Handling Services Austria ⁽²⁾	1.200.400	1.195.313	2.084.505	2.075.849
Çelebi Havacılık Holding ⁽¹⁾	297	297	144.059	83.617
Other	226.521	23.832	348.515	203.390
	1.427.218	1.219.442	2.577.079	2.362.856

	January 1- June 30, 2019	April 1- June 30, 2019	January 1- June 30, 2018	April 1- June 30, 2018
Employee and customer transportation expenses paid to related parties				
Kamil Koç ⁽⁴⁾	3.783.616	2.263.120	2.081.346	1.170.665
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁴⁾	9.435.126	6.437.187	3.687.119	1.991.167
	13.218.742	8.700.307	5.768.465	3.161.832

	January 1- June 30, 2019	April 1- June 30, 2019	January 1- June 30, 2018	April 1- June 30, 2018
Contribution to holding expenses (*)				
Çelebi Havacılık Holding ⁽¹⁾	43.097.403	21.700.431	30.024.036	17.671.641

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

	January 1 - June 30, 2019	April 1- June 30, 2019	January 1- June 30 2018	April 1- June 30, 2018
Other purchases from related parties (*)				
DASPL ⁽³⁾	4.663.984	2.620.324	2.698.489	1.497.908
Çelebi Havacılık Holding ^{(1) (*)}	2.870.732	1.774.661	2.076.934	1.290.740
Other	3.943.807	1.742.312	1.592.310	894.072
	11.478.523	6.137.297	6.367.733	3.682.720

(1) Parent company

(2) Subsidiary of the Group

(3) Associate of the Group

(4) Other related party

(*) Other purchases consist of vehicle rental, organization fees and other expenses. Purchases from ÇHH classified under other purchases from related companies consist of the expenses incurred directly related to the Company, business development projects and tenders carried out by the ÇHH on behalf of the Company.

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

As of June 30, 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:

June 30, 2019	EUR	INR	Total TL
Celebi Nas ⁽¹⁾	-	94.392.000	7.877.956
Celebi Delhi Cargo ⁽²⁾	-	336.000.000	28.042.560
CASI ⁽³⁾	-	2.330.300.000	194.486.838
Celebi Cargo GmbH ⁽⁴⁾	50.000	-	327.535
	50.000	2.760.692.000	230.734.889

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 June 30, 2019, the risk of the cash loan in the respective bank is amounting INR 1.569.604.095.
- (2) Guarantee at an equivalent amount to the loan amount is given to aforementioned banks for the financial liabilities sourcing from agreements concluded with related banks regarding long term cash project loan at an amount of cash INR 1.200.000.000 and non-cash INR 100.000.000 concluded between Celebi Delhi Cargo and an India resident bank and 30% portion of the owned by the Company are pledged on behalf of the bank. As of June 30, 2019, the risk of the cash loan in the respective bank is amounting INR 740.245.249.
- (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 June 30, 2019, the risk of the cash loan in the respective bank is amounting to INR 969.443.336.
- (4) In order to fulfill the financial obligations arising from the loan agreements signed between Celebi Cargo GmbH and banks resident in Germany, a guarantee of EUR 50.000 is given by the Company to the lender banks.

Key management compensation:

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

	January 1 - June 30, 2019	April 1- June 30, 2019	January 1 - June 30, 2018	April 1- June 30, 2018
Short-term employee benefits to key management	15.190.052	10.394.494	8.679.083	5.486.330

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019

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

NOTE 26 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Currency risk

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

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

As of June 30, 2019, other things being constant, if the TL was to appreciate/depreciate by 10% against the USD, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 4.864.629 (2018: TL 2.545.690).

As of June 30, 2019, other things being constant, if the TL was to appreciate/depreciate by 10% against the Euro, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 88.954.001 (2018: TL 27.079.112).

As of June 30, 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 528.637 (2018: TL 13.549).

Foreign currency denominated assets and liabilities of the Group as of June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	Decemeber 31, 2018
Assets denominated in foreign currency	326.256.184	375.679.178
Liabilities denominated in foreign currency (-)	(1.172.436.265)	(621.148.887)
Net balance sheet position (*)	(846.180.081)	(245.469.709)

(*) TL 425.313.540 of the liabilities denominated in foreign currencies consist of the lease amounts discounted in accordance with TFRS 16 effective as of January 1, 2019.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of the Group's foreign currency denominated assets and liabilities as of June 30, 2019 and December 31, 2018:

June 30, 2019	TL Equivalent (Functional Currency)	USD	Euro	GBP
1. Trade Receivables	110.662.902	5.037.632	12.467.496	-
2. Monetary Financial Assets (Cash, Bank Accounts)	76.026.045	2.020.258	9.761.065	62.789
3. Other	46.193.015	2.071.942	5.231.316	-
4. Current Assets (1+2+3)	232.881.962	9.129.832	27.459.877	62.789
5. Other	93.374.222	-	14.254.083	-
6. Non-Current Assets (5)	93.374.222	-	14.254.083	-
7. Total Assets (4+6)	326.256.184	9.129.832	41.713.960	62.789
8. Trade Payables	28.809.953	450.642	4.001.919	150
9. Financial Liabilities	407.125.886	23.492	62.129.343	-
10. Other Monetary Liabilities	12.449.216	202.970	845.464	788.240
11. Current Liabilities (8+9+10)	448.385.055	677.104	66.976.726	788.390
12. Financial Liabilities	724.051.210	-	110.530.357	-
13. Other Monetary Liabilities	-	-	-	-
14. Non-Current Liabilities (12+13)	724.051.210	-	110.530.357	-
15. Total Liabilities (11+14)	1.172.436.265	677.104	177.507.083	788.390
16. Net Foreign Currency Asset/(Liability) Position (7-15)	(846.180.081)	8.452.728	(135.793.123)	(725.601)
17. Net Monetary Foreign Currency Asset/(Liability) Position (7-15)	(846.180.081)	8.452.728	(135.793.123)	(725.601)

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2019**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

December 31, 2018	TL Equivalent	USD	EUR	GBP
1. Trade Receivables	92.065.131	3.684.404	12.057.374	-
2. Monetary Financial Assets	157.118.118	1.639.996	24.584.141	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)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**Capital risk management**

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

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

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

The ratio of net debt/ (equity+net debt) at June 30, 2019 and December 31, 2018 is as follows:

	June 30, 2019	December 31, 2018
Total financial liabilities	1.397.868.893	721.814.428
Less: Cash and cash equivalents	(118.478.885)	(197.023.791)
Less: Restricted cash	(42.232.346)	(51.444.157)
Net debt (*)	1.237.157.662	473.346.480
Shareholder’s equity	407.113.288	353.087.514
Capital invested	1.644.270.950	826.433.994
Net debt / capital invested	0,75	0,57

(*) As of June 30, 2019, TL 538.902.957 of the net debt consists of the lease amounts discounted in accordance with TFRS 16 effective as of January 1, 2019.

NOTE 27 - FINANCIAL INSTRUMENTS**Fair value estimation**

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

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

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

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NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

Group's assets and liabilities measured fair value at June 30, 2019 and December 31, 2018 are as follows:

June 30, 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	166.650	166.650
December 31,2018	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	166.650	166.650

NOTE 28 - SUBSEQUENT EVENTS

None.