

Çelebi Hava Servisi Anonim Şirketi

Condensed consolidated financial statements for the interim period January 1 – June 30, 2020 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 June 30, 2020 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”.



Emphasis of Matter

Covid 19 pandemic negatively affecting economic conditions regionally as well as globally affected the Group's operations. The Management disclosed the impacts of Covid-19 to its activities and its measures in Note 1. Our opinion is not modified in respect of this matter.

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

Cem Tovil
Partner

İstanbul, August 14, 2020

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ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE INTERIM PERIOD ENDED JUNE 30, 2020**

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

		<i>Reviewed</i>	<i>Audited</i>
	Notes	June 30, 2020	December 31, 2019
ASSETS			
Current Assets			
Cash and cash equivalents	4	523.002.526	209.130.875
Financial investments		7.325.408	57.747.115
-Restricted cash	5	7.325.408	57.747.115
Trade receivables		155.029.270	216.999.043
-Due from related parties	8	3.882.449	3.873.386
-Due from third parties	8	151.146.821	213.125.657
Other receivables		121.437.358	103.432.569
-Due from related parties	9	90.557.076	26.647.884
-Due from third parties	9	30.880.282	76.784.685
Inventories	10	18.481.216	16.524.734
Prepaid expenses	16	31.312.094	29.502.211
Current income tax assets	23	3.895.540	6.456.151
Other current assets	15	12.950.593	16.389.181
Total current assets		873.434.005	656.181.879
Non-current assets			
Financial investments	5	334.290	334.290
Other receivables		135.928.043	117.972.173
-Due from related parties	9	79.040.525	81.497.007
-Due from third parties	9	56.887.518	36.475.166
Investments accounted using equity method	6	137.019.231	129.954.118
Property, plant and equipment	11	479.605.299	457.159.082
Rights of use assets	12	528.392.547	428.056.013
Intangible assets		309.432.466	285.431.765
-Goodwill	13	64.553.755	60.932.266
-Other intangible assets	13	244.878.711	224.499.499
Prepaid expenses	16	6.932.978	20.038.235
Deferred tax assets	23	125.508.480	102.587.821
Other non-current assets	15	23.895.151	21.874.312
Total non-current assets		1.747.048.485	1.563.407.809
Total assets		2.620.482.490	2.219.589.688

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, 2020

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

		<i>Reviewed</i>	<i>Audited</i>
	Notes	June 30, 2020	December 31, 2019
LIABILITIES			
Current liabilities			
Short term financial liabilities	7	241.859.269	21.421.438
Short term portion of long term financial liabilities	7	442.837.286	441.030.490
Short term lease payables	7	117.283.132	93.959.280
Trade payables		148.975.845	134.699.626
-Due to related parties	8	10.921.470	21.948.013
-Due to third parties	8	138.054.375	112.751.613
Employee benefit obligations	18	46.205.687	53.986.507
Other payables		127.191.065	18.401.711
-Due to related parties	9	105.705.000	-
-Due to third parties	9	21.486.065	18.401.711
Deferred income	17	21.650.635	17.032.046
Current income tax liabilities	23	12.067.423	7.569.141
Short-term provisions		26.288.391	23.779.048
-Provisions for employee benefits	14	19.657.641	16.996.522
-Other provisions	14	6.630.750	6.782.526
Other current liabilities	15	9.368.703	8.860.670
Total current liabilities		1.193.727.436	820.739.957
Non-current liabilities			
Long term financial liabilities	7	406.334.317	339.762.727
Long term lease payables	7	508.146.298	364.787.559
Other payables		18.278.775	16.806.306
-Due to third parties	9	18.278.775	16.806.306
Long term provisions		30.128.147	28.354.292
-Provisions for employee benefits	14	30.128.147	28.354.292
Deferred tax liabilities	23	25.626.478	21.497.424
Other non-current liabilities	15	64.797.904	55.204.459
Total non-current liabilities		1.053.311.919	826.412.767
Total liabilities		2.247.039.355	1.647.152.724
EQUITY			
Equity attributable to equity holders of the parent		296.319.276	510.178.196
Paid-in capital	19	24.300.000	24.300.000
Other accumulated comprehensive income/(expense) not to be reclassified to profit or loss		(24.504.473)	(24.024.964)
- Actuarial gain/(loss) arising from defined benefit plans		(24.504.473)	(24.024.964)
Other accumulated comprehensive income/(expense) to be reclassified to profit or loss		187.873.545	136.376.158
- Foreign currency translation differences		187.873.545	136.376.158
Restricted reserves	19	74.387.905	63.387.956
Retained earnings		192.120.126	117.783.967
Net profit/ (loss) for the year		(157.857.827)	192.355.079
Non-controlling interest		77.123.859	62.258.768
Total equity		373.443.135	572.436.964
Total liabilities and equity		2.620.482.490	2.219.589.688

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD OF JANUARY 1– JUNE 30, 2020**

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

		<i>Reviewed</i>		<i>Reviewed</i>	
		January 1- June 30, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
	Notes				
Revenue	20	653.051.280	251.167.764	839.636.068	487.177.124
Cost of sales (-)	20	(547.462.269)	(230.208.999)	(634.528.663)	(358.095.229)
GROSS PROFIT	20	105.589.011	20.958.765	205.107.405	129.081.895
General administrative expenses (-)		(100.056.390)	(47.571.675)	(105.595.783)	(56.751.648)
Other operating income		159.322.649	67.298.094	60.300.692	28.780.479
Other operating expenses (-)		(145.605.675)	(70.453.185)	(26.621.430)	(12.917.745)
OPERATING PROFIT / (LOSS)		19.249.595	(29.768.001)	133.190.884	88.192.981
Income from investment activities		3.001.876	124.086	2.216.816	622.880
Expenses from investment activities (-)		(1.334.649)	(78.202)	(263)	(263)
Income from investments accounted by equity method		(3.991.555)	(8.920.416)	7.160.667	3.374.595
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME		16.925.267	(38.642.533)	142.568.104	92.190.193
Financial income	21	47.856.800	25.444.970	15.992.574	8.194.627
Financial expenses (-)	22	(209.860.788)	(96.882.259)	(137.299.970)	(73.300.342)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(145.078.721)	(110.079.822)	21.260.708	27.084.478
Tax income / (expense)		(5.625.778)	(2.164.527)	10.298.594	(2.158.883)
Current tax expense	23	(19.308.541)	(12.988.541)	(12.102.691)	(8.287.888)
Deferred tax income / (expense)	23	13.682.763	10.824.014	22.401.285	6.129.005
INCOME / (LOSS) FOR THE PERIOD		(150.704.499)	(112.244.349)	31.559.302	24.925.595
Income / (Loss) For the Period Attributable to:					
Non-controlling interests		7.153.328	5.040.079	783.548	1.492.640
Equity holder of the parent		(157.857.827)	(117.284.428)	30.775.754	23.432.955
		(150.704.499)	(112.244.349)	31.559.302	24.925.595
Earnings/ (loss) per share (Kr)		(0,063)	(0,047)	0,013	0,010

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, 2020**

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

	<i>Reviewed</i>		<i>Reviewed</i>	
	January 1- June 30, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
Net profit/ (loss) for the period	(150.704.499)	(112.244.349)	31.559.302	24.925.595
Not to be reclassified to profit or loss				
- Actuarial gain/(loss) arising from defined benefit obligation	(338.984)	(338.984)	-	-
Shares from investments accounted using the equity method regarding to other comprehensive income				
- Actuarial gain/(loss) from defined benefit obligation from investments accounted	(247.798)	(247.798)	344.536	344.536
Tax effect of other comprehensive income not to be reclassified to profit or loss				
- Tax on actuarial gain/(loss) arising from defined obligation	21.314	21.314	-	-
- Shares from investments accounted using the equity method regarding to other comprehensive income, tax effect	63.709	63.709	(88.581)	(88.581)
To be reclassified to profit or loss				
- Foreign currency translation differences	57.917.429	37.648.853	41.115.564	9.794.649
Other comprehensive income / (expense)	57.415.670	37.147.094	41.371.519	10.050.604
Total comprehensive income / (expense)	(93.288.829)	(75.097.255)	72.930.821	34.976.199
Total comprehensive income / (expense) attributable to:				
Non-controlling interests	13.551.120	9.077.672	3.981.162	1.644.960
Equity holders of the parent	(106.839.949)	(84.174.927)	68.949.659	33.331.239
	(93.288.829)	(75.097.255)	72.930.821	34.976.199

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, 2020

(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 (losses) arising from defined benefit plans	Foreign currency translation differences	Restricted reserves	Retained earnings	Net profit /(loss) for the period	Equity attributable to equity holders of the parent	Non- controlling interests	Total equity
Balances as at January 1, 2020	24.300.000	(24.024.964)	136.376.158	63.387.956	117.783.967	192.355.079	510.178.196	62.258.768	572.436.964
Transfers	-	-	-	-	192.355.079	(192.355.079)	-	-	-
Dividend (*)	-	-	-	10.999.949	(116.704.949)	-	(105.705.000)	-	(105.705.000)
Purchase of subsidiary shares (**)	-	-	-	-	(1.313.971)	-	(1.313.971)	1.313.971	-
Other comprehensive income / (expense)									
- Foreign currency translation differences	-	-	51.497.387	-	-	-	51.497.387	6.420.042	57.917.429
- Actuarial losses arising from defined benefit plans	-	(479.509)	-	-	-	-	(479.509)	(22.250)	(501.759)
Total other comprehensive income	-	(479.509)	51.497.387	-	-	-	51.017.878	6.397.792	57.415.670
Net profit for the period	-	-	-	-	-	(157.857.827)	(157.857.827)	7.153.328	(150.704.499)
Total comprehensive income / (expense)	-	(479.509)	51.497.387	-	-	(157.857.827)	(106.839.949)	13.551.120	(93.288.829)
Balances as at June 30, 2020	24.300.000	(24.504.473)	187.873.545	74.387.905	192.120.126	(157.857.827)	296.319.276	77.123.859	373.443.135

(*) It has been decided to pay to the shareholders of the Company in two installments amounting to TL 47.992.500 on August 31, 2020 and TL 57.712.500 on October 1, 2020.

(**) The amount consists of the impact of equity due to the capital increase of KSU. The capital increase consists of the payment made by the Company in the amount of EUR 1.297.017 and has been realized by making a premium capital increase within the legal legislation applicable in India. Shareholding ratio increased to 57,65%.

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, 2020

(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		Equity attribute table to equity holders of the parent	Non- controlling interest	Total equity
	Share capital	Actuarial gain/(loss) arising from defined benefit plans	Cumulative translation differences	Restricted reserves	Retained earnings	Net profit for the year			
Balances as 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 losses 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 as 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 CASH FLOWS FOR THE INTERIM PERIOD OF JANUARY 1 – JUNE 30, 2020 (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		<i>Current year</i>	<i>Prior year</i>
		Reviewed	Reviewed
	Notes	January 1 - June 30, 2020	January 1 - June 30, 2019
A. Cash flows from operating activities		194.767.248	110.564.414
Net profit / (loss) for the period		(150.704.499)	31.559.302
Adjustment for reconciliation of net profit / (loss)		252.550.623	157.339.674
Adjustments related depreciation and amortisation expense	11,12,13	74.588.254	59.419.740
Adjustments related impairment (reversals)		7.626.014	3.162.446
Adjustments related to provisions		8.464.305	11.931.828
- Adjustment related to provisions for employee benefits		8.464.305	11.931.828
Adjustments related to interest income and expenses	21,22	32.098.200	23.362.010
- Adjustment related to interest income		(9.541.851)	(6.366.457)
- Adjustment related to interest expenses		41.640.051	29.728.467
Adjustments related to unrealized related foreign currency translation differences		123.158.393	79.139.463
Adjustments related to tax (income) expense		5.625.778	(10.298.594)
Adjustment related to undistributed profit of investments that are accounted by the equity method	6	3.991.555	(7.160.667)
Adjustment related to gain/(loss) on sales of property, plant and equipment		(3.001.876)	(2.216.552)
Changes in working capital		106.955.817	(55.404.356)
Decrease (increase) in financial investments		50.279.948	9.368.609
Adjustments related to increase/decrease in trade receivables		53.736.222	(66.280.440)
-Increase/decrease in due from related parties		(9.063)	(619.176)
-Increase/decrease in due from third parties		53.745.285	(65.661.264)
Adjustments related to increase/decrease in other receivables related with operations		(32.766.994)	(22.149.974)
Adjustments related to increase/decrease in inventories		(1.956.482)	(1.383.747)
Decrease/(increase) in prepaid expenses		11.295.374	(13.446.012)
Adjustments related to increase/decrease in trade payables		14.276.219	28.639.634
-Increase/decrease in due to related parties		(11.026.543)	5.325.021
-Increase/decrease in due to third parties		25.302.762	23.314.613
Increase/(decrease) in payables related to employee benefits		(7.780.820)	21.106.216
Adjustment related to increase/decrease in other payables related with operations		19.872.350	(11.258.642)
Cash flows from operating activities		208.801.941	133.494.620
Payments related to provisions for employee benefit	14	(6.108.420)	(6.808.558)
Payments related to other provision		(747.236)	(444.978)
Tax returns (payments)		(7.179.037)	(15.676.670)

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, 2020
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		<i>Current year</i>	<i>Prior year</i>
		Reviewed	Reviewed
	Notes	January 1 - June 30, 2020	January 1 - June 30, 2019
B. Cash flows from investing activities		(29.370.769)	(122.146.173)
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		3.316.579	5.280.416
- Cash inflows from the sale of property, plant and equipment	11	3.103.536	5.251.926
- Cash inflows from the sale of intangible assets	13	213.043	28.490
Cash outflows from the purchase of property, plant and equipment and intangible asset		(48.108.984))	(124.308.200)
- Cash outflows from the purchase of property, plant and equipment		(35.280.059)	(113.620.389)
- Cash outflows from the purchase of intangible asset		(12.828.925)	(10.687.811)
Cash inflows from cash advances and debts given to related parties		15.421.636	10.804.611
C. Cash flows from financing activities		117.782.893	(94.071.087)
Lease payments		(48.608.889)	(36.979.369)
Cash inflows from financial liabilities		476.703.587	241.936.740
Cash outflows due to debt payments		(308.554.256)	(173.206.634)
Dividends paid		-	(128.803.767)
Interest paid		(11.299.400)	(3.384.514)
Interest received		9.541.851	6.366.457
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		283.179.372	(105.652.846)
D. Impact of foreign currency translation differences		30.550.520	27.264.738
Net increase/decrease in cash and cash equivalents		313.729.892	(78.388.108)
E. Cash and cash equivalents at beginning of period		208.942.627	196.730.773
Cash and cash equivalents at end of period	4	522.672.519	118.342.665

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, 2020

(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 Istanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. ("HEAS"). The company is controlled by Çelebi Havacılık Holding Anonim Şirketi, the parent company which is jointly controlled by Çelebioğlu Family and Zeus Aviation Services Investments B.V..

The company is registered in Capital Markets Board ("CMB") and has been listed in Borsa İstanbul ("BIST") since November 18, 1996. The percentage of shares which are publicly traded is 10,09% (December 31, 2019: 10,09%).

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, 2020 is 11.157 (December 31, 2019: 13.475).

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
Celebi GH India Private Limited (*)	India	India	Ground handling services
KSU (**)	India	India	Ground handling services
Celebi Tanzania (*)	Tanzania	Tanzania	Ground handling services

(*) As of June 30, 2020 Çelebi Spain, Celebi GH India Private Limited and Celebi Tanzania have 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 420 million Indian Rupees (approximately EUR 5,56 million) is made by the Company.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

(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 Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH"). Celebi Kft was been taken over by CGHH with all assets and liabilities and merger transactions have been completed at October 31, 2007 in accordance with the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital. At 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding Anonim Şirketi for a consideration of TL 33.712.020. As of June 30, 2020, total paid in capital of CGHH is 200.000.000 Hungarian forint.

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

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

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

On March 25, 2010, the Company participated as a founding partner to the Celebi Ground Handling Spain S.L.U ("Celebi Spain") with a capital of EUR 10.000 and an ownership rate of 100% as a founding partner for the purpose of entrepreneurship in abroad including European Union. 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. The capital payment of 100 million Indian Rupees, which KSU needed to make the foreseen investments, was made by making a premium capital increase in accordance with the legal legislation in India, thus the Company become a shareholder of KSU rate of 57,65%.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

(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. Within the scope of concession agreement signed between Celebi Nas and MIAL, Celebi Nas 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 as at December 31, 2019 at CSIA airport.

- *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

Celebi 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, Celebi 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 the condensed consolidated financial statements.

As of June 30, 2020, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Celebi Delhi Cargo, CASI, Celebi Kargo, DASPL, Celebi Cargo and KSU (all together will be referred as "the Group").

Condensed consolidated financial statements of the Group for the period ended January 1 – June 30, 2020 has been approved for the issuance by the Board of Directors on August 14, 2020 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Accounting and Finance Director, on behalf of Board of Directors.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020**

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

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

Covid-19 Effects

Due to the crisis caused by worldwide effective pandemic Covid 19, all the governments and authorities of countries are taking measures of stopping of national and international flights between March and May. There measures affected significantly Airport Ground Services segment compared to Air Cargo Handling and Warehouse segment.

During this period, the Group Management stopped all non-urgent expenditures, postponed investments and directed employees to paid and unpaid leave. In order to reduce fixed costs, the supports provided by the governments of the countries in which the Group operates were evaluated, necessary applications were made and various supports are benefited. In addition, negotiations were held with the airport operators and the country's aviation authorities to delay / reduce the license and lease payments. Currently, discussions are ongoing with banks regarding refinancing options. While all these negotiations continue, the Group Management closely monitors the cash flow in order to strengthen its liquidity position.

As of the reporting period, the Covid-19 outbreak continues in the countries where the Group operates. It is not clearly predicted that how long this epidemic and the resulting economic uncertainty will continue. While preparing the interim condensed consolidated financial statements dated June 30, 2020, the Group Management evaluated the possible effects of the COVID-19 outbreak and reviewed the estimates and assumptions used in the preparation of the interim condensed consolidated financial statements. In this study, especially the collection performances of trade receivables, the possible impairment assumptions for fixed assets and the cash flows planned to be obtained from the operations are assessed.

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, 2020 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.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

(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)

2.1.1 Financial reporting standards (Continued)

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, 2020, the currency of subsidiaries has shown below.

<u>Company</u>	<u>Currency</u>
CGHH	Hungarian Forint (HUF)
Celebi Delhi Cargo	Indian Rupee (INR)
CASI	Indian Rupee (INR)
Celebi Nas	Indian Rupee (INR)
Çelebi Kargo	Turkish Lira (TL)
Celebi Cargo GmbH	EUR (EUR)
DASPL	Indian Rupee (INR)
KSU	Indian Rupee (INR)
Çelebi Tanzania	Tanzanian Shilling (TZS)

Going Concern

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

2.1.2 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2020

Amendments to TFRS 3	<i>Definition of a Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions</i>
Amendments to Conceptual Framework	<i>Amendments to References to the Conceptual Framework in TFRSs</i>

Amendments to TFRS 3 *Definition of a Business*

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in TFRS 3 Business Combinations 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020**

(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 Turkish Financial Reporting Standards (Continued)

a) Amendments that are mandatorily effective from 2020 (Continued)

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

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

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

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

Amendments to TFRS 16 *COVID-19 Related Rent Concessions*

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and
- there are no substantive changes to other terms and conditions of the lease.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020**

(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 Turkish Financial Reporting Standards (Continued)

a) Amendments that are mandatorily effective from 2020 (Continued)

Amendments to TFRS 16 COVID-19 Related Rent Concessions (Continued)

The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted.

The Company elected early application of the amendments. Application of this practical expedient has resulted in:

- Recognition of a reduction in lease payments as a negative variable lease payment in profit or loss in the period of TL.
- Derecognition of TL of lease liability that have been extinguished by the forgiveness of lease payments.

The Group has applied the practical expedient to all rent concessions that have met the above criteria. There were no COVID-19-related rent concessions prior to January 1, 2020.

Amendments to References to the Conceptual Framework in TFRSs

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020, with early application permitted.

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>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020**

(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 Turkish Financial Reporting Standards (Continued)

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

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after January 1, 2022 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020**

(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 Turkish Financial Reporting Standards (Continued)

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

The effects of these standards amendments and improvements are evaluated on the consolidated financial position and performance of the Group.

2.1.3 Financial Statements of Joint Ventures Operating in Foreign Countries

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020**

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

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

2.1.4 Basis of Consolidation

- a) 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 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.
- b) The capital share owned by the Group in its subsidiaries directly and indirectly is shown below, related capital share is equal to the effective rate of the Group in the related subsidiary:

Subsidiary	Ownership interest (%)	
	June 30, 2020	December 31, 2019
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
CASI	99,9	99,9
Celebi GH India Private Limited	100,0	100,0
Celebi Spain ⁽¹⁾	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9
KSU	57,6	50,0
Celebi Tanzania ⁽²⁾	65,0	65,0

(1) As of June 30, 2020 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) The Company acquired 65% of Celebi Tanzania Aviation Services Limited ("Celebi Tanzania"), established in Darussalam, 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.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020**

(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)

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

Joint venture	Ownership interest (%)	
	June 30, 2020	December 31, 2019
Çelebi Nas	57,00	57,00

Associate	Ownership interest (%)	
	June 30, 2020	December 31, 2019
DASPL	24,99	24,99

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

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, 2020 comparatively with the consolidated statement of financial position as of December 31, 2019, 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, 2020 comparatively with the consolidated financial statements for the interim period ended June 30, 2019.

As of June 30, 2019, the Group has paid a concession fee in the amount of TL 90.852.953 in the consolidated statement of profit or loss according to the rates determined in the concession agreements of Celebi Delhi Cargo and CASI, and the amounts netted off under the revenues from the relevant cargo terminal operation and ground handling revenues earned from the relevant airports are recorded in the cost of sales.

As of December 31, 2019 under other long-term receivables in the consolidated statement of financial position, the deposits and guarantees given by CASI to the airport authority amounting to TL 33.030.068 are classified into other short-term receivables.

2.3. Summary of Significant Accounting Policies

Condensed consolidated financial statements for the period ended June 30, 2020, 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, 2019. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended December 31, 2019.

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, 2020 are consistent with those used in preparing the financial statements in the Consolidated for the year ended December 31, 2019. 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"), 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, 2020 is as follows :

Operation Groups				
January 1 – June 30, 2020	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
Revenue	281.557.794	375.878.811	(4.385.325)	653.051.280
Cost of sales	(282.288.415)	(269.856.975)	4.683.121	(547.462.269)
Gross profit	(730.621)	106.021.836	297.796	105.589.011
General administrative expenses	(72.909.623)	(27.153.843)	7.076	(100.056.390)
Addition: Depreciation and amortization	50.877.017	23.711.237	-	74.588.254
Addition: Effect of TFRIC 12	-	3.823.740	-	3.823.740
Addition: Retirement pay liability and unused vacation provisions	7.123.335	1.751.051	-	8.874.386
EBITDA effect of investments accounted by using equity method	7.265.442	(833.283)	-	6.432.159
EBITDA	(8.374.450)	107.320.738	304.872	99.251.160
Rent expenses under TFRS 16	(40.572.615)	(8.013.065)	-	(48.585.680)
EBITDA (Effect of new and revised accounting policies excluded)	(48.947.065)	99.307.673	304.872	50.665.480
Operation Groups				
April 1 – June 30, 2020	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
Revenue	57.823.937	195.614.284	(2.270.457)	251.167.764
Cost of sales	(96.648.911)	(136.199.409)	2.639.321	(230.208.999)
Gross profit	(38.824.974)	59.414.875	368.864	20.958.765
General administrative expenses	(34.861.465)	(12.711.301)	1.091	(47.571.675)
Addition: Depreciation and amortization	24.605.461	12.873.329	-	37.478.790
Addition: Effect of TFRIC 12	-	1.979.760	-	1.979.760
Addition: Retirement pay liability and unused vacation provisions	6.461.050	544.086	-	7.005.136
EBITDA effect of investments accounted by using equity method	(5.618.487)	(467.509)	-	(6.085.996)
EBITDA	(48.238.415)	61.633.240	369.955	13.764.780
Rent expenses under TFRS 16	(21.010.650)	(4.237.756)	-	(25.248.406)
EBITDA (Effect of new and revised accounting policies excluded)	(69.249.065)	57.395.484	369.955	(11.483.626)

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NOTE 3 – SEGMENT REPORTING (Continued)

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	518.335.853	324.703.972	(3.403.757)	839.636.068
Cost of sales	(386.212.543)	(251.483.066)	3.166.946	(634.528.663)
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 TFRIC 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	122.943.993	74.925.237	1.020.118	198.889.348
Rent expenses under TFRS 16	(29.493.408)	(7.117.242)	-	(36.610.650)
EBITDA (Effect of new and revised accounting policies excluded)	93.450.585	67.807.995	1.020.118	162.278.698
	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
April 1 – June 30, 2019				
Revenue	313.858.091	175.982.214	(2.663.181)	487.177.124
Cost of sales	(222.674.633)	(138.069.580)	2.648.984	(358.095.229)
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 TFRIC 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	87.543.839	34.555.823	422.425	122.522.087
Rent expenses under TFRS 16	(17.211.503)	2.401.107	-	(14.810.396)
EBITDA (Effect of new and revised accounting policies excluded)	70.332.336	36.956.930	422.425	107.711.691

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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, 2020	April 1– June 30, 2020	January 1– June 30, 2019	April 1– June 30, 2019
EBITDA for reported segments	99.251.160	13.764.780	198.889.348	122.522.087
Depreciation and amortization	(74.588.254)	(37.478.790)	(59.419.740)	(30.813.825)
Effect of TFRIC 12	(3.823.740)	(1.979.760)	(3.919.582)	(1.734.801)
Retirement pay liability and unused vacation provisions	(8.874.386)	(7.005.136)	(12.392.235)	(7.105.016)
Other operating income	159.322.649	67.298.094	60.300.692	28.780.479
Other operating expenses (-)	(145.605.675)	(70.453.185)	(26.621.430)	(12.917.745)
EBITDA effect of investments accounted by using equity method	(6.432.159)	6.085.996	(23.646.169)	(10.538.198)
Operating profit	19.249.595	(29.768.001)	133.190.884	88.192.981
Income from investment activities	3.001.876	124.086	2.216.816	622.880
Expenses from investment activities (-)	(1.334.649)	(78.202)	(263)	(263)
Financial income	47.856.800	25.444.970	15.992.574	8.194.627
Financial expenses (-)	(209.860.788)	(96.882.259)	(137.299.970)	(73.300.342)
Income from investments accounted by equity method	(3.991.555)	(8.920.416)	7.160.667	3.374.595
Profit/ (loss) before tax	(145.078.721)	(110.079.822)	21.260.708	27.084.478

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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NOTE 4 - CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019
Cash	942.637	823.603
Banks	522.059.889	208.307.272
- time deposit	394.970.555	140.368.872
- demand deposit	127.089.334	67.938.400
	523.002.526	209.130.875

Effective interest rates on TL, EUR, USD and INR denominated time deposits at June 30, 2020 are 8,50%, 0,05%, 0,75 %, 4,65% (December 31, 2019: TL 11,22%, EUR 0,14%, USD 1,83%, INR 6%). The maturity days on TL, EUR, USD and INR denominated time deposits as of June 30, 2020 are 1 days for TL and EUR, 1-30 days for USD, 20-60 days for INR respectively (December 31, 2019: 1 days for TL Avro and USD, 51 days for INR).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at June 30, 2020 and June 30, 2019 are as follows:

	June 30, 2020	June 30, 2019
Cash and banks	523.002.526	118.478.885
Less: Interest accruals	(330.007)	(136.220)
	522.672.519	118.342.665

NOTE 5 – FINANCIAL INVESTMENTS

	June 30, 2020	December 31, 2019
Restricted bank balances (*)	7.325.677	57.747.115
	7.325.677	57.747.115

(*) 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 blocked bank accounts with a maturity of longer than 3 months.

Financial investments at fair value through other comprehensive income:

	Percentage of shares %	June 30, 2020 TL	Percentage of shares %	December 31, 2019 TL
Celebi Spain (*)	100,00	166.650	100,00	166.650
Celebi Tanzania (*)	100,00	167.640	100,00	167.640
		334.290		334.290

(*) As at June 30, 2020, Celebi Spain and Celebi Tanzania, which is non-operational, is not significant to the consolidated financial statements of the Group, accordingly accounted as financial investments at fair value through other comprehensive income with the cost amount less impairment, if any in the consolidated financial statements of the Group.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 – INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

	Percentage of shares %	June 30, 2020	Percentage of shares %	December 31, 2019
Çelebi Nas	57,00	127.520.339	57,00	121.198.646
DASPL	24,99	9.498.892	24,99	8.755.472
		137.019.231		129.954.118

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

	June 30, 2020	June 30, 2019
As of January 1	129.954.118	95.725.908
Share of profit / loss	(3.991.555)	7.160.667
Currency translation differences	11.240.757	10.613.738
Gains (losses) on remeasurements defined benefit plans	(184.089)	255.955
As of June 30	137.019.231	113.756.268

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

	January 1- June 30, 2020	January 1- June 30, 2019
Çelebi Nas	(3.925.605)	7.305.665
DASPL	(65.950)	(144.998)
	(3.991.555)	7.160.667

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, 2020	December 31, 2019
Total Assets	421.481.088	397.992.569
Total Liabilities	202.507.487	190.109.655
	January 1- June 30, 2020	January 1- June 30, 2019
Revenue	77.838.487	96.006.624
Net Profit / (Loss) for the Period	(6.887.028)	12.816.956

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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, 2020	December 31, 2019
Total Assets	44.377.856	41.245.139
Total Liabilities	4.844.422	4.690.905
	January 1- June 30, 2020	January 1- June 30, 2019
Revenue	13.431.388	20.790.281
Net Profit / (Loss)	(263.908)	(580.223)

NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term financial liabilities:

		June 30, 2020	
	Effective interest rate (%)	Original balance	TL
<i>Short term borrowings:</i>			
TL Borrowings	8,41-14,18	139.724.998	139.724.998
INR Borrowings	9,75	6.846	621
EUR Borrowings	0,25-5,30	13.250.000	102.133.650
Total Short term borrowings:			241.859.269

Short-term finance lease obligations

INR finance lease obligations	96.751.174	8.776.299
EUR finance lease obligations	10.200.859	78.630.259
TL finance lease obligations	9.986.778	9.986.778
HUF finance lease obligations	917.849.377	19.889.796
Total short-term finance lease obligations		117.283.132

		June 30,2020	
	Effective interest rate (%)	Original balance	TL
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – EUR	-	519.997	4.008.243
Interest expense accrual –INR	-	34.926.116	3.168.148
Interest expense accrual –TL	-	3.670.581	3.670.581
EUR borrowings	0,25-5,30	45.950.587	354.196.313
TL borrowings	14,18	50.000.000	50.000.000
INR borrowings	8,10-9,75	306.405.038	27.794.001
Short-term portion of total long term borrowings			442.837.286
Total short term liabilities:			801.979.687

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

Long-term financial liabilities:

			June 30, 2020
	Effective interest rate (%)	Original balance	TL
INR Borrowings	8,10-9,75	1.076.296.406	97.630.847
EUR Borrowings	2,20-3,25	37.194.607	286.703.470
TL Borrowings	11,20	22.000.000	22.000.000
			406.334.317
<i>Long-term finance lease obligations:</i>			
INR Long-term finance lease obligations		247.158.748	22.419.770
EUR Long-term finance lease obligations		46.347.869	357.258.646
TL Long-term finance lease obligations		10.000.992	10.000.992
HUF Long-term finance lease obligations		5.466.861.560	118.466.890
Total long-term finance lease obligations			508.146.298
Total long-term financial liabilities			914.480.615
Total financial liabilities			1.716.460.302

Short term financial liabilities:

			December 31, 2019
	Effective interest rate (%)	Original balance	TL
<i>Short term borrowings:</i>			
INR Borrowings	8,80-9,75	227.352.736	18.943.030
TL Borrowings	-	2.478.408	2.478.408
			21.421.438

Short-term finance lease obligations

USD finance lease obligations		10.822	64.283
INR finance lease obligations		89.336.618	7.443.527
EUR finance lease obligations		11.107.981	73.874.736
TL finance lease obligations		8.503.315	8.503.315
HUF finance lease obligations		202.456.213	4.073.419
Total short-term finance lease obligations (*)			93.959.280

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

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES (Continued)

Long-term financial liabilities:

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

The redemption schedules of financial liabilities of the Group as at June 30, 2020 and December 31, 2019 are as follows:

	June 30, 2020	December 31, 2019
Less than 3 months	249.201.144	98.210.046
Between 3-12 months	552.778.543	458.201.162
Between 1-5 years	639.707.948	455.983.261
More than 5 years	274.772.667	248.567.025
	1.716.460.302	1.260.961.494

The redemption schedules of long-term bank borrowings as of June 30, 2020 and December 31, 2019 are as follows:

	June 30, 2020	December 31, 2019
Between 1-2 years	208.685.859	162.905.267
Between 2-3 years	152.776.083	90.106.238
Between 3-4 years	21.359.601	61.726.140
4 years and more	23.512.774	25.025.082
	406.334.317	339.762.727

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

As of June 30, 2020 and December 31, 2019, the maturity dates for lease payables are as follows:

	June 30, 2020	December 31, 2019
Less than 1 year	117.283.132	93.959.280
Between 1-5 years	233.373.635	116.220.534
More than 5 years	274.772.663	248.567.025
	625.429.430	458.746.839

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	June 30, 2020	December 31, 2019
Due from third parties	194.113.530	249.583.427
Less: Provision for doubtful receivables	(42.966.709)	(36.457.770)
Trade receivables from third parties (net)	151.146.821	213.125.657
Due from related parties (Note 25)	3.882.449	3.873.386
Total short-term trade receivables	155.029.270	216.999.043

Movements of provision for doubtful receivables is as follows:

	June 30, 2020	June 30, 2019
Opening balance	36.457.770	12.329.145
Additional provisions in current period	7.626.014	3.162.446
Foreign currency translation differences	607.537	225.821
Collections and cancelled provisions	(1.724.612)	-
Closing balance	42.966.709	15.717.412

Short-term trade payables

	June 30, 2020	December 31, 2019
Trade payables to third parties	114.616.663	98.608.967
Accrued liabilities	23.437.712	14.142.646
Total trade payables to third parties	138.054.375	112.751.613
Due to related parties (Note 25)	10.921.470	21.948.013
Total short-term trade payables	148.975.845	134.699.626

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Other short term receivables

	June 30, 2020	December 31, 2019
Receivables from tax office	16.556.032	7.306.028
Deposits and guarantees given (*)	20.482.144	36.150.657
Other short term receivables (**)	53.518.900	33.328.000
Other short-term receivables from non-related parties	90.557.076	76.784.685
Due from related parties (Note 25)	30.880.282	26.647.884
Total short-term other receivables	121.437.358	103.432.569

Other long term receivables

	June 30, 2020	December 31, 2019
Deposits and guarantees given (*)	56.887.518	36.475.166
Other long-term receivables from non-related parties	56.887.518	36.475.166
Due from related parties (Note 25)	79.040.525	81.497.007
Total long-term other receivables	135.928.043	117.972.173

(*) As of June 30, 2020, 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 43.235.924 (December 31, 2019: TL 27.144.908) and TL 31.320.272 (December 31, 2019: TL 41.951.946).

(**) Other short term receivables consist of Delhi Cargo's receivables from GMR Group amounting to INR 590.000.000.

Other short-term payables

	June 30, 2020	December 31, 2019
Other short-term payables (*)	19.366.712	15.532.722
Deposits and guarantees received	2.119.353	2.868.989
	21.486.065	18.401.711
Other payables to related parties (Note 25)	105.705.000	-
Total other short term payables	127.191.065	18.401.711

(*) As of June 30, 2020; TL 13.842.978 of other short-term payables (31 December 2019: TL 13.489.143) 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, 2020	December 31, 2019
Deposits and guarantees received	18.278.775	16.806.306
	18.278.775	16.806.306

NOTE 10 – INVENTORIES

	June 30, 2020	December 31, 2019
Trade goods	2.792.126	3.200.070
Other inventories (*)	15.689.090	13.324.664
	18.481.216	16.524.734

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

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended June 30, 2020 are as follows:

	Opening January 1, 2020	Additions	Disposals	Transfers	Foreign currency translation differences	Closing June 30, 2020
Cost						
Plant, machinery and equipment	421.874.528	32.964.749	(1.840.704)	(33.775)	16.052.979	469.017.777
Motor vehicles	109.354.697	76.658	(1.834.794)	470.229	8.137.810	116.204.600
Furniture and fixtures	55.331.330	2.961.070	(340.476)	377.222	901.558	59.230.704
Leasehold improvements	204.766.495	2.856.948	-	(94.147)	1.332.256	208.861.552
Construction in progress	6.941.410	(3.579.366)	-	(719.529)	474.462	3.116.977
	798.268.460	35.280.059	(4.015.974)	-	26.899.065	856.431.610
Accumulated depreciation						
Plant, machinery and equipment	(222.190.447)	(14.058.337)	1.518.945	-	(6.989.332)	(241.719.171)
Motor vehicles	(65.138.374)	(3.015.485)	2.387.661	-	(5.007.013)	(70.773.211)
Furniture and fixtures	(21.577.390)	(3.370.301)	7.708	-	(462.367)	(25.402.350)
Leasehold improvements	(32.203.167)	(5.955.431)	-	-	(772.981)	(38.931.579)
	(341.109.378)	(26.399.554)	3.914.314	-	(13.231.693)	(376.826.311)
Net book value	457.159.082					479.605.299

Depreciation expense for the period ended June 30, 2020 in the amount of TL 25.200.941 and TL 1.198.613 are respectively included in cost of sales and operating expenses.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the interim 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

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

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020**

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

NOTE 12 – RIGHT OF USE ASSETS

Movements in right of use assets for the period ended June 30, 2020 are as follows:

	Opening January 1, 2020	Additions	Foreign currency translation differences	Closing June 30, 2020
Cost				
Building and land	435.309.266	124.950.243	15.524.447	575.783.956
Machinery, plant and equipment	45.760.572	-	515.007	46.275.579
Vehicles	7.905.523	-	224.838	8.130.361
	488.975.361	124.950.243	16.264.292	630.189.896
Accumulated depreciation				
Building and land	(35.982.511)	(24.324.139)	(3.709.566)	(64.016.216)
Plant, machinery and equipment	(21.490.992)	(10.784.461)	(218.756)	(32.494.209)
Vehicles	(3.445.845)	(1.749.991)	(91.088)	(5.286.924)
	(60.919.348)	(36.858.591)	(4.019.410)	(101.797.349)
Net book value	428.056.013			528.392.547

Depreciation expense for the period ended June 30, 2020 in the amount of TL 36.858.591 is included in cost of sales.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020**

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

NOTE 12 – RIGHT OF USE ASSETS (Continued)

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

	Opening 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.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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

NOTE 13 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in intangible assets for the period ended June 30, 2020 are as follows:

	Opening January 1, 2020	Additions	Disposals	Transfers	Foreign currency translation differences	Closing June 30, 2020
Cost						
Rights	10.445.953	1.200	(56.920)	-	-	10.390.233
Software	31.148.869	190.106	(150.637)	-	1.623.525	32.811.863
Concession rights	191.789.236	1.989.131	-	-	17.088.286	210.866.653
Build-operate-transfer investments	160.438.380	10.648.488	(126.733)	(23.032.206)	13.732.007	161.659.936
	393.822.438	12.828.925	(334.290)	(23.032.206)	32.443.818	415.728.685
Accumulated depreciation						
Rights	(4.883.496)	(296.888)	56.920	-	-	(5.123.464)
Software	(19.200.403)	(1.118.920)	-	-	(992.840)	(21.312.163)
Concession rights	(76.938.820)	(5.699.612)	-	-	(7.046.542)	(89.684.974)
Build-operate-transfer investments	(68.300.220)	(4.214.689)	64.327	23.032.206	(5.310.997)	(54.729.373)
	(169.322.939)	(11.330.109)	121.247	23.032.206	(13.350.379)	(170.849.974)
Net book value	224.499.499					244.878.711

(*) TL 94.108.839 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 12.821.733 which is difference between discounted present value of deposit paid with interest rate, 10,82%, and the deposit amounting to INR 252.500.000 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.

Amortization expense for the period ended June 30, 2020 in the amount of TL 1.214.869 and TL 10.115.240 are included in operating expenses and cost of sales respectively.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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

NOTE 13 – INTANGIBLE ASSETS (Continued)

Other Intangible Assets (Continued)

Movements in other intangible assets for the period ended 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, 2020, 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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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 13 – INTANGIBLE ASSETS (Continued)**Goodwill**

Goodwill at June 30, 2020 and December 31, 2019 is as follows:

	June 30, 2020	December 31, 2019
Goodwill due to acquisition of CGHH	50.630.755	47.009.266
Goodwill due to acquisition of KSU	13.923.000	13.923.000
	64.553.755	60.932.159

Goodwill at June 30, 2020 is as follows:

	June 30, 2020	June 30, 2019
As of January 1	60.932.266	43.925.159
Goodwill due to acquisition of KSU	-	13.923.000
Foreign currency translation differences	3.621.489	3.411.209
Goodwill	64.553.755	61.259.368

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**a) Short term provisions****Other short-term provisions**

	June 30, 2020	December 31, 2019
Provision for litigation and obligation	6.630.750	6.782.526
	6.630.750	6.782.526

Movements of other short term provisions for the period January 1- June 30, 2020 are as follows:

	June 30, 2020	June 30, 2019
As of January 1	6.782.526	5.942.066
Addition during the year	1.027.003	2.594.771
Payments during the year	(747.236)	(394.799)
Reversal of provision	(544.596)	127.853
Currency translation differences	113.053	(1.487.365)
As of June 30	6.630.750	6.782.526

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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

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

a) Short term provisions (continued)

Short-term provision for employee benefits

	June 30, 2020	December 31, 2019
Provision for employee termination benefits (*)	10.959.835	9.056.853
Provision for unused vacation rights	8.697.806	7.939.669
	19.657.641	16.996.522

(*) 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, 2020	December 31, 2019
Provision for employee termination benefits	30.128.147	28.354.292
	30.128.147	28.354.292

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, 2020 consists of one month's salary limited to a maximum of TL 6.730,15 (31 December 2019: TL 6.379,86) for each year of service.

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

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

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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

b) Long-term provisions (Continued)

Long-term provision for employee benefits (Continued)

Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 7.117,17 which is effective from July 1, 2020 (January 1, 2020: TL 6.730,15) 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, 2020 and June 30, 2020 are as follows :

	June 30, 2020	June 30, 2019
As of January 1	37.411.145	33.429.403
Payments of provisions during the period	(5.865.968)	(6.378.849)
Actuarial (gain)/loss	338.984	-
Service cost of employee termination benefits	6.328.363	8.106.016
Interest cost of employee termination benefits	1.452.081	1.477.138
Currency translation differences	1.423.377	1.072.297
Balance at the end of the period	41.087.982	37.706.005

The provisions for unused vacation rights for the period between January 1, 2020 and June 30, 2020 are as follows :

	June 30, 2020	June 30, 2019
As of January 1	7.939.669	6.512.563
Payments of provisions during the period	(242.452)	(429.709)
Increase in unused vacation rights during the period	4.754.695	4.976.652
Usage of vacation rights during the year	(4.093.085)	(2.627.978)
Currency translation differences	338.979	185.654
Balance at the end of the period	8.697.806	8.617.182

c) Contingent assets and liabilities of the Group

Guarantees received	June 30, 2020	December 31, 2019
Guarantee letters	22.081.031	20.894.918
Guarantee cheques	5.686.569	1.660.231
Guarantee notes	1.884.278	1.554.302
	29.651.878	24.109.451
Guarantees given	June 30, 2020	December 31, 2019
Guarantee letters	180.029.968	228.155.587
Collaterals (*)	211.766.923	194.493.126
Pledged shares (*)	39.040.858	35.860.261
	430.837.749	458.508.974

(*) Collaterals and pledged shares amounting to TL 250.807.781 consist of collaterals given to the Group's subsidiaries and joint ventures (December 31, 2019: TL 230.353.387) (Note 25).

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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, 2020 are as follows:

As of June 30, 2020, the Group has contingent liabilities amounting to TL 28.015.469 (December 31, 2019: TL 25.733.093) 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, 2020 and December 31, 2019 are as follows:

		June 30, 2020		December 31, 2019	
CPGM given by the Group		TL		TL	
		Amount	Equivalent	Amount	Equivalent
A. CPGM given on behalf of the Group's legal personality		176.803.843		221.667.725	
	TL	18.610.581	18.610.581	20.764.450	20.764.450
	EUR	7.991.786	61.602.285	8.196.902	54.514.316
	USD	2.210.500	15.124.683	2.210.500	13.130.812
	INR	778.482.252	70.616.125	1.478.482.252	123.187.141
	HUF	500.700.000	10.850.169	500.547.000	10.071.006
B. CPGM given on behalf of fully consolidated subsidiaries		254.033.906		236.841.250	
	EUR	50.000	385.410	50.000	332.530
	USD	471.504	3.226.125	1.092.196	6.487.863
	INR	2.760.692.000	250.422.371	2.760.692.000	230.020.857
C. CPGM given for continuation of its economic activities on behalf of third parties				-	-
D. Total amount of other CPGM				-	-
		430.837.749		458.508.975	

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NOTE 15 - OTHER ASSETS AND LIABILITIES**Other Current Assets**

	June 30, 2020	December 31, 2019
Deferred VAT	12.571.968	15.995.317
Advances given to personnel	378.625	393.864
	12.950.593	16.389.181

Other Non-Current Assets

	June 30, 2020	December 31, 2019
Prepaid taxes and funds (*)	23.890.001	21.869.317
Other	5.150	4.995
	23.895.151	21.874.312

(*) 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 14.365.194 (December 31, 2019: TL 12.913.213) and TL 9.506.793 (December 31, 2019: TL 8.956.104) .

Other Current Liabilities

	June 30, 2020	December 31, 2019
Taxes and funds payable	8.436.827	7.500.525
Maintenance obligation liability	915.396	840.821
Other	16.480	519.324
	9.368.703	8.860.670

Other Non-Current Liabilities

	June 30, 2020	December 31, 2019
Maintenance obligation liability	64.782.326	55.204.459
Deferred income from insurance compensation	15.578	-
	64.797.904	55.204.459

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

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

	June 30, 2020	December 31, 2019
Advances given	17.481.961	13.899.063
Prepaid expenses	13.830.133	15.603.148
	31.312.094	29.502.211

Long Term Prepaid Expenses

	June 30, 2020	December 31, 2019
Prepaid expenses	3.568.865	7.485.435
Advances given for fixed assets	3.364.113	12.552.800
	6.932.978	20.038.235

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

	June 30, 2020	December 31, 2019
Advances received	21.210.276	15.995.712
Deferred income	440.359	1.036.334
	21.650.635	17.032.046

NOTE 18 – LIABILITIES FOR EMPLOYEE BENEFITS

	June 30, 2020	December 31, 2019
Wages and salaries payable	13.828.638	28.708.503
Bonus payable accruals	20.678.009	19.749.811
Social security withholdings payable	11.699.040	5.528.193
	46.205.687	53.986.507

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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

NOTE 19 - EQUITY

Share Capital

As of June 30, 2020, 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, 2019: 2.430.000.000 shares).

At December 31, 2020 and 2019, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	June 30, 2020		December 31, 2019	
	Amount	Share %	Amount	Share%
Çelebi Havacılık Holding A.Ş. (ÇHH)	21.848.528	89,91	21.848.528	89,91
Other	2.451.472	10,09	2.451.472	10,09
	24.300.000	100,0	24.300.000	100,0

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, 2020, the amount of restricted reserves is TL 74.387.905 (December 31, 2019: TL 63.387.956 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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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 20 – REVENUE AND COST OF SALES

	January 1- June 30, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
Ground handling services	277.276.130	56.248.814	520.001.300	312.962.283
Revenue from cargo and warehouse services	365.352.983	190.575.341	310.391.639	168.529.277
Rental revenue not related to aviation	34.867.983	16.895.215	29.477.508	15.232.847
Revenue in the context of TFRIC 12	1.989.131	70.634	1.869.281	1.869.281
Less: Returns and discounts	(26.434.947)	(12.622.240)	(22.103.660)	(11.416.564)
Revenue	653.051.280	251.167.764	839.636.068	487.177.124
Cost of sales	(547.462.269)	(230.208.999)	(634.528.663)	(358.095.229)
Gross profit	105.589.011	20.958.765	205.107.405	129.081.895

NOTE 21 - FINANCIAL INCOME

	January 1- June 30, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
Foreign exchange gains	35.466.205	18.217.813	2.934.910	405.498
Interest income	9.541.851	5.802.327	6.366.457	2.782.573
Other financial income	2.848.744	1.424.830	6.691.207	5.006.556
	47.856.800	25.444.970	15.992.574	8.194.627

NOTE 22 - FINANCIAL EXPENSES

	January 1- June 30, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
Foreign exchange losses	(105.733.572)	(41.593.865)	(66.473.545)	(35.478.896)
Interest expenses	(22.146.372)	(13.121.377)	(17.790.741)	(9.330.190)
Financial expenses incurred within the scope of TFRS 16 (*)	(77.461.984)	(39.775.378)	(45.803.455)	(22.624.717)
Other financial expenses	(4.518.860)	(2.391.639)	(7.232.229)	(5.866.539)
	(209.860.788)	(96.882.259)	(137.299.970)	(73.300.342)

(*) Consists of expenses that are not realized within the scope of TFRS 16 and do not generate cash outflows.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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NOTE 23 - TAX ASSETS AND LIABILITIES

	June 30, 2020	December 31, 2019
Current period corporate tax provision	14.237.930	39.814.770
Less: prepaid corporate tax expense	(6.066.047)	(38.701.780)
Current tax liability - net (*)	8.171.883	1.112.990
Deferred tax assets	125.508.480	102.587.821
Deferred tax liabilities	(25.626.478)	(21.497.424)
Deferred tax assets net	99.882.002	81.090.397

(*) 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, 2019: 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.

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% (2019: 34,6%) for the fiscal year of 2020. 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 2020 (2019: 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, 2020 and 2019, tax expenses of the Group are as follows:

	January 1- June 30, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
- Current period corporate tax	(19.308.541)	(12.988.541)	(12.102.691)	(8.287.888)
- Deferred tax income	13.682.763	12.167.654	22.401.285	6.129.005
Current tax income (expense) - net	(5.625.778)	(1.703.137)	10.298.594	(2.158.883)

Deferred Taxes

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for deferred revenue asset and liabilities are 20% or 22%, 9% or 10%, 31,925% and 29,12% - 34,94% 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, 2020 and December 31, 2019 using the enacted tax rates are as follows:

	Total temporary differences		Deferred tax assets / (liabilities)	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Deferred tax assets				
Personnel bonus accrual	(1.143.626)	(8.820.516)	251.598	2.139.716
Accrued sales commissions	(21.495.333)	(16.284.769)	4.728.973	3.582.649
Provision for employment termination benefits	(23.711.734)	(27.383.829)	4.742.347	5.837.091
TFRS 16 adjustments	(97.741.912)	(40.602.474)	19.548.382	8.120.495
Provision for unused vacation rights	(5.028.005)	(5.488.641)	1.106.161	1.289.051
Provision for litigation and indemnity	(6.240.746)	(5.620.527)	1.372.964	1.236.516
Adjustments related to property plant and equipment and intangible assets	(121.624.588)	(90.167.381)	30.844.146	23.023.203
Investment incentives	(149.369.314)	(149.369.314)	32.861.249	32.861.249
Deferred tax asset calculated on unused accumulated losses	(61.408.160)	(52.982.680)	19.543.147	16.861.738
Other	(47.647.342)	(36.158.100)	10.509.513	7.636.113
Deferred tax assets			125.508.480	102.587.821

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Taxes (continued)

	Deferred tax base		Deferred tax assets / (liabilities)	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Deferred tax liabilities				
Adjustments related to property plant and equipment and intangible assets	137.671.513	110.734.573	(24.643.267)	(20.779.724)
Income accrual	2.818.638	1.514.675	(620.100)	(333.230)
Other	1.815.557	1.922.354	(363.111)	(384.470)
Deferred tax liabilities			(25.626.478)	(21.497.424)
Deferred tax assets, net			99.882.002	81.090.397

Deferred tax movement table is as follows:

	June 30, 2020	June 30, 2019
As of January 1,	81.090.397	92.662.869
Foreign currency translation differences	5.087.528	5.989.667
Deferred tax income / (expenses) for the current period	13.682.763	22.401.285
Defined benefit plans remeasurement losses / gains	21.314	-
Reversal of provision for operational leasing equalization	-	(53.838.645)
As of June 30	99.882.002	67.215.176

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 period.

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, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
Net profit / (loss) attributable to the parent company	(157.857.827)	(117.284.428)	30.775.754	23.432.955
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)	(0,063)	(0,047)	0,013	0,010

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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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, 2020	December 31, 2019
Çelebi Nas ⁽³⁾	1.921.948	1.419.418
Çelebi Havacılık Holding ⁽¹⁾	239.598	876.980
Celebi Ground Handling Services Austria ⁽²⁾	1.414.717	1.337.241
Other	306.186	239.747
	3.882.449	3.873.386

Other receivables from related parties

	June 30, 2020	December 31, 2019
Çelebi Havacılık Holding ^{(1) (*)}	109.920.807	108.144.891
	109.920.807	108.144.891

Payables to related parties

	June 30, 2020	December 31, 2019
Çelebi Nas ⁽³⁾	4.245.472	8.920.569
Çelebi Havacılık Holding ^{(1) (**)}	3.558.444	3.678.836
DASPL ⁽⁴⁾	2.128.488	1.582.792
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁵⁾	985.637	1.897.163
CGSA	-	5.865.231
Diğer	3.429	3.422
	10.921.470	21.948.013

Other payables to related parties

	June 30, 2020	December 31, 2019
Çelebi Havacılık Holding ^{(1) (***)}	95.041.057	-
Other ^{(5) (***)}	10.663.943	-
	105.705.000	-

- (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 a maturity dated on June 30, 2023 and interest rate with 3.95%. TL 30.880.282 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.

(***) The related amount consists of the company's debts to its shareholders in accordance with the dividend distribution decision for 2019. The dividend was decided to be paid in two installments amounting to TL 47.992.500 in August 31, 2020 and TL 57.712.500 in October 1, 2020.

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant Transactions with related parties

	January 1- June 30, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
Miscellaneous sales to related parties				
Çelebi Havacılık Holding ⁽¹⁾	2.619.325	1.340.455	297	297
Celebi Ground Handling Services Austria ⁽²⁾	-	-	1.200.400	1.195.313
Other	403.083	138.248	226.521	23.832
	3.022.408	1.478.703	1.427.218	1.219.442

	January 1- June 30, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
Employee and customer transportation expenses paid to related parties				
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁴⁾	354.926	83.561	9.435.126	6.437.187
Kamil Koç ⁽⁴⁾	-	-	3.783.616	2.263.120
	354.926	83.561	13.218.742	8.700.307

	January 1- June 30, 2020	April 1- June 30, 2020	January 1- June 30, 2019	April 1- June 30, 2019
Contribution to holding expenses (*)				
Çelebi Havacılık Holding ⁽¹⁾	38.938.622	17.541.650	43.097.403	21.700.431

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

	January 1 - June 30, 2020	April 1- June 30, 2020	January 1- June 30 2019	April 1- June 30, 2019
Other purchases from related parties (*)				
DASPL ⁽³⁾	5.090.801	1.252.672	4.663.984	2.620.324
Çelebi Havacılık Holding ^{(1) (*)}	1.659.502	921.780	2.870.732	1.774.661
Other	1.867.158	1.684.605	3.943.807	1.742.312
	8.617.461	3.859.057	11.478.523	6.137.297

(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, 2020 and December 31, 2019, collaterals given in favour of the subsidiaries and joint venture of the Group for the loans borrowed by them are as follow:

June 30, 2020	EUR	INR	Total TL
Celebi Nas ⁽¹⁾	-	94.392.000	8.562.298
Celebi Delhi Cargo ⁽²⁾	-	336.000.000	30.478.560
CASI ⁽³⁾	-	2.330.300.000	211.381.513
Celebi Cargo GmbH ⁽⁴⁾	50.000	-	385.410
	50.000	2.760.692.000	250.807.781

December 31, 2019	EUR	INR	Total TL
Celebi Nas ⁽¹⁾	-	94.392.000	7.864.741
Celebi Delhi Cargo ⁽²⁾	-	336.000.000	27.995.520
CASI ⁽³⁾	-	2.337.467.000	194.160.596
Celebi Cargo GmbH ⁽⁴⁾	50.000	-	332.530
	50.000	2.767.859.000	230.353.387

- (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, 2020, the risk of the cash loan in the respective bank is amounting INR 1.345.297.801.
- (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, 2020, the risk of the cash loan in the respective bank is amounting INR 632.484.096.
- (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, 2020, the risk of the cash loan in the respective bank is amounting to INR 758.529.088.
- (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, 2020	April 1- June 30, 2020	January 1 - June 30, 2019	April 1- June 30, 2019
Short-term employee benefits to key management	11.189.615	6.646.326	15.190.052	10.394.494

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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, 2020, 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 3.789.435 (2019: TL 4.864.629).

As of June 30, 2020, 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 80.151.081 (2019: TL 88.954.001).

As of June 30, 2020, other things being constant, if the TL was to appreciate/depreciate by 10% against the GBP, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 27.319 (2019: TL 528.637).

Foreign currency denominated assets and liabilities of the Group as of June 30, 2020 and December 31, 2019 are as follows:

	June 30, 2020	Decemeber 31, 2019
Assets denominated in foreign currency	469.168.353	404.309.071
Liabilities denominated in foreign currency (-)	(1.232.511.621)	(1.072.897.441)
Net balance sheet position (*)	(763.343.268)	(668.588.370)

(*) TL 435.888.905 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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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, 2020 and December 31, 2019:

June 30, 2020	TL Equivalent (Functional Currency)	USD	Euro	GBP
1. Trade Receivables	66.841.841	1.200.958	7.605.491	-
2. Monetary Financial Assets (Cash, Bank Accounts)	282.359.448	5.531.476	31.610.833	100.776
3. Other	40.926.541	446.276	4.912.687	600
4. Current Assets (1+2+3)	390.127.830	7.178.710	44.129.011	101.376
5. Other	79.040.523	-	10.254.083	-
6. Non-Current Assets (5)	79.040.523	-	10.254.083	-
7. Total Assets (4+6)	469.168.353	7.178.710	54.383.094	101.376
8. Trade Payables	51.449.561	1.314.586	5.507.102	600
9. Financial Liabilities	530.996.007	-	68.887.160	-
10. Other Monetary Liabilities	2.260.939	246.232	-	68.362
11. Current Liabilities (8+9+10)	584.706.507	1.560.818	74.394.262	68.962
12. Financial Liabilities	647.805.114	-	84.041.036	-
14. Non-Current Liabilities (12+13)	647.805.114	-	84.041.036	-
15. Total Liabilities (11+14)	1.232.511.621	1.560.818	158.435.298	68.962
16. Net Foreign Currency Asset / (Liability) Position (7-15)	(763.343.268)	5.617.892	(104.052.204)	32.414
17. Net Monetary Foreign Currency Asset / (Liability) Position (7-15)	(763.343.268)	5.617.892	(104.052.204)	32.414

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

June 30, 2019	TL Equivalent	USD	EUR	GBP
1. Trade Receivables	119.430.203	4.277.207	14.137.482	-
2. Monetary Financial Assets (Cash, Bank Accounts)	164.847.605	9.652.518	16.048.135	100.301
3. Other	38.534.259	115.584	5.690.865	-
4. Current Assets (1+2+3)	322.812.067	14.045.309	35.876.482	100.301
5. Other	81.497.004	-	12.254.083	-
6. Non-Current Assets (5)	81.497.004	-	12.254.083	-
7. Total Assets (4+6)	404.309.071	14.045.309	48.130.565	100.301
8. Trade Payables	36.244.739	1.045.158	4.516.328	-
9. Financial Liabilities	471.109.730	10.822	70.827.511	-
10. Other Monetary Liabilities	6.625.397	235.254	710.236	64.868
11. Short-Term Liabilities (8+9+10)	513.979.866	1.291.234	76.054.075	64.868
12. Financial Liabilities	558.917.575	-	84.040.173	-
14. Long-Term Liabilities (12+13)	558.917.575	-	84.040.173	-
15. Total Liabilities (11+14)	1.072.897.441	1.291.234	160.094.248	64.868
16. Net Foreign Currency Asset / (Liability) Position (7-15)	(668.588.370)	12.754.075	(111.963.683)	35.433
17. Net Monetary Foreign Currency Asset / (Liability) Position (7-15)	(668.588.370)	12.754.075	(111.963.683)	35.433

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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, 2020 and December 31, 2019 is as follows:

	June 30, 2020	December 31, 2019
Total financial liabilities	1.716.460.302	1.260.961.494
Less: Cash and cash equivalents	(522.672.519)	(208.942.627)
Less: Restricted cash	(7.325.408)	(57.747.115)
Net debt (*)	1.186.462.375	994.271.752
Shareholder's equity	373.443.135	572.436.964
Capital invested	1.559.905.510	1.566.708.716
Net debt / capital invested	0,76	0,63

(*) As of June 30, 2020, TL 625.429.430 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).

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2020

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

NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

Group's assets and liabilities measured fair value at June 30, 2020 and December 31, 2019 are as follows:

June 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	334.290	334.290

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	334.290	334.290

NOTE 28 – EVENTS AFTER BALANCE SHEET DATE

None.