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MESSAGE FROM THE BOARD OF DIRECTORS

Dear stakeholders,

Celebrating its 60th anniversary in 2018, Çelebi Ground Handling is the leader of its sector with its strategy-oriented organizational structure, quality service concept supported by sophisticated management systems and its ability to keep up with change.

Çelebi Ground Handling, founded 60 years ago with a broad vision and accurate foresight, is a respected participant of the national and international markets and competes on the same basis with the world's leading companies.

We have built our history, which is one full of successes, by working intensively, attaching importance to investing in new technologies and people, and by very closely monitoring our sector and global markets. We have achieved many firsts creating value for the Turkish economy, and have demonstrated the necessary flexibility when it comes to adapting to a changing world and the conditions in the country.

Rounding off a year of slowing growth rates in developed and developing countries

As a global player, Çelebi Ground Handling's operations are strongly affected by economic, geopolitical and sectoral developments both in Turkey and in the world. On this occasion, we would like to briefly touch on some of the key issues that stood out in the country and in the global economy.

After starting the year with positive expectations, 2018 turned out to be a year marked by the risk of escalating protectionist trade measures being used as a policy tool, especially in relations between the US and China and increasing geopolitical risks adversely affecting global economic activity, especially from the second half of the year. Growth rates in both developed and developing countries slowed at the same time. Nevertheless, although the global economy grew at a slightly slower pace than had been forecasted at the beginning of the year, according to the World Economic Outlook Report published by the IMF in January 2019, the world economy managed to maintain the growth rate of 3.7% which had been recorded in the previous year.

Although the Euro Zone maintained its previous year's growth performance in 2018, growth started to slow in the third quarter. In addition to uncertainty inherent in the Brexit process, anti-government protests in France and the budget dispute in Italy had a negative impact on the markets.

On the other hand, the trade war which escalated between the US and China in 2018, despite a temporary halt for negotiations, had a negative impact on the Chinese economy, which had earlier exhibited signs of recovery. Developments in global markets in the second half of the year precipitated significant losses in the value of currencies in some emerging markets, including Turkey. This took a toll on corporate balance sheets, with economic activity disrupted due to the tightening of financial conditions and increased resource costs.

In 2019, the policies to be taken by the central banks of developed countries along with global liquidity conditions will bear importance for Turkey and other developing countries. On the assumption that the gradual tightening in liquidity conditions continues, however, these central banks would be expected to broadly act in line with expectations - as such, no significant flows of hot money into emerging markets are envisaged, with 2019 expected to be a more moderate year.

An eventful and volatile year for Turkey both politically and financially

A series of events steered the markets in 2018, including Operation Olive Branch, the transition to the new Presidential system following the June 24 Presidential elections, downward revisions to the country's credit ratings and the banking sector, the resumption of sanctions against Iran, the CBRT's interest rate hike and the announcement of the program to tackle inflation following the unveiling of the New Economy Program.

After having posted a 7.4% rate of economic growth in the first quarter of 2018, the turbulence in domestic financial markets in August weakened confidence in the economy, and negatively affected consumption and investment demand. As a result, growth slowed to 1.8% in the third quarter of the year. The rate of economic growth slowed by 3% in the fourth quarter when compared to the same quarter of the previous year, and year-end economic growth came in at 2.6%. Gross Domestic Product, calculated according to the production method, stood at TL 3,701 billion, increasing by 19.1% at current prices in 2018 when compared to the previous year.

Higher inflation than the previous year

The upward movement in oil prices, the 37% increase in the value of the foreign currency basket against the TL and the high course of food prices led to a significant increase in inflation. Although the Consumer Price Index decreased by 0.40% compared to the previous month in December 2018, it increased by 20.30% compared to the same month of the previous year, and by 16.33% when compared to the twelve-month average. Among the main expenditure groups, the steepest increases were seen in goods and services (28.80%), food and non-alcoholic beverages (25.11%), housing (23.73%), and entertainment and cultural activities (20.86%).

On the other hand, the Domestic Producer Price Index decreased by 2.22% in December 2018 compared to the previous month but increased by 33.64% when compared to December 2017, while 27.01% higher when compared to twelve month rolling average.

Export coverage reaches 83.8%

According to foreign trade data announced by the Turkish Statistical Institute, both the foreign trade deficit and the current account deficit narrowed significantly in 2018. As of the end of the year, exports had increased by 7% to reach USD 168 billion while the slowdown in domestic demand and fall in the value of the Turkish Lira precipitated a decline in imports. Total imports decreased by 4.6% to USD 223 billion. The export coverage ratio increased to 83.8% in December 2018, which was 60% in December 2017.

The highest volume of exports in 2018 was made to Germany, followed by the United Kingdom, Italy and Iraq. Russia ranked first in imports, followed by Germany, China and the USA.

CBRT opts to maintain a tight monetary policy stance in 2019

The CBRT decided to maintain a tight monetary policy stance until there was a significant improvement in the inflation outlook, given the ongoing risks to price stability despite the partial recovery in recent months. The main factor that could play a role in monetary policy decisions would be the emergence of a downward trend in inflation that could be considered as permanent.

Under the guidance of the New Economic Program announced in September 2018 and in accordance with the soft landing scenario, there is a strong agreement between the market actors that higher quality growth will be achieved in 2019. It is thought that the balancing in the economy will continue in the first half of the year with a recovery to emerge thanks to the base effect and with the contribution of the tourism sector for the rest of the year.

Çelebi Ground Handling continued to work to achieve efficient and sustainable growth in 2018, a year dominated by economic and political tension around the world.

Rounding off its 60th year of operation in 2018, our Company once again successfully reflected its long-standing experience gained in its corporate history to its performance, with a strong set of operational and financial results.

At the end 2018, our Company's total assets amounted to TL 1,522 million and our shareholders' equity amounted to TL 353 million. In the same period, when our consolidated net turnover increased to TL 1,334 million, our consolidated gross profit amounted to TL 457 million with an increase of 70.24%, with a real operating profit of TL 276 million.

The results of our operational activities, which we adapt according to prevailing requirements, were in line with our targets. In the January-December 2018 period, we offered services to a total of 126,777 flights in Turkey. In the same period, we offered services for 98,797 tons of cargo tonnage under our cargo operations in Turkey.

Successful results from our foreign subsidiaries, too

Çelebi Airport Services India Private Limited, our subsidiary operating at the Indira Gandhi Airport in Delhi, India, started services at the Kochin station on 8 January 2018 and at the Bangalore station on 18 September 2018. With the addition of these stations to the portfolio, the number of flights served increased by 90% compared to 2017, to reach 28,524.

Celebi Delhi Cargo Terminal Management India Pvt. Ltd., our subsidiary providing cargo warehousing and handling services at Delhi International Indira Gandhi Airport, handled 523,009 tons of cargo in 2018.

MESSAGE FROM THE BOARD OF DIRECTORS

Celebi Nas, another subsidiary that operates at Chhatrapati Shivaji International Airport in Mumbai (Bombay) in India, serviced 23,743 flights in the January-December 2018 period.

Within the scope of its cargo/warehouse operations in the same airport, Celebi Ground Handling Hungary secured a 23% increase in the twelve months to end-December 2017, and provided service for a total of 79,863 tons. The main driver behind the higher amount of cargo handled was the increased amount of cargo carried by Air France, KLM and Silkway Airlines.

Offering air cargo storage and handling services in its storage/warehouse facilities at the International Frankfurt Airport's Cargo City, Celebi Cargo GmbH provided service for 144,295 tons as at year-end 2018, up by 10% year-on-year.

Çelebi Ground Handling will continue to implement its long-term business strategies in light of its 60 years of experience.

Our Company maintains its steady growth thanks to the support of its strong capital structure, its capability to accurately understand and respond to the needs of the market and its ability to manage risks correctly. Our main goal is to continue to provide added value to our country's economy by maintaining the respect and trust we have earned in national and international markets, in all market conditions.

On behalf of myself and our Board of Directors, I would like to extend my gratitude to all of our stakeholders who have stood shoulder to shoulder with us in our journey to reach our targets.

Very truly yours,

ÇELEBİ GROUND HANDLING INC.



Can Çelebioğlu
Chairman

BOARD OF DIRECTORS - 2018 ANNUAL REPORT

I- OVERVIEW

1. FIELD OF ACTIVITY

Çelebi Hava Servisi A.Ş. (Çelebi Ground Handling Inc., "the Company") was the first privately-owned ground handling services company in the Turkish aviation industry and has been in business since 1958. The Company carries out its activities under the Çelebi Holding A.Ş. organization. The Company is registered with the Capital Markets Board of Turkey (CMB) and its shares began trading in Borsa İstanbul (BIST) on November 18th, 1996. The Company's principal business activity consists of providing domestic and foreign airlines and air cargo companies with ground handling services (representation, traffic, ramp, cargo, flight operations, and similar services) and refueling services. The Company's operations take place in Turkey at total 30 stations located in Adana, Ankara, Antalya, Bingöl, Bodrum, Bursa Yenişehir, Çorlu, Dalaman, Diyarbakır, Erzurum, İstanbul, İzmir, Isparta, Kars, Kayseri, Malatya, Mardin, Samsun, Trabzon, Van, Denizli, Hatay, Kahramanmaraş, Erzincan, Balıkesir Edremit, Çanakkale, Iğdır, Kocaeli and Hakkari airports which are under the control of State Airports Authority ("DHMI") and in İstanbul Sabiha Gökçen Airport which is under the control of Airport Administration and Aviation Industries ("HEAŞ").

The Company is registered with the İstanbul Trade Registry (192002-139527). Its address of record is:

Çelebi Ground Handling Inc.

Anel İş Merkezi, Saray Mahallesi Site Yolu Sokak No: 5 Kat: 9 34768 Ümraniye/İstanbul, Turkey

The Company's website is located at the address www.celebihandling.com. The internet address for the Company's investor relations is www.celebiyatirimci.com.

2. BOARD OF DIRECTORS, AUDITORS, COMMITTEES AND SENIOR MANAGEMENT

The Company's Board of Directors is formed of the following members:

Name	Position	Independent Member or Not
Can Çelebioğlu	Chairman	Non-independent Member
İsak Antika	Vice Chairman	Non-independent Member
Canan Çelebioğlu	Board Member	Non-independent Member
Turgay Kuttaş	Board Member	Non-independent Member
Mehmet Murat Çavuşoğlu	Board Member	Non-independent Member
Mehmet Yağız Çekin	Board Member	Non-independent Member
Uğur Tefik Doğan	Board Member	Independent Member
Adil İlter Turan	Board Member	Independent Member

The members of the Board of Directors have been elected for one year at the Ordinary General Meeting convened on 19 April 2018 until the next Ordinary General Meeting.

According to the provisions of Corporate Governance Principles and the Company's articles of incorporation, Adil İlter Turan and Uğur Tefik Doğan, whose candidacy for independent membership on the Board of Directors has been deemed appropriate, have been elected as Independent Board Members to serve a term of office of 1 (one) year (for the period between the two Ordinary General Meetings).

The members of our Company's Board of Directors are nominated and elected from among individuals possessing the high level of knowledge and skills, the qualifications, specific experience and background in accordance with the Company's articles of incorporation. All our Board members have the capability to read and analyze financial statements and reports, as well as the necessary basic knowledge of legal regulations governing the Company in respect of its long-term acts and transactions, and have the means and commitment to participate in all Board of Directors meetings planned for the relevant fiscal year.

BOARD OF DIRECTORS - 2018 ANNUAL REPORT

According to "Article 8- Representing and Binding the Company" of the Company's articles of incorporation, the Company is administered and externally represented by the Board of Directors. Pursuant to Article 367 of the Turkish Commercial Code (TCC), the Board of Directors may delegate management, in part or in whole (excluding the Non-Delegable Duties and Powers of the Board of Directors as stipulated by Article 375 of the TCC), to one or more Board of Directors members or third parties. The Board of Directors may also delegate the power to represent, jointly or individually, to one or more senior executives of the Company who are not members of the Board under Article 370 of the TCC. The individuals with the power to represent and bind the Company and the ways they may do so are determined by the Board and duly registered and announced. In order for any documents issued by the Company or for any contracts that are entered into to be valid, they must be signed, below the Company's legal name, by an individual or by individuals authorized to do so by the Board of Directors. Pursuant to Article 1526 of the TCC, the transactions carried out by the Company may be done so with the secure electronic signatures of the individuals possessing the power to represent.

The authorities and responsibilities of our Company's Board members and managers are stated in signature circular IX setting down the powers to represent and bind the Company that was registered by the İstanbul Trade Registry on 18 August 2015 and announced as having been registered in issue 8890 of the Turkish Trade Registry Gazette dated 24 August 2015.

As per the assignment of duties among the Board Members elected at the Ordinary General Meeting of 19 April 2018, the Company's Board of Directors decided to elect Mr. Can Çelebioğlu as the Chairman and Mr. İsak Antika as Vice Chairman of the Board.

At the Ordinary General Meeting held on 19 April 2018, the shareholders having management control over the Company, members of the Board of Directors, senior executives and their spouses and relatives by blood and marriage unto the second degree have been authorized, as per Article 395 of the Turkish Commercial Code (TCC), to enter into transactions that are of a nature that might lead to conflict of interest with the Company or its subsidiaries, and deal with the Company on their own or others' behalf; no transactions took place within the scope of the said authorization granted during the reporting period.

Auditors

In a resolution passed on 28 March 2018, the Board of Directors voted to recommend the appointment of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Ernst & Young) as the Company's independent auditor to be charged with independently auditing the Company's consolidated financial statements for 2018 in compliance with Turkish Commercial Code and Capital Markets Board rules and regulations pertaining to the independent auditing of such statements prior to their public disclosure. At the annual general meeting of the Company held on 19 April 2018, a majority of shareholders approved the appointment of Ernst & Young as the Company's independent auditor.

Corporate Governance, Audit, and Early Detection of Risk Committees

Of those who were elected to seats on the Board of Directors at the 19 April 2018 annual general meeting of the Company, it has been decided at the Board of Directors meeting dated 20 April 2018, to elect Uğur Tevfik Doğan and İlter Turan as members of the Audit Committee, to elect Mehmet Yağız Çekin and Uğur Tevfik Doğan as members of the Corporate Governance Committee, and to elect our Company's Financial Affairs Director Deniz Bal, Turgay Kuttaş and Adil İlter Turan as members of the Risk Detection Committee, within the framework both of the applicable clause of Capital Markets Board Communiqué X:22 Concerning Independent Auditing Standards In Capital Markets and of the applicable provisions of Capital Markets Board Corporate Governance Communiqué II-17.1.

Senior Management

The names of the executives who served at the Company during 2018 are presented below:

Name	Title	Effective from	Joined the Company in
Osman Yılmaz	Chief Executive Officer	2016	1993
Deniz Bal	Financial Affairs Director	2013	2003
Dr. Selda Konukçu Köseoğlu	Commercial Director	2018	2018
Gökçen Dervişoğlu	Human Resources Director	2015	2015

Bekir Güneş, who has been serving as Sales & Marketing Director at our Company since 2014, has been assigned as Global Portfolio Management Director, and Dr. Selda Konukçu Köseoğlu replaced his position as Commercial Director responsible for Turkey & MEA Handling and Cargo Operations as of 3 August 2018.

Investor Relations Unit and Coordination of Corporate Governance Practices

Within the framework of our Company's efforts to achieve full compliance with the provisions of Article 11 of the Capital Markets Board's Corporate Governance Communiqué Serial II: 17-1 with the circular number 2014/04 and dated 03 January 2014 and to ensure their strict implementation:

- There is an Investor Relations Unit, which handles exercising of shareholding rights at our Company that is listed on the Borsa İstanbul (BIST). This unit reports to the Board of Directors and maintains communication between the Board of Directors and shareholders. In this context, Deniz Bal, who is the Company's Financial Affairs Director and who was entitled to receive a "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise License", served during the reporting period as the head of Investor Relations Unit. (Tel: +90-216-666 6767, e-mail: deniz.bal@celebiaviation.com)
- Tolga Akdoğan, a full-time employee of the Company who holds both "Advanced Capital Market Operations" and "Corporate Governance Rating Specialist" licenses, served as "Investor Relations Unit Employee" during the reporting period. (Tel: +90-216-666 6767, e-mail: tolga.akdogan@celebiaviation.com)
- Deniz Bal, who holds both "Advanced Capital Market Operations" and "Corporate Governance Rating Specialist" licenses and was serving in the capacity of Investor Relations Unit Manager, was charged during the reporting period with the additional duties of fulfilling obligations arising from capital market laws and regulations, of coordinating corporate governance practices, and of reporting on such matters to the Company's general manager.

Information on General Meetings

General meetings held during the reporting period	Date	% of shares in attendance	Meeting announcements and invitations
Ordinary General Meeting	19 April 2018	82.73%	Place, date, time and agenda of the Annual General Meeting were announced via: 1- Material event disclosure placed on the Public Disclosure Platform (KAP) on 28 March 2018 2- Announcements published in the 29 March 2018 issue of the Turkish Trade Registry Gazette no: 9547 and the Milliyet newspaper dated 29 March 2018 3- Announcement on the Company's website 4- Letters sent to registered shareholders 5- Announcement made through the Electronic General Meeting system

The Company's annual general meeting was held on 19 April 2018 during which the following resolutions were passed:

- The Board of Directors' annual report and the independent auditors' report are approved.
- The financial statements for the fiscal year 2017 are approved.
- The entirety of the TL 63,979,498.12 that descends as net current profit in the Company's consolidated financial statements dated 31 December 2017 will be distributed as indicated below;

In this framework, in compliance with CMB regulations pertaining to profit distribution and with respect to the period beginning on 1 January 2017 and ending on 31 December 2017:

- Shareholders who are resident corporate entities and shareholders who are non-resident corporate entities but earn dividends through a place of business or permanent representative based in Turkey will be paid a 315.00% cash dividend corresponding to TL 3.1500 gross (which is equal to TL net) for each share of stock with a nominal value of TL 1.00 that they hold;
- Other shareholders will be paid a 315.00% cash dividend corresponding to TL 3.1500 gross for each share of stock with a nominal value of TL 1.00 that they hold, which amount is equal to a 267.75% cash dividend corresponding to TL 2.6775 net for each share of stock with a nominal value of TL 1.00 that they hold, and that 26 April 2018 will be set as the dividend payment date.
- The members of the Board of Directors and the Company's statutory auditors are acquitted of their fiduciary responsibilities.
- Board of Directors members Can Çelebioğlu, İsak Antika, Canan Çelebioğlu, Mehmet Murat Çavuşoğlu, Mehmet Yağız Çekin, and Turgay Kuttaş, whose terms of office have expired, are elected to serve as board members for a period of one year (the period between two consecutive annual general meetings).
- Uğur Tefvik Doğan and Adil İter Turan are elected to serve as independent board members for a period of one year (the period between two consecutive annual general meetings).
- Independent board members are to be paid a monthly fee/honorarium of gross TL 6.000.00 but no such fees or honoraria are to be paid to board members other than the independent ones.
- Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi ("Ernst&Young") is designated as the independent audit firm ("Auditor") to carry out the independent audit of the financial statements for 2018 fiscal year and other activities falling under the arrangements in the said laws.
- An upper limit of TL 500,000.00 is set on charitable donations that are to be made by the Company during 2018 (1 January 2018-31 December 2018).
- Shareholders holding management control, the members of the Board of Directors, senior executives and their spouses and relatives by blood or marriage unto the second degree have been authorized, as per Article 395 of the Turkish Commercial Code no. 6102, to deal in transactions with the Company and its subsidiaries that might lead to conflict of interest, and to deal with the Company on their own or others' behalf.

Information was also provided to shareholders about;

- the guarantees, pledges, and mortgages granted and the revenues and benefits received by the Company to/from third parties during 2017 fiscal year,
- related-party transactions engaged in 2017 fiscal year, and
- TL 330,755.00 worth of charitable donations to various foundations, associations, professional chambers, and public agencies and organizations during the period beginning on 01 January 2017 and ending on 31 December 2017.

Participation in general meetings

The Ordinary General Meeting held on 19 April 2018 was attended by shareholders responding either in person or in proxy to invitations sent out, as well as by two members of the Company's Board of Directors, senior managers and Company's Investor Relations Unit personnel.

Entries in the shareholders' register

There is no period of time stipulated in the Company's articles of incorporation in which the holders of registered shares must have entries made in the shareholders' register in order to take part in general meetings. The provisions of the Turkish Commercial Law (TCC) governing such matters are complied with by the Company. Shares corresponding to more than 99% of our Company's capital have been duly registered as required by Capital Markets Board regulations. Shares belonging to our shareholders are retained in custody in the investor subaccounts of our Company as issuer and/or of brokerage concerns held by the Central Registry Agency.

Information announced to shareholders

With regard to the agenda of the Annual General Meeting on 19 April 2018, the Board of Directors membership candidate list, the Board of Directors' annual report for 2017 calendar year, the Company's remuneration policy, and the resolution for profit distribution for 2017 calendar year were all made available to shareholders and other stakeholders for their review through the Electronic General Meeting system and the Company's website on the date on which the general meeting was announced.

Shareholders' exercise of their right to ask questions at general meetings

The shareholders exercised their right to ask questions at the ordinary general meeting held on 19 April 2018, these questions were answered by the Company board members and executives that attended the meeting.

Motions made by shareholders at general meetings

During the Annual General Meeting on 19 April 2018, a total of 9 resolutions as listed below were made by shareholders, three of which were accepted unanimously and six were accepted by majority of votes:

- While the annual report of the Board of Directors was made available for shareholders to examine before the general meeting and handed out to those present at the meeting, and because the 'profit distribution' section of the annual report is also to be read during the discussion of item 6 on the agenda, the general meeting agrees that it would suffice to read the Independent Auditors' Report on the consolidated financial statements for the discussion of item 3 on the agenda.
- While the annual report of the Board of Directors was made available for shareholders to examine before the general meeting and handed out to those present at the meeting, the general meeting agrees that it would suffice to read the opinion section of the Independent Auditors' Report on the annual report of the Board of Directors for the discussion of item 4 on the agenda.
- While the balance sheet and income statement included in the annex to the annual report were made available for shareholders to examine before the general meeting and both were handed out to those present at the meeting, the general meeting agrees that a reading of the main headings of both balance sheet and income statement would suffice for the discussion of item 5 on the agenda.
- A decision is to be made for acquittal of the members of the Board of Directors who served during the reporting period.
- A decision is to be made for the acquittal of the auditors who served during the reporting period.
- The candidates designated to serve as members of the Board of Directors until the next ordinary general meeting are hereby elected; Mrs. Canan Çelebioğlu, Mr. Mehmet Murat Çavuşoğlu, Mr. Mehmet Yağız Çekin and Mr. Turgay Kuttaş are to be elected as board members representing Group A shareholders (Çelebi Havacılık Holding A.Ş.) and Mr. Can Çelebioğlu and Mr. İsak Antika as board members representing Group B shareholders.
- Uğur Tefrik Doğan and Adil İlter Turan are to be elected as independent Board members to serve until the next Annual General Meeting to be held to fill the seats of independent Board members, whose terms of office expired.
- Elected independent board members are to be paid remuneration, while board members elected to represent Group A and B shareholders shall not be paid any wages for this period.
- An upper limit of TL 500,000.00 is set on charitable donations that are to be made by the Company during 2017.

Action taken to facilitate participation in general meetings

To facilitate participation in general meetings, a material event disclosure concerning them is made as required by CMB regulations while invitations announcing the meetings are published within the framework of the provisions of TCC and the Company's articles of incorporation at least twenty-one days before the meeting date in the Turkish Trade Registry Gazette and one newspaper published in the place where our headquarters are located and announced in our Company's internet site. Media organizations are also contacted to have the meeting announced in the press and electronic media.

Availability of general meeting minutes for inspection by shareholders

After they have been registered in accordance with applicable laws, regulations, and administrative provisions, general meeting minutes are published in the Turkish Trade Registry Gazette and are always available for the inspection of stakeholders at our Company's headquarters and on its corporate website.

Presentation of information to shareholders regarding the amount and recipients of grants and donations during the reporting period under a dedicated agenda item in the general meeting

At the Ordinary General Meeting held on 19 April 2018, information has been presented to shareholders about the donations and grants made during the reporting period to various foundations, associations, chambers, public institutions and organizations amounting TL 330,755.00.

While there is no specific policy for donations and grants that is approved by the General Assembly of Shareholders, grants and donations are made subject to the provisions of Article 3.9 of the Company's articles of incorporation, which reads "Donations and grants may be made to social foundations, associations, universities and similar institutions and public institutions subject to the principles set forth in the CMB legislation, by providing information to the shareholders at the general meeting and by complying with the public disclosure obligation pursuant to the Capital Market Legislation."

Financial Rights Provided to the Members of the Governing Body and Senior Managers

The Company designated its consolidated senior management team as the members of the Board of Directors, the Chief Executive Officer and Directors. The breakdown of the benefits provided to senior managers is presented in the table below:

	1 January-31 December 2018	1 January-31 December 2017
Short-term benefits to senior managers	16,771,185	12,520,801
	16,771,185	12,520,801

3. NATURE AND VALUE OF ISSUED CAPITAL MARKET INSTRUMENTS

As of 31 December 2018, our Company's issued capital amounted to TL 24,300,000. Our Company's capital structure on 31 December 2018 and 31 December 2017 was as follows:

Shareholders	(%)	31 December 2018	(%)	31 December 2017
Çelebi Havacılık Holding A.Ş.	87.39	21,236,463	78.36	19,042,115
Others	12.61	3,063,537	21.64	5,257,885
	100.00	24,300,000	100.00	24,300,000

Ultimate Non-Corporate Controlling Shareholders

The names of our Company's ultimate non-corporate controlling shareholders, who have been identified, purged of all cross-shareholding interests, and their shareholding interests in the Company are presented below:

Shareholders	31 December 2018 (%)	31 December 2017 (%)
Zeus Aviation Services Investments B.V.	43.70	39.18
Can Çelebioğlu	15.29	19.59
Canan Çelebioğlu	15.29	19.59
Hana Investment Company WLL	7.08	-
Racer S.r.l.	3.54	-
57 Stars Global Opportunity Fund 3 (KIA), L.P.	2.49	-
Others	12.61	21.64
	100.00	100.00

The Company's articles of incorporation contain no provisions pertaining to special voting rights. However the shares representing the Company's issued capital are divided into three classes designated "A", "B", and "C" and only those who hold "A" and "B" shares are entitled to designate candidates for seats on the Company's Board of Directors and Board of Statutory Auditors.

Can Çelebioğlu ve Canan Çelebioğlu sold and transferred 1,940,250 Group A registered shares with a nominal value of TL 1,940,250, which they had separately held in Çelebi Havacılık Holding A.Ş., (Family Total 3,880,500 Group A shares) in the period between 1 January 2018 and 31 December 2018 to a company named Alpha Airport Services B.V., based in the Netherlands and where Can Çelebioğlu and Canan Çelebioğlu hold 50% of the shares and have management control, on 20 March 2018.

Our Company's main shareholder, Çelebi Havacılık Holding A.Ş., purchased a total of 2,194,348 shares from its shares traded on Borsa İstanbul (BIST) between 30 September 2018 and 31 December 2018. As of 31 December 2018, our Company's capital structure was as follows:

Shareholders	(%)	31 December 2018	(%)	31 December 2017
Çelebi Havacılık Holding A.Ş.	87.39	21,236,463	78.36	19,042,115
Others	12.61	3,063,537	21.64	5,257,885
	100.00	24,300,000	100.00	24,300,000

4. INFORMATION ON PERSONNEL

The average number of personnel employed by the Company as at 31 December 2018 is 4,030 (31 December 2017: 3,966 people). The average number of personnel, including the subcontractor personnel was 13,031 and 12,657 people on 31 December 2018 and 31 December 2017, respectively.

Average Number of Employees of the Group (Consolidated)	January-December 2018	January-December 2017
Çelebi Hava Servisi A.Ş. ("Company")	4,030	3,966
Celebi Ground Handling Hungary	713	631
Celebi Nas (India)	2,626	2,813
Celebi Delhi Cargo (India, including subcontractor personnel)	3,378	3,371
Celebi Delhi Ground Handling (India)	2,036	1,610
Celebi Cargo GmbH (Germany, including subcontractor personnel)	248	266
Total	13,031	12,657

5. INFORMATION ON THE EMPLOYEES AND THE HUMAN RESOURCES POLICY

Human Resources ("HR") Policy

In order to sustain the image and success of the Company, in the eyes of the society and the employees, the Human Resources Department monitors and develops all practices supported by the documentation and systems related to Human Resources, and the resulting human resources culture.

By supporting participation, teamwork, entrepreneurship, creativity and productivity, making our Company be preferred to work for in Turkey, and making it a big family with happy and loyal employees and to perpetuate this, form the basis of our Company's HR Policy.

The Station Managers are responsible for the dissemination of the HR policies, which were determined without discriminating language, religion, race, sect and gender with the participation of the Station Managers who are determined as our employee representatives, at the stations. The main responsibilities of these managers are to share the decisions taken with respect to the employees or the developments concerning the employees with the employees.

Not a single complaint has yet been received concerning discrimination and the company acts responsibly in protecting its personnel from any physical, psychological or emotionally cruel treatment.

Elements of the Human Resources Policies:

By supporting participation, teamwork, entrepreneurship, creativity and productivity, ensuring our Company is the preferred place to work in Turkey, making it a big family with happy and loyal employees, and ensuring its continuity.

Human Resources Systems:

- Selection and Placement
 - Selection Process
 - Orientation
- Performance Management
 - Target and Competency Management
 - Compensation
- Talent and Career Management
- Training
 - Coaching System
 - Career Planning
 - Personal Development Trainings
- Remuneration Management
- Organization Development Activities
 - Corporate culture, vision, mission
 - Employee loyalty and satisfaction practices
 - Regulatory Work
 - Organizational Work

Selection and Placement

Selection Process and Placement/Creating a candidate pool at the Group Companies

The main principle in selection and placement is to meet workforce needs in the most efficient and shortest time with the logic of "the right person for the right job". In this context, personnel needs are determined within the framework of the human resources plan determined in line with the Company's goals and strategies, and the profile required by the position is determined based on the job description and competencies. The Human Resources Department checks to see if there is a sufficient budget for the staff while requesting personnel. Staff planning should be done carefully by paying attention to efficiency. The Human Resources Department and department managers share the responsibility of select personnel who are in compliance with the mission and vision of the Company, who can fulfill the responsibilities required for the job, adapt to the working conditions, and who have the necessary competencies and the qualifications required for the position to at least at the minimum expected level. Part of our Human Resources policy is to prioritize all Company employees among the Company and Group companies in the work opportunities appropriate to their career development and potential.

The candidate pool in general;

The candidate pool in general consists of the potential candidates proposed by the Çelebi employees, candidates who apply directly by submitting a CV or by filling in a form, those candidates who apply by responding to an advertisement, applications collected in career days at universities, applications received from university preparation courses and educational institutions with which efforts have been taken to develop cooperation, or general applications made electronically online. In the selection of personnel, the order that is followed according to priorities is as follows:

- Employees who apply through internal announcements,
- Candidates recommended by Çelebi employees,
- Candidates who have previously applied through an advertisement or directly,
- Candidates who in response to an advertisement,
- Candidates who are referred to the organization by external consulting firms.

A new regulation on selection and placement of employees is in place and the Human Resources departments of associated companies execute all recruitment in compliance with the regulations.

For the selection of candidates, foreign language and general aptitude tests prepared by professional organizations, and assessment center applications are used. For all recruitments, candidate references are checked.

Orientation

Newly recruited employees are included in the orientation program in order to inform them of the Company mission, vision, principles and policies, and the working conditions of the Group Companies and their fields of activity.

Performance Management

Performance Appraisal

The performance appraisal system aims to provide the appropriate environment for the fulfillment of the objectives, which can identify and improve levels of competency, provide support for appointments, rotations and career planning, strengthen the communication between the subordinates and their superiors, improve the managerial competencies of our managers and to accelerate the flow of information that will be given to the management by all our staff with the feedback to be given.

Under our performance appraisal system, which aims to conduct an objective assessment based on the determined targets and competencies, the performance of all our white collar employees are assessed once a year. The performance assessments of those in Assistant Manager or higher positions are carried out on the basis of competence and target.

Performance Rewarding

According to the results of performance evaluation that is performed once in a year, employees who achieved outstanding success were rewarded within a certain proportion of their annual salary, as in previous years.

Talent and Career Management

The purpose of the Talent and Career Management activities is to provide a candidate pool at Çelebi for placing candidates in positions within Çelebi Ground Handling which match the expectations of employees with those of the Company. A total of 20 senior managers were trained for service in critical positions in ground handling services and cargo operations in Mumbai and Delhi in India and in Hungary, Frankfurt and Austria.

Within this context, in all our companies;

- Career maps are established in accordance with previously set up competency and qualification scales, and the training and rotations necessary for each career step are continuously monitored.
- A backup policy is developed for critical positions.
- The Talent Management process has been designed to ensure a more systematical career management function in the Head Office, Regions and stations, and Talent Committees have been created. These committees have the following general purpose;
- To provide realistic backup planning
- To assign the right employees for critical roles.
- To be able to assign, develop and follow high caliber employees
- To review and check the employee profile

Opportunities for promotion or rotation are offered to employees within internal assignment criteria. When there is a need for positions, these are first announced to Çelebi Ground Handling employees. Our employees are given priority in the evaluation process.

The proportion of managers who were promoted from within the company was 81.5% in 2018.

Training

Work on training and developing programs has been organized at different levels to identify where there is room for improvement in terms of enhancing the knowledge, skills and behavior of Çelebi's employees as required for their assignments, to develop and fulfill their potential and advance it further and to prepare all employees for the responsibilities of future. For supervisor positions, which are the first stage of management and for Supervisor candidates, the "New Manager Program" has been put into operation. This program includes Management Skills Training and intra-corporate department presentations.

With the mandatory trainings determined by the Civil Aviation General Directorate (CAGD), the Human Resources Directorate annually plans the personal and professional development trainings, which are determined in line with needs. The personal and professional development trainings are identified and included in the plan as a result of the Performance Appraisal and Talent Management Project conducted annually throughout the Company.

A total of 14.21 training days were provided to each employee on average between January-December 2018. This compares with the 13.14 days of training per employee provided in 2017.

All training reports can be accessed over the SAP system. The Human Resources department cyclically prepares the training budget planning and reporting based on these records.

Our station employees are able to access all training documentation, technical training modules, exams, company instructions and procedures, and regulations over the E-forms.

All operational technical training is provided by internal trainers. All documents, training modules and exams used in the training are updated every 2 years under the revisions carried out with internal trainers, and this is announced.

Support is obtained from the training and consulting companies for personal and professional development trainings. (Presentation Techniques, Team Work, Management Skills Development etc.)

For the mandatory refresher trainings included in the Training Instruction of the Civil Aviation General Directorate, the e-learning project works that will provide remote access were completed in 2017. A total of 7 training modules, including Ramp Safety and Apron Rules Refresher Training, Passenger Services Refresher Training, Travel Documents Refresher Training, Driving on the PAT Areas Refresher Training, Transfer of Disabled Passengers Refresher Training, Pushback-Head Set Refresher Training and Ramp Equipment Operation Refresher Training were included in the distance-learning program, and they were put into use following approval from the Civil Aviation General Directorate.

Our Company's employees have actively used the Çelebi distance-school application with great interest. Work on the development of the application is ongoing continuously.

Remuneration Management

In line with the Company's vision and goals, the Çelebi Ground Handling remuneration system was established based on the prevailing market conditions and the developments in the aviation sector, and a remuneration scale was created to ensure the Company's internal consistency and reflect these conditions. In short, the pay should be the same for any two people working on the same task and the value of their work is the same if it does not differ from each other in terms of content, time, source, position profile etc., even if their personal traits and skills may be different.

The Head Office remuneration scale is periodically compared with data received from market remuneration survey companies, and the scale is established in a way to include the results in these surveys. When determining the pay of senior managers, who are included in the Head Office remuneration scale, these criteria are taken as a basis.

Remuneration is determined according to the titles in the organizational structure, but based on a tariff linked to station sizes and limited seniority. It is updated every year by market surveys.

The results of the regularly conducted performance assessments affect the pay rises and year-end bonuses.

In addition to the current base salary, a foreign language allowance is given for personnel who pass the examinations applied for positions that require knowledge of a foreign language. In addition to the foreign language allowance, personnel working as drivers are paid a vehicle bonus depending on the type of vehicle they use.

Organizational Development Activities

Employee Satisfaction Applications

The action plans that are created with the participation of a wide range of employees in order to increase employee satisfaction continued as an important project process under the leadership of the consultant company. The Employee Loyalty and Satisfaction survey is repeated every year and the loyalty score for 2018 was 35%.

Regulation Work

In addition to the HR and Training Regulations established and used, regulations on operational and other issues continue to be created and revised with the projects that will be carried out jointly for the issues needed.

Organization Work

The Company ensures that the organizational structures are rendered effective and standardized in accordance with the requirements, and organizational changes are monitored and published. Work on determining hierarchical levels and revising the roles according to the prevailing conditions are the primary issues of the HR policies.

Communication

With the aim of creating participative management and a secure working place for employees and to meet the requirements, personnel are informed of the Company's financial status, wages, career opportunities, training programs, health policies through meetings held and every opportunity is taken to send such messages. The suggestions, complaints, opinions and comments received from employees serves as a starting point for the required work.

Occupational Safety

Our Company has a management system that provides a secure and healthy work place for its employees and which uses risk evaluation to determine the risks and dangers employees may face, and which takes precautions, develops activities to reduce these dangers and risks in line with the requirements set out in labor law. The system's OHS performance is continuously tracked where OHS aims are put into practice with management programs. Furthermore, our 30 stations and the Head Office hold the OHSAS 18001 certification.

Social Activities & Internal Communication

The Çelebi anniversary and seniority ceremonies, which are held at the Head Office and all our stations in honor of employees completing 5 years of service - and for each 5 years of subsequent service - continued to be organized at the Head Office and our stations in 2018.

II- FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR MANAGEMENT

At the annual general meeting of the Company held on 19 April 2018, shareholders approved the payment of a monthly honorarium of TL 6,000 to the independent members of the Company's board and also voted not to pay any other honoraria to board members who are elected to represent Class A and Class B shareholders. Payments were made to the Company's independent directors in 2018 pursuant to this resolution.

No member of the Board of Directors has any outstanding obligations towards the Company that were carried forward from 2017. No member of the Board of Directors was given a loan or paid an advance by the Company in 2018.

No member of the Company management has any outstanding obligations towards the Company that were carried forward from 2017. As of 31 December 2017, the Company was owed TL 70,000 in salary advances by its managers and this amount was paid in full within the January-December period.

There are no loans made by the Company to its Board members or managers whose terms have been extended or otherwise improved; no sums have been lent to them as personal loans through third parties; neither have they been granted any form of surety such as guarantees etc. on their behalf.

III - THE COMPANY'S ACTIVITIES AND MATERIAL DEVELOPMENTS IN ACTIVITIES

6. THE RELEVANT SECTOR, 2018 ACTIVITIES AND PERFORMANCE

Civil Aviation Industry

In the world...

Figures for global passenger traffic pertaining to the end of 2018 indicate that demand (transported passenger-km or Revenue Passenger Kilometers, or RPK, increased by 6.5% compared to 2017. Despite a slowdown in growth compared to the 8% growth in 2017, the growth achieved exceeded the trend level. While capacity rose by 6.1%, the load factor stood at 81.9%, up 0.3 of a percentage point compared to 2017.

High passenger demand figures were observed in 2018 as the aviation industry continued to support the global economy. Expectations for 2019 are similar, although growth - which slowed in the second half of 2018 due to reasons such as Brexit and trade disputes between the US and China - has lowered expectations, raising the prospect of some uncertainty.

Air cargo volume (Freight Ton Kilometers, or FTK), carried for the global air transport markets on the basis of tones/kilometer increased by 3.5% in 2018 compared to 2017.

Available Freight Ton Kilometer (AFTK) increased by 5.4% in 2018 and exceeded the annual growth rate.

The following factors may have had an impact on these figures:

- International e-commerce volume grew in 2018,
- Global economic activity weakened,
- The inventory renewal cycle, which aims to be able to respond quickly to demand,
- Consumer confidence weakened when compared to the first months of 2018.

When the international passenger transport traffic is analyzed by region;

In general, demand (RPK) increased by 6.3% in 2018 compared to 2017, but lagged behind the 8.6% growth in 2017. Total capacity increased by 5.7%; the load factor increased by 0.4% to reach 80.2%. Demand figures increased on a year-on-year basis in all regions, especially in the Asia-Pacific region. On the other hand, only the North America and Africa region realized higher demand growth compared to the previous year.

Traffic of the Asian-Pacific airlines increased by 7.3% in 2018 when compared to 2017 on the back of strong regional economic expansion and a wider range of route options for travelers. Although the 10.5% growth rate in 2017 remained unbeaten, it was still a higher rate of growth than for all regions for a second consecutive year. Capacity increased by 6.4% and the passenger load factor increased by 0.7 percentage points to 80.6%.

International passenger traffic on European carriers increased by 6.6% in 2018 compared to the previous year, but lagged behind the 9.4% growth recorded in the previous year. Capacity increased by 5.9% with the load factor up by 0.6 of a percentage point to 85%, the highest for all regions. The seasonally adjusted trend indicates a degree of decline in recent months due to traffic growth, economic grounds and the uncertainty over Brexit.

Passenger traffic figures of Middle Eastern carriers increased by 4.2% compared to the previous year, but remained below the 6.9% increase in 2017. Thus, the region achieved a moderate increase for two consecutive years. Capacity increased by 5.2%, with a 0.7 percentage point decline in the load factor to 74.7%. The main reason for this decline was the impact of political tensions in the region, including travel restrictions and a temporary ban on large portable electronic devices.

The North American airlines have achieved the fastest demand growth since 2011, with 5% growth over the previous year and exceeding the 4.7% growth recorded in 2017. Capacity increased by 3.7%, with the load factor increasing by 1 percentage point to 82.6%, the second highest score among the regions.

While the traffic of Latin American airlines increased by 6.9% in 2018, it decreased in comparison with the annual growth rate of 8.8% in 2017. Capacity increased by 7.7%, the load factor decreased by 0.6% and stood at 81.8%. The traffic was influenced by political and economic developments in some of the other key economies in the region, as well as general strikes which occurred in Brazil in the middle of the year.

Finally, demand in Africa increased by as much as 6.5%, outperforming the 2017 growth figure of 6% growth. Capacity increased by 4.4%, with the load factor up by 1.4 percentage points to 71%.

When we look at cargo transport by regions:

Asia-Pacific region showed a 1.7% growth year-on-year. Additionally, capacity went up 5%.

In the North America region, annual cargo growth figure increased by 6.8% in line with the increase in capacity. The fact that the US economy became stronger through the sanctions it imposed on other countries has enabled consumer spending to support these growth figures.

Annual cargo demand growth in Europe increased by 3.2% and capacity increased by 4.3%. The weakening of production conditions for exporters affected the demand increase figure, especially in Germany, in 2018.

The annual demand growth of the Middle Eastern carriers increased by 3.9%, while capacity increased by 6.2%. The effect of geopolitical events in the region continues to be seen.

The capacity of African carriers decreased by 1.3% compared to the previous year, while capacity increased by 1%.

In Turkey...

According to provisional results domestic line commercial aircraft traffic increased by 5.5% in the January-September 2018 period in Turkey compared to the same period of the previous year, and international commercial aircraft traffic increased by 12.3%. Based on these results, total commercial aircraft traffic increased by 8.6%. The key drivers behind this increase were the recovery in the tourism sector and easing in political tensions.

2018 Activities and Performance

A total of 126,777 flights were serviced by the Company in the Turkish market in 2018, corresponding to a 3.99% year-on-year decrease over the 2017 figure of 132,046 flights.

Our subsidiary, Çelebi Airport Services India Private Limited (formerly known as Çelebi Ground Handling Delhi Private Limited), which started to provide services at the Indira Gandhi International Airport in Delhi, India from June 2010, served 15,046 flights at the Delhi and Ahmedabad airports in the January-December 2017 period. In addition, with the initiation of services at the Kochin and Bangalore stations in the January-December 2018 period, it provided services to 28,524 flights, marking a 90% increase when compared to the previous year. Services have been provided at the Kochin station since 8 January 2018, and at the Bangalore station since 18 September 2018.

Our Celebi Delhi Cargo Terminal Management India Pvt. Ltd subsidiary has been providing cargo warehousing and handling services in 77,000 m² of space at Delhi International Indira Gandhi Airport since November 2009. While the company had handled 522,322 tons of cargo in 2017, the same went up by 0.1% to 523,009 tons in 2018.

Celebi NAS, another subsidiary that began services at Chhatrapati Shivaji International Airport in Mumbai (Bombay) in July 2009, serviced 25,743 flights during 2017 and 23,743 flights during 2018.

Çelebi Ground Handling's first international subsidiary, Celebi Ground Handling Hungary served a total of 24,684 flights in 2018, up 13% as compared with 21,912 flights serviced in 2017. The main reason behind this rise is the increased number of flights by Ryanair.

Celebi Ground Handling Hungary started cargo handling operations in January 2011 in its new warehouse located outside the airport. While the company had provided service for a total of 64,672 tons during 2017, the same rose by 23% to 79,863 tons in 2018. The rise in the cargo quantity was driven mainly by the restarted cargo flights by Air France, KLM, Qatar Airways and Silkway Airlines.

Celebi Cargo GmbH entered operation in 2011 to offer air cargo storage and handling services in its storage facilities at the International Frankfurt Airport's "Cargo City Süd". Having handled 131,224 tons of cargo in 2017, that figure went up by 10% to 144,295 tons in 2018.

The Group's consolidated gross profit for 2018 was up by 70.24% to TL 457,100,932 (2017: TL 268,496,164). In 2018, the Company posted an operating profit of TL 275,930,515 (2016 operating profit: TL 148,362,023).

As of 31 December 2018, the total amount set aside for legal and compensation provisions of our Company was TL 5,942,066 (31 December 2017: TL 5,173,420). There was no legal action or demands for compensation against the Company during the period which would significantly affect the Company's financial status or activities.

7. DEVELOPMENTS IN INVESTMENTS; INVESTMENT INCENTIVES USED

Tangible fixed asset investments realized by the Group during the year ended on 31 December 2018 amounted to TL 204,586,286 (31 December 2017: TL 19,610,527). 16% of this amount consisted of investments in machinery, 76% in investments in progress equipment and appliances, 9% in leasehold improvements, 5% in vehicles, and 1% in fixtures.

Total consolidated investment outlays of the Group in tangible and intangible assets as of 31 December 2018 were worth TL 226,921,893. (2017: TL 44,678,508).

Our Company holds the Large Scale Investments incentive certificate obtained from the Ministry of the Economy, the General Directorate of Incentive Implementation and Foreign Investment based on the buildings, facilities, machinery and equipment investments that our Company undertook at the Istanbul Airport. The total amount of investment undertaken by our Company under this incentive certificate until 31 December 2018 stood at TL 146,194,959, and the tax deduction obtained in the relevant period stood at TL 12,323,943.61.

8. DIRECT OR INDIRECT ASSOCIATES OF THE COMPANY AND INFORMATION ON SHAREHOLDING THEREIN

The Company holds a 94.8% stake in Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. ("Çelebi Security"), a joint stock company engaged in airport terminal security and providing security service to airlines. The liquidation process has been initiated for Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. in accordance with the decision of its General Assembly and the company's title has been changed into Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. in Liquidation.

The Company has been awarded the contract for the acquisition of the shares in Budapest Airport Handling Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság ("BAGH"), a company which has been providing ground handling service at Budapest Airport, and participated as the founding partner in Celebi Tanácsadó Korlátolt Felelősségű Társaság ("Celebi Kft"), which has been incorporated on 22 September 2006 to perform the said share transfer. On 26 October 2006, Celebi Kft acquired the shares in BAGH in their entirety and the company name of BAGH was changed to Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH").

Celebi Kft has been taken over by CGHH, in which the Company held 70% stake, together with all of its assets and liabilities, and merged with CGHH on 31 October 2007 under the provisions of the applicable legislation in Hungary. In 2011, shares representing 30% of CGHH's capital have been acquired from Celebi Ground Handling for an amount of TL 33,712,020, bringing the Company's share in CGHH to 100%.

As at 31 December 2018, the paid in capital of CGHH is HUF 200,000,000.

As a result of the tender put out for the performance of ground handling services for a period of 10 years at the Mumbai Chhatrapati Shivaji International Airport in India, which has been contracted out to a consortium that also included the Company, a company with the name "Celebi Nas Airport Services India Private Limited ("Celebi Nas") and based in the Maharashtra state in Mumbai has been incorporated on 12 December 2008 to provide ground handling services at the said airport. Celebi Nas has a capital of INR 100,000,000, in which the Company controls 57% stake as a founding partner. The paid-in capital of Celebi Nas is INR 552,000,000. Besides, INR 228,000,000 has been paid as advance capital by the shareholders in Celebi Nas. Although the Group holds a 57% stake in Celebi Nas, the relevant investment is a partnership subject to joint management in line with the terms of the contract. It is accounted for under the equity method in the interim period condensed consolidated financial statements of the Group. On 8 April 2015, Celebi Nas signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the Chhatrapati Shivaji International Airport ("CSIA") residing in Mumbai where Celebi Nas operates, concerning the rendering of services regarding air conditioners and generators mounted on passenger boarding bridges in the passenger terminal of that airport. Under the contract, Celebi Nas has been granted the concession rights until May 2036. In addition, the ten (10) year ground handling concession of Celebi Nas for carrying out ground handling services at the CSIA international airport since 2009 shall expire on 31 December 2019. Celebi Nas participated in the tender opened by the MIAL company, the international airport operator of CSIA, to extend the concession that it holds from 1 January 2020 to 31 December 2029 for 10 (ten) years. The bid was submitted to MIAL on 29 January 2018. The concession contract between Celebi Nas and the tender authority MIAL was signed on 19 May 2018. Thus, Celebi Nas, a subsidiary of Celebi, will continue to provide ground handling services for a period of 10 (ten) years from 1 January 2020 to 31 December 2029 following the expiry of the current concession period on 31 December 2019 at the CSIA airport in Mumbai, India.

The Company established Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo") with an initial capital of INR 100,000, in which it controls a 74% share as a founding partner and which will be engaged in the brownfield development, modernization and financing of the existing cargo terminal in the airport in New Delhi, India, and in its operation for a period of 25 years. The paid-in capital of Celebi Delhi Cargo as of 31 December 2018 is INR 1,120,000,000.

Upon winning the contract for the execution of airport ground handling services for a period of 10 years at the Delhi International Airport, a total of INR 1,380,897,000 has been paid in premium share capital to fulfill the funding need of Celebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), the Company's 74%-owned subsidiary founded on 18 November 2009 with a paid-in capital of INR 23,890,000, through premium capital increase as per the governing legislation in India in order to fulfill the obligations arising from the Concession Agreement concluded with the tender authority and to ensure realization of planned investments. Through the acquisition of 25.9% of shares in Celebi GH Delhi on 22 May 2017, the Company's share in Celebi GH Delhi's capital reached 99.9%. Celebi GH Delhi executed a concession agreement for a total period of 7 years, including a potential 2-year extension on a definitive 5-year period, to provide ground handling service at Cochin International Airport in India. On 15 March 2018, the company's name was changed as Celebi Airport Services India Private Limited ("CASI").

Celebi GH Delhi, a subsidiary of the Group, participated in DASPL by acquiring 16.66% stake in the company. DASPL resides in New Delhi, India, has a paid-in capital of INR 250,000,000 and was set up to ensure execution of air conditioning units installed on passenger bridges in the airport's passenger terminal, generator and utility water services in compliance with international standards. On 14 November 2016, Celebi GH Delhi acquired an additional 8.33% share in DASPL, and the Group's shareholding interest in DASPL rose to 24.9%. The Group began to recognize DASPL in its consolidated financial statements by equity method.

On 25 March 2010, the Company participated as the founding partner with 100% stake in the capital of the company set up with the company name Celebi Ground Handling Europe SL ("Celebi Europe") with a capital of EUR 10,000 in Madrid, Spain, for the purpose of undertaking an overseas venture in the EU countries. Currently, Celebi Spain is not operational.

Çelebi Cargo is engaged in air cargo storage and handling at the storage/warehouse facility in Frankfurt Cargo City Süd located in Frankfurt International Airport. Çelebi Cargo rented the facility from Celebi Cargo GmbH ("Celebi Cargo"). Residing in Frankfurt, Germany, Celebi Cargo GmbH is a wholly owned subsidiary of the Company founded in November 2009, and has a paid-in capital of EUR 32,100,000. The capital of Celebi Cargo is TL 114,000,000 as of 31 December 2018, which is fully paid-in.

9. INFORMATION ABOUT FINANCIAL STATEMENTS AND REPORTS

The summary consolidated financial statements of the Group are issued in compliance with the Capital Markets Board of Turkey (CMB) Communiqué Serial: II, No: 14.1 on Principles of Financial Reporting in the Capital Markets, which is published in the Official Gazette no. 28676 and dated 13 June 2013. In accordance with Article 5 of the communiqué, the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) released by the Public Oversight Accounting and Auditing Standards Authority (KGK) and the related annexes and comments were taken as a basis in the publication of the consolidated financial statements.

The summary interim consolidated financial statements of the Group do not include all of the explanations and notes that year-end financial statements are required to cover, and thus, they should be taken into consideration together with the Group's consolidated financial statements dated 31 December 2017.

By a decision it has adopted on 17 March 2005, the CMB announced that publicly-floated companies operating in Turkey are not obliged to implement inflation accounting effective 1 January 2005. The Company prepared its consolidated financial statements in accordance with this decision.

When keeping their accounting records and preparing their mandatory financial statements, the Group and the Group companies located in Turkey conform to the principles and conditions set forth by KGK, as well as the Turkish Commercial Code (TCC), tax legislation, and the requirements of the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance (Ministry of Finance). The accounting records and financial statements of the subsidiaries, joint venture and associate operating in foreign countries, on the other hand, have been drawn up in accordance with the laws and regulations applicable in the countries where they are active. Consolidated financial statements for the interim periods are based on the statutory records of the Company, its subsidiaries, JV and associate, and have been issued to incorporate the required adjustments and reclassifications for the purpose of fair presentation pursuant to the Turkish Financial Reporting Standards. Assets and liabilities of consolidated foreign partnerships have been translated into Turkish lira using the exchange rate on the date of the consolidated financial condition statement, whereas income and expenses have been translated using the average exchange rate. Exchange differences resulting from the closing and the use of average exchange rate are followed up under the FC translation differences account under shareholders' equity.

These consolidated financial statements drawn up in accordance with the Turkish Financial Reporting Standards have been issued in Turkish lira on the basis of historic cost principle, apart from the valuations resulting from the differences between the financial assets and liabilities shown at their fair values and book value versus fair value of fixed assets that arise during business combinations.

The Companies Incorporated into Consolidation

The Company's consolidated financial statements for the period ending 31 December 2018 include the results of the Company, Celebi Nas, CGHH, Çelebi Security in Liquidation, Celebi Delhi Cargo, CASI, Çelebi Cargo, DASPL and Celebi Cargo GmbH, which are jointly referred to as the "Group".

10. DONATIONS

In the year ending 31 December 2018, the Group's donations and grants to various foundations, associations, chambers, public institutions and organizations amounted to TL 384,492.

IV - FINANCIAL STANDING

11. KEY FINANCIAL RATIOS

The key ratios showing our Company's financial structure, profitability, and debt-servicing were calculated on the basis of the consolidated financial statements dated 31 December 2018 and 31 December 2017 mentioned above.

	31 December 2018	31 December 2017
Current Ratio (Current Assets/Current Liability)	1.18	1.39
Cash Ratio (Cash Assets/Current Liabilities)	0.56	0.62
Short-Term Liabilities/Total Liabilities	37.83%	30.51%
External Resources/Shareholders' Equity	331.07%	395.12%
	31 December 2018	31 December 2017
Average Collection Time	39.13	41.2
Gross Profit Margin	34.26%	29.28%
Operating Profit (Loss)/Net Sales Revenues	20.68%	16.18%
Operating Profit (Loss)/Total Assets	18.13%	17.75%
EBITDA/Net Sales Revenues	30.88%	26.12%

12. INFORMATION ABOUT PRODUCTION AND SALES OF GOODS AND SERVICES

The number of aircraft serviced by our Company in the year ended 31 December 2018 is stated below:

Number of Aircraft Serviced	2018		2017		2016*		2018-2017 %	2017-2016 %
	January-December	January-December	January-December	January-December	2018-2017 %	2017-2016 %		
International Flights	58,628	54,372	64,067	7.8	-15.1			
Domestic Flights	68,149	77,674	103,451	-12.3	-24.9			
Turkey Total	126,777	132,046	167,518	-4.0	-21.2			
Hungary	24,684	21,912	20,370	12.7	7.6			
India	52,266	40,519	38,958	29.0	4.0			
Grand Total	203,727	194,477	226,846	4.8	-14.3			

* The ramp service provided to Pegasus Airlines at Sabiha Gökçen Airport ended on 31 May 2016. The number of Pegasus Airlines flights serviced at Sabiha Gökçen Airport in the period from January through December 2016 was 26,335.

Weight of cargo handled by the Company in 2018:

Group (Consolidated)	31 December 2018				31 December 2017			
	Express Cargo	Domestic	WT (Import)	WT (Export)	Express Cargo*	Domestic	WT (Import)	WT (Export)
Çelebi Ground Handling Inc.	-	-	33,282,0	65,514,9	-	-	38,935	65,628
Celebi Delhi Cargo (India)	35,810	131,119	176,326,1	179,753,8	51,599	105,057	177,668	187,998
Celebi GHH (Hungary)	-	-	41,649,4	38,213,7	-	-	31,521	33,151
Celebi Cargo GmbH (Germany)	-	-	55,262,7	89,031,9	-	-	51,086	80,139
Total Ton	35,810	131,119	306,520	372,514	51,599	105,057	299,210	366,915

13. DIVIDEND POLICY AND TIMING

On 8 April 2014 our Company's Board of Directors passed a resolution to approve the revision of the Company's Dividend Policy pursuant to the requirements of Capital Markets Board Dividend Communiqué II-19.1, which went into effect with its publication in issue 28891 of Official Gazette dated 23 January 2014; to publicly disclose this revision; and to submit this revised Dividend Policy for the consideration and approval of shareholders at the upcoming annual general meeting. At the annual general meeting held on 8 May 2014, the Board of Directors resolution concerning the Dividend Policy passed on 8 April 2014 was discussed and unanimously approved by shareholders.

Çelebi Ground Handling Inc. Dividend Policy

- Taking our Company's medium- and long-term strategies, its investment and financing policies, and its profitability and cash situation into account and in the absence of any extraordinary developments in our Company's investment and/or financing needs and/or occurrences in its industry or the economy, at least 50% of net distributable profit shall be paid out as a dividend. When determining the dividend rate, attention shall be given to medium- and long-term investments that may require short-term cash outflows, material events that affect our Company's financial structure, and significant developments in the sector and/or in the economy and/or in markets.
- Dividends whose payment has been decided upon may take the form of cash, of bonus shares, or of some mix of the two.
- Dividend and payment-timing Board of Directors resolutions shall be in compliance both with this Dividend Policy and with currently applicable laws, regulations, and administrative provisions and then publicly disclosed. Board of Directors dividend and payment-timing proposals shall be considered and decided upon by shareholders convened in a general assembly. The payment of dividends shall begin within maximum thirty days of the date of the general meeting at which the decision to pay them is taken and in all cases within statutorily-mandated periods of time. The Board of Directors may decide to have dividends paid in installments provided that a general assembly of shareholders shall have authorized it to do so.
- Provided that a general assembly of shareholders shall have authorized it to do so, the Board of Directors may decide to have advances paid against dividends and may affect the payment of such advances subject always to the Capital Markets Law and Capital Markets Board regulations and decisions and to the Company's own articles of association.

With the decision of the Board of Directors on 28 March 2018, our financial statements, prepared on the basis of our legal books of account dated 31 December 2017, show a net current profit of TL 63,979,498.12 remaining after the deduction of all taxes and other legal obligations.

Since there is no prior year loss that needs to be deducted from the net profit for the period and no general legal reserves that need to be set aside pursuant to the Turkish Commercial Code (TCC), the net distributable profit that can be paid out as a dividend on the basis of our legal books of account was TL 63,979,498.12.

According to our Company's independently-audited consolidated financial statements dated 31 December 2016 prepared in accordance with Turkish Accounting Standards & Turkish Financial Reporting Standards (TMS/TFRS) and in CMB-specified formats pursuant to the requirements of CMB Communiqué II: 14.1 Concerning Financial Reporting Principles In Capital Markets, the net current profit remaining after the deduction of taxes and other statutory obligations amounts to TL 85,361,608.00.

Within the framework of CMB legislation, since there is no Prior Year Loss that needs to be deducted from the Net Profit for the Period and no first legal reserves that need to be set aside pursuant to the Turkish Commercial Code (TCC), the net distributable profit is TL 85,361,608.00.

The entirety of the Net Profit for the Period in the amount of TL 85,361,608.00 descended in the Company's Consolidated Financial Statements dated 31 December 2017 be distributed as follows:

ÇELEBİ HAVA SERVİSİ A.Ş. Profit Distribution Table for 2017 (TL)

	According to CMB legislation	According to legal records
Net Profit for the Period	85,361,608.00	63,979,498.12
Prior Year Loss (-)	0.00	0.00
General Legal Reserves	0.00	0.00
Net Distributable Profit for the Period	85,361,608.00	63,979,498.12
First Dividend to Shareholders	1,215,000.00	1,215,000.00
Second Dividend to Shareholders	75,330,000.00	57,058,634.65
Other Funds for Distribution		18,271,365.35
General Legal Reserves	7,533,000.00	7,533,000.00
- Profit for the Period	7,533,000.00	5,705,863.47
- Other Funds for Distribution	-	1,827,136.53
Transferred to Extraordinary Reserves	1,283,608.00	(20,098,501.88)

That, in compliance with CMB regulations pertaining to profit distributions and with respect to the period beginning on 01 January 2017 and ending on 31 December 2017:

- Shareholders who are resident corporate entities and shareholders who are non-resident corporate entities but earn dividends through a place of business or permanent representative based in Turkey will be paid a 315.00% cash dividend corresponding to TL 13.1500 gross (which is equal to TL net) for each share of stock with a nominal value of TL 1.00 that they hold;
- Other shareholders will be paid a 315.00% cash dividend corresponding to TL 3.1500 gross for each share of stock with a nominal value of TL 1.00 that they hold, which amount is equal to a 315.00% cash dividend corresponding to TL 2.6775 net for each share of stock with a nominal value of TL 1.00 that they hold; 26 April 2018 will be set as the dividend payment date.
- The decision of the Board of Directors was ratified at the ordinary general meeting convened on 19 April 2018 and dividend payments were made.

14. MISSION AND VISION

Mission

To be the global solution partner, adding value to its shareholders while correctly perceiving the needs of airport users and sustaining quality.

Vision

With a team fully identified with the collective "Çelebi spirit", being an internationally leading and trustworthy company that creates changes in its sector and produces value for all stakeholders.

Strategic Objectives

The strategic objectives of Çelebi Ground Handling are to maintain its position as the leader of the ground handling services sector in Turkey, to take part in ventures in ground handling services and terminal management and operations inside/outside Turkey.

V - RISKS AND AN ASSESSMENT BY THE GOVERNING BODY

15. BASIC FINANCIAL RISKS AND MANAGEMENT POLICIES

Due to the nature of its activities, the Group is focused on managing various financial risks including the effect of changes in exchange and interest rates. By its risk management program, the Group aims to minimize the potential negative effect to be caused by the volatilities in the markets.

Risk management is carried out within the frame of policies approved by the Board of Directors. The tasks of planning risk management, overseeing its operations and effectiveness, and ensuring that the internal audit team carries out its activities within the framework of the risk management plan are the duty of the Audit Committee, which has been set up by a Board of Directors resolution pursuant to CMB regulations and of the Corporate Governance Committee pursuant to the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles. The Audit Committee formulates a risk management and internal audit system capable of minimizing the risks that the Company could be exposed to and takes such measures as are needed to ensure that the system functions reliably. The Corporate Governance Committee sets up the necessary mechanisms for the early detection of operational and financial risks, implementation of necessary actions in relation to identified risks, and management of risk, and takes the necessary steps for their healthy operation.

Interest Rate Risk

The Company is exposed to interest rate risk due to the effect of the changes in interest rates on interest-bearing assets and liabilities. This risk is managed through balancing assets and liabilities that are sensitive to interest rates. Within the frame of its principle to manage risk with natural actions consisting of balancing the maturities of assets and liabilities sensitive to interest rates, the Company management utilizes its interest-bearing assets in matching-term investments. In addition, the Company protects itself from the interest risk arising from floating-rate bank loans through limited use of interest rate swap agreements that take place among derivative instruments as and when deemed necessary.

Liquidity Risk

The cash flow, made up of repayment times and amounts of loans, is managed in view of the amount of free cash flow to be generated by the Group on its activities. Therefore, while the option of debt repayment with the cash generated on activities when necessary is kept available on one hand, sufficient number of reliable and high-quality lending resources are kept accessible on the other.

Credit Risk

Credit risk consists of cash and cash equivalents, deposits held with banks, and customers exposed to credit risk that cover uncollected receivables.

With respect to the management of the credit risk concerning its receivables from customers, the Company identifies a risk limit individually for each customer (excluding related parties) using bank and other guarantees, and the customer carries out its business transactions so as not to exceed this risk limit. In the absence of these guarantees or in cases where they are required to be exceeded, transactions are carried out within internal limits set by procedures.

Exchange Rate Risk

Taking into consideration the significantly volatile course adopted in the past by the Turkish Lira against major foreign currencies and its over-valuation, the Group espoused a conservative monetary position and financial risk management policy. The Group is exposed to exchange rate risk due to its operations conducted in numerous currency units. Efforts are spent to keep the ratio of the amount of positions of these currencies among themselves or against Turkish Lira to total shareholders' equity within certain limits. To this end, foreign currency position is continually analyzed, and the exchange rate risk is managed using balance sheet transactions, or when necessary, off-balance sheet derivative instruments.

Capital Risk

The Company's goals in managing the capital is to be able to ensure the continuity of the Company's activities to sustain the optimum capital structure for the purpose of providing returns for its shareholders and benefits for its other stakeholders, and for minimizing the cost of capital. The Company's shareholders may, to the extent allowed by the CMB legislation, alter the amount of dividends paid to shareholders, return the capital to shareholders, issue new shares and sell its assets to decrease indebtedness in order to preserve or reformulate the capital structure. Along with the other companies in the sector, the Company monitors the capital by utilizing the debt/capital ratio, which is net indebtedness divided by total capital. Net debt is total debt less cash and cash-equivalent assets and deferred tax liabilities. Total capital is the shareholders' equity and net debt as shown in the balance sheet.

VI - OTHER MATTERS

16. CHANGES TO THE ARTICLES OF INCORPORATION AND COMPANY POLICIES

No changes occurred to the Company's articles of incorporation in the period from 1 January until 31 December 2018.

17. EVENTS AFTER THE FINANCIAL STATEMENT DATE

CASI submitted bids for 16 airports, in the tender to provide ground handling services at 36 airports for a period of 10 years by the Airport Authority of India ("AAI"). The validity period of the bid submitted by CASI was 180 days.

18. PROFIT DISTRIBUTION PROPOSAL OF THE BOARD OF DIRECTORS

Our financial statements prepared on the basis of our legal books of account dated 31 December 2018 show a net current profit in the amount of TL 113,005,984.72 remaining after the deduction of all taxes and other legal obligations.

Since there is no Prior Year Loss that needs to be deducted from the Net Profit for the Period and no first legal reserves that needs to be set aside pursuant to the Turkish Commercial Code (TCC), the net distributable profit that can be paid out as a dividend on the basis of our legal books of account is TL 113,005,984.72.

The net profit for the period, after the deduction of tax and legal liabilities, in our consolidated financial statements dated 31 December 2018 that were prepared in accordance with the formats specified by CMB and in the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) pursuant to the Capital Markets Board of Turkey (CMB) Communiqué Serial: II, No: 14.1 on the "Principles of Financial Reporting in the Capital Markets", and which have been audited by independent organizations, amounted to TL 204,583,956.00.

Within the framework of CMB legislation, since there is no Prior Year Loss that needs to be deducted from the Net Profit for the Period and no first legal reserves that needs to be set aside pursuant to the Turkish Commercial Code (TCC), the net distributable profit is TL 204,583,956.00.

The entirety of the Net Profit for the Period in the amount of TL 204,583,956.00 descended in the Company's Consolidated Financial Statements dated 31 December 2018 be distributed as follows:

ÇELEBİ HAVA SERVİSİ A.Ş. Profit Distribution Table for 2018 (TL)

	According to CMB legislation	According to legal records
Net Profit for the Period	204,583,956.00	113,005,984.72
Prior Year Loss (-)	0.00	0.00
General Legal Reserves	0.00	0.00
Net Distributable Profit for the Period	204,583,956.00	113,005,984.72
First Dividend to Shareholders	1,215,000.00	1,215,000.00
Second Dividend to Shareholders	127,575,000.00	101,628,167.91
Other Funds for Distribution	0.00	25,946,832.09
General Legal Reserves	12,757,500.00	12,757,500.00
- Profit for the Period	12,757,500.00	10,162,816.79
- Other Funds for Distribution	0.00	2,594,683.21
Transferred to Extraordinary Reserves	63,036,456.00	(28,541,515.28)

In compliance with CMB regulations pertaining to profit distributions and with respect to the period beginning on 1 January 2018 and ending on 31 December 2018, the following issues are presented to the approval of the ordinary general meeting which will convene on 09 April 2019:

- Shareholders who are resident corporate entities and shareholders who are non-resident corporate entities but earn dividends through a place of business or permanent representative based in Turkey will be paid a 530.00% cash dividend corresponding to TL 5.3000 gross (which is equal to TL net) for each share of stock with a nominal value of TL 1.00 that they hold;
- Other shareholders will be paid a 530.00% cash dividend corresponding to TL 5.3000 gross for each share of stock with a nominal value of TL 1.00 that they hold, which amount is equal to a 450.50% cash dividend corresponding to TL 4.5050 net for each share of stock with a nominal value of TL 1.00 that they hold;
- 16 April 2019 will be set as the dividend payment date.

Very truly yours,

ÇELEBİ HAVA SERVİSİ A.Ş.
BOARD OF DIRECTORS

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organized by the company during the year	20
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/671000
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Provided both in Turkish and English.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	-
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	-
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II- 17.1)	-
The name of the section on the corporate website that demonstrates the donation policy of the company	-
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	-
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	10
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	https://www.kap.org.tr/tr/Bildirim/678019
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	87.39
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	www.celebiyatirimci.com >> Stock Information >> Dividend Policy
Dividend Policy	-
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	-
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

CORPORATE GOVERNANCE INFORMATION FORM

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
19.04.2018	0	82.73%	0.0000068%	82.73%	www.celebiyatirimci.com.tr >> Minutes of General Assembly Meetings and List of Attendees >> Ordinary General Assembly Meeting dated 19 April 2018 >> Minutes of the Meeting	www.celebiyatirimci.com.tr >> Minutes of General Assembly Meetings and List of Attendees >> Ordinary General Assembly Meeting dated 19 April 2018 >> Minutes of the Meeting	-	45	https://www.kap.org.tr/tr/Bildirim/678019

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

www.celebiyatirimci.com.tr

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.

www.celebiyatirimci.com >> About Us >> Shareholding Structure

List of languages for which the website is available

Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

Board of Directors, Audit, Committees and Senior Management

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure

Board of Directors, Audit, Committees and Senior Management >> Corporate Governance, Audit and Early Detection of Risk Committees

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

The Board of Directors held 74 meetings in 2018.

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

-

d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof

-

e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest

-

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

Direct or Indirect Associates of the Company and Information on Shareholding Therein

g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

Information on Personnel and Human Resources Policy

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	-
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Members of the Ethics Board
The contact detail of the company alert mechanism	ethics@celebiaviation.com
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
Corporate bodies where employees are actually represented	Employee Committee
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Defined in the Company's Human Resources Policy.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Defined in the Human Resources section at the www.celebiaviation.com
Whether the company provides an employee stock ownership program	-
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Defined in the Human Resources section at the www.celebiaviation.com
The number of definitive convictions the company is subject to in relation to health and safety measures	-
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	www.celebiyatirimci.com.tr >> Disclosures >> Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	-
Any measures combating any kind of corruption including embezzlement and bribery	www.celebiyatirimci.com.tr >> Disclosures >> Code of Ethics
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	-
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Can Çelebioğlu: Chairman of the Board of Directors İsak Antika: Vice Chairman of the Board of Directors
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	10
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	-
Name of the Chairman	Can Çelebioğlu
Name of the CEO	Osman Yılmaz
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	The number of female members is 1 and the ratio to the total number of members is 12.5%.

CORPORATE GOVERNANCE INFORMATION FORM

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Can Çelebioğlu	Yes	Not Independent Director	06.01.1983	-	-	-	Yes
İsak Antika	Yes	Not Independent Director	17.05.2013	-	-	-	Yes
Canan Çelebioğlu	No	Not Independent Director	06.01.1983	-	-	-	Yes
Turgay Kuttaş	No	Not Independent Director	24.05.2012	-	-	-	Yes
Mehmet Murat Çavuşoğlu	No	Not Independent Director	17.05.2013	-	-	-	Yes
Mehmet Yağız Çekin	No	Not Independent Director	17.05.2013	-	-	-	Yes
Uğur Tevfik Doğan	No	Independent Director	19.04.2018	https://www.kap.org.tr/tr/Bildirim/673389	Considered by the Corporate Governance Committee	No	Yes
Adil İlter Turan	No	Independent Director	17.05.2013	https://www.kap.org.tr/tr/Bildirim/673389	Considered by the Corporate Governance Committee	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	74
Director average attendance rate at board meetings	85%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that demonstrates information about the board charter	-
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	The upper limit specified in sub-clause (i) of Article 4.3.6 of the CMB Corporate Governance Principles is accepted.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Board of Directors, Audit, Committees and Senior Management >> Corporate Governance, Audit and Early Detection of Risk Committees
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/667852

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As " Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Uğur Tevfik Doğan		Board Member
Audit Committee		Adil İlter Turan		Board Member
Corporate Governance Committee	-	Uğur Tevfik Doğan	-	Board Member
Corporate Governance Committee		Mehmet Yağız Çekin		Board Member
Corporate Governance Committee		Deniz Bal		Board Member
Early Detection Risk Committee		Adil İlter Turan		Board Member
Early Detection Risk Committee		Turgay Kuttaş		Board Member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	www.celebiyatirimci.com.tr >> Disclosures >> Working Principles of the Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	www.celebiyatirimci.com.tr >> Disclosures >> Working Principles of the Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee undertakes the duties of the Nominating Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	www.celebiyatirimci.com.tr >> Disclosures >> Working Principles of the Early Detection Risk Committee
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee undertakes the duties of the Remuneration Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report >> The Relevant Sector, 2018 Activities And Performance
Specify the section of website where remuneration policy for executive and non-executive directors is presented.	www.celebiyatirimci.com.tr >> Disclosures >> Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report >> Financial Rights Provided to the Members of the Governing Body and Senior Management

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	-	100%	100%	6	-
Corporate Governance Committee	-	100%	33%	6	-
Early Detection Risk Committee	-	100%	50%	6	-

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X					
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.			X			Minority shareholdings interests are not represented in the Company's administration because there is are no minority shareholders who have been designated as candidates in elections for Company directors or statutory auditors and elected to such positions.
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The Company's articles of incorporation contain no provisions concerning the representation of minority shareholding interests on the Board of Directors or governing the accumulated voting method.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					Decisions that may affect the employees are notified to themselves and to the employee representatives, but since there is no union structure at Çelebi Hava Servisi A.Ş., it is not applicable to get union opinion.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.					X	
3.3.9 - A safe working environment for employees is maintained.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X	X			There is a female member at the Board of Directors of our Company. Although a policy has not been established yet, our Company strives to increase the number of female members.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/ written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X					
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Since the Company's Board of Directors consists of 6 members other than the chairman and the vice chairman and there are 3 different committees formed, some members serve on more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	The committees formed under the Board of Directors did not receive any external consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			The remunerations and all other benefits provided to the members of the Board of Directors and to the executives with administrative responsibility are disclosed in the "Financial Rights Provided to the Members of the Governing Body and Senior Managers" section of the annual report.

ACKNOWLEDGEMENT OF RESPONSIBILITY

BOARD OF DIRECTORS DECISION ESPOUSING THE FINANCIAL STATEMENTS AND ANNUAL REPORTS

DECISION DATE: 08.03.2019

DECISION NUMBER: 2019/3

ACKNOWLEDGEMENT OF RESPONSIBILITY PURSUANT TO THE CMB COMMUNIQUÉ NO: II-14.1, ARTICLE 9

We hereby represent that;

- we have examined the independently audited consolidated financial statements which have been approved by our Company's Board of Directors decision dated 08.03.2019 and numbered 2019/3, and by the Audit Committee decision no. 2019/1 dated 08.03.2018, which are prepared pursuant to the CMB Communiqué No: II-14.1, article 9 on Principles of Financial Reporting in Capital Markets and drawn up in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS"), and the Board of Directors' Annual Report for the year ended 31 December 2018,
- to the best of our knowledge we have with respect to our positions and responsibilities in the Company, these financial statements and annual report contain no misrepresentations on material matters or no omissions whose absence could be misleading as of the date on which the statement was made; and
- to the best of our knowledge we have with respect to our positions and responsibilities in the Company, the financial statements drawn up in accordance with the CMB Communiqué No: II-14.1, article 9 on Principles of Financial Reporting in Capital Markets -inclusive of those subject to consolidation- represent a true and fair view of the Company's assets, liabilities, financial status and profit/loss, and that the annual report presents a fair view of the development and performance of the business -inclusive of those subject to consolidation-, the Company's financial standing, and the key risks and uncertainties it is exposed to.

Yours sincerely,

ÇELEBİ GROUND HANDLING INC.



Deniz BAL
Financial Affairs Director



Osman YILMAZ
CEO



Uğur Tefvik DOĞAN
Audit Committee Member



Adil İltter TURAN
Audit Committee Member

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1 – DECEMBER 31, 2018 AND INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITORS' REPORT



**Güney Bağımsız Denetim ve
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To the Shareholders of Çelebi Hava Servisi Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Çelebi Hava Servisi Anonim Şirketi (the Company) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

3) Key Audit Matters

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

Key Audit Matter

The operations of Istanbul Atatürk International Airport ("Atatürk Airport") will be terminated with the opening of Istanbul Airport

As explained in Note 1 in the accompanying consolidated financial statements as of December 31, 2018, the parent company, Çelebi Hava Servisi Anonim Şirketi, provides ground handling services, cargo services, and warehouse operations services for domestic and foreign airlines and private cargo companies at Atatürk Airport.

As explained in Note 11 in the accompanying consolidated financial statements as of December 31, 2018, a tender for the construction of the third airport was made in Istanbul on May 3, 2013. As a result of the aforementioned tender, it is announced that the commercial flights made from Atatürk Airport will be terminated upon the new airport's operation and the Company will continue its activities at the new airport.

In accordance with the assumption that the ground handling services to be provided by the Group to commercial passenger aircraft at the Atatürk Airport will end within the first quarter of 2019, the Group has reviewed the useful lives of the property, plant and equipment classified as leasehold improvements in the related station and decided to amortize the remaining net book value in accordance with the assumptions. The effect of the useful life estimate change on net profit for the year is TL 21.130.026 as expense.

Additionally, as stated in Note 11 in the accompanying consolidated financial statements as of December 31, 2018, the Company has construction in progress amounting to TL 154.531.497 for Istanbul Airport.

The effect of change in accounting estimate for aforementioned leasehold improvements in Atatürk Airport and new investments for Istanbul Airport to consolidated financial statements of the Group is determined as key audit matter.

How the key audit matter is handled in the audit

The audit procedures we performed include; analysis of the property, plant and equipment in immovable asset at Atatürk Airport, assessment of the significance of the net book values of these property, plant and equipment in terms of the Group's consolidated financial statements as of December 31, 2018 and a recalculation of the effects of the change in accounting estimates.

Additionally, review of the nature of investments made for Istanbul Airport and testing of invoices on a sampling basis are included in the audit procedures.



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“Service Concession Arrangements” recognised within the scope of Turkish Financial Reporting Interpretations Committee 12 (“TFRIC”) and “Build Operate Transfer Investments”

As explained in Note 2 in the accompanying consolidated financial statements as of December 31, 2018, the Group has “Service Concession Arrangements” and “Build Operate Transfer Investments” in the countries where its subsidiaries continue their operations.

A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop/upgrade, operate and maintain the grantor’s infrastructure. During the arrangement period, the operator receives income from the services provided. The party that recognizes the concession, controls the infrastructure investment and the contractor will eventually be transferred to the party that recognizes the operator’s infrastructure investment. The Group has applied the intangible asset model within the scope of TFRIC 12 “Service Concession Arrangements” in the related agreements because the Group has the right to demand compensation from the users for the infrastructure investment subject to the service concession agreement, and intangible assets arising from “Concession Rights” is recognised at the account of intangible assets. In addition, contracted maintenance or modernization obligations in the framework of service concession contracts are recognized in accordance with the Turkish Accounting Standard (“TAS”) 37 “Provisions, Contingent Liabilities and Contingent Assets”. In addition, the intangible assets from build-operate-transfer investments have been accounted under “Build-Operate-Transfer Investments” account.

As presented in Note 12, the net book value of “Concession Rights” accounted under intangible assets as of December 31, 2018 is TL 120.503.524 and net book value of “Build-operate-transfer investments” is TL 86.909.569, and as presented in Note 14, “Maintenance obligation liability” accounted under other current and non-current liabilities is TL 45.309.747. “Concession rights”, “Build-operate-transfer investments” and “Maintenance obligation liability” which are recognized within the scope of such agreements have been determined as key audit matter due to the complexity of judgements and assumptions included in such transactions.

The audit procedures we have performed includes examination of terms and conditions of the contracts, testing of expenditures made within the scope of the agreements in terms of appropriateness and timely accounting, evaluation of the useful lives and residual values, examination of the assumptions included in the calculations, testing of the amortization amounts, review of the renewal investments estimated to be made in the following years and evaluation of the discount rates applied for discounting these liabilities, comparison of estimated amounts with the actual amounts, verification of the deposits paid under the contract through related documents. In addition to above, we questioned and evaluated the appropriateness of the disclosures and explanatory notes provided in the consolidated financial statements.

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

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

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

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

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

In an independent audit, our responsibilities as the auditors are:

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

B) Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 8 March 2019.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2018 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Kaan Birdal.

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



8 March 2019
İstanbul, Turkey

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - 31 DECEMBER 2018 AND INDEPENDENT AUDITOR'S REPORT

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2018

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	Notes	December 31, 2018	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	4	197.023.791	113.572.241
Financial Investments		51.444.157	13.369.356
-Restricted cash	5	51.444.157	13.369.356
Trade receivables		175.331.861	118.040.117
- Due from related parties	8	1.608.646	1.702.170
- Due from third parties	8	173.723.215	116.337.947
Other receivables		57.689.178	8.439.720
- Due from third parties	9	33.524.518	8.439.720
- Due from related parties	9	24.164.660	-
Inventories	10	14.113.626	12.461.996
Prepaid expenses	15	21.045.610	14.727.192
Current income tax assets	28	251.958	1.583.721
Other current assets	14	6.554.957	1.160.953
Total current assets		523.455.138	283.355.296
Non-current assets			
Financial investments	5	166.650	20.527
Other long-term receivables		151.619.911	34.828.278
- Due from related parties	9	95.869.814	-
- Due from third parties	9	55.750.097	34.828.278
Investments accounted using the equity method	6	95.725.908	64.991.304
Property, plant and equipment	11	321.805.178	155.619.737
Intangible assets		263.033.821	203.913.858
- Goodwill	12	43.925.159	34.112.091
- Other intangible assets	12	219.108.662	169.801.767
Prepaid expenses	15	43.673.520	21.402.819
Deferred tax asset	28	98.539.804	54.043.004
Other non-current assets	14	24.040.111	17.867.363
Total non-current assets		998.604.903	552.686.890
Total assets		1.522.060.041	836.042.186

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2018

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	Notes	December 31, 2018	December 31, 2018
LIABILITIES			
Current liabilities			
Short-term financial liabilities	7	4.047.575	1.069.729
Short term portion of long term financial liabilities	7	229.741.802	57.766.719
Trade payables		99.964.539	77.397.349
- Due to related parties	8	9.649.715	11.262.592
- Due to third parties	8	90.314.824	66.134.757
Employee benefit obligations	17	39.211.242	28.208.863
Other payables		12.845.993	8.642.998
- Due to third parties	9	12.845.993	8.642.998
Deferred income	16	15.698.571	10.765.786
Current income tax liabilities	28	12.443.013	439.410
Short-term provisions		18.416.550	13.975.285
- Provisions for employee benefits	13	12.474.484	8.801.865
- Other provisions	13	5.942.066	5.173.420
Other current liabilities	14	9.878.674	5.288.645
Total current liabilities		442.247.959	203.554.784
Non-current Liabilities			
Long-term financial liabilities	7	488.025.051	282.516.358
Other payables		16.098.610	12.532.767
- Due to third parties	9	16.098.610	12.532.767
Long-term provisions		27.467.482	22.006.598
- Provisions for employee benefits	13	27.467.482	22.006.598
Deferred tax liabilities	28	5.876.935	5.646.811
Other non-current liabilities	14	188.220.156	138.701.411
Deferred income	16	1.036.334	2.228.283
Total non-current liabilities		726.724.568	463.632.228
Total liabilities		1.168.972.527	667.187.012
SHAREHOLDER'S EQUITY			
Equity attributable to equity holders of the parent			
Paid-in capital	18	24.300.000	24.300.000
Other accumulated comprehensive income/(expense) not to be reclassified to profit or loss		(24.478.059)	(18.927.043)
- Actuarial gain/(loss) arising from defined benefit plans		(24.478.059)	(18.927.043)
Other accumulated comprehensive income/(expense) to be reclassified to profit or loss		97.242.555	42.350.965
- Foreign currency translation differences		97.242.555	42.350.965
Restricted reserves	18	50.630.456	43.097.456
Retained earnings		(16.019.346)	(17.302.954)
Net profit for the year		204.583.956	85.361.608
Non-controlling interest		16.827.952	9.975.142
Total shareholder's equity		353.087.514	168.855.174
Total liabilities and shareholder's equity		1.522.060.041	836.042.186

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

CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS FOR THE PERIOD OF 1 JANUARY – 31 DECEMBER 2018

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

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	Notes	January 1 - December 31, 2018	January 1 - December 31, 2017
CONTINUING OPERATIONS			
Net Sales	19	1.334.270.054	917.789.663
Cost of sales (-)	19	(877.169.122)	(649.293.500)
GROSS PROFIT	19	457.100.932	268.496.163
General administrative expenses (-)	21	(186.745.255)	(125.392.966)
Other income from operating activities	22	194.183.103	22.521.334
Other expenses from operating activities (-)	23	(188.608.265)	(17.262.508)
OPERATING PROFIT		275.930.515	148.362.023
Income from investment activities	24	3.948.024	1.113.674
Expenses from investment activities (-)	25	(305.699)	(2.454.859)
Income from investments accounted by using the equity method	6	23.371.805	11.527.783
OPERATING INCOME BEFORE FINANCIAL INCOME		302.944.645	158.548.621
Financial income	26	77.551.573	19.701.438
Financial expenses (-)	27	(165.684.117)	(70.866.589)
PROFIT BEFORE TAX		214.812.101	107.383.470
Tax expense		(6.361.830)	(20.982.295)
Taxes on income	28	(34.366.471)	(25.914.945)
Deferred tax income	28	28.004.641	4.932.650
NET PROFIT FOR THE PERIOD		208.450.271	86.401.175
Attributable to:			
Non-controlling interest		3.866.315	1.039.567
Equity holders of the parent		204.583.956	85.361.608
		208.450.271	86.401.175
Earnings per share (Kr)	29	0,084	0,035

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD OF 1 JANUARY – 31 DECEMBER 2018

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

	<i>Current Period</i>	<i>Prior Period</i>
	<i>Audited</i>	<i>Audited</i>
Notes	January 1- December 31, 2018	January 1- December 31, 2018
Net profit for the period	208.450.271	86.401.175
Other comprehensive income/(expense) Not to be reclassified to profit or loss		
- Actuarial gain/(loss) arising from defined benefit obligation	(6.698.169)	(3.389.969)
Shares from investments accounted using the equity method regarding to other comprehensive income/(expense) not to be reclassified to profit or loss		
- Actuarial gains/(losses) arising from defined benefit obligation from investments accounted using the equity method	(270.248)	(193.487)
Taxes regarding to other comprehensive income/(expense) not to be reclassified to profit or loss		
- Tax on actuarial gain/(loss) arising from defined benefit obligation	1.322.286	679.414
- Tax on actuarial gain/(loss) arising from defined benefit obligation from investments accounted using the equity method	69.481	49.746
To be reclassified to profit or loss		
- Foreign currency translation differences	57.897.521	20.305.838
Other comprehensive income	52.320.871	17.451.542
Total comprehensive income	260.771.142	103.852.717
Attributable to:		
Non-controlling interest	6.846.612	1.771.977
Equity holders of the parent	253.924.530	102.080.740
	260.771.142	103.852.717

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD OF 1 JANUARY – 31 DECEMBER 2018

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

	Paid-in capital	Other comprehensive income/(expense) not to be reclassified to profit or loss Actuarial gain/(loss) arising from defined benefit plans	Other comprehensive income/(expense) to be reclassified to profit or loss Foreign currency translation differences	Restricted Reserves
Balances at January 1, 2018	24.300.000	(18.927.043)	42.350.965	43.097.456
Transfers	-	-	-	7.533.000
Dividend distribution	-	-	-	-
Capital contribution of non-controlling interests	-	-	-	-
Other comprehensive income/ (expenses)	-	-	-	-
- Foreign currency translation differences	-	-	54.891.590	-
-Actuarial gain/(loss) arising from defined benefit plans	-	(5.551.016)	-	-
Total other comprehensive income/(expenses)	-	(5.551.016)	54.891.590	-
Net profit for the period	-	-	-	-
Total comprehensive income/ (expense)	-	(5.551.016)	54.891.590	-
Balances at December 31, 2018	24.300.000	(24.478.059)	97.242.555	50.630.456

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

Accumulated Profits		Equity attribute table to equity holders of the parent			Total shareholder's equity
Retained earnings	Net profit for the year		Non- controlling interest		
(17.302.954)	85.361.608	158.880.032	9.975.142	168.855.174	
77.828.608	(85.361.608)	-	-	-	
(76.545.000)	-	(76.545.000)	-	(76.545.000)	
-	-	-	6.198	6.198	
-	-	-	-	-	
-	-	54.891.590	3.005.931	57.897.521	
-	-	(5.551.016)	(25.634)	(5.576.650)	
-	-	49.340.574	2.980.297	52.320.871	
-	204.583.956	204.583.956	3.866.315	208.450.271	
-	204.583.956	253.924.530	6.846.612	260.771.142	
(16.019.346)	204.583.956	336.259.562	16.827.952	353.087.514	

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD OF 1 JANUARY – 31 DECEMBER 2017

(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	
	Paid-in capital	Actuarial gain/(loss) arising from defined benefit plans	Foreign currency translation differences	Restricted Reserves
Balances at January 1, 2017	24.300.000	(16.076.250)	22.781.040	40.181.456
Transfers	-	-	-	2.916.000
Dividend distribution	-	-	-	-
Adjustments relates to previous years ^(*)	-	-	-	-
Transactions with non-controlling interest ^(**)	-	-	-	-
Capital contribution of non- controlling interests	-	-	-	-
Other comprehensive income/ (expenses)				
- Foreign currency translation differences	-	-	19.569.925	-
- Actuarial gain/(loss) arising from defined benefit plans	-	(2.850.793)	-	-
Total other comprehensive income/(expenses)	-	(2.850.793)	19.569.925	-
Net profit for the period	-	-	-	-
Total comprehensive income/ (expense)	-	(2.850.793)	19.569.925	-
Balances at December 31, 2017	24.300.000	(18.927.043)	42.350.965	43.097.456

^(*) Çelebi GH Delhi, a subsidiary of the Group, acquired additional 8,33% shares of DASPL which is the associate of it. Following the acquisition, purchased shares from retained earnings for the years ended December 31, 2016 and prior years of DASPL, which has been started to be accounted by using the equity method as of June 30, 2017, are disclosed in line named adjustments relates to previous years (Note 6).

^(**) Çelebi Hava Servisi Anonim Şirketi acquired an additional 25.9% share of Çelebi Ground Handling Delhi, a subsidiary at the Group on May 22, 2017 (Note 2).

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

Accumulated Profits		Equity attribute table to equity holders of the parent			Total shareholder's equity
Retained earnings	Net profit for the year		Non- controlling interest		
(10.534.764)	26.836.035	87487.517	14.209.247	101.696.764	
23.920.035	(26.836.035)	-	-	-	
(30.375.001)	-	(30.375.001)	-	(30.375.001)	
1.206.775	-	1.206.775	-	1.206.775	
(1.519.999)	-	(1.519.999)	(6.034.249)	(7.554.248)	
-	-	-	28.167	28.167	
-	-	19.569.925	735.913	20.305.838	
-	-	(2.850.793)	(3.503)	(2.854.296)	
-	-	16.719.132	732.410	17.451.542	
-	85.361.608	85.361.608	1.039.567	86.401.175	
-	85.361.608	102.080.740	1.771.977	103.852.717	
(17.302.954)	85.361.608	158.880.032	9.975.142	168.855.174	

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD OF 1 JANUARY – 31 DECEMBER 2018

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

		Current Period Audited	Prior Period Audited
	Notes	January 1- December 31, 2018	January 1- December 31, 2017
A. Cash flows from operating activities		322.036.269	183.518.445
Net period profit/loss		208.450.271	86.401.175
Adjustment for reconciliation of net for the period profit/loss			
Adjustment related depreciation and amortisation expense	11, 12	290.764.169	142.065.219
Adjustments related impairment (reversals)	8	66.961.944	38.492.674
Adjustment related to provisions		9.508.554	1.985.128
- Adjustment related to provisions for employee benefits		60.286.992	41.827.357
- Adjustments related other provisions (reversals)		-	-
Adjustments related to interest income and expense	22, 23	10.768.247	12.132.118
- Adjustment related to interest income		49.518.745	29.695.239
- Adjustment related to interest expense		12.681.076	13.521.801
Adjustment related to unrealized related foreign exchange translation differences		(11.894.091)	(4.792.257)
Adjustment related to tax (income) expense		24.575.167	18.314.058
Adjustment related to undistributed profit of investments are accounted by the equity method	6	161.977.903	37.427.690
Adjustment related to (gain/loss) on sales of property, plant and equipment, net	24	6.361.830	20.982.295
		(23.371.805)	(11.527.783)
		(3.642.325)	(643.943)
Changes in working capital		(142.798.748)	(8.843.165)
Increase/decrease in financial investments		(38.346.116)	(2.798.302)
Adjustment related to increase/decrease in trade receivables		(67.501.053)	(26.602.988)
- Increase/decrease in due from related parties		93.524	(663.928)
- Increase/decrease in due from third parties		(67.594.577)	(25.939.060)
Adjustment related to increase/decrease in other receivables related with operations		(57.573.370)	(5.641.290)
Adjustment related to increase/decrease in inventories		(1.651.630)	(1.266.164)
Increase/decrease in prepaid expenses		(28.589.119)	152.062
Adjustment related to increase/decrease in trade payables		22.567.191	12.939.852
- Increase/decrease in due to related parties		(1.612.877)	4.257.827
- Increase/decrease in due to third parties		24.180.068	8.682.025
Increase/decrease in payables related to employee benefits		11.184.496	3.206.378
Adjustment related to increase/decrease in other payables related with operations		17.110.853	11.167.287
Cash flows from operating activities		356.415.692	219.623.229
Payment related to provisions for employee benefit	13	(11.129.629)	(9.913.189)
Payments related to other provision		(242.504)	(117.285)
Tax payments/returns		(23.007.290)	(26.074.310)

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD OF 1 JANUARY – 31 DECEMBER 2018

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

		Current Period Audited	Prior Period Audited
	Notes	January 1- December 31, 2018	January 1- December 31, 2017
B. Cash flows from investing activities		(209.267.856)	(50.247.320)
Cash outflows due to purchase of shares or capital increase of associates and/or joint ventures		-	-
Cash inflows from the sale of property, plant and equipment and intangible asset		9.109.365	935.439
- Cash inflows from the sale of property, plant and equipment		9.109.365	935.439
- Cash inflows from the sale of intangible assets		-	-
Cash outflows from the purchase of property, plant and equipment and intangible asset			
- Cash outflows from the purchase of property, plant and equipment	11	(204.586.286)	(19.002.859)
- Cash outflows from the purchase of intangible asset	12	(22.335.607)	(25.675.651)
Dividend received	6	8.544.672	1.050.000
C. Cash flows from financing activities		40.316.391	(60.980.418)
Cash inflows from financial liabilities	7	259.515.220	130.949.500
Cash outflows due to debt payments of financial liabilities	7	(140.952.126)	(149.601.147)
Dividend paid		(76.545.000)	(30.375.001)
Interest paid		(13.595.794)	(16.746.027)
Interest received	7	11.894.091	4.792.257
Net increase/decrease in cash and cash equivalents, before the effect of foreign currency translation differences		153.084.804	72.290.707
D. Impact of foreign currency translation differences		(69.758.446)	(24.347.035)
Net increase/decrease in cash and cash equivalents		83.326.358	47.943.672
E. Cash and cash equivalents at beginning of period		113.404.415	65.460.743
Cash and cash equivalents at end of period	4	196.730.773	113.404.415

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Çelebi Hava Servisi Anonim Şirketi (referred as the "Company" or "Çelebi Hava") established in 1958 as 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), fuel supplies to domestic and foreign airlines and private cargo companies, cargo services and warehouse operations. The Company operates in İstanbul Atatürk, İzmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta, Erzincan, Çanakkale, Balıkesir Edremit, Iğdır, Kocaeli, Bingöl, Hakkari, Uşak airports, which are under the control of the State Airports Administration ("DHMI") and İstanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. ("HEAŞ"). 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. As of December 31, 2018, the Company's free float rate is 12,61% (December 31, 2017: 21,64%).

The address of the Company is as follows:

Anel İş Merkezi Saray Mahallesi Site Yolu Sokak No:5 Kat:9 34768 Ümraniye/İstanbul

The Group consists of the Company and its subsidiaries, joint ventures and associate. The average number of employees employed by the Group for the year ended December 31, 2018 is 13.031 (December 31, 2017: 12.278).

Information on Subsidiaries, Joint Ventures, and Associate:

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

Subsidiaries of the Group are as below:

Subsidiary	Registered Country	Geographical region	Nature of business
CGHH	Hungary	Hungary	Ground handling services
Celebi Delhi Cargo	India	India	Warehouse and cargo services
CASI	India	India	Ground handling services
Çelebi Kargo	Turkey	Turkey	Warehouse and cargo services
Celebi Cargo	Germany	Germany	Warehouse and cargo services
Celebi Spain ^(*)	Spain	Spain	Ground handling services
Tasfiye halinde Çelebi Güvenlik	Turkey	Turkey	Aviation and other security services

^(*) As of December 31, 2018 Celebi Spain has no operational activity.

The Company won the tender offer on acquisition of Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Felelőssegü Tarsasag ("BAGH") which provides ground handling service in Budapest Airport, and participated in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag ("Celebi Kft") that was founded on September 22, 2006 as founding shareholder for the realization of the above mentioned share transfer. Celebi Kft acquired all the shares of BAGH on October 26, 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Foldi Kiszolgalo Korlatolt Felelossegu Tarsasag ("CGHH"). Celebi Kft was taken over by CGHH with all assets and liabilities and merger transactions have been completed at October 31, 2007 in accordance with the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital. At 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding Anonim Şirketi for a consideration of TL 33.712.020. As of December 31, 2018, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

amounting to 1.380.897.000 Indian Rupee on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which is established on November 18, 2009 with a shareholding rate of 74%. On May 22, 2017, the Company acquired 25,9% share of Çelebi GH Delhi and reached to an ownership rate of 99,9% and share capital of 23.890.000 Indian Rupee. The Company currently operates ground handling services in New Delhi, Ahmedabad, Cochin and Bangalore Airports in India as part of the ongoing concession agreements. As a result of the tender concluded on 14 December 2018, the concession agreement signing process at Hyderabad Airport, which has been granted a concession for a period of 10 years, continues. On 15 March 2018, the company's title was changed to Celebi Airport Services India Private Limited ("CASI").

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on November 20, 2008 to carry out transportation, cargo storage and distribution activities. Celebi Cargo GmbH ("Celebi Cargo"), the subsidiary of Çelebi Kargo with a 100% ownership, was established on November 2009 and has share capital amounting to EUR 32.100.000, rented storage and warehouse facilities at International Frankfurt Airport Cargo (Frankfurt Cargo City Süd) and carry out flight cargo storage and handling services. As of December 31, 2018, the paid share capital of Çelebi Kargo is TL 114.000.000.

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

Joint venture:

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

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

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

Associate:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

As of December 31, 2018, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Tasfiye halinde Çelebi Güvenlik, Celebi Delhi Cargo, CASI, Çelebi Kargo, DASPL and Celebi Cargo (all together will be referred as "the Group").

Consolidated financial statements of the Group for the period ended January 1 - December 31, 2018 has been approved for the issuance by the Board of Directors on March 8, 2019 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Accounting and Finance Director, on behalf of Board of Directors.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1 Financial reporting standards

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

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

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

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

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in TL, which are the functional currency of the Çelebi Hava and the presentation currency of the Group. As of December 31, 2018, the currency of Group's entities are as below.

Company	Currency
Tasfiye halinde Çelebi Güvenlik	Turkish Lira (TL)
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	Euro (EUR)
DASPL	Indian Rupee (INR)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

Going Concern

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

2.1.2 Amendments in International Financial Reporting Standards (IFRS)

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2018. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2018

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard did not have a significant impact on the financial position or performance of the Group.

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Group has applied TFRS 9 as the first application date of 1 January 2018. The effects of this standard on the financial position and performance of the Group are explained in Note 2.3.

TFRS 4 Insurance Contracts (Amendments);

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on 19 December 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. The interpretation did not have an impact on the financial position or performance of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TAS 40 Investment Property: Transfers of Investment Property (Amendments)

In December 2017, POA issued amendments to TAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Annual Improvements to TFRSs - 2014-2016 Cycle

In December 2017, POA issued Annual Improvements to TFRS Standards 2014-2016 Cycle, amending the following standards:

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are applied for annual periods beginning on or after 1 January 2018.

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

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

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 16 "Leases". This Standard replaces the existing TAS 17 "Leases" Standard, TFRIC 4 "Determining Whether an Arrangement Contains a Lease" Standard and TAS Interpretation 15 "Operating Leases - Incentives" for the accounting of leasing transactions and has resulted in amendments to TAS 40 "Investment Properties" Standard. TFRS 16 eliminates the dual-accounting model of leasing transactions that are the current application in terms of lessees that financial leasing transactions is following in balance sheet and liabilities related operational leasing is following in off-balance sheet. Instead, a single balance sheet-based accounting model is presented for all leases, similar to the current financial leasing accounting. For lessors, recognition is similar to existing practices. TFRS 16, is effective for annual periods beginning on or after 1 January 2019, with early application permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group. However, the explanation of preliminary analyses is as follows:

The Group will prefer to use the exemption right for less stable asset leases with the term less than 12 months and the other contracts that are not covered by the exemption on 1 January 2019 by taking advantage of the transition options which are recognized by the simplified retrospective approach.

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In this context, the Group has adopted the TFRS 16 application and the existence of a right of use during the initial recognition of the lease agreements for warehouse lands, ground handling services lands, airport office areas, warehouses, passenger and commercial vehicles and the head office building, which were not previously recorded in the consolidated statement of financial position. take the obligation to record. In this context, the future leasing amounts foreseen in accordance with the agreements of operating leases stated in Note 15 are adjusted to their present values and their effects on the consolidated financial statements will be recognized. The effect is evaluated.

Amendments to TAS 28 "Investments in Associates and Joint Ventures" (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements - 2015-2017 Cycle

In January 2019, POA issued Annual Improvements to TFRS Standards 2015-2017 Cycle, amending the following standards:

- TFRS 3 Business Combinations and TFRS 11 Joint Arrangements – The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.*

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- *TAS 12 Income Taxes* – The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- *TAS 23 Borrowing Costs* – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Plan Amendment, Curtailment or Settlement" (Amendments to TAS 19)

In January 2019, the POA published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019, early application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost. Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation. The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the *definitions of a business and of outputs; and*
- *introduce an optional fair value concentration test.*

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The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

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

2.1.4 Basis of Consolidation

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

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

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

Subsidiary	Ownership rate (%)	
	December 31, 2018	December 31, 2017
Tasfiye halinde Çelebi Güvenlik ⁽²⁾	94,8	94,8
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
CASI	99,9	99,9
Celebi Spain ⁽¹⁾	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9

⁽¹⁾ As of December 31, 2018, The Group has 100% directly and indirectly ownership interest of Çelebi Spain who is inactive and is not significant to the consolidated financial statements of the Group. Accordingly, Celebi Spain is not consolidated in the consolidated financial statements and accounted as financial investment over cost value (Note 5).

⁽²⁾ Pursuant to the resolution of Ordinary General Assembly meeting of Çelebi Güvenlik which have a capital of TL 1.906.736 and participated by the Company with an ownership rate of 94,8%, the liquidation process started as of December 31, 2013 and trade name of the Company was changed into Tasfiye halinde Çelebi Güvenlik. As of December 31, 2018, since Tasfiye halinde Çelebi Güvenlik is not significant to the consolidated financial statements of the Group, no additional presentation was made in accordance with IFRS 5 Assets Held for Sale and Discontinued Operations.

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

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

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

Joint venture	Ownership rate (%)	
	December 31, 2018	December 31, 2017
Celebi Nas	57,00	57,00

Associate	Ownership rate (%)	
	December 31, 2018	December 31, 2017
DASPL	24,99	24,99

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

Financial investment	Ownership rate (%)	
	December 31, 2018	December 31, 2017
Celebi Spain	100,00	100,00

2.2. Changes in accounting policies

2.2.1 Comparative information

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

The Group presented the consolidated statement of financial position as of December 31, 2018 comparatively with the consolidated statement of financial position as of December 31, 2017, presented the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended December 31, 2018 comparatively with the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended December 31, 2017.

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2.3 Changes in Significant Accounting Policy and Estimations

2.3.1 Changes in Significant Accounting Policy

The significant accounting policies used in preparing the consolidated financial statements for the year ended December 31, 2018 are consistent with the accounting policies disclosed in detail in the financial statements for the year ended December 31, 2017, except for the TFRS 9 Financial Instruments standard effective as of January 1, 2018.

Effects on consolidated financial statements

The Group has applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers in the fiscal period that started on 1 January 2018 and the related standards are explained below and their current accounting policies are explained in Note 2.4.

In the consolidated financial statements of the Group, there is no significant effect resulting from implementation of TFRS 15 Revenue from Contracts with Customers Standard.

TFRS 9 Financial Instruments Impact Measurement

Classification and Measurement

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. TFRS 9 removes loans and receivables and available-for-sale financial asset categories included in the current TAS 39 standard.

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

	Classification under TAS 39	Classification under TFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortised cost
Financial asset	Available for sale	Fair value through other comprehensive income
Trade receivables	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Financial liabilities		
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost
Other payables	Amortised cost	Amortised cost

Impairment:

The Group allocates impairment provision for the following financial assets according to the expected credit loss model:

- Trade receivables
- Cash and cash equivalents
- Financial investments
- Other receivables

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of such financial assets. This method requires the recognition of expected life-time losses for all trade receivables. According to new impairment provision model applied in accordance with TFRS 9, In the consolidated financial statements, the Group has accounted an additional provision for impairment of TL 4.431.612. The effect of the provision on net profit for the year 2018 is TL 3.754.188.

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2.3.2 Changes in Significant Accounting Estimations

If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The useful life of some part of equipments used in operations in Turkey by the Group has been reassessed and the increased estimation of useful life by changing. As a result of increase in useful life, TL 3.642.332 less depreciation expense is calculated and the effect is reflected in the current period.

In May 2013, a tender was made for the construction of the third airport in Istanbul. Following the aforementioned tender, Istanbul Airport investment was commenced by the Joint Venture Group and the commercial flights made from Istanbul Atatürk Airport as of March 2019 were announced by the General Directorate of State Airports Authority after the start of the activities of Istanbul Airport. Under the assumption that the Group's cargo warehouse and general aviation activities at the Atatürk Airport will be terminated as of 1 March 2019, the Group has reviewed the useful lives of the property, plant and equipment classified as leasehold improvements in the related station and decided to amortize the remaining net book value in accordance with their estimations. The effect of change in the economic life estimate on depreciation and net profit for the period is 21.130.026 TL as an expense.

2.4 Summary of significant accounting policies

2.4.1 Accounting of income

Revenue is recognized on an accrual basis at the fair value of the consideration received or receivable from the sale of goods and services. Net sales represent the invoiced value of goods delivered and services rendered free of sales discounts and returns. In the event that there is an important financing element in the sales, the fair value is determined by deducting the future collections from the interest rate within the financing element. The difference is recognized as other income from operating activities on an accrual basis. According to the ratios determined in the concession agreements for Celebi Delhi Cargo and CASI, the concession amounts paid over the revenues obtained from the operation of the cargo terminal and the ground handling services provided at the relevant airports are netted off with the sales revenue and are shown in the consolidated financial statements. Since the gross revenue of CGHH is not subjected to concession fee payment to authorities, revenue of CGHH has not been net-off in the consolidated financial statements.

Dividend Income

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

2.4.2 Financial Assets

Classification

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

Recognition and Measurement

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

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

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

Financial Statement Exclusion

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

Impairment

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

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

2.4.3 Cash and Cash Equivalents

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

2.4.4 Property, plant and equipment

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

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

	Useful Lives (Years)
Machinery and equipment	1-20
Motor vehicles	2-10
Furniture and fixtures	1-20
Leasehold improvements	5-15

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

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

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

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

2.4.5 Intangible Assets

a) Goodwill

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

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

b) Computer software

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

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

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

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

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

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

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

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

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

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

Celebi Delhi Cargo

An Agreement regarding improvement, modernization, financing and 25 years finite operating rights of the airport located in Delhi city of India has been signed on August 24, 2009. The deposit amount of INR 1.691.135.907 was paid in total.

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Celebi Nas

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

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

CASI

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

According to these concession agreements, the Group capitalized the differences between the paid deposit paid and its net present value as Build-Operate-Transfer investment and amortized the amount during the periods of concession agreements (Note 12).

2.4.6 Inventories

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

2.4.7 Impairment of Assets

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

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

2.4.8 Financial Liabilities and Borrowing Costs

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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2.4.9 Trade Payables

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

2.4.10 Business Combinations and Goodwill

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

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

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

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

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

2.4.11 Foreign Currency Transactions

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

2.4.12 Earnings per Share

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

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

2.4.13 Subsequent Events

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

2.4.14 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

2.4.15 Leases

Financial lease

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

Operational lease

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

2.4.16 Related Parties

Related party is the person or entity related to Company which is preparing financial statements ("reporting Company") (Note 30).

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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2.4.17 Segment Reporting

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

2.4.18 Taxes on Income

Current Tax Expense and Deferred Tax

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

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

Income Tax

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

According to Turkish tax legislation, legal or business centers institutions in Turkey is subject to corporate tax. The corporate tax rate in Turkey is 20%, however, according to Provisional Article 10 added to the Corporate Tax Act, the 20% corporate tax rate, will be applied as 22% for the corporate earnings of the institutions in the taxation periods of 2018, 2019 and 2020 (accounting periods for the institutions appointed for the special accounting period). The corporate tax rate is applied to the net corporate income to be deducted from deduction of exemptions and reductions in tax laws and an addition of expenses not subject to deduction according to tax legislation. The corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the year in which it is relevant and paid until the end of the relevant month. However, According to the Turkish tax legislation, legal or business centers institutions in Turkey, 20% over the quarterly profit (22% for taxable year 2018, 2019 and 2020) provisional tax is calculated and the corresponding period of the second month until the 14th day declare the results of the relevant period and pay the temporary tax calculated until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax that will be calculated over the tax declaration of the corporations that will be given in the following year. If the amount of tax paid remained despite offsetting, tax paid can be deducted from this amount can be received in cash. As of December 31, 2018, and 2017, the tax provision has been set aside under the current tax legislation.

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

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

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation. The taxes payable on the statement of financial position as of December 31, 2018, and December 31, 2017, are netted off for each Subsidiary and are separately classified in the Consolidated Financial Statements.

Deferred Tax

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

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

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

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

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation. The taxes payable on the statement of financial position as of December 31, 2018, and December 31, 2017, are netted off for each Subsidiary and are separately classified in the Consolidated Financial Statements.

2.4.19 Employee Benefits

Employment termination benefits

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

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

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

After the legislative amendment on May 23, 2002, some transition process items related to the previous service period before retirement were issued. The amount payable consists of one month's salary for each year of service and is limited to TL 5.434,42as of December 31, 2018 (December 31, 2017: TL 4.732,48).

Provision for unused vacation rights

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

2.4.20 Statement of Cash Flows

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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2.4.21 Dividends

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

2.4.22 Paid-in Capital

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

2.4.23 Offsetting

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

2.5 Critical Accounting Estimates and Assumptions

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

(a) Goodwill impairment

As explained in Note 2.4.10 the Group performs impairment tests on goodwill annually at December 31 or more frequently if events or changes in circumstances indicate that it might be impaired. As of December 31, 2018, the Group does not have any impairment as a result of the analyzes.

(b) Impairment of intangible assets

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

(c) Provisions

In accordance with the accounting policy mentioned in Note 2.4.14, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the legal proceedings and damage claims raised against in courts as at December 31, 2018 and for the ones where the Group estimates a probability of losing the cases in courts, necessary provisions are accounted for in the consolidated financial statements (Note 13).

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

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

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As of December 31, 2018, the Group has reviewed possible tax fines which may source from its subsidiaries and subsidiaries subject to joint control and has not considered to make any provisions.

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

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

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

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

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

Preparation of consolidated financial statements in accordance with TAS requires the management to make decisions, estimations and assumptions affecting the implementation of policies and amounts of assets, liabilities, income and expense which are reported. Actual results may differ from those estimates.

Estimations and assumptions forming a basis for estimations are continuously reviewed. Updates made in accounting estimates are recorded in the period of update and following periods affected from the aforementioned updates.

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

Not 2.5 (f) - Application of profit margin to construction costs made in scope of TFRIC 12 "Service Concession Arrangements"

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

Not 11 - Property, plant and equipment

Not 12 - Intangible assets

Not 17 - Employee benefit obligations

Not 28 - Tax assets and liabilities

Not 8 - Trade receivables and payables

NOTE 3 - SEGMENT REPORTING

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

Management evaluates the Group in two different ways: geographical and operating segments. Management analyzes The Group's performance according to their departments; Ground Handling Services, Security Services and Cargo and Warehouse Services. Since the Group's revenues consist primarily of these operating segments, Ground Handling, Cargo and Warehouse Services are evaluated as reportable operating segments. Management follows the operating segments performance as ("EBITDA") after deduction of Operating lease equalization, effect of TFRIC 4-12, current year part of prepaid allocation cost expense, Retirement pay liability and unused vacation provisions from earnings before interest, tax, depreciation and amortization

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

	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
January 1 - December 31, 2018				
Revenue	878.669.433	461.913.720	(6.313.099)	1.334.270.054
Cost of sales	(565.624.995)	(317.047.280)	5.503.153	(877.169.122)
Gross profit	313.044.438	144.866.440	(809.946)	457.100.932
General administrative expenses	(141.268.207)	(47.355.162)	1.878.114	(186.745.255)
Addition: Depreciation and amortization	46.335.799	20.626.145	-	66.961.944
Addition: Operating lease equalization	(79.786)	10.349.500	-	10.269.714
Addition: Effect of TFRIC 4-12	-	6.446.852	-	6.446.852
Addition: Prepaid allocation cost expense	1.155.072	-	-	1.155.072
Addition: Retirement pay liability and unused vacation provisions	8.769.077	2.991.560	-	11.760.637
Effect to investments accounted by using equity method on EBITDA	45.810.673	(755.207)	-	45.055.466
EBITDA	273.767.066	137.170.128	1.068.168	412.005.362

The segment information provided to the board of directors as of December 31, 2017 is as follows:

	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
January 1 - December 31, 2017				
Revenue	590.024.640	332.405.709	(4.640.686)	917.789.663
Cost of sales	(406.954.065)	(244.999.128)	2.659.693	(649.293.500)
Gross profit	183.070.575	87.406.581	(1.980.993)	268.496.163
General administrative expenses	(94.382.021)	(33.122.098)	2.111.153	(125.392.966)
Addition: Depreciation and amortization	24.792.749	13.699.925	-	38.492.674
Addition: Operating lease equalization	(178.662)	9.374.346	-	9.195.684
Addition: Effect of TFRIC 4-12	-	6.854.881	-	6.854.881
Addition: Prepaid allocation cost expense	1.155.072	-	-	1.155.072
Addition: Retirement pay liability and unused vacation provisions	8.725.071	1.010.224	-	9.735.295
Effect to investments accounted by using equity method on EBITDA	31.178.886	(1.150.857)	-	30.028.029
EBITDA	154.361.670	84.073.002	130.160	238.564.832

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

	January 1- December 31, 2018	January 1- December 31, 2017
EBITDA for reported segments	412.005.362	238.564.832
Depreciation and amortization	(66.961.944)	(38.492.674)
Operating lease equalization	(10.269.714)	(9.195.684)
Effect of TFRIC 4-12	(6.446.852)	(6.854.881)
Other operating income	194.183.103	22.521.334
Other operating expenses (-)	(188.608.265)	(17.262.508)
Addition: Prepaid allocation cost expense	(1.155.072)	(1.155.072)
Retirement pay liability and unused vacation provisions	(11.760.637)	(9.735.295)
Addition: Impairment of fixed assets		
EBITDA effect of investments accounted using the equity method	(45.055.466)	(30.028.029)
Operating profit	275.930.515	148.362.023
Share of profit from investments accounted using the equity method		
Income from investment activities	23.371.805	11.527.783
Expenses from investment activities (-)	3.948.024	1.113.674
Financial income	(305.699)	(2.454.859)
Financial expenses (-)	77.551.573	19.701.438
	(165.684.117)	(70.866.589)
Profit before tax		
Operating profit	214.812.101	107.383.470

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

The reconciliation of the total assets of the geographical segment assets to the financial statements is as follows:

Total Assets

	December 31, 2018	December 31, 2017
Turkey	690.655.294	517.942.130
India	503.993.353	330.186.664
Hungary	257.080.867	93.293.540
Germany	41.692.496	28.236.749
Segment assets (*)	1.493.422.010	969.659.083
Unallocated assets (*)	293.113.589	142.598.016
Deduction: Inter-segment elimination	(264.475.558)	(276.214.913)
Total assets as per consolidated financial statements	1.522.060.041	836.042.186

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

The reconciliation of the total liabilities of the geographical segment liabilities to the financial statements is as follows:

Total liabilities

	December 31, 2018	December 31, 2017
Turkey	111.139.031	88.793.858
India	280.744.894	210.816.171
Hungary	24.854.916	17.252.212
Germany	26.434.642	22.526.078
Segment liabilities (*)	443.173.483	339.388.319
Unallocated liabilities (*)	727.691.363	346.999.617
Deduction: Inter-segment elimination	(1.892.319)	(19.200.924)
Total liabilities as per consolidated financial statements	1.168.972.527	667.187.012

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

Geographical region

Geographical segment analysis of the operating profit/(loss) for the period January 1 - December 31, 2018 is as follows:

	Turkey (*)	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	694.253.222	210.619.016	316.483.664	118.096.763	1.339.452.665	(5.182.611)	1.334.270.054
Cost of sales	(417.797.511)	(137.655.446)	(239.486.403)	(87.726.700)	(882.666.060)	5.496.938	(877.169.122)
Gross profit	276.455.711	72.963.570	76.997.261	30.370.063	456.786.605	314.327	457.100.932
General administrative expenses	(109.571.456)	(25.586.379)	(35.835.396)	(16.489.857)	(187.483.088)	737.833	(186.745.255)
Other operating income/expenses - net	5.242.417	878.784	33.275	564.963	6.719.439	(1.144.601)	5.574.838
Operating profit/(loss)	172.126.672	48.255.975	41.195.140	14.445.169	276.022.956	(92.441)	275.930.515

Geographical segment analysis of the operating profit/(loss) for the period January 1 - December 31, 2017 is as follows:

	Turkey (*)	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	499.806.883	125.242.443	222.111.554	74.638.977	921.799.857	(4.010.194)	917.789.663
Cost of sales	(315.405.010)	(83.248.677)	(185.818.234)	(67.479.098)	(651.951.019)	2.657.519	(649.293.500)
Gross profit	184.401.873	41.993.766	36.293.320	7.159.879	269.848.838	(1.352.675)	268.496.163
General administrative expenses	(74.898.387)	(17.187.297)	(20.132.529)	(14.654.115)	(126.872.328)	1.479.362	(125.392.966)
Other operating income/expenses - net	4.732.504	(244.627)	152.162	733.165	5.373.204	(114.378)	5.258.826
Operating profit/(loss)	114.235.990	24.561.842	16.312.953	(6.761.071)	148.349.714	12.309	148.362.023

*Profit/loss amounts related to rent operations of Çelebi Hava in Frankfurt are included in total.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
Cash	394.786	276.193
Banks	196.629.005	106.670.336
- time deposit	146.792.870	75.185.656
- demand deposit	49.836.135	31.484.680
Other (Liquid fund)	-	6.625.712
	197.023.791	113.572.241

As of December 31, 2018, effective interest rates on TL, EUR, USD and INR denominated time deposits are 18,16%, 1,54%, 3,17% and 6,25% respectively. (December 31, 2017: TL 14,20%, EUR 1,60%, USD 3,20%, INR 5,25%). As of December 31, 2018 the maturity days of denominated time deposits are 2 days for TL and USD, 25 days for EUR and 51 days for INR (December 31, 2017: TL, EUR and USD 4 days, INR 10 days,).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Cash and banks	197.023.791	106.946.529
Other	-	6.625.712
Less: Interest accruals	(293.018)	(167.826)
	196.730.773	113.404.415

NOTE 5 - FINANCIAL INVESTMENTS

Restricted Bank Balances:

	December 31, 2018	December 31, 2017
Restricted bank balances ^(*)	51.444.157	13.369.356
	51.444.157	13.369.356

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

Financial investments with fair value difference reflected to other comprehensive income

	December 31, 2018		December 31, 2017	
	Percentage of shares%	TL	Percentage of shares%	TL
Celebi Spain ^(*)	100,00	166.650	100,00	20.527
		166.650		20.527

^(*) As at December 31, 2018, Celebi Spain, which is non-operational, is not significant to the consolidated financial statements of the Group, accordingly accounted as Financial investments with fair value difference reflected to other comprehensive income with the cost amount less impairment, if any, in the consolidated financial statements of the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018**

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

NOTE 6 - INVESTMENT ACCOUNTED BY USING THE EQUITY METHOD

	Percentage of shares %	December 31, 2018	Percentage of shares%	December 31, 2017
Çelebi Nas	57,00	87.725.263	57,00	59.201.097
DASPL	24,99	8.000.645	24,99	5.790.207
		95.725.908		64.991.304

The movements of investments accounted using the equity method during the periods ended December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
As of January 1	64.991.304	42.739.300
Share of profit/loss	23.371.805	11.527.783
Currency translation differences	16.108.238	7.094.789
Transfers to investments accounted by using the equity method ^(*)	-	3.616.398
Shares from retained earnings	-	1.206.775
Actuarial gains/losses from defined benefit plans	(200.767)	(143.741)
Equity effect on acquisition of additional shares	(8.544.672)	(1.050.000)
As of December 31	95.725.908	64.991.304

^(*) As of December 31, 2017, it is the effect of the accounting of the the additional share purchase of 8.33% by subsidiary of CASI, DASPL.

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

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

	January 1 - December 31, 2018	January 1 - September 31, 2017
Çelebi Nas	20.372.822	10.487.861
DASPL	2.998.983	1.039.922
	23.371.805	11.527.783

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

Summary of financial statements of Çelebi Nas is as follows:

	December 31, 2018	December 31, 2017
Total Assets	340.587.418	187.460.245
Total Liabilities	191.429.738	88.344.963
	January 1 - December 31, 2018	January 1 - December 31, 2017
Revenue	177.375.530	119.575.076
Net profit/(loss) for the period	35.741.793	18.399.756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

Summary of financial statements of DASPL is as follows:

	December 31, 2018	December 31, 2017
Total Assets	44.129.002	39.007.085
Total Liabilities	10.586.487	15.647.774
	January 1 - December 31, 2018	January 1 - December 31, 2017
Revenue	41.299.106	23.642.807
Net profit/(loss) for the period	12.000.729	4.161.350

NOTE 7 - SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term financial liabilities:

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

Short-term portion of long-term financial liabilities:

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

Long-term financial liabilities:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

Short term financial liabilities:

	December 31, 2017		
	Effective interest rate (%)	Original balance	Effective interest rate (%)
<i>Short term borrowings:</i>			
INR Borrowings	10,00	12.299.712	726.913
			726.913
<i>Short-term finance lease obligations</i>			
USD finance lease obligations	11,20	24.778	249.354
INR finance lease obligations	9,10	4.219.188	93.462
			342.816
Total short term financial liabilities			1.069.729

Short-term portion of long-term financial liabilities:

	December 31, 2017		
	Effective interest rate (%)	Original balance	Effective interest rate (%)
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual - EUR	-	271.026	1.223.818
Interest expense accrual - INR	-	5.824.247	344.213
INR borrowings	8,55 - 13,00	171.583.553	10.140.588
EUR borrowings	2,20 - 2,75	10.200.000	46.058.100
Total short-term portion of total long term financial liabilities			57.766.719

Long-term financial liabilities:

	December 31, 2017		
	Effective interest rate (%)	Original balance	Effective interest rate (%)
<i>Long term borrowings:</i>			
INR Borrowings	8,55 - 13,00	1.014.304.196	59.945.378
EUR Borrowings	2,20 - 2,75	47.550.000	214.712.025
			274.657.403
<i>Long-term finance lease obligations:</i>			
USD finance lease obligations	11,20	35.827	135.136
INR finance lease obligations	9,10	130.690.677	7.723.819
			7.858.955
Total long-term financial liabilities			282.516.358
Total financial liabilities			341.352.806

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

The redemption schedules of financial liabilities of the Group as at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Less than 3 months	97.598.929	2.207.104
Between 3-12 months	136.190.448	56.629.344
Between 1-5 years	488.025.051	282.516.358
	721.814.428	341.352.806

The redemption schedules of long-term borrowings as at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Between 1-2 years	271.918.056	126.364.283
Between 2-3 years	72.307.854	115.045.922
Between 3-4 years	68.050.697	8.515.482
4 years and more	65.946.563	24.731.716
	478.223.170	274.657.403

The remaining repricing periods for the Group's floating interest rate borrowings as at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Less than 3 months	8.196.296	798.057
Between 3-12 months	25.126.973	10.188.865
Between 1-5 years	177.147.752	127.677.878
	210.471.021	138.664.800

The redemption schedules of financial lease obligations as at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018			December 31, 2017		
	Minimum financial lease payments	Interest	Total obligation	Minimum financial lease payments	Interest	Total obligation
Less than 1 year	1.397.464	(909.853)	487.611	1.083.939	(741.123)	342.816
Between 1-2 years	1.296.235	(871.235)	425.000	1.071.564	(712.847)	358.717
Between 2-3 years	1.221.513	(836.620)	384.893	1.006.845	(683.659)	323.186
Between 3-4 years	1.212.963	(800.500)	412.463	958.718	(656.630)	302.088
4 years and more	14.095.579	(5.516.054)	8.579.525	11.832.572	(4.957.608)	6.874.964
	19.223.754	(8.934.262)	10.289.492	15.953.638	(7.751.867)	8.201.771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

Movement of financial liabilities for the period ended December 31, 2018 is as follows:

	2018	2017
As of January 1	341.352.806	322.576.763
Addition in current year	379.549.694	130.949.500
Principal payments	(140.952.126)	(134.423.151)
Interest payments	(13.595.794)	(16.746.027)
Change in exchange differences	137.368.967	37.427.690
Change in interest accruals	18.090.881	1.568.031
As of December 31	721.814.428	341.352.806

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	December 31, 2018	December 31, 2017
Due from third parties	186.052.360	122.450.352
Less: Provision for doubtful receivables	(12.329.145)	(6.112.405)
Trade receivables from third parties (net)	173.723.215	116.337.947
Due from related parties (Note 30)	1.608.646	1.702.170
Total short-term trade receivables	175.331.861	118.040.117

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of the financial assets. This method requires the recognition of lifetime expected credit losses for all trade receivables. According to the impairment provision model in accordance with TFRS 9, the Group has accounted for an additional provision of TL 4.431.612 in the consolidated financial statements. The effect of the provision on net profit for the year 2018 is TL 3.754.188.

Movements of provision for doubtful receivables is as follows:

	December 31, 2018	December 31, 2017
Opening balance	6.112.405	2.996.580
Foreign currency translation differences	700.755	240.114
Collections and provision reversals	(3.992.569)	(3.119)
Additional provisions in current period	9.508.554	2.878.830
Closing balance	12.329.145	6.112.405

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Credit risks exposed by the Group for each financial instrument type as of December 31, 2018 and 2017 are shown below:

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

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

December 31, 2017	Trade receivables		Other receivables		Bankdeposits ^(*)
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date	1.702.170	116.337.947	-	43.267.998	120.039.692
- Amount of risk covered bu guarentees	-	5.820.013	-	-	-
Net carrying value of financial assets which are not due or not impaired	1.702.170	73.333.624	-	43.267.998	120.039.692
Net carring value of financial assets which are overdue but not impaired	-	43.004.323	-	-	-
- Amount of risk covered bu guarentees	-	5.009.731	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	6.112.405	-	-	-
- Impairment amount (-)	-	-	-	-	-
- Amount of risk covered by guarentees	-	(6.112.405)	-	-	-
The maximum of credit risk exposed at					

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

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

	December 31, 2018	December 31, 2017
Overdue 1 month	21.143.433	17.121.644
Overdue 1-3 months	26.399.096	15.489.682
Overdue 3-12 months	11.777.601	6.648.675
Overdue 1-5 years	71.721	3.744.322
	59.391.851	43.004.323

Credit risk covered by guarantees of overdue receivables that are not impaired as of December 31, 2018 is 840.923 TL.
(December 31, 2017: 5.009.731TL)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

Short term trade payables

	December 31, 2018	December 31, 2017
Trade payables to third parties	75.215.390	58.964.865
Accrued liabilities	15.099.434	7.169.892
Total trade payables to third parties	90.314.824	66.134.757
Due to third parties (Note 30)	9.649.715	11.262.592
Total trade payables	99.964.539	77.397.349

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	December 31, 2018	December 31, 2017
Receivables from tax office	28.750.070	6.037.026
Deposits and guarantees given	4.774.448	2.402.694
Short term other due from related parties	33.524.518	8.439.720
Due from related parties (Note 30)	24.164.660	-
Total short-term other receivables	57.689.178	8.439.720

Other long term receivables

	December 31, 2018	December 31, 2017
Deposits and guarantees given (*)	55.750.097	34.828.278
Due from third parties	55.750.097	34.828.278
Due from related parties (Note 30)	95.869.814	-
Total long-term other receivables	151.619.911	151.619.911

(*) As of December 31, 2018, 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 34.172.242 (December 31, 2017: TL 21.905.228) and TL 21.173.569 (December 31, 2017: TL 12.819.338).

Other short-term payables

	December 31, 2018	December 31, 2017
Other short-term payables (*)	12.536.171	8.487.809
Deposits and guarantees received	309.822	155.189
Total short-term payables	12.845.993	8.642.998

(*) As of December 31, 2018, TL 11.474.289 of other short-term payables (December 31, 2017: TL 8.183.852) are the payables of Celebi Delhi Cargo, a subsidiary of the Group, to its shareholder of Delhi International Airport Private Limited'e (DIAL) due to the concession contract signed between the parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

Other long-term payables

	December 31, 2018	December 31, 2017
Deposits and guarantees received	16.098.610	12.532.767
	16.098.610	12.532.767

NOTE 10 - INVENTORIES

	December 31, 2018	December 31, 2017
Merchandises	3.053.738	3.068.338
Other inventories (*)	11.059.888	9.393.658
	14.113.626	12.461.996

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

Movements in property, plant and equipment for the period ended December 31, 2017 are as follows:

	Opening January 1, 2018	Additions	Disposals	Transfers	Currency Translation Differences	Closing December 31, 2018
Cost						
Plant, machinery and equipment	255.823.826	11.407.233	(1.685.853)	(3.102.300)	8.510.714	270.953.620
Motor vehicles	51.586.757	520.854	(542.773)	3.323.343	9.483.208	64.371.389
Furniture and fixtures	26.595.962	1.079.967	(142.908)	(2.216.763)	943.609	26.259.867
Leasehold improvements (*)	121.020.459	1.852.837	(33.316)	(3.458.228)	1.363.497	120.745.249
Construction in progress	2.340.056	4.749.636	-	(5.708.546)	290.929	1.672.075
	457.367.060	19.610.527	(2.404.850)	(11.162.494)	20.591.957	484.002.200
Accumulated depreciation						
Plant, machinery and equipment	(173.771.036)	(16.825.328)	1.473.403	7.491.532	(5.819.647)	(187.451.076)
Motor vehicles	(36.190.543)	(2.495.701)	444.752	(131.310)	(6.571.026)	(44.943.828)
Furniture and fixtures	(21.786.275)	(1.516.938)	181.861	1.857.062	(660.752)	(21.925.042)
Leasehold improvements (*)	(68.859.400)	(6.094.118)	13.338	1.337.539	(459.876)	(74.062.517)
	(300.607.254)	(26.932.085)	2.113.354	10.554.823	(13.511.301)	(328.382.463)
Net book value	156.759.806					155.619.737

(*) The land plots where the stations and cargo buildings were constructed by the Group in the airports where it operates were rented from the DHMI and other local authorities. The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of December 31, 2017 the net book value of these stations is TL 42.247.551. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The Group amortizes these station buildings over 15 years which correspond to their economic lives.

Depreciation expense for the period ended December 31, 2017 in the amount of TL 24.651.915 and TL 2.280.170 are respectively included in cost of sales and operating expenses.

The net book value of plant, machinery and equipment amounting TL 283.014 are purchased by financial leasing as of December 31, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

NOTE 12 - INTANGIBLE ASSETS

Other Intangible Assets

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

	Opening January 1, 2018	Additions	Transfers	Currency Translation Differences	Closing December 31, 2018
Cost					
Rights	10.150.600	-	-	-	10.150.600
Customer relations	58.113.650	-	-	16.747.823	74.861.473
Software	16.914.994	3.352.299	200.599	2.003.890	22.471.782
Concession rights (**)	138.195.764	4.819.989	-	38.223.885	181.239.638
Build-operate-transfer investments (*)	96.831.439	14.163.319	-	29.631.436	140.626.194
	320.206.447	22.335.607	200.599	86.607.034	429.349.687
Accumulated depreciation					
Rights	(3.639.336)	(594.424)	-	-	(4.233.760)
Customer relations	(58.113.650)	-	-	(16.747.823)	(74.861.473)
Software	(13.069.233)	(1.816.471)	(39.489)	(1.767.860)	(16.693.053)
Concession rights (**)	(39.408.272)	(9.827.000)	-	(11.500.842)	(60.736.114)
Build-operate-transfer investments (*)	(36.174.189)	(7.147.106)	-	(10.395.330)	(53.716.625)
	(150.404.680)	(19.385.001)	(39.489)	(40.411.855)	(210.241.025)
Net book value	169.801.767				219.108.662

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

(**) Refers to fixed asset expenditures made within within the scope of the concession agreement signed between DIAL Celebi Delhi Cargo and are recognized in accordance with TFRIC 12 and TFRIC 4. As of December 31,2017, there are financial lease assets in the concession rights with the net book value of TL 9.500.958.

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

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

Movements in other intangible assets for the period ended December 31, 2017 are as follows:

	Opening January 1, 2017	Additions	Transfers	Currency Translation Differences	Closing December 31, 2017
Cost					
Rights	10.688.549	7.506	(545.455)	-	10.150.600
Customer relations	47.785.826	-	-	10.327.824	58.113.650
Software	14.349.206	1.084.211	596.439	885.138	16.914.994
Concession rights (**)	103.273.865	20.163.446	-	14.758.453	138.195.764
Build-operate-transfer investments (*)	80.738.245	3.812.818	-	12.280.376	96.831.439
	256.835.691	25.067.981	50.984	38.251.791	320.206.447
Accumulated depreciation					
Rights	(4.147.904)	(48.119)	556.687	-	(3.639.336)
Customer relations	(47.785.826)	-	-	(10.327.824)	(58.113.650)
Software	(10.771.187)	(1.327.164)	-	(970.882)	(13.069.233)
Concession rights (**)	(29.548.221)	(5.465.012)	-	(4.395.039)	(39.408.272)
Build-operate-transfer investments (*)	(27.410.525)	(4.720.293)	-	(4.043.371)	(36.174.189)
	(119.663.663)	(11.560.588)	556.687	(19.737.116)	(150.404.680)
Net book value	137.172.028				169.801.767

(*) The difference amounting to TL 56.631.176 between the discounted value of the deposit payment made amounting to INR 1.453.873.935 which is discounted with a discount rate of 11,46%, within the scope of the concession agreement signed for the development, modernization and the operation for 25 years of the existing cargo terminal of the New Delhi Airport, India is recognised as build-operate-transfer investment and will be amortised during the concession period of 25 years. In addition, the difference amounting to TL 4.107.209 between the discounted value of the deposit payment made amounting to INR 400.000.000 which is discounted with a discount rate of 10,82%, within the scope of the concession agreement signed for rendering ground handling services for both 10 years in New Delhi Airport, India and 5+2 years in Cochin Airport is recognised as build-operate-transfer investment and will be amortised during the concession period of 10 years.

(**) Refers to fixed asset expenditures made within within the scope of the concession agreement signed between DIAL Celebi Delhi Cargo and are recognized in accordance with TFRIC 12 and TFRIC 4. As of December 31, 2017, there are financial lease assets in the concession rights with the net book value of TL 7.945.665.

Amortization expense for the period ended December 31, 2018 in the amount of TL 1.547.141 and TL 10.013.447 are included in operating expenses and cost of sales.

Goodwill

Positive goodwill at December 31, 2018 and December 31, 2017 is as follows:

	December 31, 2018	December 31, 2017
Goodwill due to acquisition of CGHH	43.925.159	34.112.091
	43.925.159	34.112.091

Goodwill due to acquisition of CGHH

Group has won the bid to acquire BAGH shares, which is providing airport ground handling services at Budapest Airport, and participated as a founding partner to Celebi Kft established on September 22, 2006 in order to realize the share transfer. On October 26, 2006, Celebi Kft acquired all of its BAGH shares and the commercial title of BAGH changed to Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH"). Celebi Kft merged with CGHH with all assets and liabilities in Hungary on October 31, 2007, within the framework of related legislative provisions, through taking over by CGHH which has 70% share of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

Goodwill details relating to the acquisition of CGHH at December 31, 2018 and 2017 are below:

	December 31, 2018	December 31, 2017
January 1	34.112.091	28.060.700
Foreign currency translation differences	9.813.068	6.051.391
Goodwill	43.925.159	34.112.091

Goodwill Impairment Test

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

	December 31, 2018
Ground handling services - Hungary	43.925.159

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

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

Discount Rate	%9,20
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The Group management determined the budgeted gross profit margin by taking into consideration the previous performance of the Company and the market growth expectations. The weighted average growth rates used are in line with the estimation stated in industry reports. The discount rate used is the before tax discount rate and includes the Company specific risk factors.

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of December 31, 2018.

NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

	December 31, 2018	December 31, 2017
Provision for litigation and indemnity	5.942.066	5.173.420
	5.942.066	5.173.420

Movements of other short term provisions for the periods ended December 31, 2018 is as follows:

	Provision for litigation	Other provisions	Total
January 1, 2018	5.173.420	-	5.173.420
Addition during the year	863.124	-	863.124
Payments during the year	(242.504)	-	(242.504)
Currency translation differences	407.547	-	407.547
Provision reversal	(259.521)	-	(259.521)
December 31, 2018	5.942.066	-	5.942.066

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

Movements of other short term provisions for the periods ended December 31, 2017 is as follows:

	Provision for litigation	Other provisions	Total
January 1, 2017	1.593.633	117.285	1.710.918
Addition during the year	3.515.068	-	3.515.068
Payments during the year	-	(117.285)	(117.285)
Currency translation differences	64.719	-	64.719
December 31, 2017	5.173.420	-	5.173.420

Short-term provision for employee benefits

	December 31, 2018	December 31, 2017
Provision for employee termination benefits ^(*)	5.961.921	3.962.186
Provision for unused vacation rights	6.512.563	4.839.679
	12.474.484	8.801.865

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

b) Long-term provisions

Long-term provision for employee benefits

	December 31, 2018	December 31, 2017
Provision for employee termination benefits	27.467.482	22.006.598
	27.467.482	22.006.598

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

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

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

Since the legislation was changed on May 23, 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable as at December 31, 2018 consists of one month's salary limited to a maximum of 5.434,42 (December 31, 2017: TL 4.732,48) for each year of service.

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

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

Total employee termination benefit liability is calculated by 15 days per year of service for the current period ended at September 30, 2018 and the liability is limited to INR 350.000 per employee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

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.

Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 6.017,60 which is effective from January 1, 2018 (January 1, 2018: TL 5.001,76) has been taken into consideration in the calculations.

Movements in the provision for employment termination benefits are as follows:

	2018	2017
As of January 1	25.968.784	22.923.257
Payments of provisions during the year	(10.497.227)	(9.289.759)
Service cost of employee termination benefits	6.859.839	6.549.642
Interest cost of employee termination benefits	2.190.014	1.963.918
Actuarial (gain)/loss	6.698.169	3.327.543
Currency translation differences	2.209.824	494.183
As of period end	33.429.403	25.968.784

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

	2018	2017
January 1	4.839.679	4.476.709
Payments of provisions during the year	(632.401)	(623.429)
Increase in unused vacation rights during the year	6.249.535	5.036.527
Usage of vacation rights during the year	(4.374.659)	(4.242.529)
Currency translation differences	430.409	192.401
As of period end	6.512.563	4.839.679

c) Contingent assets and liabilities

Guarantess received and given as of December 31, 2018 and 2017 are as follows:

Guarantees received:

	December 31, 2018	December 31, 2017
Guarantee letters	18.709.268	8.142.691
Guarantee cheques	1.503.672	9.354.905
Guarantee notes	1.932.256	1.209.627
	22.145.196	18.707.223

Guarantees given:

	December 31, 2018	December 31, 2017
Guarantee letters	190.664.947	138.796.462
Collaterals ^(*)	175.772.990	113.136.325
Pledged shares ^(*)	32.408.518	25.859.737
	398.846.455	277.792.524

^(*) TL 208.181.508 of the collaterals given and pledged shares are given to the banks for the loans borrowed by the subsidiaries and joint venture of the Group (December 31, 2017: TL 138.958.882) (Note 30).

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

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

As of December 31, 2018, the Group has contingent liabilities amounting to TL 25.928.433 (December 31, 2017: TL 26.467.434) due to the legal cases and enforcement proceedings in progress against the Group.

The details of collaterals, pledges, guarantees and mortgages ("CPGM") of the Company at December 31, 2018 and December 31, 2017 are as follows:

CPGM given by the Group	December 31, 2018		December 31, 2017	
	Amount	TL Equivalent	Amount	TL Equivalent
A. CPGM given on behalf of the Group's legal personality		184.919.012		134.676.808
TL	17.877.847	17.877.847	13.238.634	13.238.634
EUR	5.616.164	33.854.238	7.919.244	35.759.346
USD	2.210.500	11.629.219	2.210.500	8.337.785
INR	1.405.334.369	105.821.678	1.147.839.828	67.837.334
HUF	837.022.897	15.736.030	650.939.000	9.503.709
B. CPGM given on behalf of fully consolidated subsidiaries		213.927.443		143.115.716
EUR	50.000	301.400	50.000	225.775
USD	1.092.196	5.745.935	1.092.196	4.119.654
INR	2.760.692.000	207.880.108	2.348.059.000	138.770.287
C. CPGM given for continuation of its economic activities on behalf of third parties		-		-
D Total amount of other CPGM		-		-
i. Total amount of CPGM given on behalf of the majority shareholder		-		-
ii. Total amount of CPGM given to on behalf of other group companies which are not in scope of B and C		-		-
iii. Total amount of CPGM given on behalf of third Parties which are not in scope of C		-		-
		398.846.455		277.792.524

NOTE 14 - OTHER ASSETS AND LIABILITIES

Other current assets

	December 31, 2018	December 31, 2017
Deferred VAT	5.642.187	536.595
Advances given to personnel	912.770	624.358
	6.554.957	1.160.953

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Other non current assets

	December 31, 2018	December 31, 2017
Prepaid taxes and funds ^(*)	24.036.869	17.864.121
Other	3.242	3.242
	24.040.111	17.867.363

^(*) As of December 31, 2018, prepaid taxes and funds which can be offset more than 1 year, belong to CASI and Celebi Delhi Cargo with an amount of TL 10.748.789 (December 31, 2017: TL 6.963.935) and TL 13.288.080 respectively (December 31, 2017: TL 10.900.186).

Other current liabilities

	December 31, 2018	December 31, 2017
Taxes and funds payable	5.167.724	2.502.021
Provision for operational leasing equalization ^(*)	785.947	1.083.260
Maintenance obligation liability	1.641.247	-
Other	2.283.756	1.703.364
	9.878.674	5.288.645

Other non current liabilities

	December 31, 2018	December 31, 2017
Provision for operational leasing equalization ^(*)	144.551.656	104.553.198
Maintenance obligation liability	43.668.500	34.148.213
	188.220.156	138.701.411

^(*) Provision for operational leasing equalization, is the difference between the lease payments defined on concession agreement and the lease payments calculated by future constant lease increases on straight line basis in accordance with of IAS 17 "Leases".

NOTE 15 - PREPAID EXPENSES

Shor-term prepaid expenses

	December 31, 2018	December 31, 2017
Prepaid expenses	15.398.692	11.818.319
Advances given	5.646.918	2.908.873
	21.045.610	14.727.192

Long-term prepaid expenses

	December 31, 2018	December 31, 2017
Prepaid expenses	17.525.550	14.695.876
Advances given for fixed assets ^(*)	26.147.970	6.706.943
	43.673.520	21.402.819

^(*) TL 14.964.229 of the amount consists of advances given to suppliers related to construction and equipment investments in Istanbul Airport.

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NOTE 16 - DEFERRED INCOME

Short-term deferred income

	December 31, 2018	December 31, 2017
Other advances received	14.506.622	9.573.837
Deferred income	1.191.949	1.191.949
	15.698.571	10.765.786

Long-term deferred income

	December 31, 2018	December 31, 2017
Deferred income	1.036.334	2.228.283
	1.036.334	2.228.283

NOTE 17 - LIABILITIES FOR EMPLOYEE BENEFITS

	December 31, 2018	December 31, 2017
Wages and salaries payable	16.694.157	12.413.866
Bonus payable accruals	16.802.024	10.478.790
Social security withholdings payable	5.715.061	5.316.207
	39.211.242	28.208.863

NOTE 18 - EQUITY

Share Capital

As of December 31, 2018, 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, 2017: 2.430.000.000).

At December 31, 2018 and December 31, 2017, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	December 31, 2018		December 31, 2017	
	Amount	Share %	Amount	Share %
Çelebi Havacılık Holding A.Ş. (ÇHH)	21.236.463	87,39	19.042.115	78,36
Other	3.063.537	12,61	5.257.885	21,64
	24.300.000	100,00	24.300.000	100,00

Restricted Reserves

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

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

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

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

As of December 31, 2018, the amount of restricted reserves is TL 50.630.456 (December 31, 2017: TL 43.097.456).

Listed companies distribute dividend in accordance with the Communiqué 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 communiqué 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 to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

At the Ordinary General Assembly Meeting of the Group held on April 19, 2018, it was resolved; to distribute the full amount of net profit for the period constituted in the consolidated financial statements of the Group amounting to TL 85.361.608 as of December 31, 2018 and to distribute TL84.078.000 of retained earnings in accordance with the local regulations of CMB, to the legally obligated tax payers and to the limited taxpayer who are receiving dividend by an office resident in Turkey or by resident representative, for an amount of TL 3,1500 gross dividend corresponding to per share with a nominal amount of TL 1.00 and for an amount of TL 2,6775 net dividend corresponding to per share with a nominal amount of TL 1.00. The remaining TL 1.283.608 of the net profit for the period is transferred to extraordinary reserves. Cash dividend payments were completed as of April 24, 2018.

NOTE 19 - REVENUE AND COST OF SALES

	January 1- December 31, 2018	January 1- December 31, 2017
Ground handling services	874.188.801	590.466.433
Revenue from cargo and warehouse services	434.713.876	305.854.137
Rental revenue not related to aviation	45.898.241	29.466.378
Revenue in the context of TFRIC 12	4.819.989	14.232.822
Less: Returns and discounts	(25.350.853)	(22.230.107)
Revenue- net	1.334.270.054	917.789.663
Cost of sales	(877.169.122)	(649.293.500)
Gross profit	457.100.932	268.496.163

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 20 - EXPENSES BY NATURE

	January 1- December 31, 2018	January 1- December 31, 2017
Personnel expenses	(502.410.164)	(374.124.672)
Payments to authorities and terminal managements ^(*)	(188.750.102)	(151.031.749)
Technical maintenance of equipment, fuel and security expenses	(91.343.181)	(67.546.786)
Consultancy expenses ^(****)	(89.369.983)	(59.621.827)
Depreciation and amortization expense	(66.961.944)	(38.492.674)
Expenses within the scope of TFRIC 12 ^(**)	(11.266.841)	(21.087.703)
Insurance expense	(6.176.302)	(5.151.012)
Travel and transportation expense	(8.046.730)	(4.783.458)
Cost of sales ^(***)	(2.650.349)	(2.916.300)
Other expenses	(96.938.781)	(49.930.285)
	(1.063.914.377)	(774.686.466)

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

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

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

^(****) TL 63.556.968 of the consultancy expenses are comprised of share of holding company expenses. (31.12.2017: TL 45.463.882)

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

	January 1- December 31, 2018	January 1- December 31, 2017
Consultancy expenses	(85.500.532)	(59.236.933)
Personnel expenses	(59.927.795)	(41.853.677)
Technical maintenance of equipment, fuel and security expenses	(13.281.885)	(6.657.930)
Payments to authorities and terminal managements ^(*)	(6.942.785)	(5.564.660)
Depreciation and amortization expense	(7.574.834)	(3.827.311)
Travel and transportation expense	(5.120.321)	(3.432.889)
Insurance expense	(1.631.748)	(731.106)
Other expenses	(6.765.355)	(4.088.460)
	(186.745.255)	(125.392.966)

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

NOTE 22 - OTHER OPERATING INCOME

	January 1- December 31, 2018	January 1- December 31, 2017
Foreign exchange gains from operating activities	163.441.577	11.968.502
Delay interest charge from operating activities	5.084.199	2.807.704
Provision reversal income	5.072.934	1.276.315
Income from insurance claims	1.378.783	314.795
Other incomes	19.205.610	6.154.018
	194.183.103	22.521.334

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NOTE 23 - OTHER OPERATING EXPENSE

	January 1- December 31, 2018	January 1- December 31, 2017
Foreign exchange losses from operating activities	(158.857.677)	(5.553.242)
Provision for doubtful receivable	(9.508.554)	(2.878.830)
Litigation and indemnity provision expenses	(863.124)	(3.515.068)
Damage and indemnity expenses	(415.055)	(58.969)
Donation expenses	(384.492)	(330.755)
Administrative fine	-	(654.796)
Other expenses	(18.579.363)	(4.270.848)
	(188.608.265)	(17.262.508)

NOTE 24 - INCOME FROM INVESTMENT ACTIVITIES

	January 1- December 31, 2018	January 1- December 31, 2017
Profit from the sale of fixed assets	3.948.024	1.113.674
	3.948.024	1.113.674

NOTE 25 - EXPENSES FROM INVESTMENT ACTIVITIES

	January 1- December 31, 2018	January 1- December 31, 2017
Loss from the sale of fixed assets	(305.699)	(469.731)
Goodwill impairment (Note 12)	-	(1.985.128)
	(305.699)	(2.454.859)

NOTE 26 - FINANCIAL INCOME

	January 1- December 31, 2018	January 1- December 31, 2017
Foreign exchange gains	61.633.146	11.426.064
Interest income	11.894.091	4.792.257
Other financial income	4.024.336	3.483.117
	77.551.573	19.701.438

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NOTE 27 - FINANCIAL EXPENSES

	January 1- December 31, 2018	January 1- December 31, 2017
Foreign exchange losses	(136.812.378)	(48.853.754)
Interest expenses	(24.575.167)	(18.314.058)
Financial expenses incurred within the scope of TFRIC 4-12	(1.642.786)	(854.423)
Other financial expenses	(2.653.786)	(2.844.354)
	(165.684.117)	(70.866.589)

NOTE 28 - TAX ASSETS AND LIABILITIES

	December 31, 2018	December 31, 2017
Current period corporate tax provision	36.342.656	27.100.828
Less: prepaid corporate taxes	(24.151.601)	(28.245.139)
Current income tax liability - net ^(*)	12.191.055	(1.144.311)
Deferred tax assets	98.539.804	54.043.004
Deferred tax liabilities	(5.876.935)	(5.646.811)
Deferred tax assets - net	92.662.869	48.396.193

^(*) 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 20% (will be 22% for taxation periods of 2018, 2019 and 2020) (December 31, 2017: %20). The corporate tax rate is applied to the net corporate income to be deducted from deduction of exemptions and reductions in tax laws and an addition of expenses not subject to deduction according to tax legislation.

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

In India, the corporate tax rate is 34,94% (2017: 34,6%) for the fiscal year of 2018. 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 2018 (2017: 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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For the periods ended on December 31, 2018 and December 31, 2017, tax expenses of the Group are as follows:

	January 1- December 31, 2018	January 1- December 31, 2017
- Current period corporate tax	(34.366.471)	(25.914.945)
- Deferred tax income/(expense)	28.004.641	4.932.650
	(6.361.830)	(20.982.295)

Reconciliation of tax expenses presented in consolidated statements of income for the periods ended at December 31, 2018 and December 31, 2017 are as follows:

	2018	2017
Profit before tax in the financial statements	214.812.101	107.383.470
Expected tax expense according to parent company tax rate (20%)	(47.258.664)	(21.476.694)
Differences in tax rates of subsidiaries	(2.449.658)	(3.967.272)
Expected tax expense of the Group	(49.708.322)	(25.443.966)
Non-deductible expenses	(2.686.122)	(496.748)
Reductions	11.929.539	637.494
Retained earnings offset	8.041.890	1.347.218
Other tax payables liabilities (*)	(4.449.869)	(1.340.781)
Tax incentive effect (**)	24.224.796	-
Investments accounted using the equity method effect	7.972.687	3.924.720
Other	(1.686.429)	389.768
Current period tax expense of the Group	(6.361.830)	(20.982.295)

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

(**) The Company was entitled to receive a corporate income tax incentive from the Ministry of Economy for its investments in Istanbul Airport. At present, TL 36.548.740 of the total investment amounting to TL 146.194.959 has been granted and TRY 12.323.944 of this amount has been deducted from the temporary tax amount calculated. The remaining amount of TL 24.224.796 has been recognized as deferred tax asset in the current period.

Deferred Taxes

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

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The details of cumulative temporary differences and the related deferred tax assets and liabilities calculated with currently enacted tax rates as at December 31, 2018 and December 31, 2017 are as follows:

	Deferred tax base		Deferred tax assets/ (liabilities)	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Deferred tax assets				
Personnel bonus accrual	(4.225.814)	(4.001.712)	929.679	800.342
Accrued sales commissions	(8.183.855)	(5.215.095)	1.800.448	1.043.019
Provision for employment termination benefits	(23.600.610)	(19.443.266)	4.720.122	3.888.653
Provision for operational leasing equalization	(144.298.040)	(104.553.193)	50.422.062	36.183.769
Provision for unused vacation rights	(3.899.340)	(3.243.079)	857.855	648.616
Provision for litigation and indemnity	(4.529.700)	(3.909.080)	996.534	781.816
Adjustments related to property plant and equipment and intangible assets	(66.578.499)	(46.998.133)	23.265.191	16.265.114
Investment incentives	(110.112.709)	-	24.224.796	-
Other	(3.776.673)	(4.287.865)	1.671.312	1.927.768
	(369.205.240)	(191.651.423)	108.887.999	61.539.097
Net off			(10.348.195)	(7.496.093)
Deferred tax assets			98.539.804	54.043.004
Deferred tax liabilities				
Adjustments related to property plant and equipment and intangible assets	75.686.003	68.452.540	(13.744.093)	(12.696.468)
Income accrual	9.335.660	-	(2.053.847)	-
Other	2.135.949	2.232.181	(427.190)	(446.436)
	87.157.612	70.684.721	(16.225.130)	(13.142.904)
Net off			10.348.195	7.496.093
Deferred tax liabilities			(5.876.935)	(5.646.811)
Deferred tax assets, net			92.662.869	48.396.193

The table of deferred tax movement is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
January 1, 2018	48.396.193	36.531.535
Foreign currency translation differences	14.939.749	6.252.594
Deferred tax income/(expenses) for the current period	28.004.641	4.932.650
Recognized in other comprehensive income	1.322.286	679.414
December 31, 2018	92.662.869	48.396.193

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NOTE 29 - EARNINGS PER SHARE

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

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

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

	January 1- December 31, 2018	January 1- December 31, 2017
Net profit/(loss) attributable to the parent company	204.583.956	85.361.608
Weighted average number of shares with 1 KR face value each	2.430.000.000	2.430.000.000
Earnings/(loss) per share (Kr)	0,084	0,035

NOTE 30 - 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

	December 31, 2018	December 31, 2017
Celebi NAS ⁽⁴⁾	759.928	525.689
Celebi Ground Services Austria ⁽²⁾	401.506	262.445
Çelebi Havacılık Holding ⁽¹⁾	378.227	196.885
Celebi Spain ⁽³⁾	-	677.062
Other	68.985	40.089
	1.608.646	1.702.170

Other receivables from related parties

	December 31, 2018	December 31, 2017
Çelebi Havacılık Holding ^{(1)(*)}	120.034.474	-
	120.034.474	-

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Payables to related parties

	December 31, 2018	December 31, 2017
Çelebi Havacılık Holding ^{(1) (**)}	4.969.255	9.145.704
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁶⁾	2.206.121	616.959
DASPL ⁽⁵⁾	1.490.860	457.736
Kamil Koç ⁽⁶⁾	577.914	655.760
Çelebi Nas ⁽⁴⁾	388.089	303.300
Diğer	17.476	83.133
	9.649.715	11.262.592

⁽¹⁾ Parent company

⁽²⁾ Subsidiary of the Group

⁽³⁾ Non-operational asset available for sale of the Group

⁽⁴⁾ Joint venture of the Group

⁽⁵⁾ Associate of the Group

⁽⁶⁾ Other related party

^(*) The related amount is comprised of the CHH's group loan receivable from CGHH amounting to EUR 20.000.000 with 30 June 2023 maturity and 3.95% interest rate.

^(**) As of December 31, 2018, the related amount consists of legal, financial affairs, human resources, management, corporate communication, procurement, IT and business development services received from ÇHH and expenses invoiced within the scope of business development projects run by ÇHH on behalf and on account of the company.

ii) Significant transactions with related parties

	January 1- December 31, 2018	January 1- December 31, 2017
Miscellaneous sales to related parties		
Celebi Ground Handling Services Austria (2) ^(*)	7.656.682	1.441.785
Çelebi Havacılık Holding (1)	381.302	233.628
DASPL (3)	469.367	299.869
Other	580.841	245.008
	9.088.192	2.220.290

*Relevant amount consists of fixed asset sales to CGSA.

	January 1- December 31, 2018	January 1- December 31, 2017
Employee and customer transportation expenses paid to related parties		
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁴⁾	9.139.390	3.491.125
Kamil Koç ⁽⁶⁾	5.543.660	-
Contribution to holding expenses ^(*)		
Çelebi Havacılık Holding ⁽¹⁾	63.365.968	45.463.882

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

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	January 1- December 31, 2018	January 1- December 31, 2017
Other purchases from related parties ^(*)		
Çelebi Havacılık Holding ^{(1) (*)}	6.585.609	4.459.115
DASPL ^{(3) (**)}	6.878.512	3.980.308
Celebi Nas ^{(3) (***)}	3.207.560	2.217.959
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁴⁾	43.642	16.281
Other	215.211	155.842
	16.930.534	10.829.505

⁽¹⁾ Parent company

⁽²⁾ Subsidiary of the Group

⁽³⁾ Associate of the Group

⁽⁴⁾ Other related party

^(*) The purchases made from Çelebi Havacılık Holding consist of expenses directly reflected the Company regarding business development projects and tenders conducted by Çelebi Aviation Holding on behalf and account of the Company.

^(**) Purchases from DASPL that are related to services provided for the aeration, generator and utility water installed in passenger bridges.

^(***) Purchases from Celebi Nas that are related to expenses reflected of equipment rent and staff fees.

As of December 31, 2018 and December 31, 2017, collaterals given in favour of the subsidiaries and joint venture of the Group for the loans borrowed by them are as follow:

December 31, 2018	EUR	INR	Total TL
Celebi Nas (1)	-	94.392.000	7.107.718
Celebi Delhi Cargo (2)	-	336.000.000	25.300.800
CASI (3)	-	2.337.467.000	176.011.265
Celebi Cargo GmbH (4)	50.000	-	301.400
	50.000	2.767.859.000	208.721.183
December 31, 2017	EUR	INR	Total TL
Celebi Nas (1)	-	94.392.000	5.578.567
Celebi Delhi Cargo (2)	-	336.000.000	19.857.600
CASI (3)	-	1.917.667.000	113.334.120
Celebi Cargo GmbH (4)	50.000	-	188.595
	50.000	2.348.059.000	138.958.882

⁽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 1.145.000.000 cash and INR 845.000.000 non-cash, 30% of the 57% shares of Celebi Nas owned by the Company has been pledged in favor of the lender bank to fulfill financial obligations arising from the agreement. As of December 31, 2018, the risk of the cash loan in the respective bank is amounting to INR 1.688.150.170.

⁽²⁾ Within the scope of the long-term project finance and working capital loan agreement signed between Celebi Delhi Cargo and a bank resident in India amounting to INR 1.200.000.000 cash and INR 100.000.000 non-cash, 30% of the shares of the Company has been pledged in favor of the lender bank to fulfill financial obligations arising from the agreement. As of December 31, 2018, the risk of the cash loan in the respective bank is amounting to INR 794.332.450.

⁽³⁾ Celebi Airport Services has a borrowing amounting to INR 1.200.000.000 cash and INR 100.000.000 non-cash within the scope of the long-term project finance and working capital loan agreement signed between The Company and a bank resident in India. As of December 31, 2018, the risk of the cash loan in the respective bank is amounting to INR 800.037.643.

⁽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.

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Key management compensation:

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

	January 1- December 31, 2018	January 1- December 31, 2018
Short-term key management compensation	16.771.185	12.520.801
	16.771.185	12.520.801

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

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

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

Interest rate risk

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

Interest rate positions of the Group at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Fixed interest rate financial instruments		
Financial Assets	194.573.785	88.555.012
- Cash and cash equivalents	194.573.785	88.555.012
Financial Liabilities	511.343.407	202.688.006
Floating interest rate financial instruments		
Financial liabilities	210.471.021	138.664.800

If other variables are kept constant and the interest rates were 1% higher/lower, interest expense due to financial liabilities would have been TL 245.752 higher or lower at December 31, 2018. (December 31, 2017: TL 183.141).

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

Credit risk

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

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Liquidity risk

Cash flow generated through amount and term of borrowing back payments is managed by considering the amount of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities if necessary and on the other hand sufficient and reliable sources of high quality loans are accessible. The Group has long-term financial liabilities amounted TL 488.025.051 as of December 31, 2018 (December 31, 2017: TL 282.516.358) (Note 7).

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

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

December 31, 2017	Book value	Contractual				
		Total cash out flow	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non derivative financial liabilities						
Financial liabilities	341.352.806	382.225.752	7.003.936	66.863.548	288.377.590	19.980.678
Trade payables						
- Related party	11.262.592	11.262.592	11.262.592	-	-	-
- Other	66.134.757	66.134.757	6.224.743	59.910.014	-	-
Other liabilities	21.175.765	21.175.765	303.957	8.339.041	12.532.767	-

Currency risk

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

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

As of December 31, 2018, other things being constant, if the TL was to appreciate/depreciate by 10% against the USD, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 2.545.690 (December 31, 2017: TL 2.342.731).

As of December 31, 2018, other things being constant, if the TL was to appreciate/depreciate by 10% against the EUR, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 24.713.835 (December 31, 2017: TL (17.959.677)).

As of December 31, 2018, 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 13.549 (December 31, 2017: TL 14.973).

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Foreign currency denominated assets and liabilities of the Group as of December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018	December 31, 2017
Assets denominated in foreign currency	421.665.982	146.441.525
Liabilities denominated in foreign currency (-)	(643.482.923)	(302.760.718)
Net balance sheet position	(221.816.941)	(156.319.193)

The table below summarizes TL equivalents of foreign currency denominated assets and liabilities of the Group as of December 31, 2018 and December 31, 2017:

December 31, 2018	TL Equivalent	USD	EUR	GBP
1. Trade receivables	114.065.107	3.684.404	15.707.005	-
2. Monetary financial assets	177.421.410	1.639.996	27.952.305	44.652
3. Other	33.905.367	215.996	5.436.137	-
4. Current Assets (1+2+3)	325.391.884	5.540.396	49.095.447	44.652
5. Other	96.274.098	-	15.971.151	-
6. Non-current assets (5)	96.274.098	-	15.971.151	-
7. Total assets (4+6)	421.665.982	5.540.396	65.066.598	44.652
8. Trade payables	37.792.363	471.529	5.857.780	150
9. Financial liabilities	200.228.549	28.652	33.191.409	-
10. Other monetary liabilities	13.901.365	188.929	2.069.654	64.868
11. Short-term liabilities (8+9+10)	251.922.277	689.110	41.118.843	65.018
12. Financial liabilities	391.560.646	12.399	64.946.154	-
13. Other monetary liabilities	-	-	-	-
14. Long-term liabilities (12+13)	391.560.646	12.399	64.946.154	-
15. Total liabilities (11+14)	643.482.923	701.509	106.064.997	65.018
16. Net foreign currency asset/ (liability) position (7-15)	(221.816.941)	4.838.887	(40.998.399)	(20.366)
17. Net monetary foreign currency asset/(liability) position (7-15)	(221.816.941)	4.838.887	(40.998.399)	(20.366)

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December 31, 2017	TL Equivalent	USD	EUR	GBP
1. Trade receivables	70.374.520	2.877.913	13.181.114	-
2. Monetary financial assets	72.724.439	4.965.388	11.915.397	37.698
3. Other	3.238.854	25.630	695.798	60
4. Current Assets (1+2+3)	146.337.813	7.868.931	25.792.309	37.758
5. Other	103.712	-	22.968	-
6. Non-current assets (5)	103.712	-	22.968	-
7. Total assets (4+6)	146.441.525	7.868.931	25.815.277	37.758
8. Trade payables	32.084.375	1.418.924	5.917.469	2.363
9. Financial liabilities	47.375.378	24.778	10.471.026	-
10. Other monetary liabilities	8.453.804	178.392	1.650.178	64.868
11. Short-term liabilities (8+9+10)	87.913.557	1.622.094	18.038.673	67.231
12. Financial liabilities	214.847.161	35.827	47.550.000	-
13. Other monetary liabilities	-	-	-	-
14. Long-term liabilities (12+13)	214.847.161	35.827	47.550.000	-
15. Total liabilities (11+14)	302.760.718	1.657.921	65.588.673	67.231
16. Net foreign currency asset/ (liability) position (7-15)	(156.319.193)	6.211.010	(39.773.396)	(29.473)
17. Net monetary foreign currency asset/(liability) position (7-15)	(156.319.193)	6.211.010	(39.773.396)	(29.473)

Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the debt/equity ratio.

This ratio is found by dividing net debt to total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital invested is calculated as equity, as shown in the consolidated balance sheet, plus net debt. Net debt is calculated by deducting cash and cash equivalents and deferred tax liabilities from total debt. Total capital is calculated by adding equity and net debt as presented in the balance sheet.

The net debt/(equity + net debt) ratio as of December 31, 2018 and December 31, 2017 is as follows:

	December 31, 2018	December 31, 2017
Total financial liabilities	721.814.428	341.352.806
Less: Cash and cash equivalents	(197.023.791)	(113.572.241)
Less: Restricted cash	(51.444.157)	(13.369.356)
Net debt	473.346.480	214.411.209
Shareholder's equity	353.087.514	168.855.174
Capital invested	826.433.994	383.266.383
Net debt/capital invested	0,57	0,56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

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

NOTE 32 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

Financial Assets

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

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

Financial Liabilities

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

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

- Level 1: Valuation techniques using market prices (unadjusted) in the active market for the identified financial instruments.
- Level 2: Other valuation techniques, including indirect or direct observable input. The fair value of financial assets that are not traded in an active market is calculated using the observations on the market at the highest level that can be used and the assumptions at the lowest level for the company.
- Level 3: Valuation techniques that do not include observable market inputs.

The fair value measurement hierarchy table as of December 31, 2018 is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	166.650	166.650
December 31, 2018	Level 1	Level 2	Level 3	Total
Liabilities				
Other financial liabilities	-	-	-	-
December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	20.527	20.527
December 31, 2017	Level 1	Level 2	Level 3	Total
Liabilities				
Other financial liabilities	-	-	-	-

NOTE 33 - SUBSEQUENT EVENTS

CASI has participated to offer ground handling services at 16 airports in the tender held by the Airport Authority of India ("AAI") for ground handling services in 36 airports for a period of 10 years.

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