

# **elebi Hava Servisi A.Ő.**

**1 January - 31 March 2015 interim condensed  
consolidated financial statements together with review  
report**

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

# ÇELEBİ HAVA SERVİSİ A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 MARCH 2015

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

	Notes	(Unaudited) 31 March 2015	(Audited) 31 December 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	84.133.562	79.950.529
Trade receivables		60.248.166	57.880.354
- Due from third parties	8	59.436.830	57.188.420
- Due from related parties	8	811.336	691.934
Other receivables		7.436.102	9.497.834
- Other receivables from third parties	9	7.436.102	9.497.834
Inventories	10	9.711.001	8.381.073
Prepaid expenses	15	8.661.304	10.107.013
Other current assets	14	17.097.393	13.769.195
<b>Total current assets</b>		<b>187.287.528</b>	<b>179.585.998</b>
<b>Non-current assets</b>			
Financial investments	5	1.758.861	1.546.360
Investments accounted with equity method	6	20.603.369	17.141.793
Other long-term receivables		26.378.728	23.500.013
- Due from third parties	9	15.963.741	13.625.063
- Due from related parties	9	10.414.987	9.874.950
Property, plant and equipment	11	166.172.223	166.486.309
Intangible assets		144.191.744	132.042.691
- Other intangible assets	12	119.835.755	108.836.481
- Goodwill	12	24.355.989	23.206.210
Prepaid expenses	15	18.062.927	19.159.212
Deferred tax asset	24	26.157.627	22.258.480
Other non-current assets	14	12.941.035	11.523.966
<b>Total non-current assets</b>		<b>416.266.514</b>	<b>393.658.824</b>
<b>Total assets</b>		<b>603.554.042</b>	<b>573.244.822</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 MARCH 2015

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

	Notes	(Unaudited) 31 March 2015	(Audited) 31 December 2014
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term financial liabilities	7	39.911.889	34.908.082
Current portion of long term financial liabilities	7	92.495.838	89.293.531
Other financial liabilities	7	-	1.640.400
Trade payables		42.209.970	45.847.785
- Due to third parties	8	37.887.913	41.206.911
- Due to related parties	8	4.322.057	4.640.874
Liabilities for employee benefits	17	20.526.388	18.900.210
Other payables		4.998.853	4.521.860
- Due to third parties	9	4.998.853	4.521.860
Deferred income	16	4.015.712	3.571.895
Short-term provisions		4.089.691	4.103.530
- Provisions for employee benefits	13	3.231.699	3.245.538
- Other provisions	13	857.992	857.992
Current tax liabilities	24	2.047.429	2.258.497
Other current liabilities	14	5.206.017	4.498.684
<b>Total current liabilities</b>		<b>215.501.787</b>	<b>209.544.474</b>
<b>Non-Current Liabilities</b>			
Long-term financial liabilities	7	178.462.928	179.437.240
Other non-current payables	9	5.428.172	4.782.335
Deferred income	24	6.725.110	6.283.864
Long term provisions		9.684.233	9.234.288
- Provisions for employee benefits	13	9.684.233	9.234.288
Other non-current liabilities	14	68.726.314	57.509.125
<b>Total non-current liabilities</b>		<b>269.026.757</b>	<b>257.246.852</b>
<b>Total liabilities</b>		<b>484.528.544</b>	<b>466.791.326</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>107.439.573</b>	<b>95.521.545</b>
Share Capital	18	24.300.000	24.300.000
Other comprehensive income/(expense) not to be reclassified to profit or loss		(2.038.962)	(1.243.129)
- Actuarial gain/(loss) arising from defined benefit plans		(2.038.962)	(1.243.129)
Other comprehensive income/(expense) to be reclassified to profit or loss		12.423.821	4.376.169
- Foreign currency translation differences		12.423.821	4.376.169
Restricted reserves	18	28.274.456	28.274.456
Retained earnings		39.814.049	(14.753.489)
Net profit/ (loss) for the year		4.666.209	54.567.538
<b>Non-controlling interest</b>		<b>11.585.925</b>	<b>10.931.951</b>
<b>Total equity</b>		<b>119.025.498</b>	<b>106.453.496</b>
<b>Total liabilities and equity</b>		<b>603.554.042</b>	<b>573.244.822</b>
Contingent assets and liabilities			

# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED CONSOLIDATED PROFIT OR LOSS STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

	Notes	(Unaudited) 1 January - 31 March 2015	(Unaudited) 1 January - 31 March 2014
<b>CONTINUING OPERATIONS</b>			
Revenue	19	139.979.502	116.740.822
Cost of sales (-)	19	(110.428.659)	(94.507.416)
<b>GROSS PROFIT</b>	<b>19</b>	<b>29.550.843</b>	<b>22.233.406</b>
General administrative expenses (-)	21	(22.329.599)	(20.114.942)
Other operating income		3.668.894	6.103.757
Other operating expenses (-)		(2.340.603)	(847.694)
Income from investments accounted by Equity method	6	999.715	634.390
<b>OPERATING PROFIT</b>		<b>9.549.250</b>	<b>8.008.917</b>
Income from investment activities		188.687	113.985
Expense from investment activities (-)		(398.815)	(168.542)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME/(EXPENSE)</b>		<b>9.339.122</b>	<b>7.954.360</b>
Financial income	22	4.207.626	3.317.638
Financial expense (-)	23	(7.513.163)	(13.019.251)
<b>INCOME BEFORE TAX</b>		<b>6.033.585</b>	<b>(1.747.253)</b>
<b>Income tax expense</b>		<b>(2.187.025)</b>	<b>(1.017.406)</b>
Current tax expense	24	(2.351.041)	(900.373)
Deferred tax income/(expense)	24	164.016	(117.033)
<b>NET INCOME/ (EXPENSE)</b>		<b>3.846.560</b>	<b>(2.764.659)</b>
<b>Attributable to:</b>			
Non-controlling interest		(819.649)	706.139
Equity holder of the parent		4.666.209	(3.470.798)
		<b>3.846.560</b>	<b>(2.764.659)</b>
Earnings / (losses) per share (Full TL)	25	0,002	(0,001)

## ÇELEBİ HAVA SERVİSİ A.Ş.

### CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

	(Unaudited) 1 January - 31 March 2015	(Unaudited) 1 January - 31 March 2014
	Notes	
<b>Net profit / (loss) for the period</b>	<b>3.846.560</b>	<b>(2.764.659)</b>
<b>Other comprehensive income/ (expense):</b>	<b>9.521.275</b>	<b>952.884</b>
<b>To be reclassified to profit or loss</b>		
- Currency translation differences	9.521.275	952.884
<b>Not to be reclassified to profit or loss</b>	<b>(795.833)</b>	<b>53.325</b>
- Actuarial gain/(loss) arising from defined benefit plans	(795.833)	53.325
<b>Other comprehensive income/(expense)</b>	<b>8.725.442</b>	<b>1.006.209</b>
<b>Total comprehensive income/(expense)</b>	<b>12.572.002</b>	<b>(1.758.450)</b>
<b>Total comprehensive income attributable to:</b>		
Non-controlling interest	653.974	1.137.747
Equity holders of the parent	11.918.028	(2.896.197)
	<b>12.572.002</b>	<b>(1.758.450)</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

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

	Notes	Share Capital	Restricted Reserves	Other comprehensive income/(expense) to be reclassified to profit or loss	Other comprehensive income/(expense) not to be reclassified to profit or loss	Retained earnings		Equity attribute table to equity holders of the parent	Non-controlling interest	Total equity
				Cumulative Translation Differences	Actuarial gain/(loss) arising from defined benefit plans	Retained Earnings	Net profit/(loss) for the year			
<b>Balances at 1 January 2014</b>		<b>24.300.000</b>	<b>28.274.456</b>	<b>3.578.298</b>	<b>(880.179)</b>	<b>(17.808.255)</b>	<b>3.054.766</b>	<b>40.519.086</b>	<b>6.322.212</b>	<b>46.841.298</b>
Transactions with non-controlling interest		-	-	-	-	-	-	-	2.792.317	2.792.317
Transfers to retained earnings		-	-	-	-	3.054.766	(3.054.766)	-	-	-
<b>Other comprehensive income</b>										
--Change in foreign currency translation differences		-	-	521.276	-	-	-	521.276	431.608	952.884
- Change in Actuarial gain/(loss) arising from defined benefit plans		-	-	-	53.325	-	-	53.325	-	53.325
<b>Total other comprehensive income</b>		-	-	<b>521.276</b>	<b>53.325</b>	-	-	<b>574.601</b>	<b>431.608</b>	<b>1.006.209</b>
Net profit/(loss) for the period		-	-	-	-	-	(3.470.798)	(3.470.798)	706.139	(2.764.659)
<b>Total comprehensive income/(expense)</b>		-	-	<b>521.276</b>	<b>53.325</b>	-	<b>(3.470.798)</b>	<b>(2.896.197)</b>	<b>1.137.747</b>	<b>(1.758.450)</b>
<b>Balances at 31 March 2014</b>		<b>24.300.000</b>	<b>28.274.456</b>	<b>4.099.574</b>	<b>(826.854)</b>	<b>(14.753.489)</b>	<b>(3.470.798)</b>	<b>37.622.889</b>	<b>10.252.276</b>	<b>47.875.165</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

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

	Notes	Share Capital	Restricted Reserves	Other comprehensive income/(expense) to be reclassified to profit or loss	Other comprehensive income/(expense) not to be reclassified to profit or loss	Retained earnings		Equity attribute table to equity holders of the parent	Non- controlling interest	Notes
				Cumulative Translation Differences	Actuarial gain/(loss) arising from defined benefit plans	Retained Earnings	Net profit/(loss) for the year			
<b>Balances at 1 January 2015</b>		<b>24.300.000</b>	<b>28.274.456</b>	<b>4.376.169</b>	<b>(1.243.129)</b>	<b>(14.753.489)</b>	<b>54.567.538</b>	<b>95.521.545</b>	<b>10.931.951</b>	<b>106.453.496</b>
Transfers to retained earnings		-	-	-	-	54.567.538	(54.567.538)	-	-	-
<b>Other comprehensive income</b>										
--Change in foreign currency translation differences		-	-	8.047.652	-	-	-	8.047.652	1.473.623	9.521.275
- Change in Actuarial gain/(loss) arising from defined benefit plans		-	-	-	(795.833)	-	-	(795.833)	-	(795.833)
<b>Total other comprehensive income</b>		-	-	<b>8.047.652</b>	<b>(795.833)</b>	-	-	<b>7.251.819</b>	<b>1.473.623</b>	<b>8.725.442</b>
Net profit/(loss) for the period		-	-	-	-	-	4.666.209	4.666.209	(819.649)	3.846.560
<b>Total comprehensive income/(expense)</b>		-	-	<b>8.047.652</b>	<b>(795.833)</b>	-	<b>4.666.209</b>	<b>11.918.028</b>	<b>653.974</b>	<b>12.572.002</b>
<b>Balances at 31 March 2015</b>		<b>24.300.000</b>	<b>28.274.456</b>	<b>12.423.821</b>	<b>(2.038.962)</b>	<b>39.814.049</b>	<b>4.666.209</b>	<b>107.439.573</b>	<b>11.585.925</b>	<b>119.025.498</b>



# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDEN 31 MARCH 2015

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

		Unaudited 1 January – 31 March 2015	Unaudited 1 January – 31 March 2014
	Notes		
<b>A. Cash flows from operating activities</b>		<b>16.969.773</b>	14.761.829
Profit/loss before tax for the period		<b>6.033.585</b>	(1.747.253)
<b>Adjustment for reconciliation of profit/(loss) before taxation</b>		<b>14.665.826</b>	24.834.468
- Adjustment for depreciation and amortisation expense	11, 12	8.026.093	7.557.111
- Adjustment for provisions	13	31.327	1.292.788
- Adjustment for interest income and expense	22, 23	4.500.832	6.015.572
- Adjustment for (profit) on sales of property, plant and equipment, net		210.128	54.560
- Adjustments related to the fair value losses (gains)		1.016.379	-
- Other adjustments for reconciliation of profit/ loss		881.067	3.277.249
- Other item's adjustments related to cash flows arising from financing or investing activities		-	6.637.188
<b>Changes in working capital</b>		<b>(3.729.638)</b>	(8.325.386)
- Adjustment for increase/decrease in inventories		(1.329.928)	(207.945)
- Adjustment for increase/decrease in trade receivables		(2.640.465)	(2.432.742)
- Adjustment for increase/decrease in other receivables related with operations		(2.480.218)	(7.210.365)
- Adjustment for increase/decrease in trade payables		(3.637.815)	1.424.734
- Adjustment for increase/decrease in other payables related with operations		13.476.946	2.966.862
- Adjustment for increase/decrease in joint ventures are accounted by the equity method		(3.461.576)	(770.047)
Retirement liability paid		(995.041)	(1.512.213)
Collection from doubtful receivable		-	-
Vacation liability paid		-	(65.779)
Tax payments/returns		(2.661.541)	(517.891)
<b>Cash flows from operating activities</b>		<b>16.969.773</b>	14.761.829
<b>B. Cash flows from investing activities</b>		<b>(4.085.316)</b>	(18.901.091)
Cash inflows from the sale of property, plant and equipment and intangible assets	11, 12	183.164	115.315
Cash outflows from the purchase of property, plant and equipment and intangible asset	11, 12	(4.055.979)	(5.412.026)
Cash outflows from the purchase of long term asset		(212.501)	-
Regarding the acquisition of control of subsidiaries cash outflows related to buy		-	(13.604.380)
<b>C. Cash flows from financing activities</b>		<b>2.730.970</b>	30.098.254
Cash inflows from financial liabilities		7.231.802	36.113.826
Interest received		966.594	878.118
Interest paid		(5.467.426)	(6.893.690)
Net (decrease)/ increase in cash and cash equivalents		<b>(1.548.114)</b>	(3.476.994)
<b>D. Impact of foreign currency translation differences on cash and cash equivalents</b>		<b>(11.432.394)</b>	(6.795.582)
<b>Net increase/decrease in cash and cash equivalents</b>		<b>2.634.919</b>	15.686.416
<b>E. Cash and cash equivalents at beginning of period</b>		<b>73.697.489</b>	51.799.723
<b>Cash and cash equivalents at end of period</b>	4	<b>76.332.408</b>	67.486.139

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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#### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Çelebi Hava Servisi A.Ş. (collectively referred to as the "Company" or "Çelebi Hava") established in 1958 was the first private ground handling service company in the Turkish aviation sector. The company is continuing its operations under Çelebi Holding. . The Company provides ground handling services (representation, traffic, ramp, cargo, flight operations and aircraft maintenance etc) and fuel supplies to domestic and foreign airlines and private cargo companies. The Company operates in İstanbul Atatürk, İzmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta, Erzincan, Çanakkale, Balıkesir Edremit, Iğdır, Kocaeli 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. ("HEAS"). The company is jointly controlled by Çelebi Havaçılık Holding A.Ş., the parent company which is controlled by Çelebioğlu Family and Zeus Aviation Services Investments B.V.

The company is registered in Capital Markets Board "CMB" and has been listed in Borsa İstanbul "BIST" since 18 November 1996.

The address of the Company is as follows:

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

The liquidation process which started upon the resolution taken at the ordinary general assembly meeting in 2011 of Çelebi IC Antalya Havalimanı Terminal Yatırım İşletme A.Ş. ("Çelebi IC Yatırım") in liquidation with a share capital of TL 50.000, 49,99% of which is owned by the Company, has ended and was concluded legally on 11 September 2013.

The Company also owns 94,8% of Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. ("Çelebi Güvenlik") which operates in airport terminal safety and provides safety services to airline companies. Pursuant to the resolution taken in the Ordinary General Assembly meeting, the liquidation process started as of December 31, 2013 and the title of the Company was changed into Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. in Liquidation (In Liquidation Çelebi Güvenlik).

The Company was informed of winning the tender offer and participates in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft") company that was founded on 22 September 2006 as founding shareholder for the realization of the abovementioned share transfer. Celebi Kft acquired all the shares of BAGH on 26 October 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Foldi Kiszolgalo Korlatolt Felelossegu Tarsasag ("CGHH").

Celebi Kft has been taken over by CGHH with all assets and liabilities and merger transactions have been completed at 31 October 2007 after the completion of the registration, related changes in Articles of Association and General Assembly decisions carried out within the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital. As of 2011, shares representing 30% of CGHH were purchased from Çelebi Havaçılık Holding A.Ş. for TL 33.712.020.

As of 31 March 2015, total paid in capital of CGHH is 200.000.000 Hungarian forint.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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

Within the framework of the tender relating to provide ground handling services for 10 years period in Mumbai Chhatrapati Shivaji International Airport in India which resulted in favor of the consortium in which the Company takes part, a joint venture company has been established on 12 December 2008 with a capital of 100.000.000 Indian Rupee and the title of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai India to provide ground handling services. The Company, as co-founder, has a 55% stake in Celebi Nas and the capital of the company is amounting to 552.000.000 Indian Rupee. Also 228.000.000 Indian Rupee has been paid as capital advance which has been registered by Celebi Nas' partners yet.

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

The equity needed to meet financial requirement of the investments planned and the fulfillment of the requirements arising from the Concession Agreement signed by Celebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), established in 18 November 2009, with a paid-in capital amounting to 18.150.000 Indian Rupee and in which the Company participated at 74%, with the tender authority upon winning the tender opened for the conduct of airport ground handling services in Delhi International Airport for 10 years, was met through a premium capital increase according to the legal legislation in India by paying 1.081.917.000 Indian Rupee and the Company has a 74% stake in Celebi GH Delhi.

The Company participated 16,67% of company Delhi Aviation Services Private Limited ("DASPL") with capital of 250.000.000 Indian Rupee under the title Celebi GH Delhi to carry out activities relating to the development, modernization and standardization to the international standards of air-conditioning, power generators and water system on passenger bridges on the airport.

As of 25 March 2010, the Company participated 100% of a company that was established in Madrid, Spain under the title "Celebi Ground Handling Europe" ("Celebi Spain") with the capital of 10.000 Euro as a founding partner for the purpose of investing business in foreign countries, especially those in the European Union such as Troy Airport Services located in Poland of which the company owns %100 Shares but Celebi Europe has not started its operations yet.

The Company acquired shares of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo"), owning TL 150.000 paid capital, having a nominal value of TL 144.000 from Çelebi Holding A.Ş., with cash amounted to TL 146.880 (1 TL nominal value: 1,02 TL) as of 20 July 2010, Çelebi Kargo was established as of 20 November 2008 to provide cargo storage and handling services in storage and warehouse facilities on rented area in Frankfurt Cargo City Süd by Celebi Cargo GmbH as of which is subsidiary of Çelebi Kargo with 100% shares, amounting 10.800.000 Euro paid capital, established in November 2009 located in Frankfurt, Germany. As of March 31, 2015 the capital of Çelebi Kargo is TL 29.500.000 and totally paid. A "share purchase agreement" was signed on February 18, 2014 between Celebi Cargo GmbH, a subsidiary of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. registered in Frankfurt, Germany, 100% of the capital of which is owned by Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş., in which the Company participates at the rate of 99,97%, and Aviapartner GmbH, also registered in Frankfurt, Germany, for the transfer of all of the shares of Aviapartner Cargo GmbH operating in Frankfurt and Hahn International Airports in Germany, 100% of the capital of which is owned by Aviapartner GmbH for EUR 4,6 million to

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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

Celebi Cargo GmbH. An ultimate closing protocol has been signed as of 06 March 2015. As of 30 April 2014, the title of Aviapartner Cargo is changed to Celebi GmbH. Celebi GmbH was taken over by Celebi Kargo with all its assets and liabilities and merged with Celebi Cargo Germany within the framework of the related effective regulations and the legal merger transactions were completed upon the registration made as of October 30, 2014.

As of 31 March 2015, the condensed interim consolidated financial statements of the Company include the Company, Celebi Nas, CGHH, Çelebi Güvenlik In Liquidation, Celebi Delhi Cargo, Celebi GH Delhi, Çelebi Kargo and Celebi Cargo (collectively, referred to as the “Group”).

These consolidated financial statements for the period 1 January – 31 March 2015 have been approved for issue by the Board of Directors on 11 March 2015 and signed by Atilla Korkmazoğlu (Deputy General Manager) and Deniz Bal (Financial Affairs Director) on behalf of Board of Directors. The shareholders of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

#### Subsidiaries:

The Company has the following subsidiaries. The nature of the business of the Subsidiaries and their respective geographical segments are as follows:

<u>Subsidiary</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>
Çelebi Güvenlik In Liquidation	Turkey	Turkey	Aviation and other security services
CGHH	Hungary	Hungary	Ground handling services
Celebi Delhi Cargo	India	India	Warehouse and cargo services
Celebi GH Delhi	India	India	Ground handling services
Celebi Spain	Spain	Spain	Ground handling services (inactive)
Çelebi Kargo	Turkey	Turkey	Warehouse and cargo services
Celebi Cargo	Germany	Germany	Warehouse and cargo services

#### Investments Accounted by Equity Method:

<u>Investments Accounted by Equity Method</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>
Celebi Nas	India	India	Ground handling services

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

##### Affiliates:

The Company has the following subsidiaries. The nature of the business of the Subsidiaries and their respective geographical segments are as follows:

<u>Affiliates</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>
DASPL	India	India	Ground handling services

As of 31 March 2015 average number of personnel is 10.135 (31 December 2014: 10.508).

#### **2.1. Basis of presentation**

##### **2.1.1 Financial reporting standards**

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

Grup, 31 March 2015 tarihinde sona eren ara döneme ilişkin finansal tablolarını Türkiye Muhasebe Standardı No.34 Ara Dönem Finansal Raporlama’ ya uygun olarak hazırlamıştır.

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 consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by POA. Please refer to Note 2.2.

The Company and the group companies established in Turkey, maintain their books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in accordance with rules and principles published by POA, the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These consolidated financial statements have been prepared under the historical cost convention except for available for sale financial assets that are carried at fair value. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards. Company's functional and presentation currency is accepted as TL.

#### **Functional and Presentation Currency**

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in TL, which are the functional currency of the Company and the presentation currency of the Group. As of 31 March 2015, the currency of subsidiaries has shown below.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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

<u>Company</u>	<u>Currency</u>
Çelebi Guvenlik In Liquidation	Turkish Lira (TL)
CGHH	Hungarian Forint (HUF)
Celebi Delhi Cargo	Indian Rupee (INR)
Celebi GH Delhi	Indian Rupee (INR)
Celebi NAS	Indian Rupee (INR)
Çelebi Kargo	Turkish Lira (TL)
Celebi Cargo GmbH	Euro (EUR)

#### Going Concern

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

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

##### The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 31 March 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2015. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2015 are as follows:

##### TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendment did not have an impact on the consolidated financial statements of the Group.

##### Annual Improvements to TAS/TFRSs

In September 2014, POA has issued the below amendments to the standards in relation to “Annual Improvements - 2010–2012 Cycle” and “Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015**

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

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

**Annual Improvements - 2010–2012 Cycle**

*TFRS 2 Share-based Payment:*

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

*TFRS 3 Business Combinations:*

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

*TFRS 8 Operating Segments:*

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

*TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets:*

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

*TAS 24 Related Party Disclosures:*

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

**Annual Improvements – 2011–2013 Cycle**

*TFRS 3 Business Combinations:*

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

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

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

*Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement:*

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

*TAS 40 Investment Property:*

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The amendments did not have a significant impact on the interim condensed consolidated financial statements of the the Group.

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

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

**TFRS 9 Financial Instruments – Classification and measurement**

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

**TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)**

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.



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

**TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation  
(Amendments to TAS 16 and TAS 38)**

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

**TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants**

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

**TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)**

In February 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity’s separate financial statements. Therefore, an entity must account for these investments either:

- At cost
  - In accordance with IFRS 9,
- Or
- Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Group is in the process of assessing the impact of the standard on financial position or performance of the the Group.

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

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

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors’ interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)**

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**TAS 1: Disclosure Initiative (Amendments to TAS 1)**

In February 2015, amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Group.

**Annual Improvements to TFRSs - 2012-2014 Cycle**

In February 2015, POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – clarification on the assessment of servicing contracts for the continuing involvement of financial assets
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information ‘elsewhere in the interim financial report’

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. . The Group is in the process of assessing the impact of the amendments on financial position or performance of the the Group.

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

**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.

**Annual Improvements – 2010–2012 Cycle**

*IFRS 13 Fair Value Measurement*

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

**IFRS 15 Revenue from Contracts with Customers**

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**IFRS 9 Financial Instruments - Final standard (2014)**

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called ‘own credit’ issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

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

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

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

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

**2.1.4 Basis of Consolidation**

- a) The consolidated financial statements include the accounts of the parent company. Çelebi Hava, its Subsidiaries and its Joint ventures (collectively referred to as the “Group”) on the basis set out in sections (b), to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries and Joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries are companies over which the Group’s has capability to control the financial and operating policies for the benefit of the Group, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies. The available or convertible existence of potential voting rights are considered for the assessing whether the Group controls another organization Subsidiaries are consolidated from the date on which the control is transferred to the Group and consolidated by using full consolidation method. Subsidiaries are no longer consolidated from the date that the control ceases. The acquisition of the subsidiaries by the Group is recognized by using purchase method. 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.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

The table below sets out all Subsidiaries and demonstrates their shareholding structures:

<u>Subsidiary</u>	<u>Direct and indirect shareholding by Celebi Hava and its Subsidiaries(%)</u>	
	<u>31 March 2015</u>	<u>31 December 2014</u>
Çelebi Güvenlik In Liquidation (2)	94,8	94,8
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
Celebi GH Delhi	74,0	74,0
Celebi Spain (1)	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9

- (1) As of 31 March 2015 Celebi Spain has directly and indirectly 100% voting right. However, Celebi Europe has not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements and the company operations have not started. (Note 5).
- (2) Pursuant to the resolution taken in the Ordinary General Assembly meeting, of Çelebi Güvenlik with a capital of TL 1.906.736, participated by the Company at the rate of 94,8%, the liquidation process started as of December 31, 2013 and the title of the Company was changed into Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.in Liquidation. As of 31 March, 2015, since Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.in Liquidation did not constitute any materiality on the consolidated financial statements of the Group, no additional presentation was made in the financial statements within the scope of IFRS 5 Assets Held for Sale and Discontinued Operations.
- c) The Group categorized the sales and purchase of its subsidiaries’ shares transactions as transactions between group shareholders except parent company. Therefore, for the addition share purchase from other than parent company, the Group records the difference between cost of purchase and book value of asset of subsidiary’s purchased portion under shareholders’ equity. For the share sales to other than parent company, the Group records the income or loss as a result of the difference between sales price and book value of asset of subsidiary’s sold portion under shareholders’ equity.
- d) Joint ventures are accounted by the equity method.

<u>Investments Accounted by Equity Method</u>	<u>Direct and indirect shareholding by Çelebi Hava (%)</u>	
	<u>31 March 2015</u>	<u>31 December 2014</u>
Celebi Nas	%55,00	%55,00

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

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

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

- f) Unrealized revenue transactions with the joint ventures have been eliminated by the rate of the controlling power of the Group over the Affiliate. Dividends from the shares the Company owns have also been eliminated from the related equity and income statement accounts.

**2.2. Changes in accounting policies**

**2.2.1 Comparative information**

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

The Group presented the consolidated statement of financial position as of 31 March 2015 comparatively with the consolidated statement of financial position as of 31 December 2014, presented the consolidated statement of comprehensive income, comprehensive income consolidated statement of cash flows and consolidated statement of changes in equity for the period ended 31 March 2015 comparatively with the consolidated financial statements for the interim period ended 31 March 2014.

**2.3. Summary of Significant Accounting Policies**

Condensed consolidated financial statements for the period ended 31 March 2015, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2015 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements except IFRS 11 and IAS 19 for the year ended 31 December 2014. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2014.

**NOTE 3 - SEGMENT REPORTING**

Management determines the operating segments based on the reports analyzed by the board of directors, and found effective in strategically decision taking.

The management considers the Group within the views named geographic and operational segments. They are assessing the Group’s performance on an operating segment basis; Ground Handling Services, Security Services, Cargo and Warehouse Services, Terminal Construction and Management. Reportable operating segment revenues are Ground Handling Services, Security Services, Terminal Construction and Management and Cargo and Warehouse Services. The management assesses the performance of the operating segments based on a measure of EBITDA after IFRIC 12 effect and expense offsetting amount that does not have any cash-flow effect, regarding to operating leasing are excluded.

# ÇELEBİ HAVA SERVİSİ A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

### NOTE 3 - SEGMENT REPORTING (Continued)

The segment information provided to the board of directors as of 31 March 2015 is as follows :

#### 1 January - 31 March 2015

	Reportable Segments			Consolidated
	Ground Handling Services	Cargo And Warehouse Services	Consolidation Adjustments	
Revenue	89.675.659	50.430.514	(126.671)	139.979.502
Cost of sales	(68.786.692)	(41.641.967)	-	(110.428.659)
<b>Gross profit</b>	<b>20.888.967</b>	<b>8.788.547</b>	<b>(126.671)</b>	<b>29.550.843</b>
General administrative expenses	(17.551.251)	(4.858.820)	80.472	(22.329.599)
Addition: Depreciation and amortization	5.016.488	3.009.605	-	8.026.093
Addition: Operating lease equalization	11.348	2.165.787	-	2.177.135
Addition: Effect of IFRIC 12 shares	-	806.982	-	806.982
Addition: Prepaid allocation cost expense	288.768	-	-	288.768
Addition: Retirement pay liability and unused vacation provisions	382.866	1.514	-	384.380
Effect of EBITDA to investments accounted by equity method	2.027.370	40.128	-	2.067.498
<b>EBITDA</b>	<b>11.064.556</b>	<b>9.953.743</b>	<b>(46.199)</b>	<b>20.972.100</b>

#### 1 January - 31 March 2014

	Reportable Segments			Consolidated
	Ground Handling Services	Cargo And Warehouse Services	Consolidation Adjustments	
Revenue	74.179.454	42.665.933	(104.565)	116.740.822
Cost of sales	(58.767.128)	(35.740.288)	-	(94.507.416)
<b>Gross profit</b>	<b>15.412.326</b>	<b>6.925.645</b>	<b>(104.565)</b>	<b>22.233.406</b>
General administrative expenses	(15.626.932)	(4.641.865)	153.855	(20.114.942)
Addition: Depreciation and amortization	5.200.852	2.356.259	-	7.557.111
Addition: Operating lease equalization	(178.666)	2.115.786	-	1.937.120
Addition: Effect of IFRIC 12 shares	-	713.511	-	713.511
Addition: Prepaid allocation cost expense	288.768	-	-	288.768
Addition: Retirement pay liability and unused vacation provisions	964.751	394.042	-	1.358.793
Effect of EBITDA to investments accounted by equity method	1.255.403	77.927	-	1.333.330
<b>EBITDA</b>	<b>7.316.502</b>	<b>7.941.305</b>	<b>49.290</b>	<b>15.307.097</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January - 31 March 2015	1 January - 31 March 2014
EBITDA for		
Reported segments	20.972.100	15.307.097
Depreciation and amortization	(8.026.093)	(7.557.111)
Operating lease equalization	(2.177.135)	(1.937.120)
Effect of IFRIC 12	(806.982)	(713.511)
Other operating income	3.668.894	6.103.757
Other operating expenses (-)	(2.340.603)	(847.694)
Addition: Prepaid allocation cost expense	(288.768)	(288.768)
Retirement pay liability and unused vacation provisions	(384.380)	(1.358.793)
EBITDA effect of equity accounted investees	(2.067.498)	(1.333.330)
Share of profit from equity accounted inventees	999.715	634.390
<b>Operating profit</b>	<b>9.549.250</b>	<b>8.008.917</b>
Income from investment activities	188.687	113.985
Expenses from investment activities (-)	(398.815)	(168.542)
Financial income	4.207.626	3.317.638
Financial expenses (-)	(7.513.163)	(13.019.251)
<b>Income before tax</b>	<b>6.033.585</b>	<b>(1.747.253)</b>

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.

<u>Total Assets</u>	31 March 2015	31 December 2014
Turkey	386.984.048	382.671.374
India	186.150.608	171.575.597
Hungary	58.163.031	59.314.488
Germany	37.902.637	40.839.951
<b>Segment assets (*)</b>	<b>669.200.324</b>	<b>654.401.410</b>
Unallocated assets	95.682.038	79.023.305
Less: Inter-segment elimination	(161.328.320)	(160.179.893)
<b>Total assets as per consolidated financial statements</b>	<b>603.554.042</b>	<b>573.244.822</b>

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



## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 3 - SEGMENT REPORTING (Continued)

<u>Total liabilities</u>	<b>31 March 2015</b>	<b>31 December 2014</b>
Turkey	50.181.086	48.778.216
India	108.499.855	92.667.785
Hungary	5.609.111	8.717.309
Germany	13.448.874	14.722.619
<b>Segment liabilities (*)</b>	<b>177.738.926</b>	<b>164.885.929</b>
Unallocated liabilities	317.595.765	311.563.117
Less: Inter-segment elimination	(10.806.147)	(9.657.720)
<b>Total liabilities as per consolidated financial statements</b>	<b>484.528.544</b>	<b>466.791.326</b>

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

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 3 - SEGMENT REPORTING (Continued)

##### Geographical Segments

##### Geographical Analysis for the interim period 1 January - 31 March 2015

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	81.287.332	16.705.117	22.509.170	19.523.055	140.024.674	(45.172)	139.979.502
Cost of sales	(59.672.792)	(11.102.150)	(21.535.882)	(18.117.835)	(110.428.659)	-	(110.428.659)
Gross profit	21.614.540	5.602.967	973.288	1.405.220	29.596.015	(45.172)	29.550.843
General administrative expenses	(14.616.729)	(2.562.749)	(2.779.285)	(2.386.997)	(22.345.760)	16.161	(22.329.599)
Other operating income / expense (net)	1.152.953	(396.169)	598.909	7.936	1.363.629	(35.338)	1.328.291
Profit from investments accounted under equity method	-	-	999.715	-	999.715	-	999.715
<b>Operating profit</b>	<b>8.150.764</b>	<b>2.644.049</b>	<b>(207.373)</b>	<b>(973.841)</b>	<b>9.613.599</b>	<b>(64.349)</b>	<b>9.549.250</b>

##### Geographical Analysis for the interim period 1 January - 31 March 2014

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	62.989.456	18.463.587	19.769.009	15.519.969	116.742.021	(1.199)	116.740.822
Cost of sales	(50.538.564)	(11.149.099)	(16.709.041)	(16.110.712)	(94.507.416)	-	(94.507.416)
Gross profit	12.450.892	7.314.488	3.059.968	(590.743)	22.234.605	(1.199)	22.233.406
General administrative expenses	(13.187.467)	(2.429.904)	(2.294.276)	(2.286.788)	(20.198.435)	83.493	(20.114.942)
Other operating income / expense (net)	429.121	820.927	4.052.539	-	5.302.587	(46.524)	5.256.063
Profit from investments accounted under equity method	-	-	634.390	-	634.390	-	634.390
<b>Operating profit</b>	<b>(307.454)</b>	<b>5.705.511</b>	<b>5.452.621</b>	<b>(2.877.531)</b>	<b>7.973.147</b>	<b>35.770</b>	<b>8.008.917</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2015	31 December 2014
Cash	179.385	145.144
Bank		
- Time deposit	69.524.411	56.764.825
- Demand deposit	14.138.829	22.699.126
Other liquid assets	290.937	341.434
	<b>84.133.562</b>	<b>79.950.529</b>

Effective interest rates on TL, EUR, USD and INR denominated time deposits at 31 March 2015 are 10,31%, 2,10%, 2,02%, 7,00%. (31 December 2014: TL 9,27%, EUR 2,39%, USD 1,93%, INR 5,00%). The maturity days on TL, EUR, USD and INR denominated time deposits as of 31 March 2015 20-60 days, 1-14 days and 1-3 days for INR, EUR and USD respectively, 1-35 day for TL. (31 December 2014: INR 20-60 days, TL 1-35 days, EUR 1-14 days and USD for 1-3 days).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 31 March 2015 and 31 March 2014 are as follows:

	31 March 2015	31 March 2014
Cash and banks	84.133.562	79.469.695
Less: Interest Accruals	(4.857)	(34.795)
Less: Restricted cash (*)	(7.796.297)	(11.948.761)
	<b>76.332.408</b>	<b>67.486.139</b>

(\*) The mentioned amount represents the collections from the clients kept in mandatory restricted accounts according to the concession agreements signed for the operation of the terminals in New Delhi Airport in India (31 March 2014: 11.948.761TL).

#### NOTE 5 - FINANCIAL INVESTMENTS

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

	31 March 2015		31 December 2014	
	%	TL	%	TL
DASPL	% 16,66	1.738.336	% 16,66	1.525.835
Celebi Spain (*)	% 100,0	20.525	% 100,0	20.525
		<b>1.758.861</b>		<b>1.546.360</b>

(\*) As at 31 March 2015, Celebi Spain is not material for the Group's financial statements at cost due to the failure and the company's operations have not started yet after deduction of depreciation not been consolidated in the consolidated financial statements and accounted for as available-for-sale financial assets are reflected in the financial statements.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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#### NOTE 6- EQUITY ACCOUNTED INVESTEEES

		31 March 2015		31 December 2014
Çelebi Nas	%		%	
	%55	20.603.369	%55	17.141.793
		<b>20.603.369</b>		<b>17.141.793</b>

The movement in the investments accounted by equity method during the periods ended 31 March is as follows:

	31 March 2015	31 March 2014
<b>As of 1 January</b>	17.141.793	13.160.780
Share on profit / loss	999.715	634.390
Currency translation differences	2.444.591	82.332
Actuarial gains/losses fund from retirement plans	17.270	53.325
<b>As of 31 March</b>	<b>20.603.369</b>	<b>13.930.827</b>

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

	1 January- 31 March 2015	1 January- 31 March 2014
Çelebi Nas	999.715	634.390
	<b>999.715</b>	<b>634.390</b>

#### Summary statement of equity accounted investees:

	31 March 2015	31 December 2014
Total Assets	48.277.971	36.612.513
Total Liabilities	10.817.298	5.445.615
	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Total Revenue	10.179.935	7.957.944
Profit / (Loss) for the period	1.817.664	1.153.436

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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

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

	31 March 2015		TL
	Effective Interest rate (%)	Original Amount	
<i>Short term borrowings:</i>			
TL Borrowings	10,50% - 13,50%	34.527.644	34.527.644
INR Borrowings	12,00% - 12,82%	84.786.985	3.537.313
<b>Total short term credits</b>			<b>38.064.957</b>
<i>Short-term finance lease obligations</i>			
Short-term finance lease obligations - US Dollar		80.289	209.570
Short-term finance lease obligations - Eur		578.389	1.637.362
<b>Total short-term finance lease obligations</b>			<b>1.846.932</b>
<b>Short term liabilities</b>			<b>39.911.889</b>
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – INR		14.765.221	616.005
Interest expense accrual – EUR		983.125	2.783.128
Interest expense accrual – TL		1.565.988	1.565.988
INR borrowings		505.035.714	21.070.090
EUR borrowings		18.178.186	51.460.627
TL borrowings		15.000.000	15.000.000
<b>Short-term portion of total long term borrowings:</b>			<b>92.495.838</b>
<b>Total short term liabilities:</b>			<b>132.407.727</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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

<i>Long-term financial liabilities:</i>	31 March 2015		
	Effective Interest rate (%)	Original Amount	TL
INR borrowings	12,00% - 12,82%	1.086.840.460	45.342.984
EUR borrowings	2,20% - Libor/Euribor + 5,50%	45.760.148	129.542.403
			<b>174.885.387</b>
<i>Long-term finance lease obligations:</i>			
Long-term finance lease obligations - USD		4.204	10.972
Long-term finance lease obligations - EUR		1.259.871	3.566.569
<b>Total long-term finance lease obligations</b>			<b>3.577.541</b>
<b>Total long-term financial liabilities</b>			<b>178.462.928</b>
<b>Total financial liabilities</b>			<b>310.870.655</b>
<i>Short-term financial liabilities:</i>			
<i>Short term borrowings:</i>	31 December 2014		
	Effective Interest rate (%)	Original Amount	TL
TL Borrowings	10,50% - 13,50%	30.000.000	30.000.000
INR Borrowings	12,00% - 12,82%	84.786.647	3.104.887
<b>Total short term credits</b>			<b>33.104.887</b>
<i>Short-term finance lease obligations</i>			
Short-term finance lease obligations - Eur		573.537	1.617.776
Short-term finance lease obligations - US Dollar		79.960	185.419
<b>Total short-term finance lease obligations</b>			<b>1.803.195</b>
<b>Toplam Short term liabilities</b>			<b>34.908.082</b>
<i>Other short term financial liabilities:</i>			
Derivative financial instruments (*)		581.558	<b>1.640.400</b>

(\*) 26 September 2014 is date of forward transactions for cash flow hedges, value date is 7 January 2015, bank purchase amount is EUR 12.000.000, bank selling amount is TL 35.588.400.

**ÇELEBİ HAVA SERVİSİ A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015**

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

**NOTE 7- SHORT TERM AND LONG TERM FINANCIAL LIABILITIES (Continued)**  
**31 December 2014**

	Effective Interest rate (%)	Original Amount	TL
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – INR		19.004.560	695.947
Interest expense accrual – EUR		446.457	1.259.321
Interest expense accrual – TL		1.821.513	1.821.513
INR Borrowings		574.234.162	21.028.455
TL Borrowings		15.000.000	15.000.000
EUR Borrowings		17.544.686	49.488.295

**Short-term portion of total long term borrowings: 89.293.531**

**Total short term liabilities: 125.842.013**

	Effective Interest rate (%)	Original Amount	TL
<i>Long-term financial liabilities:</i>			
INR Borrowings	12,00% - 12,82%	1.214.966.357	44.492.068
EUR Borrowings	2,20% - Libor/Euribor +5,50%	46.410.148	130.909.104
			<b>175.401.172</b>

*Long-term finance lease obligations:*

Long-term finance lease obligations - USD		24.848	57.620
Long-term finance lease obligations - EUR		1.410.447	3.978.448

**Total long-term finance lease obligations 4.036.068**

**Total long-term financial liabilities 179.437.240**

**Total financial liabilities 305.279.253**

The redemption schedule of borrowings according to their contractual re-pricing dates is as follows:

	31 March 2015	31 December 2014
Less than 3 months	33.402.392	13.190.195
Between 3-12 months	99.005.335	112.651.818
Between 1-5 years	178.462.928	179.437.240
		<b>310.870.655</b>
		<b>305.279.253</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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

The redemption schedules of long-term bank borrowings as of 31 March 2015 and 31 December 2014 are as follows :

	31 March 2015	31 December 2014
Between 1-2 years	93.803.078	82.104.380
Between 2-3 years	43.570.556	43.458.843
Between 3-4 years	28.159.296	32.517.249
4 years and more	9.352.457	17.320.700
	<b>174.885.387</b>	<b>175.401.172</b>

The redemption schedules of financial lease obligations as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015			31 December 2014		
	Minimum lease payments	Interest	Total obligation	Minimum lease payments	Interest	Total obligation
Less than 1 year	2.090.148	(243.216)	1.846.932	2.072.879	(269.684)	1.803.195
Between 1-2 years	1.874.302	(204.203)	1.670.099	1.914.635	(224.909)	1.689.726
Between 2-3 years	1.970.186	(64.286)	1.905.900	1.743.924	(80.328)	1.663.596
Between 3-4 years	1.567	(25)	1.542	686.726	(3.980)	682.746
	<b>5.936.203</b>	<b>(511.730)</b>	<b>5.424.473</b>	<b>6.418.164</b>	<b>(578.901)</b>	<b>5.839.263</b>

#### NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 March 2015	31 December 2014
<b>Short-term trade receivables</b>		
Due from third parties	62.311.960	60.330.934
Less: Provision for doubtful receivables	(2.875.130)	(3.142.514)
<b>Trade receivables from third parties (net)</b>	<b>59.436.830</b>	<b>57.188.420</b>
<b>Due from related parties (Note 26)</b>	<b>811.336</b>	<b>691.934</b>
<b>Total short-term trade receivables</b>	<b>60.248.166</b>	<b>57.880.354</b>

The maturities of trade receivables are generally less than 45 days (31 December 2014: less than 45 days). The fair value of current trade receivables as of 31 March 2015 and 31 December 2014 equals their carrying amount as the impact of discounting is not significant.

The Group’s previous experience in the collection of receivables has been considered in the provisions booked. Therefore, the Group does not foresee any additional trade receivable risk for the possible collection losses.



## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movement of provision for doubtful receivables is as follows:

	31 March 2015	31 March 2014
Opening balance	3.142.514	3.128.251
Cumulative translation differences	48.845	14.270
Deletion of bad debts	(316.229)	-
<b>Closing balance</b>	<b>2.875.130</b>	<b>3.142.521</b>

#### Short-term trade payables

	31 March 2015	31 December 2014
Trade payables to third parties	27.622.445	38.054.108
Accrued liabilities	10.265.468	3.152.803
<b>Total trade payables to third parties</b>	<b>37.887.913</b>	<b>41.206.911</b>
Due to third parties (Note 26)	4.322.057	4.640.874
<b>Total short term trade payables</b>	<b>42.209.970</b>	<b>45.847.785</b>

The fair value of short-term trade payables as of 31 March 2015 and 31 December 2014 equals their carrying amount as the impact of discounting is not significant.

#### NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 March 2015	31 December 2014
<b>Other short-term receivables</b>		
Receivables from Tax Office	6.874.605	6.560.868
Deposits and guarantees given	330.857	283.528
Other short-term receivables	230.640	2.653.438
	<b>7.436.102</b>	<b>9.497.834</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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

	31 March 2015	31 December 2014
<b>Other long term receivables</b>		
Deposits and guarantees given (*)	15.963.741	13.625.063
	<b>15.963.741</b>	<b>13.625.063</b>

(\*) As of 31 March 2015, the amount which was given for Group's subsidiaries and joint ventures in India, the Celebi GH Delhi, Celebi Delhi Cargo, Celebi Nas amounting to TL 9.961.736 (31 December 2014: TL 8.481.462) ve TL 5.919.739 (31 December 2014: TL 5.060.111) as a deposit to the local authorities, companies and the amount which was shown in banks as blockage. As of 31 March 2015, Group has no blockage balance.

	31 March 2015	31 December 2014
<b>Other long term receivables from related parties</b>		
ÇHH (Note 26)	10.414.987	9.874.950
	<b>10.414.987</b>	<b>9.874.950</b>

	31 March 2015	31 December 2014
<b>Other short-term payables</b>		
Other short-term payables (*)	4.908.140	4.478.856
Deposits received	90.713	43.004
	<b>4.998.853</b>	<b>4.521.860</b>

(\*) As of 31 March 2015; TL 4.493.523 of other short-term payables (31 December 2014: 3.966.746) Celebi Delhi Cargo, a subsidiary of the Company in India, the other partner DIAL debts arising from the concession contract.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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

	31 March 2015	31 December 2014
<b>Other long-term receivables</b>		
Deposits and guarentees received	5.428.172	4.782.335
	<b>5.428.172</b>	<b>4.782.335</b>

#### NOTE 10 - INVENTORIES

	31 March 2015	31 December 2014
Trade goods	725.087	1.052.140
Other inventories	8.985.914	7.328.933
	<b>9.711.001</b>	<b>8.381.073</b>

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

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended 31 March 2015 are as follows:

	Opening 1 January 2015	Additions	Disposals	Transfera	Foreign Currency Translation Differences	Closing 31 March 2015
<b>Cost</b>						
Plant, machinery and equipment	233.681.575	2.396.197	(572.567)	-	3.120.944	238.626.149
Motor vehicles	34.368.703	451.744	-	-	2.085.763	36.906.210
Furniture and fixtures	21.856.759	364.225	5.181	-	126.708	22.352.873
Leasehold improvements (*)	104.380.345	671.284	(806.138)	10.654.840	156.812	115.057.143
Construction in Progress	10.720.355	115.441	-	(10.654.840)	-	180.956
	<b>405.007.737</b>	<b>3.998.891</b>	<b>(1.373.524)</b>	<b>-</b>	<b>5.490.227</b>	<b>413.123.331</b>
<b>Accumulated depreciation</b>						
Plant, machinery and equipment	(139.418.906)	(3.203.099)	562.715	-	(1.750.193)	(143.809.483)
Motor vehicles	(25.738.416)	(558.247)	-	-	(1.611.867)	(27.908.530)
Furniture and fixtures	(17.829.918)	(443.735)	305	-	(97.268)	(18.370.616)
Leasehold improvements (*)	(55.534.188)	(1.684.153)	417.212	-	(61.350)	(56.862.479)
	<b>(238.521.428)</b>	<b>(5.889.234)</b>	<b>980.232</b>	<b>-</b>	<b>(3.520.678)</b>	<b>(246.951.108)</b>
<b>Net book value</b>	<b>166.486.309</b>					<b>166.172.223</b>

(\*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A,Ş in the airports within which it operates were rented from the DHMI and other local authority. The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 March 2015 the net book value of these stations was TL54.447.155. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

Depreciation expense for the period ended 31March 2015 in the amount of TL 5.373.484 and TL 515.750 are respectively included in cost of sales and operating expenses.

There are net book value TL 6.373.749 worth of financial leasing assets in plant, machinery and equipment as of 31 March 2015

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the period ended 31 March 2014 are as follows:

	Opening 1 January 2014	Additions Due to Acquisition	Additions	Disposals	Foreign Currency Translation Differences	Closing 31 March 2014
<b>Cost</b>						
Plant, machinery and equipment	202.313.681	2.231.150	89.725	(260.940)	1.258.468	205.632.084
Motor vehicles	36.925.913	-	12.834	-	(75.082)	36.863.665
Furniture and fixtures	21.469.906	-	83.582	(117.935)	14.448	21.450.001
Leasehold improvements (*)	99.959.534	-	31.088	-	122.643	100.113.265
Construction in Progress	8.669.072	111.658	2.769.143	-	-	11.549.873
	<b>369.338.106</b>	<b>2.342.808</b>	<b>2.986.372</b>	<b>(378.875)</b>	<b>1.320.477</b>	<b>375.608.888</b>
<b>Accumulated depreciation</b>						
Plant, machinery and equipment	(127.065.935)	-	(2.997.276)	93.886	(489.449)	(130.458.774)
Motor vehicles	(25.337.100)	-	(581.852)	-	59.733	(25.859.219)
Furniture and fixtures	(16.342.488)	-	(476.716)	97.676	21.478	(16.700.050)
Leasehold improvements (*)	(55.060.161)	-	(1.486.197)	-	(23.682)	(56.570.040)
	<b>(223.805.684)</b>	<b>-</b>	<b>(5.542.041)</b>	<b>191.562</b>	<b>(431.920)</b>	<b>(229.588.083)</b>
<b>Net book value</b>	<b>145.532.422</b>					<b>146.020.805</b>

(\*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A,Ş in the airports within which it operates were rented from the DHMI and other local authority, The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 March 2014 the net book value of these stations was TL 40.300.782. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

Depreciation expense for the period ended 31 March 2014 in the amount of TL 4.930.773 and TL 611.268 are respectively included in cost of sales and operating expenses.

There are net book value TL 8.154.669 worth of financial leasing assets in plant, machinery and equipment as of 31 March 2014.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 12 - INTANGIBLE ASSETS

##### Other Intangible Assets

Movements in intangible assets for the period ended 31 March 2015 are as follows:

	Opening 1 January 2015	Additions	Foreign Currency Translation Differences	Closing 31 March 2015
<b>Cost</b>				
Rights	11.162.357	-	-	11.162.357
Customer relations	39.672.954	-	1.953.913	41.626.867
Spftware	9.906.772	57.088	116.176	10.080.036
Concession rights (**)	68.658.512	-	9.561.943	78.220.455
Build-operate-transfer investments (*)	53.621.156	-	7.497.438	61.118.594
	<b>183.021.751</b>	<b>57.088</b>	<b>19.129.470</b>	<b>202.208.309</b>
<b>Accumulated depreciation</b>				
Rights	(2.119.894)	(162.163)	(657)	(2.282.714)
Concession rights (**)	(14.579.261)	(768.594)	(2.074.467)	(17.422.322)
Customer relations	(36.386.065)	(188.265)	(1.953.902)	(38.528.232)
Software	(7.604.993)	(279.623)	(90.768)	(7.975.384)
Build-operate-transfer investments(*)	(13.495.057)	(738.214)	(1.930.631)	(16.163.902)
	<b>(74.185.270)</b>	<b>(2.136.859)</b>	<b>(6.050.425)</b>	<b>(82.372.554)</b>
<b>Net book value</b>	<b>108.836.481</b>			<b>119.835.755</b>

(\*) TL 39.722.028 which is difference between discounted present value of deposit paid with interest rate,11,46%, and the deposit amounting to INR 1.200.000.000, additionally INR 78.148.352. paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 5.320.008 which is difference between discounted present value of deposit paid with interest rate,10,82%, and the deposit amounting to INR 400.000.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

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

Amortization expense for the period ended 31 March 2015 in the amount of TL 109.411 and TL 2.027.448 are included in operating expenses and cost of sales.

# ÇELEBİ HAVA SERVİSİ A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

### NOTE 12 - INTANGIBLE ASSETS (Continued)

#### Other Intangible Assets

Movements in intangible assets for the period ended 31 March 2014 are as follows:

	Opening 1 January 2014	Additions	Disposals	Foreign Currency Translation Differences	Closing 31 March 2014
<b>Cost</b>					
Rights	11.690.098	-	-	-	11.690.098
Customer relations	39.556.774	-	-	(598.137)	38.958.637
Spftware	8.973.270	82.847	-	(1.280)	9.054.837
Concession rights (**)	64.721.241	-	-	3.862.281	68.583.522
Build-operate-transfer investments (*)	50.653.610	-	-	3.022.782	53.676.392
	<b>175.594.993</b>	<b>82.847</b>	<b>-</b>	<b>6.285.646</b>	<b>181.963.486</b>
<b>Accumulated depreciation</b>					
Rights	(2.004.071)	(311.956)	-	(648)	(2.316.675)
Concession rights (**)	(11.053.640)	(699.076)	-	(673.072)	(12.425.788)
Customer relations	(39.556.774)	-	-	598.137	(38.958.637)
Software	(6.618.646)	(332.594)	17.438	521	(6.933.281)
Build-operate-transfer investments(*)	(10.155.819)	(671.444)	-	(618.962)	(11.446.225)
	<b>(69.388.950)</b>	<b>(2.015.070)</b>	<b>17.438</b>	<b>(694.024)</b>	<b>(72.080.606)</b>
<b>Net book value</b>	<b>106.206.043</b>				<b>109.882.880</b>

(\*) TL 39.722.028 which is difference between discounted present value of deposit paid with interest rate,11,46%, and the deposit amounting to INR 1.200.000.000, additionally INR 78.148.352. paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 5.629.655 which is difference between discounted present value of deposit paid with interest rate,10,82%, and the deposit amounting to INR 400.000.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

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

Amortization expense for the period ended 31 March 2014 in the amount of TL 185.431 and TL 1.829.639 are included in operating expenses and cost of sales.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 12 - INTANGIBLE ASSETS (Continued)

##### Goodwill

Positive goodwill at 31 March 2015 and 31 December 2014 is as follows:

	31 March 2015	31 December 2014
Goodwill due to acquisition of CGHH	22.079.405	20.934.547
Celebi Nas due to acquisition of Celebi Nas addition share	910.723	910.723
Goodwill due to acquisition of Celeci GmbH	1.365.861	1.360.940
	<b>24.355.989</b>	<b>23.206.210</b>

##### Goodwill due to acquisition of CGHH

After the studies of the independent valuation company named American Appraisal Hungary Ltd., fair value of the net assets of CGHH was determined to be TL 31.287.893 as of 26 October 2006 and acquired by Celebi Kft at a price of TL 49.448.419 which is the TL equivalent of 6.691.261.000 Hungarian Forint (EUR 25.593.870). The acquisition has been accounted for according to the clauses of IFRS 3 “Business Combinations” and the goodwill amounting to TL 18.160.526 projected after the acquisition has been reflected in the financial statements at 31 December 2014.

The whole amount of goodwill is related to the acquisition of BAGH Company by Celebi Kft at 26 October 2006. Due to this acquisition, all assets and liabilities of Celebi Kft have been taken over by CGHH. The Group management considers the significant market position of CGHH in Hungary and the energy existed through merger with Çelebi Hava as main reasons to create goodwill. Accordingly, the Group management allocated the mentioned goodwill amount over CGHH, by assuming CGHH is solo cash generating unit. Goodwill details relating to the acquisition of CGHH at 31 March 2015 are below:

	31 March 2015	31 March 2014
1 January	20.934.547	23.177.524
Foreign currency translation differences	1.144.858	(350.456)
<b>Goodwill</b>	<b>22.079.405</b>	<b>22.827.068</b>



## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 12 - INTANGIBLE ASSETS (Continued)

##### *Goodwill Impairment Test*

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

**31 March 2015**

<b>Ground handling services - Hungary</b>	<b>22.079.405</b>
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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;

<b>Discount rate</b>	<b>%9,7</b>
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The Group management determined the budgeted gross profit margin by taking into consideration for the previous performance of the Company and the market growth expectations. The weighted average growth rates used are in line with the estimation stated in industry reports. The discount rate used is the before tax discount rate and includes the Company specific risk factors.

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 March 2015.

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

The Company has purchased %4 shares of Celebi Nas with ratio of %51 on 26 January 2012 by paying USD 1.000.000 (TL 1.820.300) from Sovika Aviation Private Limited which has already owned %8 shares of Celebi Nas before, The purchase was recognized in accordance with IFRS 3 “Business Combinations” terms, The goodwill which has been calculated after the purchase as TL 910.723 has also been reflected in consolidated financial statements.

##### *Goodwill Impairment Test*

The Group compares the EBITDA projected at 31 March 2015 and the actual EBITDA in an impairment test.

The details for goodwill from the purchase of 4% shares of Celebi Nas are as follows:

Purchasing amount	1.820.300
Less: Identifiable asset, liabilities and fair values of contingent liabilities	(857.813)
Foreign currency translation differences	(51.764)
<b>Goodwill</b>	<b>910.723</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 12 - INTANGIBLE ASSETS (Continued)

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

**31 March 2015**

#### **Ground handling services – India**

910.723

The recoverable value of the aforementioned cash generating unit, has been determined by taking the usage calculations as a basis. For the purposes of carrying out impairment tests, detailed forecasts for the next 5 years have been used which are based on approved annual budgets and strategic projections of the management representing the best estimate of future performance.

The Group management determined the budgeted gross profit margin by taking into consideration for the previous performance of the Company and the market growth expectations, The discount rate used is the before tax discount rate and includes the Company specific risk factors.

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 March 2015.

#### **Goodwill from purchasing of Celebi GmbH**

A “share purchase agreement” was signed on February 18, 2014 between Celebi Cargo GmbH, a subsidiary of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. registered in Frankfurt, Germany, 100% of the capital of which is owned by Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş., in which the Company participates at the rate of 99,97%, and Aviapartner GmbH, also registered in Frankfurt, Germany, for the transfer of all of the shares of Aviapartner Cargo GmbH (Aviapartner Cargo) operating in Frankfurt and Hahn International Airports in Germany in cargo storage and handling, 100% of the capital of which is owned by Aviapartner GmbH for EUR 4.459.283 (13.604.381 TL) to Celebi Cargo GmbH. The closing procedures regarding this agreement were signed on February 18, 2014. A protocol regarding the determination of ultimate purchase price has been signed as of 06 March 2015 and purchase price adjustment of EUR 362.003 (TL 1.021.102) has been added to purchase price. As of April 30, 2014, the official title of Aviapartner Cargo was changed as Celebi GmbH and all assets and liabilities of Celebi GmbH was taken over by Celebi Cargo and the legal merger was completed as of October 30, 2014.

The acquisition has been accounted according to IFRS 3 “Business Combinations” and the goodwill amount of TL 1.360.940 has been included in consolidated financial statements as of 31 December 2014.

Goodwill of Celebi GmbH which is calculated with net asset is follows:

	<b>31 March 2015</b>	<b>31 March 2014</b>
1 January	1.360.940	-
Foreign currency translation differences	4.921	-
<b>Goodwill</b>	<b>1.365.861</b>	<b>-</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

##### a) Short term provisions

##### Other short-term provisions

	31 March 2015	31 December 2014
Provision for litigation	857.992	857.992
	<b>857.992</b>	<b>857.992</b>

Movements of short term provisions as of 31 March 2015 and 31 March 2014 are as follows:

	Provision for litigation	Other provisions	Total
<b>1 January 2015</b>	<b>857.992</b>		<b>857.992</b>
Increase during the year	-	-	-
Payments during the year	-	-	-
<b>31 March 2015</b>	<b>857.992</b>	-	<b>857.992</b>

	Provision for litigation	Other provisions	Total
<b>1 January 2014</b>	<b>665.445</b>	<b>7.483</b>	<b>672.928</b>
Increase during the year	-	-	-
Payments during the year	-	(113)	(113)
<b>31 March 2014</b>	<b>665.445</b>	<b>7.370</b>	<b>672.815</b>

##### Short-term provision for employee benefits

	31 March 2015	31 December 2014
Provision for employee termination benefits	70.392	56.202
Provision for unused vacation	3.161.307	3.189.336
	<b>3.231.699</b>	<b>3.245.538</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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#### NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### b) Long-term provisions:

##### Long-term provision for employee benefits

	<b>31 March 2015</b>	<b>31 December 2014</b>
<b>Provision for employee termination benefits</b>	9.684.233	9.234.288

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Provision for employment termination benefits is booked according to the explanations below. There are no agreements for pension commitments other than the legal requirement as explained below.

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

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 31 March 2015 consists of one month’s salary limited to a maximum of TL 3.541,37 (31 December 2014: TL 3.438,22) for each year of service

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

According to regulations in India, the Company is required to pay termination benefits to each employee in its subsidiaries and joint ventures who has completed five year of service, who is called up for military service, who achieves the retirement age, who early retires, or who dies. Total employee termination benefit liability is calculated by 15 days per year of service for the current period ended at 31 March 2015 and the liability is limited to INR 350.000 per employee. Employee termination benefit liability is calculated by estimating the present value of the future probable obligation to the employees of the group in its subsidiaries that are registered in Turkey arising from the retirement of the employees, IFRS requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The principal assumption is that the liability ceiling for each year of service will increase in line with inflation. Böylece Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 3.541,37 which is effective from 1 January 2015 (31 December 2014: TL 3.438,22) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits and unused vacation provisions are as follows:

	31 March 2015	31 March 2014
<b>As of 1 January</b>	<b>12.479.826</b>	<b>11.622.462</b>
Paid during the year	(995.041)	(1.577.992)
Increase during the year	698.504	771.882
Actuarial gain/loss	1.016.379	-
Service Cost	181.038	633.745
Interest Cost	165.589	205.542
Foreign currency translation differences	67.212	24.424
Used during the period	(697.575)	(318.381)
<b>End of the period</b>	<b>12.915.932</b>	<b>11.361.682</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### Contingent assets and liabilities of the Group

	31 March 2015	31 December 2014
<b>Guarantees received:</b>		
Guarantee letters	7.070.317	8.622.680
Guarantee check	1.332.755	1.315.110
Guarantee notes	839.028	793.267
	<b>9.242.100</b>	<b>10.731.057</b>

	31 March 2015	31 December 2014
<b>Guarantees given:</b>		
Collateral	289.992.830	267.590.094
Guarantee letters	64.264.356	59.651.356
Share pledge	14.354.094	12.599.398
	<b>368.611.280</b>	<b>339.840.848</b>

The Company has contingent assets amounting to TL 1.457.894 (31 December 2014: TL 1.455.536), due to the legal cases in favor of the Company and contingent liabilities amounting to TL 22.182.934 due to the legal cases and enforcement proceedings against the Company as of 31 March 2015 (31 December 2014: TL 20.384.635), TL 18.035.977 portion of contingent liabilities are comprised of legal cases and enforcement proceedings related with the fire in warehouse (Note 29) in which Company is a sole defendant and co-defendant with the DHMI, other warehouse management companies and insurance companies(31 December 2014: TL 16.088.136).

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The details of collaterals, pledges and mortgages (“CPM”) of the Company at 31 March 2015 and 31 December 2014 are as follows:

Collaterals, pledges and mortgages given by the Company	Currency	31 March 2015		31 December 2014	
		Amount	TL equivalent	Amount	TL equivalent
<b>A. CPM given on behalf of the Company’s legal personality</b>			<b>49.798.116</b>		<b>46.219.833</b>
	TL	6.215.976	6.215.976	6.765.106	6.765.106
	EUR	2.970.779	8.409.978	2.210.500	5.125.929
	USD	2.310.500	6.030.867	2.969.279	8.375.445
	INR	571.011.481	23.822.599	571.011.496	20.910.441
	HUF	562.824.974	5.318.696	562.825.000	5.042.912
<b>B. CPM given on behalf of fully consolidated subsidiaries</b>			<b>318.813.164</b>		<b>293.621.015</b>
	EUR	38.846.667	109.971.030	38.846.667	109.574.794
	USD	5.542.196	14.466.240	5.792.196	13.431.523
	INR	4.659.057.850	194.375.894	4.659.057.850	170.614.698
<b>C. CPM given for continuation of its economic activities on behalf of third parties</b>		-	-	-	-
<b>D. Total amount of other CPM</b>					
i. Total amount of CPM given on behalf of the majority shareholder					
ii. Total amount of CPM given to on behalf of other group companies which are not in scope B and C		-	-	-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope C		-	-	-	-
			<b>368.611.280</b>		<b>339.840.848</b>

The Company has no benefit from CPM given to third parties.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 14 - OTHER ASSETS AND LIABILITIES

	31 March 2015	31 December 2014
<b>Other current assets</b>		
Restricted cash (*)	6.668.108	5.766.185
Deferred Value-added tax (“VAT”)	4.245.834	2.712.512
Insurance expense need to be compensated	5.052.178	4.434.582
Advances given to personnel	309.062	452.783
Other	822.211	403.133
	<b>17.097.393</b>	<b>13.769.195</b>

(\*) Comprises the deposits blocked of Çelebi Delhi Cargo and Celebi GH Delhi, the subsidiaries of the Group in India, as of 31 March 2015 (31 December 2014 5.766.185 TL).

	31 March 2015	31 December 2014
<b>Other non-current assets</b>		
Prepaid taxes and funds (*)	12.937.793	11.520.724
Other	3.242	3.242
	<b>12.941.035</b>	<b>11.523.966</b>

(\*)The amount consist of prepaid taxes and funds, which can be offset in more than 1 year period, of Celebi GH Deli and Celebi Delhi Cargo amounting to TL 3.018.625 (31 December 2014: TL 1.883.821) ve TL 9.919.168 (31 December 2014: TL 9.636.903).

	31 March 2015	31 December 2014
<b>Other current liabilities</b>		
Taxes and funds payable	3.178.300	1.880.870
Rent equalization reserves	958.544	855.783
Other miscellaneous payables and liabilities	1.069.173	1.762.031
	<b>5.206.017</b>	<b>4.498.684</b>

	31 March 2015	31 December 2014
<b>Other non-current liabilities</b>		
Provision for operational leasing equalization (*)	53.258.479	44.874.521
Other	15.467.835	12.634.604
	<b>68.726.314</b>	<b>57.509.125</b>

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



## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 15 – PREPAID EXPENSES

	31 March 2015	31 December 2014
<b>Short-term prepaid expenses</b>		
Prepaid expenses (*)	6.654.412	7.298.816
Advances given	2.006.892	2.808.197
	<b>8.661.304</b>	<b>10.107.013</b>
<b>Long-term prepaid expenses</b>		
Prepaid expenses (*)	17.084.695	17.315.719
Capital advances given	978.232	1.843.493
	<b>18.062.927</b>	<b>19.159.212</b>

(\*) TL 17.037.312 (31 December 2014:TL 17.326.080) of total prepaid expenses consist of long-term prepaid rent expenses in an airport in which Celebi Hava operates.

#### NOTE 16 – DEFERRED INCOME

	31 March 2015	31 December 2014
<b>Short-term Deferred Income</b>		
Short term deferred revenues calculated based on IFRYK12	872.656	1.053.674
Order advances received	3.143.056	2.518.221
	<b>4.015.712</b>	<b>3.571.895</b>

#### NOTE 17 – LIABILITIES FOR EMPLOYEE BENEFITS

	31 March 2015	31 December 2014
Wages and salaries payable	10.025.674	9.197.040
Social security withholdings payment	4.190.054	3.885.525
Premium and bonus payable accruals	6.310.660	5.817.645
	<b>20.526.388</b>	<b>18.900.210</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 18 - EQUITY

##### Share Capital

As of 31 March 2015, the authorized share capital of the Group is TL 24.300.000 comprising of TL 2.430.000.000 registered shares with a face value each of 1 Kr (31 December 2014: 2.430.000.000).

At 31 March 2015 and 31 December 2014, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	31 March 2015		31 December 2014	
	Amount	Share%	Amount	Share %
Çelebi Havacılık Holding A.Ş. (ÇHH)	19.042.115	78,36	19.042.115	78,36
Other	5.257.885	21,64	5.257.885	21,64
	<b>24.300.000</b>	<b>100,00</b>	<b>24.300.000</b>	<b>100,00</b>

##### Restricted Reserves

Türk Ticaret Kanunu’na göre, yasal yedekler birinci ve ikinci tertip yasal yedekler olmak üzere ikiye ayrılır. Türk Ticaret Kanunu’na göre birinci tertip yasal yedekler, şirketin ödenmiş sermayesinin %20’sine ulaşıncaya kadar, kanuni net karın %5’i olarak ayrılır. İkinci tertip yasal yedekler ise ödenmiş sermayenin %5’ini aşan dağıtılan karın %10’udur. Türk Ticaret Kanunu’na göre, yasal yedekler ödenmiş sermayenin %50’sini geçmediği sürece sadece zararları netleştirmek için kullanılabilir, bunun dışında herhangi bir şekilde kullanılması mümkün değildir.

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, TAS, the “Paid-in capital”, “Restricted reserves” and “Share premiums” should be stated at their amounts in the legal records. The differences arising in the valuations during the application of the communiqué (such as differences arising from inflation adjustment):

- “If the difference is arising from the valuation of “Paid-in Capital” and not yet been transferred to capital should be classified under the “Inflation Adjustment to Share Capital”;
- If the difference is arising from valuation of “Restricted Reserves” and “Share Premium” and the amount has not been subject to dividend distribution or capital increase, it shall be classified under “Retained Earnings”,

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

The amount of restricted reserves is TL 28.274.456 as of 31 March 2015 (31 December 2014: TL 28.274.456).

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014. Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant 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 installments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 18 – EQUITY (Continued)

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

Furthermore, in the event that the account item “Equity Effect on Acquisition” exists in the equity in the consolidated financial statements, this account item is not considered as a discount or addition item in the calculation of the net distributable profit for the period.

#### NOTE 19 – REVENUE AND COST OF SALES

	<b>1 January - 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Ground handling services	90.034.391	75.417.458
Cargo and warehouse services income	49.412.494	40.527.417
Revenue in the context of IFRIC 12	309.998	698.093
Rental revenue not related to aviation	2.536.366	2.631.030
Less: Returns and discounts	(2.313.747)	(2.533.176)
<b>Sales revenue- net</b>	<b>139.979.502</b>	<b>116.740.822</b>
<b>Cost of sales</b>	<b>(110.428.659)</b>	<b>(94.507.416)</b>
<b>Gross profit</b>	<b>29.550.843</b>	<b>22.233.406</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 20 - EXPENSES BY NATURE

	1 January - 31 March 2015	1 January - 31 March 2014
Personnel expenses	(53.597.473)	(47.113.427)
Payments to authorities and terminal managements (*)	(22.127.185)	(20.555.301)
Equipment repair, maintenance, fuel and security expenses	(11.475.496)	(9.083.832)
Consultancy expenses	(10.864.703)	(10.234.152)
Depreciation and amortization expenses	(8.026.093)	(7.557.111)
Outsourced services	(6.196.954)	(4.087.900)
Travel and transportation expenses	(3.448.900)	(2.849.535)
Cost of good sold(**)	(1.660.239)	(169.356)
Taxes and other fees	(1.334.285)	(1.349.760)
Expense in the context of IFRIC	(1.116.980)	(1.411.604)
Insurance premiums	(799.211)	(1.067.567)
Other expenses	(12.110.739)	(9.142.810)
	<b>(132.758.258)</b>	<b>(114.622.355)</b>

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

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

#### NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 March 2015	1 January - 31 March 2014
Consultancy expenses	(10.507.148)	(9.896.543)
Personnel expenses	(7.177.035)	(5.776.009)
Payments to authorities and terminal managements	(1.005.571)	(1.018.115)
Travel and transportation expenses	(664.219)	(529.675)
Equipment repair, maintenance, fuel and security expenses	(627.059)	(541.952)
Depreciation and amortization	(625.161)	(796.699)
Taxes and other fees	(368.467)	(341.824)
Insurance premiums	(136.796)	(166.811)
Other expenses	(1.218.143)	(1.047.314)
	<b>(22.329.599)</b>	<b>(20.114.942)</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 22 – FINANCIAL INCOME

	1 January - 31 March 2015	1 January - 31 March 2014
Foreign exchange gains	2.877.421	2.054.898
Interest income	966.595	878.118
Other incomes	363.610	384.622
	<b>4.207.626</b>	<b>3.317.638</b>

#### NOTE 23 - FINANCIAL EXPENSES

	1 January - 31 March 2015	1 January - 31 March 2014
Foreign exchange losses	(1.271.243)	(5.475.480)
Interest expenses	(5.467.426)	(6.893.690)
Financial expenses incurred under scope of IFRIC 12	(188.519)	(218.784)
Other expenses	(585.975)	(431.297)
	<b>(7.513.163)</b>	<b>(13.019.251)</b>

#### NOTE 24 - TAX ASSETS AND LIABILITIES

	31 March 2015	31 December 2014
Current period corporate tax provision	4.090.666	16.165.009
Less: Prepaid corporate tax	(2.043.237)	(13.906.512)
<b>Assets related to current year tax - net</b>	<b>2.047.429</b>	<b>2.258.497</b>

	31 March 2015	31 December 2014
Deferred tax assets	26.157.627	22.258.480
Deferred tax liabilities	(6.725.110)	(6.283.864)
<b>Deferred tax assets/ (liabilities) – net</b>	<b>19.432.517</b>	<b>15.974.616</b>

Türk vergi mevzuatı, ana ortaklık olan şirketin bağlı ortaklıkları ve iştiraklerini konsolide ettiği mali tabloları üzerinden vergi beyannamesi vermesine olanak tanımamaktadır. Bu sebeple bu konsolide dönem mali tablolara yansıtılan vergi karşılıkları, tam konsolidasyon kapsamına alınan tüm şirketler için ayrı ayrı hesaplanmıştır.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015**

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

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**NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)**

In Turkey, the corporation tax rate for the fiscal year 2015 is 20% (2014: 20%), Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses), No further tax is payable unless the profit is distributed (Except for the withholding tax at the rate of 19.8% on the investment incentive allowance amount utilized within the scope of the Provisional Article 61 of the Income Tax Law).

Except for the dividends paid to non-resident corporations, which have a representative office in Turkey, or resident corporations, dividends are not subject to withholding tax. Dividends paid to other organizations or individuals are subject to withholding tax at the rate of 15%. Transfer of profit to capital is not accepted as a dividend distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2014: 20%). Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

*Domestic participation exemption:*

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

*Share premiums exemption*

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

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

##### *Foreign company participation exemption*

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

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

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

The corporate tax rate has been changed to since 2014 financial year. The corporation tax rate has been changed as 19% up to fiscal profit HUF 500.000.000 and 10% for fiscal profit over HUF 500.000.000 with the regulation in Hungary.

In India, the corporate tax rate is 33,99% in Mumbai (2014: %33,99), 32,45% in Delhi for fiscal year 2015 (2014: 32,45%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses).

In Germany, the corporate tax rate is 31,925% for fiscal year 2015 (2014: 31,925%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses).

Tax expense for the periods end 31 March 2015 and 31 December 2014 is presented below:

	<b>1 January - 31 March 2015</b>	<b>1 January - 31 March 2014</b>
- Current year corporate tax	(2.351.041)	(900.373)
- Deferred tax income /( expense)	164.016	(117.033)
	<b>(2.187.025)</b>	<b>(1.017.406)</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

##### Deferred Taxes

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for deferred revenue asset and liabilities are 20%, 19% or 32,45%, 33,99% for Turkey, Hungary, India New Delhi and Mumbai respectively.

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 31 March 2015 and 31 December 2014 using the enacted tax rates are as follows:

	<u>Cumulative temporary Differences</u>		<u>Deferred tax assets / (liabilities)</u>	
	<u>31 March 2015</u>	<u>31 December 2014</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
<b>Deferred tax assets</b>				
Non-deductible financial losses (*)				
Personnel bonus accrual	(3.102.812)	(3.832.045)	620.562	766.409
Accrued sales commissions	(2.991.842)	(2.155.760)	598.368	431.152
Provision for employment termination benefits	(8.349.858)	(7.906.189)	1.669.972	1.581.238
Provision for operational leasing				
Equilization	(52.562.073)	(44.126.737)	17.053.765	14.316.920
Provision for unused vacation	(2.190.319)	(2.239.061)	438.064	447.812
Provision for legal claims	(857.992)	(857.992)	171.598	171.598
Deferred income from insurance claims	(20.498.835)	(17.502.738)	6.650.847	5.678.763
Other	(7.717.498)	(8.954.692)	2.409.438	2.587.574
			<b>29.612.614</b>	<b>25.981.466</b>
Net off			(3.454.987)	(3.722.986)
<b>Deferred tax assets</b>			<b>26.157.627</b>	<b>22.258.480</b>

(\*) Tax asset of unused tax losses can be gained in future periods and recognized in case there is a probability of sufficient profit. Celebi GH Delhi's, which has TL 29.481.012 (31 December 2014: TL 24.645.938) of total financial losses due to the possibility of not being able to benefit from a part or all foreseeable terms and has not been reflected TL 9.565.114 of deferred tax amount as of March 31, 2015.



**ÇELEBİ HAVA SERVİSİ A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015**

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

**NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)**

	<u>Cumulative temporary Differences</u>		<u>Deferred tax assets / (liabilities)</u>	
	<b>31 March 2015</b>	<b>31 December 2014</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
<b>Deferred tax liabilities</b>				
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	51.541.431	50.623.692	(10.180.097)	(10.006.850)
			<b>(10.180.097)</b>	<b>(10.006.850)</b>
Net off			3.454.987	3.722.986
<b>Deferred tax liabilities</b>			<b>(6.725.110)</b>	<b>(6.283.864)</b>
<b>Deferred tax asset, net</b>			<b>19.432.517</b>	<b>15.974.616</b>

Deferred tax movement table is as below:

	<b>1 January - 31 March 2015</b>	<b>1 January - 31 March 2014</b>
<b>1 January</b>	<b>15.974.616</b>	<b>13.869.500</b>
Foreign currency translation difference	3.497.162	1.229.428
Charge for the period	164.015	(117.033)
Actuarial gain / (loss) arising from defined benefit plans	(203.276)	-
<b>31 March</b>	<b>19.432.517</b>	<b>14.981.895</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 25 - 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.

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, such bonus shares are regarded as issued shares. Accordingly, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year.

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

	<b>1 January - 31 December 2015</b>	<b>1 January - 31 March 2014</b>
<b>Net profit / (loss) attributable to the equity holders of the parent</b>	<b>4.666.209</b>	<b>(3.470.798)</b>
Weighted average number of shares with 1 Full TL face value each	2.430.000.000	2.430.000.000
<b>Earnings / (losses) per share (Full TL)</b>	<b>0,002</b>	<b>(0,001)</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

##### i) Balances with related parties

Short term receivables from related parties	31 March 2015	31 December 2014
ÇHH	24.487	74.192
Other	786.849	617.742
	<b>811.336</b>	<b>691.934</b>

##### Long term receivables from related parties

ÇHH (*)	10.414.987	9.874.950
	<b>10.414.987</b>	<b>9.874.950</b>

(\*) This amount consist included in the financial balance of interest amounting to Euro 3.500.000 which CGHH has given to ÇHH with 3 year, 1 week maturity and with 2,20+6m% Euribor rates.

The maturities of due from related parties are generally shorter than a month (31 December 2014: shorter than a month). As of 31 March 2015 and 31 December 2014, the net book value and the fair value of short term due from related parties are taken equal, since the discounting transaction does not have a material effect.

Due to related parties	31 March 2015	31 December 2014
ÇHH (*)	3.690.833	4.104.202
Çe-Tur	609.971	517.711
Other	21.253	18.961
	<b>4.322.057</b>	<b>4.640.874</b>

(\*) As of March 31, 2015, the related amount consists of legal, financial, human resources, management, corporate communication, procurement, business development services provided to the Group by ÇHH along with business development projects run by ÇHH on behalf and on account of the Group and expense projections.

##### ii) Transactions with related parties

	1 January - 31 March 2015	1 January - 31 March 2014
<b>Miscellaneous sales to related parties</b>		
ÇHH	37.842	24.060
Çe-Tur	24.699	23.037
Celebi Ground Handling Service Austria	241.450	146.286
Other	333.562	247.128
	<b>637.553</b>	<b>440.511</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 2015	1 January - 31 March 2014
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#### Employee and transportation expenses payable to related parties

Çe-Tur	1.282.068	1.156.128
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#### Contribution to holding expenses (\*)

ÇHH	9.081.827	8.230.622
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(\*) Contribution paid to Çelebi Havacılık Holding A.Ş. for services (legal counseling, financial consultancy and human resource consultancy) provided to Çelebi Hava Servisi A.Ş. and Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. by Çelebi Havacılık Holding A.Ş. These expenses have been consistently incurred between periods and participations in Çelebi Havacılık Holding A.Ş. in the consideration of criteria such as staff number, company turnover and asset size.

	1 January - 31 March 2015	1 January - 31 March 2014
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#### Other purchases from related parties (\*)

ÇHH	715.676	812.751
Çe-Tur	206.166	303.863
Other	565.276	571.111

**1.487.118**      **1.687.725**

(\*) Other purchases include vehicle rent, organizational cost and other expenses. Purchases ÇHH that are classified under other purchases from related parties are comprised of expenses directly related to the Company that are business development projects and tenders executed and followed up ÇHH.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Collaterals given in favor of related parties for borrowings as of 31 March 2015 and 31 December 2014 are as follow:

<b>31 March 2015</b>	<b>EUR</b>	<b>USD</b>	<b>INR</b>	<b>HUF</b>	<b>TL</b>	<b>Total TL</b>
ÇHH	-	-	-	-	-	-
CGHH (2)	24.200.000	-	-	-	-	68.507.780
Celebi Nas (1)	-	-	91.080.000	-	-	3.799.858
Celebi Delhi Cargo (3)	-	-	2.713.640.000	-	-	113.213.061
Celebi Delhi GH (4)	-	-	1.354.337.850	-	-	56.502.975
Celebi Cargo GmbH (5)	14.646.667	-	-	-	-	41.463.250
<b>31 December 2014</b>	<b>EUR</b>	<b>USD</b>	<b>INR</b>	<b>HUF</b>	<b>TL</b>	<b>Total TL</b>
CGHH (2)	24.200.000	-	-	-	-	72.774.240
Celebi Nas (1)	-	-	91.080.000	-	-	3.331.706
Celebi Delhi Cargo (3)	-	-	2.624.840.000	-	-	96.016.647
Celebi Delhi GH (4)	-	-	1.354.337.850	-	-	49.541.679
Celebi Cargo GmbH (5)	13.300.000	-	-	-	-	39.995.760

- (1) 16,9% shares of the Company in Celebi Nas, Joint-Venture of the Company, have been pledged in favor of the relevant bank for the financial obligations stipulated by the agreements, signed by the Celebi Nas and a bank, resident in India, comprise INR 387.400.000 as cash credit and INR 50.000.000 as non-cash credit for the long-term project finance and INR100.000.000 as cash working capital credit.
- (2) CCGH signed an agreement for project re-financing of it's outstanding borrowings amounting to EUR 20.000.000 in cash and EUR 2.000.000 non cash, For he mentioned loan, the Group gave a guarantee amounting to EUR 24.200.000, The repayments to the loan balance is EUR 11.000.000 as of 31 March 2015.
- (3) Celebi Delhi Cargo signed an agreement for bridge loan amounting to INR 2.465.000.000 and the Company gave a guarantee for full amount of borrowings to related banks. The Company gave corporate guarantee for amounting INR 720.000.000 of the loan to 30% the financial obligations stipulated in the agreements with relevant banks and all of the 74% shares of the Company in Celebi Delhi Cargo have been pledged in favor of these banks.
- (4) The company has given guarantees for liabilities arised from the borrowing agreement signed for financing of long term projects with resident banks in India, which is amounted to INR 750.000.000 as cash, and amounted to INR 600.000.000 as non-cash, the company will pledge the shares amounting to all of the 74% shares of the company in Celebi Delhi Cargo which is corresponding to 23,9% of the total shares of company.
- (5) For borrowing agreements which are EUR 13.266.667 amounted, between Celebi Cargo GmbH and some banks in Germany, Celebi Cargo GmbH has given guarantees and deposits EUR 14.646.667 amounted. The repayments to the loan balance is EUR 13.266.667 as of 31 March 2015.

#### Key management compensation:

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

	<b>1 January - 31 March 2015</b>	<b>1 January - 31 March 2014</b>
Short-term employee benefits	2.029.805	2.172.347
Post-employment benefits	-	62.553
	<b>2.029.805</b>	<b>2.234.900</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

##### *Döviz kuru riski*

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

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

As of 31 March 2015, other things being constant, if the TL was to appreciate/depreciate by 10% against the USD, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 10.033.860 (31 December 2014: TL 892.370).

As of 31 March 2015, other things being constant, if the TL was to appreciate/depreciate by 10% against the Euro, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 2.710.562 (31 December 2014: TL 19.195.317).

As of 31 March 2015, other things being constant, if the TL was to appreciate/depreciate by 10% against the INR, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 7.437.024 (31 December 2014: TL 7.437.024).

As of 31 March 2015, other things being constant, if the TL was to appreciate/depreciate by 10% against the HUF, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 1.097.008 (31 December 2014: TL 1.097.008).

Foreign currency denominated assets and liabilities of the Group as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
Assets denominated in foreign currency	235.251.293	228.921.715
Liabilities denominated in foreign currency (-)	(382.467.638)	(374.328.286)
<b>Net balance sheet position</b>	<b>(147.216.345)</b>	<b>(145.406.571)</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

### NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of the Group’s foreign currency denominated assets and liabilities as of 31 March 2015 and 31 December 2014:

<b>31 March 2015</b>	<b>TL Equivalent (Functional Currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Indian Rupee</b>	<b>Hungarian Forin</b>	<b>GBP/British Pound</b>
1. Trade receivables	59.566.033	974.643	12.571.476	232.067.887	1.243.550.966	-
2. Monetary financial assets (Kasa Cash, Bank Accounts)	76.444.270	4.483.157	13.821.341	563.327.159	195.585.608	68.687
3. Other	25.922.328	679.368	1.533.581	372.898.758	449.766.322	-
<b>4. Current Assets(1+2+3)</b>	<b>161.932.631</b>	<b>6.137.168</b>	<b>27.926.398</b>	<b>1.168.293.804</b>	<b>1.888.902.896</b>	<b>68.687</b>
5. Other	73.318.662	-	6.123.138	1.338.920.450	13.218.000	-
<b>6. Non-current assets (5)</b>	<b>73.318.662</b>	<b>-</b>	<b>6.123.138</b>	<b>1.338.920.450</b>	<b>13.218.000</b>	<b>-</b>
<b>7. Total assets (4+6)</b>	<b>235.251.293</b>	<b>6.137.168</b>	<b>34.049.536</b>	<b>2.507.214.254</b>	<b>1.902.120.896</b>	<b>68.687</b>
8. Trade payables	27.014.609	(3.522.238)	4.159.717	499.864.850	167.229.758	65.087
9. . Financial liabilities	81.314.095	80.289	19.739.700	604.587.919	-	-
10. Other monetary liabilities	20.889.067	-	1.325.059	342.560.448	486.027.322	-
<b>11. Current liabilities (8+9+10)</b>	<b>129.217.771</b>	<b>(3.441.949)</b>	<b>25.224.476</b>	<b>1.447.013.217</b>	<b>653.257.080</b>	<b>65.087</b>
12. . Financial liabilities	178.462.928	4.204	47.020.019	1.086.840.460	-	-
13. Other monetary liabilities	74.786.939	-	246.002	1.755.964.688	88.009.000	-
<b>14. Non-current liabilities (12+13)</b>	<b>253.249.867</b>	<b>4.204</b>	<b>47.266.021</b>	<b>2.842.805.148</b>	<b>88.009.000</b>	<b>-</b>
<b>15. Total liabilities (11+14)</b>	<b>382.467.638</b>	<b>(3.437.745)</b>	<b>72.490.497</b>	<b>4.289.818.365</b>	<b>741.266.080</b>	<b>65.087</b>
<b>16. Net foreign currency asset/(liability) position (7-15)</b>	<b>(147.216.345)</b>	<b>9.574.913</b>	<b>(38.440.961)</b>	<b>(1.782.604.111)</b>	<b>1.160.854.816</b>	<b>3.600</b>
<b>17. Net monetary foreign currency asset/(liability) Position (7-15)</b>	<b>(147.216.345)</b>	<b>9.574.913</b>	<b>(38.440.961)</b>	<b>(1.782.604.111)</b>	<b>1.160.854.816</b>	<b>3.600</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

### NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

<b>31 December 2014</b>	<b>TL Equivalent (Functional Currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Indian Rupee</b>	<b>Hungarian Forin</b>	<b>GBP/British Pound</b>
1. Trade receivables	58.064.878	2.334.773	12.238.682	203.515.580	1.191.560.436	-
2. Monetary financial assets (Kasa Cash, Bank Accounts)	74.513.157	3.694.801	14.025.226	658.429.451	224.519.531	72.564
3. Other	29.814.721	660.501	1.746.161	465.613.897	703.896.000	-
<b>4. Current Assets(1+2+3)</b>	<b>162.392.756</b>	<b>6.690.075</b>	<b>28.010.069</b>	<b>1.327.558.928</b>	<b>2.119.975.967</b>	<b>72.564</b>
5. Other	66.528.959	-	6.143.594	1.340.278.372	13.251.000	-
<b>6. Non-current assets (5)</b>	<b>66.528.959</b>	<b>-</b>	<b>6.143.594</b>	<b>1.340.278.372</b>	<b>13.251.000</b>	<b>-</b>
<b>7. Total assets (4+6)</b>	<b>228.921.715</b>	<b>6.690.075</b>	<b>34.153.663</b>	<b>2.667.837.300</b>	<b>2.133.226.967</b>	<b>72.564</b>
8. Trade payables	29.666.459	846.147	5.230.161	271.022.772	311.712.851	65.018
9. . Financial liabilities	79.020.500	79.960	19.146.237	678.025.369	-	-
10. Other monetary liabilities	23.133.500	-	1.210.922	328.505.717	858.032.888	-
<b>11. Current liabilities (8+9+10)</b>	<b>131.820.459</b>	<b>926.107</b>	<b>25.587.320</b>	<b>1.277.553.858</b>	<b>1.169.745.739</b>	<b>65.018</b>
12. . Financial liabilities	179.437.240	24.848	47.820.595	1.214.966.357	-	-
13. Other monetary liabilities	63.070.587	159	335.153	1.675.197.312	86.956.000	-
<b>14. Non-current liabilities (12+13)</b>	<b>242.507.827</b>	<b>25.007</b>	<b>48.155.748</b>	<b>2.890.163.669</b>	<b>86.956.000</b>	<b>-</b>
<b>15. Total liabilities (11+14)</b>	<b>374.328.286</b>	<b>951.114</b>	<b>73.743.068</b>	<b>4.167.717.527</b>	<b>1.256.701.739</b>	<b>65.018</b>
<b>16. Net foreign currency asset/(liability) position (7-15)</b>	<b>(145.406.571)</b>	<b>5.738.961</b>	<b>(39.589.405)</b>	<b>(1.499.880.227)</b>	<b>876.525.228</b>	<b>7.546</b>
<b>17. Net monetary foreign currency asset/(liability) Position (7-15)</b>	<b>(145.406.571)</b>	<b>5.738.961</b>	<b>(39.589.405)</b>	<b>(1.499.880.227)</b>	<b>876.525.228</b>	<b>7.546</b>



## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of export and import amounts for the years ended 31 March 2015 and 2014:

	<b>1 January - 31 March 2015</b>	<b>1 January - 31 March 2014</b>
Total export amount	859.763	-
Total import amount	3.044.316	224.080

#### Capital risk management

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

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

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

The ratio of net debt/ (equity +net debt) at 31 March 2015 and 31 December 2014 is as follows:

	<b>31 March 2015</b>	<b>31 December 2014</b>
Total financial liabilities	310.870.655	305.279.253
Less: Cash and cash equivalents	(84.133.562)	(79.950.529)
Less: Current assets	(6.668.108)	(5.766.185)
Net debt	220.068.985	219.562.539
Equity	119.025.498	106.453.496
Equity + net debt	339.094.483	326.016.035
Net debt / (Equity + net debt) ratio	%65	%67

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### NOTE 28 - FINANCIAL INSTRUMENTS

##### Fair value estimation

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

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

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

The Group’s assets and liabilities quantified as fair values at 31 March 2015 and 31 December 2014 are as below:

<b>31 March 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets	-	-	1.758.861	<b>1.758.861</b>
Available for sale financial assets	-	-	-	-
Derivative Assets	-	-	-	-
<b>Total assets</b>	-	-	<b>1.758.861</b>	<b>1.758.861</b>

<b>31 March 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Other financial liabilities	-	-	-	-
<b>Total liabilities</b>	-	-	-	-

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

#### DİPNOT 28 - FİNANSAL ARAÇLAR (Devamı)

<b>31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets	-	-	1.546.360	<b>1.546.360</b>
Available for sale financial assets	-	-	-	-
<b>Total assets</b>	-	-	<b>1.546.360</b>	<b>1.546.360</b>

<b>31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Other financial liabilities (*)	-	1.640.400	-	<b>1.640.400</b>
<b>Total liabilities</b>	-	<b>1.640.400</b>	-	<b>1.640.400</b>

(\*) The transaction date of cash flow hedge forwards is September 26, 2014 and the effective date is January 7, 2015, with the bank purchase amount is EUR 12.000.000 and bank sale amount is EUR 35.588.400.

Marketable securities are recognized at cost less any impairment loss, in the consolidated interim condensed financial statements.

#### NOTE 29 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS

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

As a result of the fire, goods belonging to third parties were also damaged in addition to the damage to property, plant and equipment and leasehold improvements of the Company. As of 31 March 2015 some of the owners of the goods have applied to the Company and its insurance company for compensation of their losses by filing lawsuits against the Company and via enforcement proceedings.

There are legal cases and enforcement proceedings under way; this comprises legal cases and enforcement proceedings amounting to TL 11.665.887 (Note 13) in which the Company is a co-defendant along with the DHMI, other warehouse management companies and insurance companies; and legal cases and enforcement proceedings amounting to TL 6.370.091 in which the Company is the sole defendant. Total legal cases and enforcement proceedings is TL 18.035.977.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015**

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

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**NOTE 29 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR CONDENSED  
INTERIM THE PURPOSE OF UNDERSTANDING AND INTERPRETING  
THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company has an insurance policy regarding these commodities amounting to USD 1.500.000 which has been recorded as revenue and the whole amount of which has been collected as of 31 December 2013.

For the purpose of compensating legal claims related to the fire that broke out on 24 May 2006, the company management has decided to use another insurance policy amounting to USD 10.000.000 in a special fund created in conjunction with the DHMI and other warehouse management company in accordance with the Sharing Agreement signed with same parties. The Sharing Agreement mentioned was established in order to deal with the consequences of legal cases and enforcement proceedings in which the Company is a co-defendant along with the DHMI and other warehouse management company.

As of the date of approval of these financial statements, 219 lawsuits with value of TL 109.519.472 (USD 41.958.268) to which the Fund Companies have been a side and which has an invoice value of TL 65.486.062 (USD 25.088.523) has been settled amicably and 216 of these 219 lawsuits with a value of TL 65.280.900 (USD 25.009.923) has been paid to the claimants as TL 57.995.510 (USD 25.009.923). The amount that has been agreed on of these remaining 3 lawsuits that have been settled amicably is USD 78.600 and the claim value is USD 1.452.074; and it is projected that these 3 lawsuits will result in payment in the near future.

Discussions on the 18 claims between the other claimants and the fund, which have not yet been reconciled are ongoing. The invoice value of these claims are USD 4.677.451 and it is projected that the remaining balance of USD 15 million after the payment of the agreed amounts pertaining to the 3 lawsuits mentioned above will be sufficient to liquidate all of the claims which have been directed at all sides of the fund, but the reconciliation discussions of which have not yet been concluded.

In view of the foregoing, the Company believes that all legal claims faced may be settled as part of the insurance policy collected and the fund formed. Since there are no further development which adversely affects the matters disclosed in past, the Company has not booked any provision in consolidated financial statements as of 31 March 2015.

**NOTE 30 - SUBSEQUENT EVENTS**

a) The ordinary General Assembly meeting was held on April 20, 2015, in which the following decisions were taken;

- The activity report of the Board of Directors and the external audit report should be approved,
- The financial statements for the year 2013 should be approved,
- The “Dividend Distribution Policy”, readjusted in accordance with the regulations of the Capital Market Board, should be approved,
- Since the Company has no Accumulated Losses which should be deducted from the Net Profit For the Period in accordance with the regulations of the Capital Market Board and no General Legal Reserves which should be followed as per the TCC, it was decided that the Net Distributable Profit for the Period should be calculated as TL 54.567.538;

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

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

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#### NOTE 30 - SUBSEQUENT EVENTS (Continued)

- That TL 53.338.000 of the net profit for the period amounting to TL 54.567.538 in the consolidated financial statements dated December 31, 2014 should be distributed as profit share and the remaining TL 1.229.038 should be transferred to Extraordinary Reserves,

- The members of the Board of Directors and the auditors should be acquitted,

- Can Çelebioğlu, İsak Antika, Canan Çelebioğlu, Mehmet Murat Çavuşoğlu, Mehmet Yağız Çekin and Turgay Kuttas should be elected as Member of the Board of Directors for a period of 1 (one) year (the period between two ordinary general assembly meetings) replacing the members of the Board of Directors whose terms of office have expired,

- Feyzi Onur Koca and İlter Turan should be elected as Independent Member Board of Directors member for a period of 1 (one) year (the period between two ordinary general assembly meetings),

- Independent Members of the Board of Directors should be paid a monthly allowance of TL 4.500,00 and the Members of the Board of Directors other than the Independent Members should not be paid a monthly allowance during this period,

- A limit of TL 500.000,00 should be set for the donations to be made within the period of January 1, 2015 and December 31, 2015,

- In accordance with articles 395 and 396 of the Turkish Commercial Code 6102, shareholders, members of the Board of Directors, senior executives who have governance control and spouses and first and second-degree relatives of these persons should be authorized to take significant actions that may cause conflict of interest with the Company and subsidiaries, to compete, to enter into transactions with the Company on behalf of themselves and others, to perform the works that are included in the nature of organizations of the Company on their own and on behalf of others and become shareholders in companies in the same industry, and to perform other operations.

b) Celebi Nas, resident in Mumbai, India, subsidiary of the Company which holds a participation at a rate of 55%, signed a Concession Agreement with Mumbai International Airport Private Limited ("MIAL"), resident in Mumbai in which Celebi Nas operates the operator of the Chhatrapati Shivaji International Airport ("CSIA"), regarding the rendering of air-conditioning and generator services, which have been mounted to the passenger bridges in the passenger terminal at the airport by MIAL. Celebi Nas obtained a franchise until May 2036 within the framework of the mentioned Concession Agreement.