

# **Çelebi Hava Servisi A.Ş.**

## **1 January - 31 March 2016 interim condensed consolidated financial statements**

**(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 2016

(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 2016

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

	Notes	(Unaudited) 31 March 2016	(Audited) 31 December 2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	126.652.033	138.444.891
Trade receivables		83.291.906	75.114.004
-- Due from third parties	8	82.366.574	73.894.342
- Due from related parties	8	925.332	1.219.662
Other receivables		15.307.269	18.394.870
- Other receivables from third parties	9	4.058.770	7.260.323
-Other receivables from related parties	9	11.248.499	11.134.547
Inventories	10	11.181.157	9.844.188
Prepaid expenses	15	10.212.991	12.740.151
Assets related with current year tax	24	1.562.407	878.985
Other current assets	14	7.423.356	4.435.567
<b>Total current assets</b>		<b>255.631.119</b>	<b>259.852.656</b>
<b>Non-current assets</b>			
Financial investments	5	1.800.943	1.848.860
Investments accounted by equity method	6	27.072.908	26.204.104
Other long-term receivables		18.921.349	18.923.786
- Due from third parties	9	18.921.349	18.923.786
Property, plant and equipment	11	155.343.669	155.669.255
Intangible assets		146.670.612	150.866.395
- Other intangible assets	12	120.310.203	124.684.253
- Goodwill	12	26.360.409	26.182.142
Prepaid expenses	15	18.212.332	19.434.304
Deferred tax asset	24	32.130.463	31.983.592
Other non-current assets	14	14.524.966	14.646.588
<b>Total non-current assets</b>		<b>414.677.242</b>	<b>419.576.884</b>
<b>Total assets</b>		<b>670.308.361</b>	<b>679.429.540</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 MARCH 2016

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

	Notes	(Unaudited) 31 March 2016	(Audited) 31 December 2015
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term financial liabilities	7	35.946.107	40.435.153
Current portion of long term financial liabilities	7	120.714.383	124.091.036
Trade payables		58.738.196	55.042.896
- Due to third parties	8	52.772.184	49.519.592
- Due to related parties	8	5.966.012	5.523.304
Liabilities for employee benefits	17	22.666.885	22.234.755
Other payables		6.166.198	5.333.880
- Due to third parties	9	6.166.198	5.333.880
Deferred income	16	3.000.804	3.041.038
Short-term provisions		7.536.781	7.246.798
- Provisions for employee benefits	13	6.049.543	5.759.871
- Other provisions	13	1.487.238	1.486.927
Current tax liabilities	24	639.984	2.849.926
Other current liabilities	14	4.369.482	4.528.514
<b>Total current liabilities</b>		<b>259.778.820</b>	<b>264.803.996</b>
<b>Non-Current Liabilities</b>			
Long-term financial liabilities	7	151.125.633	157.976.034
Long term provisions		19.730.442	17.437.933
- Provisions for employee benefits	13	19.730.442	17.437.933
Deferred income tax liabilities	24	5.816.892	5.943.110
Other non-current payables	9	7.360.835	7.462.171
Other non-current liabilities	14	81.852.321	81.521.037
<b>Total non-current liabilities</b>		<b>265.886.123</b>	<b>270.340.285</b>
<b>Total liabilities</b>		<b>525.664.943</b>	<b>535.144.281</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>133.334.629</b>	<b>132.939.742</b>
Share Capital	18	24.300.000	24.300.000
Other comprehensive income/(expense) not to be reclassified to profit or loss		(11.279.444)	(8.493.178)
- Actuarial gain/(loss) arising from defined benefit plans		(11.279.444)	(8.493.178)
Other comprehensive income/(expense) to be reclassified to profit or loss		12.944.428	14.586.228
- Foreign currency translation differences		12.944.428	14.586.228
Restricted reserves	18	33.012.956	33.012.956
Retained earnings		69.533.736	(13.524.451)
Net profit/ (loss) for the year		4.822.953	83.058.187
<b>Non-controlling interest</b>		<b>11.308.789</b>	<b>11.345.517</b>
<b>Total equity</b>		<b>144.643.418</b>	<b>144.285.259</b>
<b>Total liabilities and equity</b>		<b>670.308.361</b>	<b>679.429.540</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONDENSED CONSOLIDATED PROFIT OR LOSS STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
	Notes		
<b>CONTINUING OPERATIONS</b>			
Revenue (net)	19	167.723.835	139.979.502
Cost of sales (-)	19	(130.794.158)	(110.428.659)
<b>GROSS PROFIT</b>	<b>19</b>	<b>36.929.677</b>	<b>29.550.843</b>
General administrative expenses (-)	21	(26.294.135)	(22.329.599)
Other operating income		3.283.326	3.668.894
Other operating expenses (-)		(2.380.698)	(2.340.603)
Income from investments accounted by equity method	6	1.588.883	999.715
<b>OPERATING PROFIT</b>		<b>13.127.053</b>	<b>9.549.250</b>
Income from investment activities		150.614	188.687
Expense from investment activities (-)		(1.536)	(398.815)
<b>OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)</b>		<b>13.276.131</b>	<b>9.339.122</b>
Financial income	22	5.593.217	4.207.626
Financial expense (-)	23	(11.854.102)	(7.513.163)
<b>INCOME BEFORE TAX</b>		<b>7.015.246</b>	<b>6.033.585</b>
<b>Income tax expense</b>		<b>(1.926.261)</b>	<b>(2.187.025)</b>
Current tax expense	24	(2.362.751)	(2.351.041)
Deferred tax income/(expense)	24	436.490	164.016
<b>NET INCOME/ (EXPENSE)</b>		<b>5.088.985</b>	<b>3.846.560</b>
<b>Attributable to:</b>			
Non-controlling interest		266.032	(819.649)
Equity holder of the parent		4.822.953	4.666.209
		<b>5.088.985</b>	<b>3.846.560</b>
Earnings / (losses) per share (Full TL)	25	0,002	0,002

## ÇELEBİ HAVA SERVİSİ A.Ş.

### CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<b>1 January - 31 March 2016</b>	<b>1 January - 31 March 2015</b>
Notes		
<b>Net profit / (loss) for the period</b>	<b>5.088.985</b>	<b>3.846.560</b>
<b>Other comprehensive income/ (expense):</b>	<b>(1.944.560)</b>	<b>9.521.275</b>
<b>To be reclassified to profit or loss</b>		
- Currency translation differences	(1.944.560)	9.521.275
<b>Not to be reclassified to profit or loss</b>	<b>(2.786.266)</b>	<b>(795.833)</b>
- Actuarial gain/(loss) arising from defined benefit plans	(2.786.266)	(795.833)
<b>Other comprehensive income/(expense)</b>	<b>(4.730.826)</b>	<b>8.725.442</b>
<b>Total comprehensive income/(expense)</b>	<b>358.159</b>	<b>12.572.002</b>
<b>Total comprehensive income attributable to:</b>		
Non-controlling interest	(36.728)	653.974
Equity holders of the parent	394.887	11.918.028

# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2016

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

			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	
	Notes	Share Capital	Restricted Reserves	Cumulative Translation Differences	Actuarial gain/(loss) arising from defined benefit plans	Retained Earnings	Net profit/(loss) fort he 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) fort he 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 STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2016

(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 2016</b>		<b>24.300.000</b>	<b>33.012.956</b>	<b>14.586.228</b>	<b>(8.493.178)</b>	<b>(13.524.451)</b>	<b>83.058.187</b>	<b>132.939.742</b>	<b>11.345.517</b>	<b>144.285.259</b>
Transfers to retained earnings		-	-	-	-	83.058.187	(83.058.187)	-	-	-
<b>Other comprehensive income</b>										
--Change in foreign currency translation differences		-	-	(1.641.800)	-	-	-	(1.641.800)	(302.760)	(1.944.560)
- Change in Actuarial gain/(loss) arising from defined benefit plans		-	-	-	(2.786.266)	-	-	(2.786.266)	-	(2.786.266)
<b>Total other comprehensive income</b>		-	-	<b>(1.641.800)</b>	<b>(2.786.266)</b>	-	-	<b>(4.428.066)</b>	<b>(302.760)</b>	<b>(4.730.826)</b>
Net profit/(loss) for the period		-	-	-	-	-	4.822.953	4.822.953	266.032	5.088.985
<b>Total comprehensive income/(expense)</b>		-	-	<b>(1.641.800)</b>	<b>(2.786.266)</b>	-	<b>4.822.953</b>	<b>394.887</b>	<b>(36.728)</b>	<b>358.159</b>
<b>Balances at 31 March 2016</b>		<b>24.300.000</b>	<b>33.012.956</b>	<b>12.944.428</b>	<b>(11.279.444)</b>	<b>69.533.736</b>	<b>4.822.953</b>	<b>133.334.629</b>	<b>11.308.789</b>	<b>144.643.418</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

		Unaudited	Unaudited
		1 January –	1 January –
		31 March	31 March
	Notes	2016	2015
<b>A. Cash flows from operating activities</b>		<b>9.696.438</b>	<b>19.414.364</b>
Profit/loss before tax for the period		7.015.246	6.033.585
Adjustment for reconciliation of profit/(loss) before taxation		9.758.286	13.648.841
- Adjustment for depreciation and amortisation expense	11, 12	8.655.144	8.026.093
- Adjustment for provisions	13	421.635	31.327
- Adjustment for interest income and expense	22, 23	2.721.461	4.500.832
- Adjustment for (profit) on sales of property, plant and equipment, net		(149.078)	210.128
- Adjustments related to the fair value losses (gains)		3.483.791	1.016.381
- Other adjustments for reconciliation of profit/ loss		(3.785.784)	863.795
-Revenue from particible		(1.588.883)	(999.715)
<b>Changes in working capital</b>		<b>(7.077.094)</b>	<b>(268.062)</b>
- Adjustment for increase/decrease in inventories		(1.336.969)	(1.329.928)
- Adjustment for increase/decrease in trade receivables		(8.251.312)	(2.640.465)
- Adjustment for increase/decrease in other receivables related with operations		4.086.955	(2.480.218)
- Adjustment for increase/decrease in trade payables		3.695.300	(3.637.815)
- Adjustment for increase/decrease in other payables related with operations		(1.614.233)	13.476.946
Retirement liability paid		(1.253.953)	(995.041)
Collection from doubtful receivable		(71.244)	-
Tax payments/returns		(2.331.638)	(2.661.541)
<b>Cash flows from operating activities</b>		<b>9.696.438</b>	<b>19.414.364</b>
<b>B. Cash flows from investing activities</b>		<b>(6.753.569)</b>	<b>(3.872.815)</b>
Cash inflows from the sale of property, plant and equipment and intangible assets	11, 12	303.229	183.164
Cash outflows from the purchase of property, plant and equipment and intangible asset	11, 12	(7.056.798)	(4.055.979)
Cash outflows from the purchase of long term asset		-	(4.055.979)
<b>C. Cash flows from financing activities</b>		<b>(17.437.561)</b>	<b>2.730.970</b>
Cash inflows from financial liabilities		(14.716.100)	7.231.802
Interest received		1.899.184	966.594
Interest paid		(4.620.645)	(5.467.426)
Net (decrease)/increase in cash and cash equivalents		714.237	(1.548.114)
<b>D. Impact of foreign currency translation differences</b>		<b>2.701.834</b>	<b>(14.089.486)</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(11.078.621)</b>	<b>2.634.919</b>
<b>E. Cash and cash equivalents at beginning of period</b>		<b>127.859.564</b>	<b>73.697.489</b>
<b>Cash and cash equivalents at end of period</b>	4	<b>116.780.943</b>	<b>76.332.408</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016**  
(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, Bingöl Hakkari 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 Havacılık 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

**Subsidiaries and Equity Investments Valued With Facts About:**

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 Földi Kiszolgáló Korlátolt Felelősségű Társaság (“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 Havacılık Holding A.Ş. for Turkish Liras 33.712.020.

As of 31 March 2016, 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 2016

(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. On April 08, 2015, Celebi Nas has signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the CSIA International Airport in which Celebi Nas operates. The content of the agreement covers the rendering of services regarding air conditioners and generators mounted on passenger boarding bridges in the passenger terminal of the mentioned airport. Celebi Nas has been granted the concession rights until May 2036 within the scope of the concession agreement.

The 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 ("Troy") located in Poland of which the company owns % 100 Shares but Celebi Europe has not started its operations yet.

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on November 20, 2008 in order to carry out transportation, load transfer, cargo storage and distribution activities. Celebi Cargo GmbH (Celebi Cargo), a subsidiary of Çelebi Kargo having a prepaid capital at an amount of €11.500.000 and which is a resident in Germany established in November 2009, rented store/warehouse facilities located at International Frankfurt Airport Cargo (Frankfurt Cargo Süd) and carrying out activities in air cargo storage and handling. The capital of Çelebi Kargo is TL 29.500.000 as of March 31, 2016 and all its capital is paid.

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

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 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. Celebi Cargo GmbH. An ultimate closing protocol has been signed as of 6 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 2016, 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 2016 have been approved for issue by the Board of Directors on 10 May 2016 and signed by Atilla Korkmazoğlu (Deputy General Manager) and Deniz Bal (Financial Affairs Director) on behalf of Board of Directors.

**Subsidiaries:**

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

<b><u>Subsidiary</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Geographical segment</u></b>	<b><u>Nature of business</u></b>
In liquidation Çelebi Güvenlik	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:**

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

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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 2016 average number of personnel is 12.226 (31 December 2015: 11.648).

**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”).

Group is prepared its financial statements for the interim period ended 31 March 2016 according to Turkey Accounting Standard No.34 Interim Financial Reporting Accounting Standards. With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for listed companies in Turkey. The Company’s financial statements have been prepared in accordance with this decision.

The 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 2016, the currency of subsidiaries has shown below.

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

<b><u>Company</u></b>	<b><u>Currency</u></b>
Çelebi Güvenlik 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 2016 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2016. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

**i) The new standards, amendments and interpretations which are effective as at 1 January 2016 are as follows:**

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

IFRS 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 clarifies that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments did not have an impact on the financial position or performance of the Group.

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

The amendments to IAS 16 and IAS 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 did not have an impact on the financial position or performance of the the Group.

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

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

IAS 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 IAS 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 IAS 41, measured at fair value less costs to sell. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

IASB issued an amendment to IAS 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 IAS 28

The entity must apply the same accounting for each category of investments. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

Amendments issued to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 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 IFRS 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. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

Amendments issued to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendment is not applicable for the Group and did 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)**

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

Amendments issued to IAS 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. These amendments did not have significant impact on the notes to the interim condensed consolidated financial statements of the Group.

**Annual Improvements to IFRS, 2012-2014 Cycle**

IASB issued, Annual Improvements to IFRSs 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 – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting – clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report.

These amendments did not have significant impact on the financial position or performance 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.

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

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

As amended in is effective for annual periods beginning on or after January 1, 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.

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

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

**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.

**Annual Improvements – 2011–2013 Cycle**

**IFRS 15 Revenue from Contracts with Customers**

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 effective date is January 1, 2018, 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.

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

**Clarifications to IFRS 15 'Revenue from Contracts with Customers' (Amendment)**

IASB has published final clarifications to IFRS 15 in April 2016. The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The amendments are effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

**IFRS 9 Financial Instruments - Final standard (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 January 1, 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.

**IFRS 16 Leases**

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

**IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)**

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Company/Group applies this relief, it shall disclose that fact. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

**IAS 7 'Statement of Cash Flows (Amendments)**

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Group first applies those amendments, it is not required to provide comparative information for preceding periods. The amendment are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

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

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

**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.

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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 2016</u>	<u>31 December 2015</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 2016 Celebi Spain has directly and indirectly 100% voting right. However, Celebi Spain has not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements and the company 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 March, 2016, 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 2016</u>	<u>31 December 2015</u>
Celebi Nas	55,00%	55,00%

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.

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**2.2. Changes in accounting policies**

**2.2.1 Comparative information**

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

The Group presented the consolidated statement of financial position as of 31 March 2016 comparatively with the consolidated statement of financial position as of 31 December 2015, 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 2016 comparatively with the consolidated financial statements for the interim period ended 31 March 2015.

Group restated its current tax assets and current corporate tax payables in 31 December 2015 consolidated financial statement according to the representation made 31 March 2016.

**2.3. Summary of Significant Accounting Policies**

Condensed consolidated financial statements for the period ended 31 March 2016, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2016 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 2015. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2015.

**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.

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

The segment information provided to the board of directors as of 31 March 2016 is as follows :

**1 January - 31 March 2016**

	Reportable Segments			
	Ground Handling Services	Cargo And Warehouse Services	Ground Handling Services	Cargo And Warehouse Services
Revenue	112.635.727	55.149.852	(61.744)	167.723.835
Cost of sales	(83.162.599)	(47.631.559)	-	(130.794.158)
<b>Gross profit</b>	<b>29.473.128</b>	<b>7.518.293</b>	<b>(61.744)</b>	<b>36.929.677</b>
General administrative expenses	(20.092.503)	(6.394.469)	192.837	(26.294.135)
Addition: Depreciation and amortization	5.652.946	3.002.198	-	8.655.144
Addition: Operating lease equalization	22.938	2.204.840	-	2.227.778
Addition: Effect of IFRIC 12 shares	-	931.908	-	931.908
Addition: Prepaid allocation cost expense	288.768	-	-	288.768
Addition: Retirement pay liability and unused vacation provisions	1.307.191	68.989	-	1.376.180
Effect of EBITDA to investments accounted by equity method	3.901.212	104.884	-	4.006.096
<b>EBITDA</b>	<b>20.553.680</b>	<b>7.436.643</b>	<b>131.093</b>	<b>28.121.416</b>

**1 January - 31 March 2015**

	Reportable Segments			
	Ground Handling Services	Cargo And Warehouse Services	Ground Handling Services	Cargo And Warehouse Services
Revenue	92.772.486	47.333.687	(126.671)	139.979.502
Cost of sales	(69.434.594)	(40.994.065)	-	(110.428.659)
<b>Gross profit</b>	<b>23.337.892</b>	<b>6.339.622</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>13.513.481</b>	<b>7.504.818</b>	<b>(46.199)</b>	<b>20.972.100</b>

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

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

	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
EBITDA for reported segments	28.121.416	20.972.100
Depreciation and amortization	(8.655.144)	(8.026.093)
Operating lease equalization	(2.227.778)	(2.177.135)
Effect of IFRIC 12	(931.908)	(806.982)
Other operating income	3.283.326	3.668.894
Other operating expenses (-)	(2.380.698)	(2.340.603)
Addition: Prepaid allocation cost expense	(288.768)	(288.768)
Retirement pay liability and unused vacation provisions	(1.376.180)	(384.380)
EBITDA effect of equity accounted investees	(4.006.096)	(2.067.498)
Share of profit from equity accounted investees	1.588.883	999.715
<b>Operating profit</b>	<b>13.127.053</b>	<b>9.549.250</b>
Income from investment activities	150.614	188.687
Expenses from investment activities (-)	(1.536)	(398.815)
Financial income	5.593.217	4.207.626
Financial expenses (-)	(11.854.102)	(7.513.163)
<b>Income before tax</b>	<b>7.015.246</b>	<b>6.033.585</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.

<b>Total Assets:</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Turkey	395.193.062	377.662.693
India	192.952.612	213.107.603
Hungary	66.694.968	67.505.023
Germany	45.416.176	42.261.792
<b>Segment assets (*)</b>	<b>700.256.818</b>	<b>700.537.111</b>
Unallocated assets	145.447.383	142.457.176
Less: Inter-segment elimination	(175.395.840)	(163.564.747)
<b>Total assets as per consolidated financial statements</b>	<b>670.308.361</b>	<b>679.429.540</b>

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

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

<b>Total liabilities</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Turkey	68.797.609	64.109.564
India	127.256.114	128.065.173
Hungary	6.509.566	9.030.370
Germany	34.372.306	18.536.415
<b>Segment liabilities (*)</b>	<b>236.935.595</b>	<b>219.741.522</b>
Unallocated liabilities	313.603.015	328.445.333
Less: Inter-segment elimination	(24.873.667)	(13.042.574)
<b>Total liabilities as per consolidated financial statements</b>	<b>525.664.943</b>	<b>535.144.281</b>

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

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

**Geographical Segments**

**Geographical Analysis for the period 1 January - 31 March 2016**

	<b>Turkey</b>	<b>Hungary</b>	<b>India</b>	<b>Germany</b>	<b>Total Combined</b>	<b>Intersegment Adjustment</b>	<b>Total</b>
Revenue	96.239.462	21.089.259	28.669.984	21.720.498	167.719.203	4.632	167.723.835
Cost of sales	(70.497.857)	(13.845.840)	(23.753.011)	(22.697.450)	(130.794.158)	-	(130.794.158)
Gross profit	25.741.605	7.243.419	4.916.973	(976.952)	36.925.045	4.632	36.929.677
General administrative expenses	(16.103.653)	(3.005.196)	(4.399.193)	(2.913.895)	(26.421.937)	127.802	(26.294.135)
Other operating income / expense (net)	96.519	12.156	1.574.261	(695.179)	987.757	(85.129)	902.628
Profit from investments accounted under equity method	-	-	1.588.883	-	1.588.883	-	1.588.883
<b>Operating profit / (loss)</b>	<b>9.734.471</b>	<b>4.250.379</b>	<b>3.680.924</b>	<b>(4.586.026)</b>	<b>13.079.748</b>	<b>47.305</b>	<b>13.127.053</b>

**Geographical Analysis for the period 1 January - 31 March 2015**

	<b>Turkey</b>	<b>Hungary</b>	<b>India</b>	<b>Germany</b>	<b>Total Combined</b>	<b>Intersegment Adjustment</b>	<b>Total</b>
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 / (loss)</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>

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**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>31 March 2016</b>	<b>31 December 2015</b>
Cash	112.482	225.838
Banks	126.539.551	138.219.053
- Time deposit	113.316.920	110.473.584
- Demand deposit	13.222.631	27.745.469
	<b>126.652.033</b>	<b>138.444.891</b>

Effective interest rates on TL, EUR, USD and INR denominated time deposits at 31 March 2016 are 11,84%, 1,73%, 2,42%, 7,49%. (31 December 2015: TL 10,84%, EUR 1,48%, USD 2,45%, INR 7,14%). The maturity days on TL, EUR, USD and INR denominated time deposits as of 31 March 2016 20-60 days, 1-14 days and 1-30 days for INR, EUR and USD respectively, 1-30 day for TL (31 December 2015: INR 20-60 days, TL 1-35 days, EUR 1-14 days ve USD 1-30 days).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 31 MARCH 2016 and 31 March 2015 are as follows:

	<b>31 March 2016</b>	<b>31 March 2015</b>
Cash and banks	126.652.033	84.133.562
Less: Interest Accruals	(66.343)	(4.857)
Less: Restricted cash (*)	(9.804.747)	(7.796.297)
	<b>116.780.943</b>	<b>76.332.408</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.

**NOTE 5 - FINANCIAL INVESTMENTS**

*Available-for-sale assets:*

		<b><u>31 March 2016</u></b>		<b><u>31 December 2015</u></b>
	%	TL	%	TL
DASPL	16,66%	1.780.418	16,66%	1.828.335
Celebi Spain (*)	100,0%	20.525	100,0%	20.525
		<b>1.800.943</b>		<b>1.848.860</b>

(\*) As at 31 March 2016, 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.

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**NOTE 6 - EQUITY ACCOUNTED INVESTEEES**

	%	31 March 2016	%	31 December 2015
Çelebi Nas	55,0%	27.072.908	55,0%	26.204.104
	<b>55,0%</b>	<b>27.072.908</b>	<b>55,0%</b>	<b>26.204.104</b>

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

	31 March 2016	31 March 2015
<b>As of 1 January</b>	26.204.104	17.141.793
Share on profit / loss	1.588.883	999.715
Currency translation differences	(720.079)	2.444.591
Actuarial gains/losses fund from retirement plans	-	17.270
<b>As of 31 March</b>	<b>27.072.908</b>	<b>20.603.369</b>

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

	1 January- 31 March 2016	1 January- 31 March 2015
Çelebi Nas	1.588.883	999.715
	<b>1.588.883</b>	<b>999.715</b>

**Summary statement of equity accounted investees:**

	31 March 2016	31 December 2015
Total Assets	102.024.464	86.928.078
Total Liabilities	52.800.993	39.284.251
	1 January- 31 March 2016	1 January- 31 March 2015
Total Revenue	17.794.725	10.179.935
Profit / (Loss) for the period	2.888.878	1.817.664

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**NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES**

*Short term borrowings:*

	<b>31 March 2016</b>		
	<b>Effective Interest rate (%)</b>	<b>Original Amount</b>	<b>TL</b>
<i>Short-term financial liabilities</i>			
INR Borrowings	9,75% - 10,50%	72.923.450	3.116.019
Euro Borrowings	2,20% - Euribor+5,50%	8.519.428	27.331.177
TL Borrowings	0%	3.533.216	3.533.216
<b>Total short term credits</b>			<b>33.980.412</b>
<i>Short-term finance lease obligations</i>			
Short-term finance lease obligations - USD		1.723	4.882
Short-term finance lease obligations - EUR		611.207	1.960.813
<b>Total short-term finance lease obligations</b>			<b>1.965.695</b>
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – EUR		698.485	2.240.810
Interest expense accrual – TL		472.001	472.001
INR borrowings	9,75% - 10,50%	483.097.519	20.642.757
EUR borrowings	2,20% - Euribor+5,50%	22.555.037	72.358.815
TL borrowings	11,35%	25.000.000	25.000.000
<b>Short-term portion of total long term borrowings</b>			<b>120.714.383</b>
<b>Total short term liabilities:</b>			<b>156.660.490</b>

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

*Long-term financial liabilities*

	31 March 2016		TL
	Effective Interest Rate (%)	Original Amount	
INR borrowings	10,75% - 11,35%	899.180.295	38.421.974
EUR borrowings	2,50% - Euribor+5,15%	34.480.113	110.615.649
			<b>149.037.623</b>

*Long-term finance lease obligations:*

Long-term finance lease obligations – USD		2.481	7.029
Long-term finance lease obligations – EUR		648.665	2.080.981
<b>Total long-term finance lease obligations</b>			<b>2.088.010</b>
<b>Total long-term financial liabilities</b>			<b>151.125.633</b>
<b>Total financial liabilities</b>			<b>307.786.123</b>

*Short-term financial liabilities*

	31 December 2015		TL
	Effective Interest rate (%)	Original Amount	
<i>Short-term financial liabilities</i>			
INR Borrowings	9,75% - 10,50%	134.900.000	5.919.412
EURO Borrowings	2,20% - Euribor+5,50%	10.238.279	32.533.156
<b>Total short term credits</b>			<b>38.452.568</b>

*Short-term finance lease obligations*

Short-term finance lease obligations - USD		21.924	63.746
Short-term finance lease obligations - EUR		603.864	1.918.839
<b>Total short-term finance lease obligations</b>			<b>1.982.585</b>

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

*Short-term portion of long-term borrowings*

	<b>31 December 2015</b>		
	<b>Effective Interest rate (%)</b>	<b>Original Amount</b>	<b>TL</b>
Interest expense accrual – INR		10.140.383	444.960
Interest expense accrual – EUR		299.508	951.718
Interest expense accrual – TL		470.690	470.690
INR borrowings	9,75% - 10,50%	562.418.911	24.678.942
EUR borrowings	2,20% - Euribor+5,50%	22.830.037	72.544.726
TL borrowings	11,35%	25.000.000	25.000.000
<b>Short-term portion of total long term borrowings</b>			<b>124.091.036</b>
<b>Total short term liabilities:</b>			<b>164.526.189</b>

*Long-term financial liabilities*

INR borrowings	10,75% - 11,35%	997.609.184	43.775.091
EUR borrowings	2,50% - Euribor+5,15%	35.130.111	111.629.440
			<b>155.404.531</b>

*Long-term finance lease obligations*

Long-term finance lease obligations – USD		2.926	8.508
Long-term finance lease obligations – EUR		806.582	2.562.995
<b>Total long-term finance lease obligations</b>			<b>2.571.503</b>
<b>Total long-term financial liabilities</b>			<b>157.976.034</b>
<b>Total financial liabilities</b>			<b>322.502.223</b>

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

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

	<b>31 March 2016</b>	<b>31 December 2015</b>
Less than 3 months	29.169.230	25.655.914
Between 3-12 months	127.491.260	138.870.275
Between 1-5 years	151.125.633	157.976.034
	<b>307.786.123</b>	<b>322.502.223</b>

The redemption schedules of long-term bank borrowings as of 31 March 2016 and 31 December 2015 are as follows:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Between 1-2 years	68.322.744	68.585.560
Between 2-3 years	61.207.559	63.245.697
Between 3-4 years	17.742.865	21.825.594
4 years and more	1.764.455	1.747.680
	<b>149.037.623</b>	<b>155.404.531</b>

The redemption schedules of financial lease obligations as of 31 March 2016 and 31 December 2015 are as follows:

	<b>31 March 2016</b>			<b>31 December 2015</b>		
	<b>Minimum lease Payments</b>	<b>Interest</b>	<b>Total obligation</b>	<b>Minimum lease Payments</b>	<b>Interest</b>	<b>Total obligation</b>
Less than 1 year	2.139.320	(173.625)	1.965.695	2.184.069	(201.484)	1.982.585
Between 1-2 years	2.159.168	(72.832)	2.086.336	1.965.181	(90.546)	1.874.635
Between 2-3 years	1.700	(26)	1.674	701.360	(4.492)	696.868
	<b>4.300.188</b>	<b>(246.483)</b>	<b>4.053.705</b>	<b>4.850.610</b>	<b>(296.522)</b>	<b>4.554.088</b>

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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Short-term trade receivables</b>		
Due from third parties	85.260.281	76.828.591
Less: Provision for doubtful receivables	(2.893.707)	(2.934.249)
<b>Trade receivables from third parties (net)</b>	<b>82.366.574</b>	<b>73.894.342</b>
<b>Due from related parties (Note 30)</b>	<b>925.332</b>	<b>1.219.662</b>
<b>Total short-term trade receivables</b>	<b>83.291.906</b>	<b>75.114.004</b>

The maturities of trade receivables are generally less than 45 days (31 December 2015: less than 45 days). The fair value of current trade receivables as of 31 March 2016 and 31 December 20145 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.

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

Movement of provision for doubtful receivables is as follows:

	31 March 2016	31 March 2015
Opening balance	2.934.249	3.142.514
Cumulative translation differences	2.079	48.845
Delete of non-collectable receivables	(42.621)	(316.229)
<b>Closing balance</b>	<b>2.893.707</b>	<b>2.875.130</b>

**Short-term trade payables**

	31 March 2016	31 December 2015
Trade payables to third parties	42.968.844	38.556.970
Accrued liabilities	9.803.340	10.962.622
<b>Total trade payables to third parties</b>	<b>52.772.184</b>	<b>49.519.592</b>
Due to third parties (Note 26)	<b>5.966.012</b>	<b>5.523.304</b>
<b>Total short termtrade payables</b>	<b>58.738.196</b>	<b>55.042.896</b>

The fair value of short-term trade payables as of 31 March 2016 and 31 December 2015 equals their carrying amount as the impact of discounting is not significant.

**NOTE 9 - OTHER RECEIVABLES AND PAYABLES**

	31 March 2016	31 December 2015
<b>Other short-term receivables</b>		
Receivables from Tax Office	3.291.791	6.308.072
Deposits and guarantees given	721.410	893.685
Other short-term receivables (*)	45.569	58.566
<b>Total trade payables to third parties</b>	<b>4.058.770</b>	<b>7.260.323</b>
<b>Other short-term receivables from related part (Note 26)</b>	<b>11.248.499</b>	<b>11.134.547</b>
<b>Total short-term other receivables</b>	<b>15.307.269</b>	<b>18.394.870</b>

**ÇELEBİ HAVA SERVİSİ A.Ş.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016**

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

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

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Other long-term receivables from third parties</b>		
Guarantees and deposits given (*)	18.921.349	18.923.786
	<b>18.921.349</b>	<b>18.923.786</b>

(\*) As of 31 March 2016, 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 11.456.153 (31 December 2015: TL 11.455.820) ve TL 7.251.372 (31 December 2015: TL 7.255.393) as a deposit to the local authorities, companies and the amount which was shown in banks as blockage.

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Other short-term payables</b>		
Other short-term payables (*)	6.052.163	5.216.776
Deposits received	114.035	117.104
	<b>6.166.198</b>	<b>5.333.880</b>

(\*) As of 31 March 2016; TL 5.593.025 of other short-term payables (31 December 2015: TL 4.821.251) Celebi Delhi Cargo, a subsidiary of the Company in India, the other partner Delhi International Airport Private Limited (DIAL) debts arising from the concession contract.

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Other long-term payables</b>		
Deposits and guarantees received	7.360.835	7.462.171
	<b>7.360.835</b>	<b>7.462.171</b>

**NOTE 10 – INVENTORIES**

	<b>31 March 2016</b>	<b>31 December 2015</b>
Trade goods	1.606.859	1.236.339
Other inventories (*)	9.574.298	8.607.849
	<b>11.181.157</b>	<b>9.844.188</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 2016

(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 2016 are as follows:

	Opening 1 January 2016	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2016
<b>Cost</b>						
Plant, machinery and equipment	238.658.955	4.605.848	(85.187)	-	(487.639)	242.691.977
Motor vehicles	41.167.274	131.172	-	-	27.528	41.325.974
Furniture and fixtures	24.294.745	83.336	-	-	32.174	24.410.255
Leasehold improvements (*)	116.862.759	191.769	-	271.273	6.810	117.332.611
Construction in Progress	1.229.010	1.019.291	(153.396)	(271.273)	5.469	1.829.101
	<b>422.212.743</b>	<b>6.031.416</b>	<b>(238.583)</b>	<b>-</b>	<b>(415.658)</b>	<b>427.589.918</b>
<b>Accumulated depreciation</b>						
Plant, machinery and equipment	(154.978.810)	(3.663.104)	84.097	-	312.851	(158.244.966)
Motor vehicles	(30.287.426)	(350.434)	-	-	37.520	(30.600.340)
Furniture and fixtures	(19.915.766)	(454.050)	-	-	(15.144)	(20.384.960)
Leasehold improvements (*)	(61.361.486)	(1.661.270)	-	-	6.773	(63.015.983)
	<b>(266.543.488)</b>	<b>(6.128.858)</b>	<b>84.097</b>	<b>-</b>	<b>342.000</b>	<b>(272.246.249)</b>
<b>Net book value</b>	<b>155.669.255</b>					<b>155.343.669</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 2016 the net book value of these stations was TL 49.524.989. 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 2016 in the amount of TL 5.917.390 and TL 211.468 are respectively included in cost of sales and operating expenses.

There are net book value TL 5.821.369 worth of financial leasing assets in plant, machinery and equipment as of 31 March 2016.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

(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 2015 are as follows:

	Opening 1 January 2015	Additions	Disposals	Transfers	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 31 March 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 2016

(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 2016 are as follows:

	Opening 1 January 2016	Additions	Foreign Currency Translation Differences	Closing 31 March 2016
<b>Cost</b>				
Rights	11.162.357	-	335	11.162.692
Customer relations	44.457.702	-	278.796	44.736.498
Software	11.442.585	512.986	25.852	11.981.423
Concession rights	84.351.019	512.396	(2.221.401)	82.642.014
Build-operate-transfer investments (*)	68.531.044	-	(1.744.917)	66.786.127
	<b>219.944.707</b>	<b>1.025.382</b>	<b>(3.661.335)</b>	<b>217.308.754</b>
<b>Accumulated depreciation</b>				
Rights	(3.337.446)	(303.950)	-	(3.641.396)
Concession rights (**)	(21.133.357)	(870.533)	571.442	(21.432.448)
Customer relations	(41.990.989)	(316.234)	(290.295)	(42.597.518)
Software	(9.088.375)	(152.447)	(12.377)	(9.253.199)
Build-operate-transfer investments(*)	(19.710.287)	(883.122)	519.419	(20.073.990)
	<b>(95.260.454)</b>	<b>(2.526.286)</b>	<b>788.189</b>	<b>(96.998.551)</b>
<b>Net book value</b>	<b>124.684.253</b>			<b>120.310.203</b>

(\*) TL 42.114.696 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.374.428.822, 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, TL4.321.463 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 2016 in the amount of TL 204.674 and TL , 2.321.612 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 2016

(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 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 2016

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

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

##### Goodwill

Positive goodwill at 31 March 2016 and 31 December 2015 is as follows:

	31 March 2016	31 December 2015
Goodwill due to acquisition of CGHH	23.901.832	23.738.281
Celebi Nas due to acquisition of Celebi Nas addition share	910.723	910.723
Goodwill due to acquisition of Celebi GmbH	1.547.854	1.533.138
	<b>26.360.409</b>	<b>26.182.142</b>

##### Goodwill due to acquisition of CGHH

Positive goodwill at 31 March 2016 is as follows:

	31 March 2016	31 December 2015
1 January	23.738.281	20.934.547
Foreign Currency Translation Differences	163.551	2.803.734
<b>Goodwill</b>	<b>23.901.832</b>	<b>23.738.281</b>

##### *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.

##### **Ground handling services - Hungary**

**31 March 2016**

23.901.832

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

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

##### **Discount rate**

**9,90%**

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 2016.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

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

##### 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 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.

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>

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.

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

**31 March 2016**  
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 2016.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

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

##### 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 concluded on February 28, 2014. As of December 31, 2014, negotiations are ongoing regarding the ultimate determination of the purchase price over the financial statements dated February 28, 2014 within the framework of the “Share purchase agreement. An ultimate agreement on the purchase price has not been reached by the group’s management within the frame of this agreement and the purchase readjustment amounting to EUR 362.003 (TL 1.021.102) has been included in the calculation of goodwill. 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 March 2016.

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

	<b>31 March 2016</b>	<b>31 March 2015</b>
1 January	1.533.138	1.360.940
Foreign currency translation differences	14.716	4.921
<b>Goodwill</b>	<b>1.547.854</b>	<b>1.365.861</b>

##### *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.

	<b>31 March 2016</b>
<b>Warehouse and cargo services – Germany</b>	<b>1.547.854</b>

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.

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

<b>Discount rate</b>	<b>8,60%</b>
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## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

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

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 2016.

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

##### a) Short term provisions

##### Other short-term provisions

	31 March 2016	31 December 2015
Provision for litigation and obligation	1.487.238	1.486.927
	<b>1.487.238</b>	<b>1.486.927</b>

Movements of short term provisions as of 31 March 2016 and 31 March 2015 are as follows:

	Provision for litigation	Other Provisions	Total
<b>1 January 2016</b>	<b>1.486.927</b>		<b>1.486.927</b>
Increase during the year	16.310	-	16.310
Payments during the year	(15.999)	-	(15.999)
<b>31 March 2016</b>	<b>1.487.238</b>	-	<b>1.487.238</b>

	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>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

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

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

	31 March 2016	31 December 2015
Provision for employee termination benefits	2.008.818	1.828.866
Provision for unused vacation	4.040.725	3.931.005
	<b>6.049.543</b>	<b>5.759.871</b>

##### b) Long-term provisions

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

	31 March 2016	31 December 2015
Provision for employee termination benefits	19.730.442	17.437.933
	<b>19.730.442</b>	<b>17.437.933</b>

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 2016 consists of one month's salary limited to a maximum of TL 4.092,53 TL (31 December 2015: TL 3.828,37) 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 2016 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 2016

(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. 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 4.092,53 which is effective from 1 January 2016 (31 December 2015: TL 3.828,37) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

	31 March 2016	31 December 2015
<b>As of 1 January</b>	<b>23.197.804</b>	<b>12.479.826</b>
Paid during the year	(1.325.197)	(995.041)
Canceled provisions	(869.129)	-
Increase during the year	435.645	698.504
Actuarial gain/loss	3.483.791	1.016.379
Service Cost	816.586	181.038
Interest Cost	331.365	165.589
Foreign currency translation differences	(24.359)	67.212
Used during the period	(266.521)	(697.575)
<b>End of the period</b>	<b>25.779.985</b>	<b>12.915.932</b>

#### Contingent assets and liabilities of the Group

	31 March 2016	31 December 2015
<b>Guarantees received:</b>		
Guarantee letters	7.405.477	6.982.270
Guarantee check	2.352.571	3.352.571
Guarantee notes	949.301	912.759
	<b>10.707.349</b>	<b>11.247.600</b>
<b>Guarantees given:</b>		
Collateral	319.802.917	327.205.391
Guarantee letters	108.170.456	110.822.778
Share pledge	14.701.592	15.097.257
	<b>442.674.965</b>	<b>453.125.426</b>

The Company has contingent assets amounting to TL 1.368.702 (31 December 2015: TL 1.478.896), due to the legal cases in favor of the Company and contingent liabilities amounting to TL 22.227.745 due to the legal cases and enforcement proceedings against the Company as of 31 March 2016 (2015: TL 22.336.056), TL 17.207.012 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(2015: TL 17.385.168).

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

(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 2016 and 31 December 2015 are as follows:

	31 March 2016			31 December 2015	
Collaterals, pledges and mortgages given by the Company	Currency	Amount	TL equivalent	Amount	TL equivalent
<b>A.CPM given on behalf of the Company’s legal personality</b>			<b>54.641.309</b>		<b>55.891.829</b>
	TL	6.974.226	6.974.226	6.984.425	6.984.425
	EUR	3.219.975	10.330.002	3.339.975	10.613.104
	USD	2.310.539	6.546.681	2.210.500	6.427.250
	INR	588.287.784	25.137.537	598.287.785	26.252.868
	HUF	552.577.028	5.652.863	552.576.969	5.614.182
<b>B. CPM given on behalf of fully consolidated subsidiaries</b>			<b>388.033.656</b>		<b>397.233.597</b>
	EUR	27.696.667	88.853.676	27.696.667	88.008.928
	USD	18.892.196	53.529.148	18.892.196	54.930.949
	INR	5.748.907.850	245.650.832	5.795.207.850	254.293.720
<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 of B and C				-	-
iii.Total amount of CPM given on behalf of third Parties which are not in scope of C				-	-
			<b>442.674.965</b>		<b>453.125.426</b>

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

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

#### NOTE 14 - OTHER ASSETS AND LIABILITIES

	31 March 2016	31 December 2015
<b>Other current assets</b>		
Deferred Value-added tax (“VAT”)	7.029.727	2.885.888
Restricted cash (*)	-	1.154.044
Advances given to personnel	375.734	377.260
Other	17.895	18.375
	<b>7.423.356</b>	<b>4.435.567</b>

	31 March 2016	31 December 2015
<b>Other non-current assets</b>		
Prepaid taxes and funds (*)	14.521.724	14.643.346
Other	3.242	3.242
	<b>14.524.966</b>	<b>14.646.588</b>

(\*) The amount consist of prepaid taxes and funds, which can be offset in more than 1 year period, of Celebi GH Delhi and Celebi Delhi Cargo amounting to TL 3.288.011 (31 December 2015: TL 3.174.910) ve TL 11.233.713 (31 December 2015: TL : 11.468.436).

	31 March 2016	31 December 2015
<b>Other current liabilities</b>		
Taxes and funds payable	1.856.574	1.821.000
Rent equilization reserves	1.393.614	1.399.131
Other miscellaneous payables and liabilities	1.119.294	1.308.383
	<b>4.369.482</b>	<b>4.528.514</b>

	31 March 2016	31 December 2015
<b>Other non-current liabilities</b>		
Provision for operational leasing equalization (*)	63.013.004	62.533.074
Maintenance obligation liability	18.839.317	18.987.963
	<b>81.852.321</b>	<b>81.521.037</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.

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

#### NOTE 15 – PREPAID EXPENSES

	31 March 2016	31 December 2015
<b>Short-term prepaid expenses</b>		
Prepaid expenses (*)	8.720.169	8.466.970
Advances given	1.492.822	4.273.181
	<b>10.212.991</b>	<b>12.740.151</b>
<b>Long-term prepaid expenses</b>		
Prepaid expenses (*)	16.236.614	16.587.126
Capital advances given	1.975.718	1.864.767
Advances given for fixed assets	-	982.411
	<b>18.212.332</b>	<b>19.434.304</b>

(\*) TL 17.037.312 (31 December 2015: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 2016	31 December 2015
<b>Short-term Deferred Income</b>		
Order advances received	3.000.804	3.041.038
	<b>3.000.804</b>	<b>3.041.038</b>

#### NOTE 17 – LIABILITIES FOR EMPLOYEE BENEFITS

	31 March 2016	31 December 2015
Wages and salaries payable	12.433.503	9.926.745
Social security withholdings payment	5.225.908	4.997.840
Premium and bonus payable accruals	5.007.474	7.310.170
	<b>22.666.885</b>	<b>22.234.755</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

#### NOTE 18 - EQUITY

##### Share Capital

As of 31 March 2016, 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 2015: 2.430.000.000).

At 31 March 2016 and 31 December 2015, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	31 March 2016		31 December 2015	
	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

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

In accordance with the communique numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communique”) published in Official Gazette dated June 13, 2013 numbered 28676, 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 33.012.956 as of 31 March 2016 (31 December 2015: TL 33.012.956).

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.

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

(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 2016</b>	<b>1 January- 31 March 2015</b>
Ground handling services	113.446.054	93.132.635
Cargo and warehouse services income	52.667.514	46.314.251
Revenue in the context of IFRIC 12	-	309.998
Rental revenue not related to aviation	3.608.276	2.536.365
Less: Returns and discounts	(1.998.009)	(2.313.747)
<b>Sales revenue- net</b>	<b>167.723.835</b>	<b>139.979.502</b>
<b>Cost of sales</b>	<b>(130.794.158)</b>	<b>(110.428.659)</b>
<b>Gross profit</b>	<b>36.929.677</b>	<b>29.550.843</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

#### NOTE 20 - EXPENSES BY NATURE

	<b>1 January - 31 March 2016</b>	<b>1 January - 31 March 2015(*)</b>
Personnel expenses	(78.063.354)	(65.014.404)
Payments to authorities and terminal managements (**)	(28.226.246)	(23.919.015)
Equipment repair, maintenance, fuel and security expenses	(14.266.843)	(10.584.269)
Consultancy expenses (****)	(13.027.456)	(10.647.836)
Depreciation and amortization expenses	(8.655.144)	(7.946.814)
Travel and transportation expenses	(2.654.673)	(3.003.683)
Expense in the context of IFRIC (***)	(931.908)	(1.217.721)
Taxes and other fees	(183.392)	(138.776)
Insurance premiums	(1.190.042)	(964.338)
Cost of sales(****)	(2.090.840)	(1.660.239)
Other expenses	(7.798.395)	(7.661.163)
	<b>(157.088.293)</b>	<b>(132.758.258)</b>

(\*) Breakdown of expenses according to their natures as of March 31, 2015 are rearranged with respect to classifications made in 2016 period.

(\*\*) 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.

(\*\*\*\*) Those mentioned expenses are comprised of de-icing and spare part cost.

(\*\*\*\*\* TL10.699.210 of aforementioned expenses consists of holding company expenses.

#### NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

	<b>1 January - 31 March 2016</b>	<b>1 January - 31 March 2015(*)</b>
Consultancy expenses	(12.909.557)	(10.585.363)
Personnel expenses	(9.231.332)	(7.770.232)
Payments to authorities and terminal managements	(1.292.561)	(978.977)
Equipment repair, maintenance, fuel and security expenses	(908.665)	(730.052)
Travel and transportation expenses	(688.654)	(611.208)
Depreciation and amortization	(416.143)	(625.163)
Insurance premiums	(164.585)	(145.844)
Taxes and other fees	(137.108)	(61.565)
Other expenses	(545.530)	(821.195)
	<b>(26.294.135)</b>	<b>(22.329.599)</b>

(\*) Breakdown of administrative expenses as of March 31, 2015 are rearranged with respect to classifications made in 2016 period.

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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#### NOTE 22 - FINANCIAL INCOME

	1 January - 31 March 2016	1 January - 31 March 2015
Foreign exchange gains	3.123.461	2.877.421
Interest income	1.899.184	966.594
Other financial income	570.572	363.611
	<b>5.593.217</b>	<b>4.207.626</b>

#### NOTE 23 - FINANCIAL EXPENSES

	1 January - 31 March 2016	1 January - 31 March 2015
Foreign exchange losses	(6.410.324)	(1.271.243)
Interest expenses	(4.620.645)	(5.467.426)
Financial expenses incurred under scope of IFRIC 12	(292.586)	(188.519)
Other financial expenses	(530.547)	(585.975)
	<b>(11.854.102)</b>	<b>(7.513.163)</b>

#### NOTE 24 - TAX ASSETS AND LIABILITIES

	1 January - 31 March 2016	1 January - 31 December 2015
Current period corporate tax provision	2.331.638	24.383.758
Less: prepaid corporate tax expense	(3.254.061)	(22.412.817)
<b>Current tax liability - net</b>	<b>(922.423)</b>	<b>1.970.941</b>
Deferred tax assets	32.130.463	31.983.592
Deferred tax liabilities	(5.816.892)	(5.943.110)
<b>Deferred tax assets / (liability) - net</b>	<b>26.313.571</b>	<b>26.040.482</b>

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

(\*) Group's current tax assets and current corporate tax payables are shown separately in balance sheet.

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

In Turkey, the corporation tax rate is 20% (31 December 2015: 20%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions and income tax deductions.

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 (2015: 33,99%), 32,45% in Delhi for fiscal year 2016 (2015: 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 2016 (2015: 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 2016 and 2015 is presented below:

	<b>1 January - 31 March 2016</b>	<b>1 January - 31 March 2015</b>
- Current year corporate tax	(2.362.751)	(2.351.041)
- Deferred tax income /( expense)	436.490	164.016
<b>Current year tax expense – net</b>	<b>(1.926.261)</b>	<b>(2.187.025)</b>

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

(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 10%, 29,65% ,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 2016 and 31 December 2015 using the enacted tax rates are as follows:

	<u>Cumulative temporary Differences</u>		<u>Deferred tax assets / (liabilities)</u>	
	<u>31 March 2016</u>	<u>31 December 2015</u>	<u>31 March 2016</u>	<u>31 December 2015</u>
<b>Deferred tax assets</b>				
Non-deductible financial losses (*)	-	-	-	-
Personnel bonus accrual	(1.420.573)	(4.389.128)	284.115	877.826
Accrued sales commissions	(4.004.340)	(3.426.064)	800.868	685.213
Provision for employment termination benefits	(18.556.983)	(15.232.387)	3.711.397	3.046.477
Provision for operational leasing Equilization	(62.468.955)	(61.933.496)	21.619.255	21.433.943
Provision for unused vacation	(2.661.675)	(2.563.795)	532.335	512.759
Provision for legal claims	(1.470.928)	(1.486.927)	294.186	297.385
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(20.339.600)	(20.574.749)	7.039.129	7.120.509
Other	(10.839.915)	(8.347.983)	3.481.621	3.383.048
	<b>(121.762.969)</b>	<b>(117.954.529)</b>	<b>37.762.906</b>	<b>37.357.160</b>
Net off			(5.632.443)	(5.373.568)
<b>Deferred tax assets</b>			<b>32.130.463</b>	<b>31.983.592</b>

(\*) Tax receivable consisting of accumulated financial losses is reflected to records provided that it is mostly possible that a sufficient financial profit shall be obtained in future periods. Deferred tax receivable at an amount of TL9.512.253 and TL19.762.009 as of December 31, 2015 is not reflected to statements since Celebi GH Delhi and Celebi Cargo have the possibility not to benefit from a part or whole of their financial losses at an amount of TL29.313.569 (December 31, 2015: TL32.462.659) and TL 66.650.958 (December 31, 2015: TL 61.255.720) respectively in a foreseeable period.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016**

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

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

	Cumulative temporary <u>differences</u>		Deferred tax assets / <u>(liabilities)</u>	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<b>Deferred tax liabilities</b>				
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	58.140.816	57.428.876	(11.449.335)	(11.316.679)
	<b>58.140.816</b>	<b>57.428.876</b>	<b>(11.449.335)</b>	<b>(11.316.679)</b>
Nett off			5.632.443	5.373.569
<b>Deferred tax liabilities</b>			<b>(5.816.892)</b>	<b>(5.943.110)</b>
<b>Deferred tax asset, net</b>			<b>26.313.571</b>	<b>26.040.482</b>

Deferred tax movement table is as below:

	31 March 2016	31 March 2015
<b>1 January</b>	<b>26.040.482</b>	<b>15.974.616</b>
Foreign currency translation difference	(860.159)	3.497.162
Charge for the period	436.490	164.015
Actuarial gain / (loss) arising from defined benefit plans	696.758	(203.276)
<b>31 March</b>	<b>26.313.571</b>	<b>19.432.517</b>

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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#### 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 March 2016</b>	<b>1 January - 31 March 2015</b>
<b>Net profit / (loss) attributable to the equity holders of the parent</b>	<b>4.822.953</b>	<b>4.666.209</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>0,002</b>

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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#### 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) **Balance with related parties**

**Short term receivables from related parties**

	<b>31 March 2016</b>	<b>31 December 2015</b>
ÇHH	37.101	82.774
Celebi Spain	416.866	412.903
Celebi Ground Services Austria	349.436	432.646
Diğer	121.929	291.339
	<b>925.332</b>	<b>1.219.662</b>

**Short term receivables from related parties**

	<b>31 March 2016</b>	<b>31 December 2015</b>
ÇHH (*)	11.248.499	11.134.547
	<b>11.248.499</b>	<b>11.134.547</b>

**Due to related parties**

	<b>31 March 2016</b>	<b>31 December 2015</b>
ÇHH (*)	4.875.520	4.809.810
Çe-Tur	499.991	556.103
Diğer	590.501	157.391
	<b>5.966.012</b>	<b>5.523.304</b>

(\*) As of March 31, 2016, 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.

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

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

##### ii) Transactions with related parties

	1 January - 31 March 2016	1 January - 31 March 2015
<b>Miscellaneous sales to related parties</b>		
ÇHH	31.944	37.842
Çe-Tur	58.890	24.699
Celebi Ground Services Austria	603.334	521.034
Other	270.758	333.562
	<b>964.926</b>	<b>917.137</b>

	1 January- 31 March 2016	1 January - 31 March 2015
<b>Employee and transportation expenses payable to related parties</b>		
Çe-Tur	1.194.409	1.282.068
<b>Contribution to holding expenses (*)</b>		
ÇHH	10.699.210	9.081.827
(*)	Contribution paid to Çelebi Havacilik Holding A.Ş. for services legal counseling, financial consultancy and human resource consultancy provided to Çelebi Hava Servisi A.Ş. by Çelebi Havacilik Holding A.Ş.	

	1 January- 31 March 2016	1 January - 31 March 2015
<b>Other purchases from related parties (*)</b>		
ÇHH	687.691	715.676
Çe-Tur	168.035	206.166
Other	106	285.692
	<b>855.832</b>	<b>1.207.534</b>

(\*) 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 2016

(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 2016 and 31 December 2015 are as follow:

<b>31 March 2016</b>	<b>Euro</b>	<b>INR</b>	<b>Total TL</b>
CGHH (2)	11.550.000	-	37.053.555
Celebi Nas (1)	-	91.080.000	3.891.848
Celebi Delhi Cargo (3)	-	2.667.240.000	113.971.165
Celebi Delhi GH (4)	-	1.470.587.850	62.838.219
Celebi Cargo GmbH (5)	16.146.667	-	51.800.121

  

<b>31 December 2015</b>	<b>Euro</b>	<b>INR</b>	<b>Total TL</b>
CGHH (2)	11.550.000	-	36.701.280
Celebi Nas (1)	-	91.080.000	3.996.590
Celebi Delhi Cargo (3)	-	2.713.540.000	119.070.135
Celebi Delhi GH (4)	-	1.470.587.850	64.529.395
Celebi Cargo GmbH (5)	16.146.667	-	51.307.648

- (1) 16.5% of shares corresponding to 30% part of shares of total shares owned by the Company is pledged on behalf of the Bank related to long-term project financing consisting of cash at an amount of INR387.400.000 and cash operational capital loan package consisting of non-cash loans at an amount of INR50.000.000 which was concluded between Celebi Nas and two India resident banks.
- (2) CGHH has concluded a contract for project financing loan at an amount of EUR11.550.000 in cash in scope of refinancing of its current loans and guarantee is given to related banks by the Company at an amount of EUR11.500.000 for the aforementioned loan. The balance of the loan is EUR10.175.000 as of March 31, 2016 with the repayments of the loan in question.
- (3) Guarantee at an equivalent amount to the loan amount is given to aforementioned banks for the financial liabilities sourcing from agreements concluded with related banks regarding long term cash project loan at an amount of INR 2.418.600.000 concluded between Celebi Delhi Cargo and two India resident banks and 40.5% portion of the shares having a nominal value of INR 828.800.000 at a ratio of 74% of the total shares owned by the Company are pledged on behalf of the bank.
- (4) Guarantee and a letter of guarantee at an amount of INR 866.250.000 is given to aforementioned banks in lieu for cash and non-cash loan amounts for the financial liabilities sourcing from contracts concluded related to long-term project financing package consisting of cash and non-cash loans at an amount of INR 600.000.000 and INR 550.984.000 respectively signed between Celebi Delhi GH and banks resident in India. Additionally, a portion corresponding to 23,9% of participation stocks of the Company in Celebi Delhi GH at a ratio of 74% are pledged on behalf of related banks. Cash loan risk amount in related banks is INR 495.967.669 as of March 31, 2016.
- (5) Guarantee at an equivalent amount to the cash loan amount is given to aforementioned bank for the financial liabilities sourcing from cash loan agreement at an amount of EUR 16.146.667 concluded between Celebi Delhi Cargo and banks which are residents of Germany. The balance of the aforementioned loan is EUR12.546.815 with respect to repayments made as of March 31, 2016.

#### 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 2016</b>	<b>1 January- 31 March 2015</b>
Short-term employee benefits to key management	2.750.607	2.029.805
	<b>2.750.607</b>	<b>2.029.805</b>

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

#### NOTE 27 - FINANCIAL RISK MANAGEMENT

##### *Currency risk*

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

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, USD, HUF and INR.

As of 31 March 2016, 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 6.329.488 (31 December 2015: TL : 5.568.772).

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 (16.642.798) (31 December 2015: TL (16.151.563)).

As of 31 March 2016, 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 (1.745.888) (31 December 2015: TL (2.483.071)).

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 (46.828) (31 December 2015: TL (82.778))

Foreign currency denominated assets and liabilities of the Group as of 31 March 2016 and 31 December 2015 are as follows:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Assets denominated in foreign currency	220.950.590	226.079.487
Liabilities denominated in foreign currency (-)	(342.030.235)	(357.589.950)
<b>Net balance sheet position</b>	<b>(121.079.645)</b>	<b>(131.510.463)</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

(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 2016 and 31 December 2015:

<b>31 March 2016</b>	<b>TL Equivalent (Functional Currency)</b>	<b>USD</b>	<b>Euro</b>	<b>Indian Rupee</b>	<b>Hungarian Foreign</b>	<b>GBP/British Pound</b>
1. Trade receivables	63.639.674	1.206.449	13.093.940	374.492.395	220.680.118	(11.030)
2. Monetary financial assets (Cash, Bank Accounts)	117.342.047	21.572.375	9.905.380	529.830.564	147.033.627	73.006
3. Other	6.608.062	-	985.740	56.601.006	100.405.572	-
<b>4. Current Assets(1+2+3)</b>	<b>187.589.783</b>	<b>22.778.824</b>	<b>23.985.060</b>	<b>960.923.965</b>	<b>468.119.317</b>	<b>61.976</b>
5. Other	33.360.807	-	41.008	777.656.190	-	-
<b>6. Non-current assets (5)</b>	<b>33.360.807</b>	<b>-</b>	<b>41.008</b>	<b>777.656.190</b>	<b>-</b>	<b>-</b>
<b>7. Total assets (4+6)</b>	<b>220.950.590</b>	<b>22.778.824</b>	<b>24.026.068</b>	<b>1.738.580.155</b>	<b>468.119.317</b>	<b>61.976</b>
8. Trade payables	40.285.226	435.775	7.782.151	261.435.919	258.199.572	66.733
9. Financial liabilities	127.655.272	1.723	32.384.157	556.020.969	-	-
10. Other monetary liabilities	16.149.609	-	608.411	271.051.065	255.694.428	-
<b>11. Current liabilities (8+9+10)</b>	<b>184.090.107</b>	<b>437.498</b>	<b>40.774.719</b>	<b>1.088.507.953</b>	<b>513.894.000</b>	<b>66.733</b>
12. Financial liabilities	151.125.633	2.481	35.128.778	899.180.295	-	-
13. Other monetary liabilities	6.814.495	-	-	159.478.001	-	-
<b>14. Non-current liabilities (12+13)</b>	<b>157.940.128</b>	<b>2.481</b>	<b>35.128.778</b>	<b>1.058.658.296</b>	<b>-</b>	<b>-</b>
<b>15. Total liabilities (11+14)</b>	<b>342.030.235</b>	<b>439.979</b>	<b>75.903.497</b>	<b>2.147.166.249</b>	<b>513.894.000</b>	<b>66.733</b>
<b>16 Net foreign currency asset/(liability) position (7-15)</b>	<b>(121.079.645)</b>	<b>22.338.845</b>	<b>(51.877.429)</b>	<b>(408.586.094)</b>	<b>(45.774.683)</b>	<b>(4.757)</b>
<b>17. Net monetary foreign currency asset/(liability) Position (7-15)</b>	<b>(121.079.645)</b>	<b>26.568.123</b>	<b>(51.877.429)</b>	<b>(408.586.094)</b>	<b>(45.774.683)</b>	<b>(4.757)</b>

# ÇELEBİ HAVA SERVİSİ A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

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

<b>31 December 2015</b>	<b>TL Equivalent (Functional Currency)</b>	<b>USD</b>	<b>Euro</b>	<b>Indian Rupee</b>	<b>Hungarian Foreign</b>	<b>GBP/British Pound</b>
1. Trade receivables	58.640.126	1.719.648	11.947.932	321.950.805	156.524.146	(10.035)
2. Monetary financial assets (Cash, Bank Accounts)	126.496.876	18.061.203	13.670.831	660.388.311	123.436.811	72.019
3. Other	7.457.618	-	543.443	68.462.101	268.371.752	-
<b>4. Current Assets(1+2+3)</b>	<b>192.594.620</b>	<b>19.780.851</b>	<b>26.162.206</b>	<b>1.050.801.217</b>	<b>548.332.709</b>	<b>61.984</b>
5. Other	33.484.867	-	206.734	748.130.112	-	-
<b>6. Non-current assets (5)</b>	<b>33.484.867</b>	<b>-</b>	<b>206.734</b>	<b>748.130.112</b>	<b>-</b>	<b>-</b>
<b>7. Total assets (4+6)</b>	<b>226.079.487</b>	<b>19.780.851</b>	<b>26.368.940</b>	<b>1.798.931.329</b>	<b>548.332.709</b>	<b>61.984</b>
8. Trade payables	37.534.017	603.531	6.672.390	259.147.093	286.908.712	67.579
9. Financial liabilities	139.055.499	21.924	33.971.689	707.459.298	-	-
10. Other monetary liabilities	16.103.577	-	617.610	242.871.832	342.897.933	-
<b>11. Current liabilities (8+9+10)</b>	<b>192.693.093</b>	<b>625.455</b>	<b>41.261.689</b>	<b>1.209.478.223</b>	<b>629.806.645</b>	<b>67.579</b>
12. Financial liabilities	157.976.034	2.926	35.936.693	997.609.184	-	-
13. Other monetary liabilities	6.920.823	-	-	157.721.582	-	-
<b>14. Non-current liabilities (12+13)</b>	<b>164.896.857</b>	<b>2.926</b>	<b>35.936.693</b>	<b>1.155.330.766</b>	<b>-</b>	<b>-</b>
<b>15. Total liabilities (11+14)</b>	<b>357.589.950</b>	<b>628.381</b>	<b>77.198.382</b>	<b>2.364.808.989</b>	<b>629.806.645</b>	<b>67.579</b>
<b>16. Net foreign currency asset/(liability) position (7-15)</b>	<b>(131.510.463)</b>	<b>19.152.470</b>	<b>(50.829.442)</b>	<b>(565.877.660)</b>	<b>(81.473.936)</b>	<b>(5.595)</b>
<b>17. Net monetary foreign currency asset/(liability) Position (7-15)</b>	<b>(131.510.463)</b>	<b>19.152.470</b>	<b>(50.829.442)</b>	<b>(565.877.660)</b>	<b>(81.473.936)</b>	<b>(5.595)</b>

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

(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 2016 and 31 March 2015:

	<b>1 January - 31 March 2016</b>	<b>1 January- 31 March 2015</b>
Total export amount	114.646	859.763
Total import amount	4.231.170	3.044.316

#### 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 netdebt/ (equity+net debt at 31 March 2016 and 31 December 2015 is as follows:

	<b>31 March 2016</b>	<b>31 December 2015</b>
Total financial liabilities	307.786.123	322.502.223
Less: Cash and cash equivalents	(126.652.033)	(138.444.891)
Less: Current assets	-	(1.154.044)
Net debt	181.134.090	182.903.288
Equity	144.643.418	144.285.259
Equity + net debt	328.333.364	327.188.547
Net debt / (Equity + net debt) ratio	0,56	0,56

## ÇELEBİ HAVA SERVİSİ A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

(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).

Group's assets and liabilities measured fair value at 31 March 2016 and 31 December 2015 are as follows:

<b>31 March 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	-	-	1.800.943	1.800.943
Available for sale financial assets	-	-	1.800.943	1.800.943
<b>31 March 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Other financial liability	-	-	-	-
<b>Total Liability</b>	-	-	-	-
<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	-	-	1.848.860	1.848.860
Available for sale financial assets	-	-	1.848.860	1.848.860
<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Liabilities</b>	-	-	-	-
Derivative Financial Instruments	-	-	-	-

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016**

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

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**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 2016 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 9.672.747 (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 7.534.265 in which the Company is the sole defendant. Total legal cases and enforcement proceedings is TL 17.207.012.

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 30 September 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 10 March 2016, approval of these financial statements, 224 lawsuits with value of TL 119.178.258 (USD 42.061.925) to which the Fund Companies have been a side and which has an invoice value of TL 71.400.475 (USD 25.199.575) has been settled amicably and 214 of these 224 lawsuits with a value of TL 119.178.258 (USD 42.061.925) has been paid to the claimants as TL 71.400.475 (USD 25.199.575).

Negotiations regarding 14 requests, which cannot reach an agreement yet, between the fund and other claimants are still going on. The invoice value of the aforementioned requests is USD4.711.294 and remaining part available in fund currently amounting to USD14.700.000 is managed against all the fund parties but it is anticipated that the aforementioned amount shall be sufficient for the settlement of all requests whose negotiations are still going on.

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 dated 31 March 2016.

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2016

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

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#### NOTE 30 – SUBSEQUENT EVENTS

The Ordinary General Assembly meeting of the Company was held on April 20, 2016 and the following issues have been decided during the aforementioned General Assembly:

To approve activity report of Board of Directors and independent external audit report,

To approve financial statements of 2015 period,

To distribute TL 80.068.500,00 portion of net income for the period amounting to TL 83.058.187,00 included in consolidated financial statements dated December 31, 2015 as dividend and to transfer the remaining amount amounting to TL 2.989.687,00 to extraordinary reserves;

To acquit members of Board of Directors and auditors,

To elect Can Çelebioğlu, İsak Antika, Canan Çelebioğlu, Mehmet Murat Çavuşoğlu, Mehmet Yağız Çekin ve Turgay Kuttaş for 1 year (the period between two ordinary general assembly meetings) as the new members of Board of Directors replacing the former members,

To elect Fevzi Onur Koca and Adil İlter Turan to perform as Members of Independent Board of Directors for one year (the period between two ordinary general assembly meetings),

To pay a fee/allowance amounting to TL 5.000,00(gross) per month to Members of Independent Board of Directors and not to pay a fee/allowance to Members of Board of Directors except for Members of Independent Board of Directors in period in question,

To assign Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi ("Ernst&Young") as the independent audit company (auditor) in order to carry out independent audit of financial statements of 2016 and other activities in scope of related laws,

To amend article 6 of Articles of Incorporation having a title of "Description of Capital and Shares",

To limit donations which shall be made by the Company in 2016 (01/01/2016 – 31/12/2016) to TL 500.000,00,

To allow controlling shareholders, members of Board of Directors, senior management and their wives and second degree relatives to make transaction, having a significant characteristic, on behalf of themselves or other persons with the company which can cause to benefit conflict with the company or its affiliates in accordance with article 395 of Turkish Commercial Code numbered 6102.