

Çelebi Hava Servisi A.Ş.

January 1 – September 30, 2016 interim condensed consolidated financial statements together with review report

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

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(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

AS AT SEPTEMBER 30, 2016

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

		<i>Non audited</i>	<i>Audited</i>
	<i>Notes</i>	<i>September 30, 2016</i>	<i>December 31, 2015</i>
ASSETS			
Current Assets			
Cash and cash equivalents	4	77.514.095	127.924.804
Finacial Investments		10.875.410	11.674.131
- Restricted cash	5	10.875.410	11.674.131
Trade receivables		95.704.445	75.114.004
- Due from related parties	8	914.220	1.219.662
- Due from third parties	8	94.790.225	73.894.342
Other receivables		6.115.705	18.394.870
- Other receivables from related parties	9	-	11.134.547
- Other receivables from third parties	9	6.115.705	7.260.323
Inventories	10	11.133.668	9.844.188
Prepaid expenses	15	18.248.237	12.740.151
Current tax assets	24	-	878.985
Other current assets	14	6.120.442	3.281.523
Total current assets		225.712.002	259.852.656
Non-current assets			
Financial investments	5	1.889.277	1.848.860
Other long-term receivables		21.014.925	18.923.786
- Due from third parties	9	21.014.925	18.923.786
Investments accounted with equity method	6	31.698.418	26.204.104
Property, plant and equipment	11	152.200.536	155.669.255
Intangible assets		148.041.125	150.866.395
- Goodwill	12	28.022.867	26.182.142
- Other intangible assets	12	120.018.258	124.684.253
Prepaid expenses	15	17.690.108	19.434.304
Deferred tax asset	24	35.881.519	31.983.592
Other non-current assets	14	15.351.385	14.646.588
Total non-current assets		423.767.293	419.576.884
Total assets		649.479.295	679.429.540

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

AS AT SEPTEMBER 30, 2016

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

		<i>Non audited</i>	<i>Audited</i>
	Notes	30 September 2016	31 December 2015
LIABILITIES			
Current liabilities			
Short-term financial liabilities	7	38.442.745	40.435.153
Current portion of long term financial liabilities	7	118.471.489	124.091.036
Trade payables		62.672.773	55.042.896
- Due to related parties	8	5.559.025	5.523.304
- Due to third parties	8	57.113.748	49.519.592
Liabilities for employee benefits	17	21.078.181	22.234.755
Other payables		6.806.005	5.333.880
- Due to third parties	9	6.806.005	5.333.880
Deferred income	16	3.185.850	3.041.038
Current tax liabilities	24	5.635.343	2.849.926
Short-term provisions		8.103.610	7.246.798
- Provisions for employee benefits	13	4.836.612	5.759.871
- Other provisions	13	3.266.998	1.486.927
Other current liabilities	14	4.183.450	4.528.514
Total current liabilities		268.579.446	264.803.996
Non-Current Liabilities			
Long-term financial liabilities	7	153.411.744	157.976.034
Other payables	9	7.855.060	7.462.171
Long term provisions		23.186.368	17.437.933
- Provisions for employee benefits	13	23.186.368	17.437.933
Deferred tax liabilities	24	5.795.018	5.943.110
Other non-current liabilities	14	91.462.002	81.521.037
Total non-current liabilities		281.710.192	270.340.285
Total liabilities		550.289.638	535.144.281
EQUITY			
Equity attributable to equity holders of the parent		87.031.841	132.939.742
Share Capital	18	24.300.000	24.300.000
Other comprehensive income/(expense) not to be reclassified to profit or loss		(15.169.510)	(8.493.178)
- Actuarial gain/(loss) arising from defined benefit plans		(15.169.510)	(8.493.178)
Other comprehensive income/(expense) to be reclassified to profit or loss		16.007.796	14.586.228
- Foreign currency translation differences		16.007.796	14.586.228
Restricted reserves	18	40.181.456	33.012.956
Retained earnings		(10.534.764)	(13.524.451)
Net profit/ (loss) for the year		32.246.863	83.058.187
Non-controlling interest		12.157.816	11.345.517
Total equity		99.189.657	144.285.259
Total liabilities and equity		649.479.295	679.429.540

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016**

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

	Notes	<i>Non audited</i>		<i>Non audited</i>	
		January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
CONTINUING OPERATIONS					
Revenue	19	539.827.581	194.032.149	557.365.930	236.452.324
Cost of sales (-)	19	(403.744.344)	(136.571.626)	(382.416.345)	(144.132.315)
GROSS PROFIT	19	136.083.237	57.460.523	174.949.585	92.320.009
General administrative expenses (-)	21	(76.271.843)	(23.850.538)	(70.532.985)	(23.344.182)
Other operating income		6.746.995	2.741.174	17.454.327	7.865.589
Other operating expenses (-)		(7.624.528)	(1.226.270)	(8.891.371)	(2.395.623)
OPERATING PROFIT		58.933.861	35.124.889	112.979.556	74.445.793
Income from investment activities		1.017.499	652.919	6.192.835	5.874.473
Expense from investment activities (-)		(2.497.173)	(1.426.809)	(413.001)	(2.147)
Income from investments accounted with equity method	6	4.918.573	1.900.188	3.812.227	1.635.948
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME/(EXPENSE)		62.372.760	36.251.187	122.571.617	81.954.067
Financial income	22	11.806.625	4.559.134	14.945.610	8.523.430
Financial expense (-)	23	(29.977.728)	(11.682.604)	(47.798.433)	(25.717.754)
CONTINUING OPERATIONS INCOME BEFORE TAX		44.201.657	29.127.717	89.718.794	64.759.743
Income tax expense					
Current tax expense	24	(13.076.058)	(6.859.173)	(20.100.745)	(12.919.954)
Deferred tax income/(expense)	24	1.662.485	225.594	2.400.031	64.710
CONTINUING OPERATIONS NET INCOME/ (EXPENSE)		32.788.084	22.494.138	72.018.080	51.904.499
Attributable to:					
Non-controlling interest		541.221	567.094	(1.080.603)	(340.644)
Equity holder of the parent		32.246.863	21.927.044	73.098.683	52.245.143
		32.788.084	22.494.138	72.018.080	51.904.499
Earnings per share (Kr)	25	0,013	0,009	0,030	0,022

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT
FOR THE NINE MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016**

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

	Non Audited		Non Audited		
	Notes	January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
Net profit for the period		32.788.084	22.494.138	72.018.080	51.904.499
Other comprehensive income/ (expense)					
Not to be reclassified to profit or loss					
- Defined benefit obligation actuarial gains/(losses)		(8.331.650)	(2.395.113)	(4.772.860)	(1.878.445)
Shares from equity accounted investees regarding to other comprehensive income not to be reclassified to profit or loss					
- Defined benefit obligation actuarial gains/(losses) from equity accounted investees		(4.399)	662.042	157.713	13.842
Taxes regarding to other comprehensive income not to be reclassified to profit or loss					
- Tax on defined benefit obligation actuarial gains/(losses)		1.658.834	478.776	954.572	375.689
- Tax on defined benefit obligation actuarial differences from equity accounted investees		880	(132.408)	(31.543)	(2.769)
To be reclassified to profit or loss		1.692.649	3.131.602	15.918.660	6.560.697
- Currency translation gains/(losses)		1.692.649	3.131.602	15.918.660	6.560.697
Other comprehensive income/(expense)		(4.983.686)	1.744.899	12.226.542	5.069.014
Total comprehensive income		27.804.398	24.239.037	84.244.622	56.973.513
Total comprehensive income attributable to:					
Non-controlling interest		812.299	1.104.929	1.647.162	777.682
Equity holders of the parent		26.992.099	23.134.108	82.597.460	56.195.831
		27.804.398	24.239.037	84.244.622	56.973.513

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ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016**

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

	Notes	Share Capital	Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss	Retained earnings			Equity attribute table to equity holders of the parent	Non- controlling interest	Total equity
			Actuarial gain/(loss) arising from defined benefit plans	Cumulative Translation Differences	Restricted Reserves	Retained Earnings/(losss)	Net profit/(loss) for the year			
Balances at January 1, 2016		24.300.000	(8.493.178)	14.586.228	33.012.956	(13.524.451)	83.058.187	132.939.742	11.345.517	144.285.259
Transfers to retained earnings		-	-	-	-	83.058.187	(83.058.187)	-	-	-
Total comprehensive income/(expense)		-	-	-	-	-	32.246.863	32.246.863	541.221	32.788.084
Net profit/(loss) for the period		-	-	-	-	-	-	-	-	-
Other comprehensive income / (expense)		-	(6.676.332)	1.421.568	-	-	-	(5.254.764)	271.078	(4.983.686)
Dividends		-	-	-	7.168.500	(80.068.500)	-	(72.900.000)	-	(72.900.000)
Balances at September 30, 2016		24.300.000	(15.169.510)	16.007.796	40.181.456	(10.534.764)	32.246.863	87.031.841	12.157.816	99.189.657

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ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016**

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

	Notes	Share Capital	Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss	Retained earnings			Equity attribute table to equity holders of the parent	Non- controlling interest	Total equity
			Actuarial gain/(loss) arising from defined benefit plans	Cumulative Translation Differences	Restricted Reserves	Retained Earnings	Net profit/(loss) for the year			
Balances at January 1, 2015		24.300.000	(1.243.129)	4.376.169	28.274.456	(14.753.489)	54.567.538	95.521.545	10.931.951	106.453.496
Transfers to retained earnings		-	-	-	-	54.567.538	(54.567.538)	-	-	-
Total comprehensive income/(expense)										
Net profit/(loss) for the period		-	-	-	-	-	73.098.683	73.098.683	(1.080.603)	72.018.080
Other comprehensive income / (expense)		-	(3.692.118)	13.190.895	-	-	-	9.498.777	2.727.765	12.226.542
Dividends		-	-	-	4.738.500	(53.338.500)	-	(48.600.000)	-	(48.600.000)
Balances at September 30, 2015		24.300.000	(4.935.247)	17.567.064	33.012.956	(13.524.451)	73.098.683	129.519.005	12.579.113	142.098.118

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ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016**

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

		Non Audited	Non Audited
		January 1 –	January 1 –
		September 30,	September 30,
	Notes	2016	2015
A. Cash flows from operating activities		57.092.425	54.198.314
Profit/loss before tax for the period		44.201.657	89.718.794
Adjustment related to reconciliation of profit/(loss) before taxation			
Adjustment related depreciation and amortisation expense	11, 12	30.180.877	1.278.362
Adjustments related impairment (Cancellation)		26.272.115	26.049.629
Adjustment related to provisions		2.369.038	-
- Adjustment related to provisions for employee benefits		7.484.057	3.754.572
- Adjustments related other provisions		5.696.236	4.086.108
Adjustment related to interest income and expense	22, 23	1.787.821	(331.536)
-Adjustment related to interest income		8.375.782	14.356.811
-Adjustment related to interest expense		(4.279.861)	(2.953.454)
Adjustment related to unrealized related toeing currency translation differences		12.655.643	17.310.265
Adjustment related to increase/decrease in joint ventures are accounted by the equity method	6	(8.512.178)	(33.290.589)
Adjustment related to (profit) on sales of property, plant and equipment, net		(4.918.573)	(3.812.227)
		(889.364)	(5.779.834)
Changes in working capital		(103.485)	(20.621.166)
Increase/decrease in financial investments		798.721	(1.729.239)
Adjustment related to increase/decrease in trade receivables		(20.572.176)	(52.601.039)
-Increase/decrease in due from related parties		305.442	(610.026)
-Increase/decrease in due from third parties		(20.877.618)	(51.991.013)
Adjustment related to increase/decrease in other receivables related with operations		6.644.310	(6.364.552)
Adjustment related to increase/decrease in inventories		(1.289.480)	(2.617.633)
Increase/decrease in prepaid expenses		(3.763.890)	(5.643.430)
Adjustment related to increase/decrease in trade payables		7.629.877	17.398.811
-Increase/decrease in due to related parties		35.721	1.027.072
-Increase/decrease in due to third parties		7.594.156	16.371.739
Increase/decrease in payables related to employee benefits		(1.156.574)	4.404.860
Adjustment related to increase/decrease in other payables related with operations		11.605.727	26.531.056
Cash flows from operating activities		74.279.049	70.375.990
Retirement liability paid		(7.543.876)	(3.579.739)
Other provisions paid		(34.499)	(224.255)
Tax payments/returns		(9.608.249)	(12.373.682)

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016
(CONTINUED)**

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

	Not Audited	Not Audited
	January 1 –	January 1 –
	September 30,	September 30,
Notes	2016	2015
B. Cash flows from investing activities	(15.099.499)	(3.519.484)
Cash inflows from the sale of property, plant and equipment and intangible assets	1.044.519	6.223.757
-Cash inflows from the sale of property, plant and equipment	1.044.519	6.223.757
Cash outflows from the purchase of property, plant and equipment and intangible asset	(16.144.018)	(9.743.241)
-Cash outflows from the purchase of property, plant and equipment	(13.530.363)	(3.477.612)
-Cash outflows from the purchase of intangible asset	(2.613.655)	(6.265.629)
C. Cash flows from financing activities	(93.431.643)	(26.111.375)
Cash inflows from financial liabilities	151.595.914	44.477.622
Cash outflows due to debt payments	(164.271.348)	(8.444.012)
Dividend paid	(72.900.000)	(48.600.000)
Interest paid	(12.156.454)	(16.531.612)
Interest received	4.300.245	2.986.627
Before the effect of change in foreign currency translation differences on cash and cash equivalents	(51.438.717)	24.567.455
D. Impact of foreign currency translation differences on cash and cash equivalents	1.048.392	444.221
Net increase/decrease in cash and cash equivalents	(50.390.325)	25.011.676
E. Cash and cash equivalents at beginning of period	127.859.563	73.697.489
Cash and cash equivalents at end of period	4 77.469.238	98.709.165

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016

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

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 Gökçen 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 November 18, 1996. As of September 30, 2016, free float rate of the company is 21,6%. (December 31, 2015: 21,6%)

The address of the Company is as follows:

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

Information About Subsidiaries And Equity Accounted Investees:

The Company 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 September 22, 2006 as founding shareholder for the realization of the abovementioned share transfer. Celebi Kft acquired all the shares of BAGH on October 26, 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Foldi Kiszolgalo Korlatolt Felelossegu Tarsasag ("CGHH").

Celebi Kft has been taken over by CGHH with all assets and liabilities and merger transactions have been completed at October 31, 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 TL 33.712.020.

As of September 30, 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 NINE MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016**

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

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 favour of the consortium in which the Company takes part, a joint venture company has been established on December 12, 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 8, 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 May 6, 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 fulfilment of the requirements arising from the Concession Agreement signed by Celebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), established in November 18, 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 March 25, 2010, the Company participated 100% of a company that was established in Madrid, Spain under the title "Celebi Ground Handling Europe" ("Celebi Spain") with the capital of 10.000 Euro as a founding partner for the purpose of investing business in foreign countries, especially those in the European Union such as Troy Airport Services located in Poland of which the company owns %100 Shares but Celebi Europe has not started its operations yet.

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

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

Çelebi Kargo was established as of November 20, 2008 to provide cargo storage and handling services in storage and warehouse facilities on rented area in Frankfurt Cargo City Süd by Celebi Cargo GmbH as of which is subsidiary of Çelebi Kargo with 100% shares, amounting 11.500.000 Euro paid capital, established in November 2009 located in Frankfurt, Germany.

As of September 30, 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 condensed interim consolidated financial statements for the period January 1 – September 30, 2016 have been approved for issue by the Board of Directors on August 19, 2016 and signed by Osman Yılmaz (General Manager) and Deniz Bal (Financial Affairs Director) on behalf of Board of Directors. The shareholders of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

Subsidiaries:

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

<u>Subsidiary</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>
In liquidation			Aviation and
Çelebi Güvenlik	Turkey	Turkey	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

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

Investments Accounted by Equity Method:

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

Financial Investments:

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

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

As of September 30, 2016 average number of personnel is 12.364 (December 31, 2015: 10.508).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1 Financial reporting standards

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

For the period ended September 30, 2016, the Group prepared its interim consolidated financial statements in accordance with the Turkish Accounting Standard No.34 Interim Financial Reporting.

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

The Company and 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.

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

The Group’s consolidated financial statements and disclosures have been prepared in compliance with the taxonomy of TAS which has been published by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

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 September 30, 2016, the currency of subsidiaries has shown below.

<u>Company</u>	<u>Currency</u>
Çelebi Güvenlik İn Liquidation CGHH	Turkish Lira (TL) 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 30 September 2016 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2016. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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

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

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. The amendment did not have impact on the consolidated financial statements of the Group.

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

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

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendment did not have impact on the consolidated financial statements of the Group.

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

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

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

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

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

The entity must apply the same accounting for each category of investments

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

Amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. The amendment did not have impact on the consolidated financial statements of the Group.

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

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

Amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

The amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. These amendments did not have significant impact on the notes to the interim condensed consolidated financial statements of the Group.

Annual Improvements to TFRSs - 2012-2014 Cycle

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

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – 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

The amendment did not have significant impact on the financial position or performance of the Group.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the 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)**

TFRS 9 Financial Instruments – Classification and measurement

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.

TFRS 15 Revenue from Contracts with Customers

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

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

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

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

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

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

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

The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

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

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and

- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial instruments until 2021. The entities that defer the application of IFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—IAS 39.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position

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

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

2.1.4 Basis of Consolidation

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

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

- 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.

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

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

<u>Subsidiary</u>	<u>Direct and indirect shareholding by Çelebi Hava and its Subsidiaries (%)</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>
In Liquidation		
Çelebi Güvenlik (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 September 30, 2016 Celebi Spain has directly and indirectly 100% voting right. However, Celebi Europe has not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements and the company operations have not started (Note 5).

(2) Pursuant to the resolution taken in the Ordinary General Assembly meeting, of Çelebi Güvenlik with a capital of TL 1.906.736, participated by the Company at the rate of 94,8%, the liquidation process started as of December 31, 2013 and the title of the Company was changed into Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.in Liquidation. As of September 30, 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>September 30, 2016</u>	<u>December 31, 2015</u>
Celebi Nas	55,00%	55,00%

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

2.2. Changes in accounting policies

2.2.1 Comparative information

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

The Group presented the consolidated statement of financial position as of September 30, 2016 comparatively with the consolidated statement of financial position as of December 31, 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 September 30, 2016 comparatively with the consolidated financial statements for the interim period ended September 30, 2015.

As of September 30, 2016, current tax assets and current corporate tax payables in consolidated financial statements date December 31, 2015 have been restated in compliance with the TAS 12.

2.2.2 Changes in Significant Accounting Policies

Condensed consolidated financial statements for the period ended September 30, 2016, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 30 September 2016 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 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 analysed 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 September 30, 2016 is as follows:

January 1 – September 30, 2016

	Reportable Segments			
	Ground Handling Services	Cargo And Warehouse Services	Consolidation Adjustments	Consolidated
Revenue	372.847.752	167.174.413	(194.584)	539.827.581
Cost of sales	(255.963.329)	(147.781.015)	-	(403.744.344)
Gross profit	116.884.423	19.393.398	(194.584)	136.083.237
General administrative expenses	(59.380.352)	(17.418.572)	527.081	(76.271.843)
Addition: Depreciation and amortization	17.944.792	8.327.323	-	26.272.115
Addition: Operating lease equalization	(28.650)	6.214.804	-	6.186.154
Addition: Effect of IFRIC 12 shares	-	2.381.302	-	2.381.302
Addition: Prepaid allocation cost expense	866.304	-	-	866.304
Addition: Retirement pay liability and unused vacation provisions (*)	4.283.568	-	-	4.283.568
Effect of EBITDA to investments accounted by equity method	12.676.268	49.753	-	12.726.021
EBITDA	93.246.353	18.948.008	332.497	112.526.858

July 1 – September 30, 2016

	Reportable Segments			
	Ground Handling Services	Cargo And Warehouse Services	Consolidation Adjustments	Consolidated
Revenue	141.966.255	52.084.806	(18.912)	194.032.149
Cost of sales	(86.439.268)	(50.132.358)	-	(136.571.626)
Gross profit	55.526.987	1.952.448	(18.912)	57.460.523
General administrative expenses	(19.146.272)	(4.753.478)	49.212	(23.850.538)
Addition: Depreciation and amortization	6.548.424	2.225.278	-	8.773.702
Addition: Operating lease equalization	(18.525)	2.027.038	-	2.008.513
Addition: Effect of IFRIC 12 shares	-	524.971	-	524.971
Addition: Prepaid allocation cost expense	288.768	-	-	288.768
Addition: Retirement pay liability and unused vacation provisions (*)	551.216	-	-	551.216
Effect of EBITDA to investments accounted by equity method	4.699.422	4.675	-	4.704.097
EBITDA	48.450.020	1.980.932	30.300	50.461.252

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NOTE 3 - SEGMENT REPORTING (Continued)

The segment information provided to the board of directors as of September 30, 2015 is as follows:

January 1 – September 30, 2015

	Reportable Segments			Consolidated
	Ground Handling Services	Cargo And Warehouse Services	Consolidation Adjustments	
Revenue	401.610.513	155.974.688	(219.271)	557.365.930
Cost of sales	(251.853.656)	(130.615.566)	52.877	(382.416.345)
Gross profit	149.756.857	25.359.122	(166.394)	174.949.585
General administrative expenses	(56.079.591)	(14.917.096)	463.702	(70.532.985)
Addition: Depreciation and amortization	17.451.740	8.597.889	-	26.049.629
Addition: Operating lease equalization	21.268	6.517.518	-	6.538.786
Addition: Effect of IFRIC 12 shares	-	2.629.737	-	2.629.737
Addition: Prepaid allocation cost expense	866.304	-	-	866.304
Addition: Retirement pay liability and unused vacation provisions (*)	4.817.580	11.353	-	4.828.933
Effect of EBITDA to investments accounted by equity method	7.696.328	226.833	-	7.923.161
EBITDA	124.530.486	28.425.356	297.308	153.253.150

July 1 – September 30, 2015

	Reportable Segments			Consolidated
	Ground Handling Services	Cargo And Warehouse Services	Consolidation Adjustments	
Revenue	181.873.604	54.679.446	(100.726)	236.452.324
Cost of sales	(98.447.737)	(45.737.455)	52.877	(144.132.315)
Gross profit	83.425.867	8.941.991	(47.849)	92.320.009
General administrative expenses	(18.370.874)	(5.221.729)	248.421	(23.344.182)
Addition: Depreciation and amortization	5.697.782	3.162.644	-	8.860.426
Addition: Operating lease equalization	5.033	2.220.186	-	2.225.219
Addition: Effect of IFRIC 12 shares	-	967.704	-	967.704
Addition: Prepaid allocation cost expense	288.768	-	-	288.768
Addition: Retirement pay liability and unused vacation provisions (*)	1.331.142	(191)	-	1.330.951
Effect of EBITDA to investments accounted by equity method	3.358.084	92.232	-	3.450.316
EBITDA	75.735.802	10.162.837	200.572	86.099.211

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NOTE 3 - SEGMENT REPORTING (Continued)

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

	January 1 – September, 30 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
EBITDA for reported segments	112.526.858	50.461.252	153.253.150	86.099.211
Depreciation and amortization	(26.272.115)	(8.773.702)	(26.049.629)	(8.860.426)
Operating lease equalization	(6.186.154)	(2.008.513)	(6.538.786)	(2.225.219)
Effect of IFRIC 12	(2.381.302)	(524.971)	(2.629.737)	(967.704)
Other operating income	6.746.995	2.741.174	17.454.327	7.865.589
Other operating expenses (-)	(7.624.528)	(1.226.270)	(8.891.371)	(2.395.623)
Addition: Prepaid allocation cost expense	(866.304)	(288.768)	(866.304)	(288.768)
Retirement pay liability and unused vacation provisions	(4.283.568)	(551.216)	(4.828.933)	(1.330.951)
EBITDA effect of equity accounted investees	(12.726.021)	(4.704.097)	(7.923.161)	(3.450.316)
Operating profit	58.933.861	35.124.889	112.979.556	74.445.793
Share of profit from equity accounted investees	4.918.573	1.900.188	3.812.227	1.635.948
Income from investment activities	1.017.499	652.919	6.192.835	5.874.473
Expenses from investment activities(-)	(2.497.173)	(1.426.809)	(413.001)	(2.147)
Financial income	11.806.625	4.559.134	14.945.610	8.523.430
Financial expenses (-)	(29.977.728)	(11.682.604)	(47.798.433)	(25.717.754)
Income before tax	44.201.657	29.127.717	89.718.794	64.759.743

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 condensed consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Total Assets:	September 30, 2016	December 31, 2015
Turkey	401.247.201	377.662.693
India	214.199.025	213.107.603
Hungary	67.959.658	67.505.023
Germany	35.665.280	42.261.792
Segment assets (*)	719.071.164	700.537.111
Unallocated assets	107.841.825	142.457.176
Less: Inter-segment elimination	(177.433.694)	(163.564.747)
Total assets as per consolidated financial statements	649.479.295	679.429.540

(*) 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)

Total liabilities:	September 30, 2016	December 31, 2015
Turkey	74.428.944	64.109.564
India	142.965.082	128.065.173
Hungary	8.870.463	9.030.370
Germany	34.815.674	18.536.415
Segment liabilities (*)	261.080.163	219.741.522
Unallocated liabilities	316.120.996	328.445.333
Less: Inter-segment elimination	(26.911.521)	(13.042.574)
Total liabilities as per consolidated financial statements	550.289.638	535.144.281

(*) 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 interim period January 1 – September 30, 2016

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	318.896.010	66.387.729	93.908.648	60.593.125	539.785.512	42.069	539.827.581
Cost of sales	(214.164.391)	(43.171.094)	(77.757.663)	(68.651.196)	(403.744.344)	-	(403.744.344)
Gross profit	104.731.619	23.216.635	16.150.985	(8.058.071)	136.041.168	42.069	136.083.237
General administrative expenses	(49.155.916)	(8.137.976)	(12.351.545)	(6.872.923)	(76.518.360)	246.517	(76.271.843)
Other operating income / expense (net)	(417.585)	(258.351)	1.550.440	(1.420.393)	(545.889)	(331.644)	(877.533)
Operating profit / (loss)	55.158.118	14.820.308	5.349.880	(16.351.387)	58.976.919	(43.058)	58.933.861

Geographical Analysis for the interim period July 1 - September 30, 2016

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	120.117.500	23.911.808	33.769.580	16.172.207	193.971.095	61.054	194.032.149
Cost of sales	(70.917.407)	(14.842.396)	(27.966.495)	(22.845.328)	(136.571.626)	-	(136.571.626)
Gross profit	49.200.093	9.069.412	5.803.085	(6.673.121)	57.399.469	61.054	57.460.523
General administrative expenses	(15.841.125)	(2.720.492)	(4.229.544)	(1.036.084)	(23.827.245)	(23.293)	(23.850.538)
Other operating income / expense (net)	582.274	(245.003)	396.646	102.701	836.618	678.286	1.514.904
Operating profit / (loss)	33.941.242	6.103.917	1.970.187	(7.606.504)	34.408.842	716.047	35.124.889

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NOTE 3 - SEGMENT REPORTING (Continued)

Geographical Segments

Geographical Analysis for the interim period January 1 - September 30, 2015

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	362.396.876	57.060.615	77.152.325	60.804.029	557.413.845	(47.915)	557.365.930
Cost of sales	(218.142.158)	(36.666.986)	(70.403.020)	(57.257.057)	(382.469.221)	52.876	(382.416.345)
Gross profit	144.254.718	20.393.629	6.749.305	3.546.972	174.944.624	4.961	174.949.585
General administrative expenses	(47.775.736)	(7.451.615)	(8.019.730)	(7.576.855)	(70.823.936)	290.951	(70.532.985)
Other operating income / expense (net)	8.578.191	108.692	615.927	(403.475)	8.899.335	(336.379)	8.562.956
Operating profit / (loss)	105.057.173	13.050.706	(654.498)	(4.433.358)	113.020.023	(40.467)	112.979.556

Geographical Analysis for the interim period July 1 – September 30, 2015

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	165.040.186	21.730.776	28.197.031	21.523.797	236.491.790	(39.466)	236.452.324
Cost of sales	(86.081.126)	(13.182.507)	(24.958.025)	(19.963.533)	(144.185.191)	52.876	(144.132.315)
Gross profit	78.959.060	8.548.269	3.239.006	1.560.264	92.306.599	13.410	92.320.009
General administrative expenses	(15.399.361)	(2.695.863)	(2.768.498)	(2.691.954)	(23.555.676)	211.494	(23.344.182)
Other operating income / expense (net)	5.669.599	15.849	(7.819)	(14.032)	5.663.597	(193.631)	5.469.966
Operating profit / (loss)	69.229.298	5.868.255	462.689	(1.145.722)	74.414.520	31.273	74.445.793

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NOTE 4 - CASH AND CASH EQUIVALENTS

	September 30, 2016	December 31, 2015
Cash	245.177	225.838
Bank	77.268.918	127.698.966
- Time deposit	61.084.896	99.953.497
- Demand deposit	16.184.022	27.745.469
	77.514.095	127.924.804

Effective interest rates on TL, EUR, USD and INR denominated time deposits as at September 30, 2016 are 11,05%, 1,45%, 2,00%, 6,96% (31 December 2015: %10,84, %1,48, %1,93, %5,00%). The maturity days on INR, EUR and USD denominated time deposits as of 30 September 2016 20-60 days, 1-14 days and 1-3 days for INR, EUR and USD respectively, 1-3 day for TL. (December 31, 2015: INR 20-60 days, 1-14 days and 1-3 days for INR, EUR and USD respectively)

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows as at September 30, 2016 and 2015 are as follows:

	September 30, 2016	September 30, 2015
Cash and banks	77.514.095	98.750.525
Less: Interest Accruals	(44.857)	(41.360)
	77.469.238	98.709.165

NOTE 5 - FINANCIAL INVESTMENTS

Restricted Cash:

	September 30, 2016	December 31, 2015
Restricted cash (*)	10.875.410	11.674.131
	10.875.410	11.674.131

(*) 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 and the blocked bank balances held for the project finance.

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NOTE 5 - FINANCIAL INVESTMENTS (Continued)

Available-for-sale assets:

		<u>September 30, 2016</u>		<u>December 30, 2015</u>	
	%	TL	%	TL	
DASPL	16,66%	1.868.752	16,66%	1.828.335	
Celebi Spain (*)	100,00%	20.525	100,00%	20.525	
		1.889.277		1.848.860	

(*) As at September 30, 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.

NOTE 6 - EQUITY ACCOUNTED INVESTEEES

		<u>September 30,</u>		<u>December 31,</u>	
	%	2016	%	2015	
Çelebi Nas	55,00%	31.698.418	55,00%	26.204.104	
		55,00%		26.204.104	

The movement in the investments accounted by equity method during the periods ended September 30 is as follows:

	<u>September 30,</u>	<u>September</u>
	<u>2016</u>	<u>30,2015</u>
As of January 1	26.204.104	17.141.793
Share on profit / loss	4.918.573	3.812.227
Currency translation differences	579.260	4.857.715
Actuarial gains/losses fund from retirement plans	(3.519)	126.170
As of September 30	31.698.418	25.937.905

Profit/loss from investments accounted under equity method:

	<u>January 1 -</u>	<u>January 1 -</u>
	<u>September 30,</u>	<u>September 30,</u>
	<u>2016</u>	<u>2015</u>
Çelebi Nas	4.918.573	3.812.227
	4.918.573	3.812.227

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NOTE 6 - EQUITY ACCOUNTED INVESTEEES (Continued)

Summary statement of equity accounted investees:

	September 30, 2016	December 31, 2015
Total Assets	130.944.484	86.928.078
Total Liabilities	73.310.995	39.284.251
	January 1 - September 30, 2016	January 1 - September 30, 2015
Total Revenue (*)	88.450.640	38.717.753
Profit / (Loss) for the period	8.942.860	6.931.322

(*) Total revenue which is amounting of TL 28.881.201 has been included to period between January 1 – September 30, 2016 within the scope of IFRIC 12. (January 1 – September 30, 2016: None)

NOTE 7 - SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short-term financial liabilities:

	September 30, 2016		
	Effective Interest Rate (%)	Original Amount	TL
<i>Short term borrowings:</i>			
EUR Borrowings	0%	3.170.656	3.170.656
INR Borrowings	12,00%	174.280.156	7.816.465
TL Borrowings	1,70% - 3,35%	7.550.001	25.374.044
Total short term credits			36.361.165

Short-term finance lease obligations

Short-term finance lease obligations - USD	23.966	71.800
Short-term finance lease obligations - EUR	598.006	2.009.780
Total short-term finance lease obligations		2.081.580
Short term liabilities		38.442.745

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

	September 30, 2016		
	Effective Interest Rate (%)	Original Amount	TL
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – EUR		541.696	1.820.532
Interest expense accrual – TL		546.025	546.025
INR borrowings	10,75% - 11,35%	496.347.514	22.261.186
EUR borrowings	2,20% - Euribor+5,50%	20.484.333	68.843.746
TL borrowings	11,35% - 12,90%	25.000.000	25.000.000
Short-term portion of total long term borrowings:			118.471.489
Total short term liabilities:			156.914.234
<i>Long-term financial liabilities:</i>			
	September 30, 2016		
	Effective Interest Rate (%)	Original Amount	TL
INR Borrowings	10,75% - 11,35%	699.727.893	31.382.796
EUR Borrowings	2,20% - Euribor+5,50%	35.890.000	120.619.112
			152.001.908
<i>Long-term finance lease obligations:</i>			
USD long-term finance lease obligations		66.810	200.156
EUR long-term finance lease obligations		359.938	1.209.680
Total long-term finance lease obligations			1.409.836
Total long-term financial liabilities			153.411.744
Total financial liabilities			310.325.978

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

Short-term financial liabilities:

	December 31, 2015		
	Effective Interest Rate (%)	Original Amount	TL
<i>Short term borrowings:</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
Total short term credits			38.452.568

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
Total short-term finance lease obligations			1.982.585
Total short term liabilities			40.435.153

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

	Effective Interest Rate (%)	Original Amount	TL
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
Short-term portion of total long term borrowings:			124.091.036
Total short term liabilities:			164.526.189

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

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

	December 31, 2015		TL
	Effective Interest Rate (%)	Original Amount	
<i>Long-term financial liabilities:</i>			
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
			155.404.531
<i>Long-term finance lease obligations:</i>			
Long-term finance lease obligations – USD		2.926	8.508
Long-term finance lease obligations – EUR		806.582	2.562.995
Total long-term finance lease obligations			2.571.503
Total long-term financial liabilities			157.976.034
Total financial liabilities			322.502.223

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

	September 30, 2016	December 31, 2015
Less than 3 months	82.274.090	25.655.914
Between 3-12 months	74.640.144	138.870.275
Between 1-5 years	153.411.744	157.976.034
	310.325.978	322.502.223

The redemption schedules of long-term bank borrowings as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	December 31, 2015
Between 1-2 years	85.714.407	68.585.560
Between 2-3 years	61.325.712	63.245.697
Between 3-4 years	4.961.789	21.825.594
4 years and more	-	1.747.680
	152.001.908	155.404.531

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

The redemption schedules of financial lease obligations as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016			December 31, 2015		
	Minimum lease payments	Interest	Total obligation	Minimum lease payments	Interest	Total obligation
Less than 1 year	2.218.214	(136.634)	2.081.580	2.184.069	(201.484)	1.982.585
Between 1-2 years	1.321.185	(36.790)	1.284.395	1.965.181	(90.546)	1.874.635
Between 2-3 years	78.854	(4.939)	73.915	701.360	(4.492)	696.868
Between 3-4 years	52.913	(1.387)	51.526	-	-	-
	3.671.166	(179.750)	3.491.416	4.850.610	(296.522)	4.554.088

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	September 30, 2016	December 31, 2015
Short-term trade receivables		
Due from third parties	94.790.225	76.828.591
Less: Provision for doubtful receivables	(2.946.810)	(2.934.249)
Trade receivables from third parties (net)	91.843.415	73.894.342
Due from related parties (Note 26)	914.220	1.219.662
Total short-term trade receivables	92.757.635	75.114.004

The maturities of trade receivables are generally less than 45 days (December 31, 2015: less than 45 days). The fair value of current trade receivables as of September 30, 2016 and December 31, 2015 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:

	September 30, 2016	September 30, 2015
Opening balance	2.934.385	3.142.514
Foreign currency translation differences	30.690	132.667
Collections and reversal of provisions	(26.749)	(334.990)
Current year additional provisions	8.484	3.454
Closing balance	2.946.810	2.943.645

Short-term trade payables

	September 30, 2016	December 31, 2015
Trade payables to third parties	44.897.957	38.556.970
Accrued liabilities	12.215.791	10.962.622
Total trade payables to third parties	57.113.748	49.519.592
Due to third parties (Note 26)	5.559.025	5.523.304
Total short term trade payables	62.672.773	55.042.896

The fair value of short-term trade payables as of September 30, 2016 and December 31, 2015 equals their carrying amount as the impact of discounting is not significant.

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	September 30, 2016	December 31, 2015
Other short-term receivables		
Receivables from Tax Office	5.469.565	6.308.072
Deposits and guarantees given	645.805	893.685
Other short-term receivables	335	58.566
Other receivables from third parties	6.115.705	7.260.323
Other short-term receivables from related parties (Note26)	-	11.134.547
Total other receivables	6.115.705	18.394.870

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Continued)

	September 30, 2016	December 31, 2015
Other long term receivables		
Deposits and guarantees given (*)	21.014.925	18.923.786
	21.014.925	18.923.786

(*) As of September 30, 2016, the amount which was given for Group's subsidiaries and joint ventures in India, the Celebi GH Delhi, Celebi Delhi Cargo amounting to TL 12.753.388 (December 31, 2015: TL 8.481.462) ve TL 8.041.451 (December 31, 2015: TL 5.060.111) as a deposit to the local authorities, companies and the amount which was shown in banks as blockage. As of September 30, 2016, Group has no blockage balance.

	September 30, 2016	December 31, 2015
Other short-term payables		
Other short-term payables (*)	6.670.615	5.216.776
Deposits received	135.390	117.104
	6.806.005	5.333.880

(*) As of September 30, 2016; TL 6.172.049 of other short-term payables (December 31, 2015: TL 3.966.746) Celebi Delhi Cargo, a subsidiary of the Company in India, the other partner DIAL debts arising from the concession contract.

	September 30, 2016	December 31, 2015
Other long-term payables		
Deposits received	7.855.060	7.462.171
	7.855.060	7.462.171

NOTE 10 - INVENTORIES

	September 30, 2016	December 31, 2015
Trade goods	1.626.364	1.236.339
Other inventories (*)	9.507.304	8.607.849
	11.133.668	9.844.188

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

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended September 30, 2016 are as follows:

	Opening				Foreign Currency	Closing
	January 1, 2016	Additions	Disposals	Transfers	Translation Differences	September 30, 2016
Cost						
Plant, machinery and equipment	238.658.955	6.571.396	(985.036)	522.568	2.111.887	246.879.770
Motor vehicles	41.167.274	3.118.455	(177.263)	-	2.404.460	46.512.926
Furniture and fixtures	24.294.745	667.183	(83.567)	22.506	324.291	25.225.158
Leasehold improvements (*)	116.862.759	953.806	-	1.615.937	375.132	119.807.634
Construction in Progress	1.229.010	2.219.523	-	(2.161.011)	78.927	1.366.449
	422.212.743	13.530.363	(1.245.866)	-	5.294.697	439.791.937
Accumulated depreciation						
Plant, machinery and equipment	(154.978.810)	(11.225.442)	848.354	-	(1.298.580)	(166.654.478)
Motor vehicles	(30.287.426)	(1.204.857)	158.963	-	(1.630.918)	(32.964.238)
Furniture and fixtures	(19.915.766)	(1.349.159)	83.394	-	(210.397)	(21.391.928)
Leasehold improvements (*)	(61.361.486)	(5.096.139)	-	-	(123.132)	(66.580.757)
	(266.543.488)	(18.875.597)	1.090.711	-	(3.263.027)	(287.591.401)
Net book value	155.669.255	(5.345.234)	(155.155)	-	2.031.670	152.200.536

(*) 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 September 30, 2016 the net book value of these stations was TL 46.978.212. 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 September 30, 2016 in the amount of TL 18.287.727 and TL 587.870 are respectively included in cost of sales and operating expenses.

There are net book value TL 4.515.546 worth of financial leasing assets in plant, machinery and equipment as of September 30, 2016.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the period ended September 30, 2015 are as follows:

	Opening			Transfers (**)	Foreign Currency Translation Differences	Closing September 30, 2015
	January 1, 2015	Additions	Disposals			
Cost						
Plant, machinery and equipment	233.681.575	18.814.027	(607.759)	(21.672.433)	9.675.653	239.891.063
Motor vehicles	34.368.703	369.469	-	1.237.462	6.926.482	42.902.116
Furniture and fixtures	21.856.759	1.208.148	(26.572)	257.703	917.733	24.213.771
Leasehold improvements (*)	104.380.345	1.275.597	(806.136)	10.654.840	1.284.650	116.789.296
Construction in Progress	10.720.355	3.810.261	(39.371)	(12.477.462)	244.849	2.258.632
	405.007.737	25.477.502	(1.479.838)	(21.999.890)	19.049.367	426.054.878
Accumulated depreciation						
Plant, machinery and equipment	(139.418.906)	(10.689.444)	597.702	-	(5.426.379)	(154.937.027)
Motor vehicles	(25.738.416)	(1.630.822)	-	-	(5.146.719)	(32.515.957)
Furniture and fixtures	(17.829.918)	(1.383.624)	21.003	-	(521.836)	(19.714.375)
Leasehold improvements (*)	(55.534.188)	(4.878.024)	417.210	-	(466.988)	(60.461.990)
	(238.521.428)	(18.581.914)	1.035.915	-	(11.561.922)	(267.629.349)
Net book value	166.486.309					158.425.529

(*) 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 September 30, 2015 the net book value of these stations was TL 51.619.336. 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 September 30, 2015 in the amount of TL 17.121.923 and TL 1.459.991 are respectively included in cost of sales and operating expenses.

There are net book value TL 6.898.096 worth of financial leasing assets in plant, machinery and equipment as of September 30, 2016.

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NOTE 12 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in intangible assets for the period ended September 30, 2016 are as follows:

	Opening January 1, 2016	Additions	Impairment on fixed assets	Foreign Currency Translation Differences	Closing September 30, 2016
Cost					
Rights	11.162.357	-	-	-	11.162.357
Customer relations	44.457.702	-	(4.441.956)	3.117.668	43.133.414
Software	11.442.585	1.176.755	-	268.523	12.887.863
Concession rights (**)	84.351.019	1.436.900	-	1.901.848	87.689.767
Build-operate-transfer investments (*)	68.531.044	-	-	1.506.735	70.037.779
	219.944.707	2.613.655	(4.441.956)	6.794.774	224.911.180
Accumulated depreciation					
Rights	(3.337.446)	(911.851)	-	-	(4.249.297)
Concession rights (**)	(21.133.357)	(2.667.234)	-	(536.873)	(24.337.464)
Customer relations	(41.990.989)	(649.237)	2.072.918	(3.045.483)	(43.612.791)
Software	(9.088.375)	(570.585)	-	(225.861)	(9.884.821)
Build-operate-transfer investments (*)	(19.710.287)	(2.597.611)	-	(500.651)	(22.808.549)
	(95.260.454)	(7.396.518)	2.072.918	(4.308.868)	(104.892.922)
Net book value	124.684.253	(4.782.863)	(2.369.038)	2.485.906	120.018.258

(*) TL 43.019.222 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.375.530.422, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 3.944.233 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 September 30, 2016 in the amount of TL 715.005 and TL 6.681.513 are included in operating expenses and cost of sales.

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NOTE 12 - INTANGIBLE ASSETS (Continued)

Other Intangible Assets

Movements in intangible assets for the period ended September 30, 2015 are as follows:

	Opening January 1, 2015	Additions	Foreign Currency Translation Differences	Closing September 30, 2015
Cost				
Rights	11.162.357	-	-	11.162.357
Customer relations	39.672.954	-	7.695.690	47.368.644
Software	9.906.772	690.137	725.677	11.322.586
Concession rights (**)	68.658.512	1.982.163	18.073.988	88.714.663
Build-operate-transfer investments (*)	53.621.156	3.593.329	15.173.422	72.387.907
	183.021.751	6.265.629	41.668.777	230.956.157
Accumulated depreciation				
Rights	(2.119.894)	(915.724)	2.120	(3.033.498)
Concession rights (**)	(14.579.261)	(2.675.237)	(4.073.173)	(21.327.671)
Customer relations	(36.386.065)	(603.455)	(7.696.013)	(44.685.533)
Software	(7.604.993)	(850.813)	(591.204)	(9.047.010)
Build-operate-transfer investments (*)	(13.495.057)	(2.422.486)	(3.998.320)	(19.915.863)
	(74.185.270)	(7.467.715)	(16.356.590)	(98.009.575)
Net book value	108.836.481			132.946.582

(*) TL 46.704.741 which is difference between discounted present value of deposit 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, TL 5.276.125 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 September 30, 2015 in the amount of TL 499.162 and TL 6.968.553 are included in operating expenses and cost of sales.

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NOTE 12 - INTANGIBLE ASSETS (Continued)

Goodwill

Positive goodwill as at September 30, 2016 and December 31, 2015 is as follows:

	September 30, 2016	December 31, 2015
Goodwill due to acquisition of CGHH	25.490.615	23.738.281
Celebi Nas due to acquisition of Celebi Nas addition share	910.723	910.723
Goodwill due to acquisition of Celebi GmbH	1.621.529	1.533.138
	28.022.867	26.182.142

Goodwill due to acquisition of CGHH

Goodwill details relating to the acquisition of CGHH at September 30, 2016 are below:

	September 30, 2016	September 30, 2015
1 January	23.738.281	20.934.547
Foreign currency translation differences	1.752.334	4.509.339
Goodwill	25.490.615	25.443.886

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.

	September 30, 2016
Ground handling services - Hungary	25.490.615

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

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of September 30, 2016.

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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 January 26, 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.

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.

September 30, 2016

Ground handling services – India

910.723

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

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

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of September 30, 2016.

Goodwill from purchasing of Celebi GmbH

A "share purchase agreement" was signed on February 18, 2014 between Celebi Cargo GmbH, a subsidiary of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. registered in Frankfurt, Germany, 100% of the capital of which is owned by Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş., in which the Company participates at the rate of 99,97%, and Aviapartner GmbH, also registered in Frankfurt, Germany, for the transfer of all of the shares of Aviapartner Cargo GmbH (Aviapartner Cargo) operating in Frankfurt and Hahn International Airports in Germany in cargo storage and handling, 100% of the capital of which is owned by Aviapartner GmbH for EUR 4.459.283 (13.604.381 TL) to Celebi Cargo GmbH. The closing procedures regarding this agreement were signed on February 18, 2014. A protocol regarding the determination of ultimate purchase price has been signed as of March 6, 2014 and purchase price adjustment of EUR 362.003 (TL 1.021.102) has been added to purchase price. As of April 30, 2015, the official title of Aviapartner Cargo was changed as Celebi GmbH and all assets and liabilities of Celebi GmbH were taken over by Celebi Cargo and the legal merger was completed as of October 30, 2015.

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NOTE 12 - INTANGIBLE ASSETS (Continued)

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 December 31, 2015.

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

	September 30, 2016	September 30, 2015
1 January	1.533.138	1.360.940
Foreign currency translation differences	88.391	77.921
Goodwill	1.621.529	1.438.861

Warehouse and cargo services – Germany

September 30, 2016

1.621.529

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;

Discount rate	8,60%
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The Group management determined the budgeted gross profit margin by taking into consideration for the previous performance of the Company and the market growth expectations. The weighted average growth rates used are in line with the estimation stated in industry reports. The discount rate used is the before tax discount rate and includes the Company specific risk factors.

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of September 30, 2016.

NOTE 13- PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

	September 30, 2016	December 31, 2015
Provision for litigation and obligation	2.126.540	1.486.927
Provision for other liabilities and expenses	1.140.458	-
	3.266.998	1.486.927

(*TL 1.123.372 portion of provision for other liabilities and expenses consists of administrative fine.

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

	Provision for litigation and obligation	Provision for other liabilities	Total
January 1, 2016	1.486.927	16.291	1.503.218
Increase during the year	674.112	1.124.167	1.798.279
Payments during the year	(34.499)	-	(34.499)
September 30, 2016	2.126.540	1.140.458	3.266.998

Short-term provision for employee benefits

	September 30, 2016	December 31, 2015
Provision for employee termination benefits	291.481	1.828.866
Provision for unused vacation	4.545.131	3.931.005
	4.836.612	5.759.871

b) Long-term provisions:

Long-term provision for employee benefits

	September 30, 2016	December 31, 2015
Provision for employee termination benefits	23.186.368	17.437.933

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

Since the legislation was changed on May 23, 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable as at September 30, 2016 consists of one month's salary limited to a maximum of 4.297,21 (December 31, 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 30 September 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.

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**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 January 1, 2016 (December 31, 2015: TL 3.828,37) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits and unused vacation provisions are as follows:

	September 30, 2016	September 30, 2015
As of 1 January	23.197.804	12.479.826
Paid during the year	(7.543.876)	(3.579.739)
Increase/ decrease during the year	3.536.402	3.027.213
Actuarial gain/loss	8.331.650	4.772.861
Service Cost	1.932.615	1.023.651
Interest Cost	994.093	559.219
Foreign currency translation differences	213.476	521.068
Used during the period	(2.639.184)	(1.999.616)
End of the period	28.022.980	16.804.483

Contingent assets and liabilities of the Group

	September 30, 2016	December 31, 2015
Guarantees received:		
Guarantee letters	7.629.875	6.982.270
Guarantee check	1.513.482	3.352.571
Guarantee notes	940.268	912.759
	10.083.625	11.247.600
Guarantees given:		
Collateral	295.797.843	327.205.391
Guarantee letters	154.277.448	110.822.778
Share pledge	13.966.430	15.097.257
	464.041.721	453.125.426

The Company has contingent assets amounting to TL 1.403.470 (31 December 2015: TL 1.478.896), due to the legal cases in favour of the Company and contingent liabilities amounting to TL 23.296.133 due to the legal cases and enforcement proceedings against the Company as of 30 September 2016 (31 December 2015: TL 22.336.056) TL 18.006.344 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 (December 31, 2015: TL 17.385.168)

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

The details of collaterals, pledges and mortgages (“CPM”) of the Company at September 30, 2016 and December 31, 2015 are as follows:

		September 30, 2016		December 31, 2015	
Collaterals, pledges and mortgages given by the Company	Currency	Amount	TL Equivalent	Amount	TL Equivalent
A. CPM given on behalf of the Company’s legal personality			98.196.300		55.891.829
	TL	9.013.701	9.013.701	6.984.425	6.984.425
	EUR	14.766.977	49.628.858	3.339.975	10.613.104
	USD	2.383.397	7.140.419	2.210.500	6.427.250
	INR	588.287.788	26.384.707	598.287.785	26.252.868
	HUF	552.577.000	6.028.615	552.576.969	5.614.182
B. CPM given on behalf of fully consolidated subsidiaries			365.845.421		397.233.597
	EUR	28.881.591	97.065.250	27.696.667	88.008.928
	USD	18.719.299	56.081.148	18.892.196	54.930.949
	INR	4.742.453.130	212.699.023	5.795.207.850	254.293.720
C. CPM given for continuation of its economic activities on behalf of third parties		-	-	-	-
D. Total amount of other CPM		-	-	-	-
i. Total amount of CPM given on behalf of the majority shareholder		-	-	-	-
ii. Total amount of CPM given to behalf of the majority shareholder group companies which are not in scope B and C		-	-	-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope C		-	-	-	-
			464.041.721		453.125.426

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

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NOTE 14 - OTHER ASSETS AND LIABILITIES

	September 30, 2016	December 31, 2015
Other current assets		
Deferred Value-added tax ("VAT")	5.586.297	2.885.888
Advances given to personnel	431.873	377.260
Other	102.272	18.375
	6.120.442	3.281.523

	September 30, 2016	December 31, 2015
Other non-current assets		
Prepaid taxes and funds (*)	15.348.143	14.643.346
Other	3.242	3.242
	15.351.385	14.646.588

(*) The amount consist of prepaid taxes and funds, which can be offset in more than 1 year period, of Celebi GH Deli and Celebi Delhi Cargo amounting to TL 3.339.154 as at September 30, 2016. (December 31, 2015: TL 1.883.821) ve TL 12.068.759 (31 December 2015: TL 9.636.903)

	September 30, 2016	December 31, 2015
Other Current Liabilities		
Taxes and funds payable	1.737.926	1.821.000
Rent equalization reserves	993.788	1.399.131
Other miscellaneous payables and liabilities	1.451.736	1.308.383
	4.183.450	4.528.514

	September 30, 2016	December 31, 2015
Other Non-Current Liabilities		
Provision for operational leasing equalization (*)	70.119.840	62.533.074
Other	21.342.162	18.987.963
	91.462.002	81.521.037

(*) 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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NOTE 15 - PREPAID EXPENSES

	September 30, 2016	December 31, 2015
Short-term prepaid expenses		
Prepaid expenses (*)	13.134.401	8.466.970
Advances given	5.113.836	4.273.181
	18.248.237	12.740.151
	September 30, 2016	December 31, 2015
Long-term prepaid expenses		
Prepaid expenses (*)	15.465.202	16.587.126
Advances given for fixed assets	2.224.906	2.847.178
	17.690.108	19.434.304

(*) TL 16.340.778 (December 31, 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

	September 30, 2016	December 31, 2015
Short-term Deferred Income		
Order advances received	3.185.850	3.041.038
	3.185.850	3.041.038

NOTE 17 - LIABILITIES FOR EMPLOYEE BENEFITS

	September 30, 2016	December 31, 2015
Wages and salaries payable	9.705.692	9.926.745
Social security withholdings payment	7.705.118	4.997.840
Premium and bonus payable accruals	3.667.371	7.310.170
	21.078.181	22.234.755

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NOTE 18 - EQUITY

Share Capital

As of September 30, 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 (December 31, 2015: 2.430.000.000).

At September 30, 2016 and December 31, 2015, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	September 30, 2016		December 31, 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
	24.300.000	100	24.300.000	100,00

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 September 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 40.181.456 as of September 30, 2016 (December 31, 2015: TL 33.012.956)

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NOTE 18 - EQUITY (CONTINUED)

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2015. Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

In accordance with the Turkish Commercial Code (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

	January 1 - September 30, 2016	July 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2015
Ground handling services	377.333.075	144.271.331	404.844.561	190.075.481
Cargo and warehouse services income	159.839.178	49.467.954	149.337.841	46.078.658
Revenue in the context of IFRIC 12	-	-	1.202.719	134.097
Rental revenue not related to aviation	11.294.847	3.883.383	8.843.887	3.195.290
Less: Returns and discounts	(8.639.519)	(3.590.519)	(6.863.078)	(3.031.202)
Revenue	539.827.581	194.032.149	557.365.930	236.452.324
Cost of sales	(403.744.344)	(136.571.626)	(382.416.345)	(144.132.315)
Gross profit	136.083.237	57.460.523	174.949.585	92.320.009

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NOTE 20 - EXPENSES BY NATURE

	January 1 - September 30, 2016	July 1- September 30, 2016	January 1 - September 30, 2015(*)	July 1- September 30, 2015(*)
Personnel expenses	(220.253.179)	(59.205.932)	(207.535.622)	(71.241.931)
Payments to authorities and terminal managements (**)	(94.992.738)	(34.713.484)	(91.294.766)	(38.190.231)
Consultancy expenses	(38.677.873)	(12.400.250)	(35.131.099)	(12.090.000)
Equipment repair, maintenance, fuel and security expenses	(41.057.776)	(13.738.308)	(38.287.838)	(13.230.971)
Depreciation and amortization	(26.272.115)	(8.773.702)	(26.049.629)	(8.860.429)
Travel and transportation expenses	(14.675.680)	(9.099.443)	(10.331.504)	(3.297.826)
Insurance premiums	(3.604.796)	(1.117.654)	(3.026.455)	(1.057.437)
Cost of goods sold (***)	(2.877.593)	(335.055)	(1.695.402)	(825)
Expense in the context of IFRIC (****)	(2.381.302)	(524.971)	(3.832.456)	(795.599)
Other expenses	(35.223.135)	(20.513.365)	(35.764.559)	(18.711.248)
	(480.016.187)	(160.422.164)	(452.949.330)	(167.476.497)

(*) Distribution of the expenses by nature disclosure have been rearranged according to reclassifications made in 2016 as of the period 1 January – 30 September 2015.

(**) 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 de-icing and spare part cost.

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

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

	January 1 - September 30, 2016	July 1- September 30, 2016	January 1 - September 30, 2015	July 1- September 30, 2015
Consultancy expenses	(38.264.964)	(12.229.284)	(34.815.201)	(11.901.510)
Personnel expenses	(25.581.198)	(7.202.808)	(23.561.720)	(7.756.818)
Depreciation and amortization	(1.302.878)	(405.293)	(1.959.151)	(693.646)
Travel and transportation expenses	(2.330.528)	(829.981)	(2.012.042)	(710.275)
Equipment repair, maintenance, fuel and security expenses	(3.285.020)	(1.376.207)	(1.986.493)	(381.983)
Payments to authorities and terminal managements	(3.321.987)	(1.024.389)	(2.971.261)	(1.167.028)
Insurance premiums	(479.335)	(169.960)	(442.026)	(147.381)
Taxes and other fees	(316.213)	(66.306)	(197.443)	(86.863)
Other expenses	(1.389.720)	(546.310)	(2.587.648)	(498.678)
	(76.271.843)	(23.850.538)	(70.532.985)	(23.344.182)

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NOTE 22 - FINANCIAL INCOME

	January 1 - September 30, 2016	July 1- September 30, 2016	January 1 - September 30, 2015	July 1- September 30, 2015
Foreign exchange gains	6.879.121	3.145.466	10.601.928	6.818.174
Interest income	4.279.861	1.203.143	2.953.454	1.116.772
Other financial income	647.643	210.525	1.390.228	588.484
	11.806.625	4.559.134	14.945.610	8.523.430

NOTE 23 - FINANCIAL EXPENSES

	January 1 - September 30, 2016	July 1, September 30, 2016	January 1 - September 30, 2015	July 1 - September 30, 2015
Interest expenses	(12.655.643)	(4.278.892)	(17.310.265)	(5.773.613)
Foreign exchange losses	(14.265.589)	(6.783.588)	(26.890.911)	(18.020.686)
Other financial expenses	(3.056.496)	(620.124)	(3.597.257)	(1.923.455)
	(29.977.728)	(11.682.604)	(47.798.433)	(25.717.754)

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NOTE 24 - TAX ASSETS AND LIABILITIES

	September 30, 2016	December 31, 2015
Current period corporate tax provision	13.272.651	24.383.758
Less: prepaid corporate tax expense	(7.637.308)	(22.412.817)
Current tax liability – net	5.635.343	1.970.941
Deferred tax assets	35.881.519	31.983.592
Deferred tax liabilities	(5.795.018)	(5.943.110)
Deferred tax assets - net	30.086.501	26.040.482

(*) Current tax assets and current tax liabilities of the Groups have been shown in the statement of financial position separately

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.

In Turkey, the corporation tax rate is 20% (December 31, 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).

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Tax expense for the periods end September 30, 2016 and 2015 is presented below:

	January 1 - September 30, 2016	July 1 - September 30, 2016	January 1 - September 30, 2015	July 1 - September 30, 2015
- Current year corporate tax	(13.076.058)	(6.859.173)	(20.100.745)	(12.919.954)
- Deferred tax income/(expense)	1.662.485	225.594	2.400.031	64.710
	(11.413.573)	(6.633.579)	(17.700.714)	(12.855.244)

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%, 32,45 % 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 September 30, 2016 and December 31, 2015 using the enacted tax rates are as follows:

	Cumulative temporary Differences		Deferred tax assets / (liabilities)	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Deferred tax assets				
Personnel bonus accrual	(562.597)	(4.389.128)	112.519	877.826
Accrued sales commissions	(5.350.651)	(3.426.064)	1.070.130	685.213
Provision for employment termination benefits	(19.841.259)	(15.232.387)	3.968.252	3.046.477
Provision for operational leasing Equalization	(69.678.307)	(61.933.496)	24.114.268	21.433.943
Provision for unused vacation	(3.091.424)	(2.563.795)	618.285	512.759
Provision for legal claims	(1.666.110)	(1.486.927)	333.222	297.385
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(22.718.033)	(20.574.749)	7.862.257	7.120.509
Other	(11.858.297)	(8.347.983)	3.885.144	3.383.048
	(134.766.678)	(117.954.529)	41.964.077	37.357.160
Net off			(6.082.558)	(5.373.568)
Deferred tax assets			35.881.519	31.983.592

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Deferred tax liabilities				
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	60.421.442	57.428.876	(11.877.576)	(11.316.679)
	60.421.442	57.428.876	(11.877.576)	(11.316.679)
Net off			6.082.558	5.373.569
Deferred tax liabilities			(5.795.018)	(5.943.110)
Deferred tax assets, net			30.086.501	26.040.482

Deferred tax movement table is as below:

	January 1 – September 30, 2016	January 1 – September 30, 2016
January 1	26.040.482	15.974.616
Foreign currency translation difference	724.700	6.041.748
Charge for the period	1.662.485	2.400.031
Actuarial gain / (loss) arising from defined benefit plans	1.658.834	954.572
September 30	30.086.501	25.370.967

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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:

	January 1 - September 30, 2016	July 1 - September 30, 2016	January 1 - September 30, 2015	July 1 - September 30, 2015
Net profit / (loss) attributable to the equity holders of the parent	32.246.863	21.927.044	73.098.683	52.245.143
Weighted average number of shares with 1 Full TL face value each	2.430.000.000	2.430.000.000	2.430.000.000	2.430.000.000
Earnings / (losses) per share (Kr)	0,01	0,01	0,03	0,02

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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) **Balances with related parties**

Short term receivables from related parties

	September 30, 2016	December 31, 2015
ÇHH	73.202	82.774
Celebi Spain	503.924	412.903
Celebi Ground Services Austria	142.646	432.646
Other	194.448	291.339
	914.220	1.219.662

Other short term receivables from related parties

	September 30, 2016	December 31, 2015
ÇHH	-	11.134.547
	-	11.134.547

Due to related parties

	September 30, 2016	December 31, 2015
ÇHH (*)	4.037.354	4.809.810
Çe-Tur	489.218	556.103
Çelebi Nas	1.024.287	156.448
Diğer	8.166	943
	5.559.025	5.523.304

(*) As of September 30, 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.

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

ii) Transactions with related parties

	January 1 - September 30, 2016	July 1- September 30, 2016	January 1 - September 30, 2015	July 1 - September 30, 2015
Miscellaneous sales to related parties				
ÇHH	145.097	44.934	208.167	74.795
Çe-Tur	147.366	39.617	62.173	22.269
Celebi Ground Handling Services Austria	1.222.914	285.877	1.859.627	663.684
Other	842.104	135.129	288.025	27.788
	2.357.481	505.557	2.417.992	788.536

	January 1 - September 30, 2016	July 1- September 30, 2016	January 1 - September 30, 2015	July 1 - September 30, 2015
Employee and transportation expenses payable to related parties				
Çe-Tur	2.945.944	439.110	4.637.608	1.901.029
Contribution to holding expenses (*)				
ÇHH	31.975.987	10.080.160	29.905.295	10.037.027

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

	January 1 - September 30, 2016	July 1 - September 30, 2016	January 1 September 30, 2015	July 1 - September 30, 2015
Other purchases from related parties (*)				
ÇHH	1.935.043	623.822	2.418.640	1.038.884
Çe-Tur	1.046.761	693.578	863.484	194.113
Other	125.948	38.812	181.835	122.982
	3.107.752	1.356.212	3.463.959	1.355.979

(*) 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.

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

Collaterals given in favour of related parties for borrowings as of September 30, 2016 and December 31, 2015 are as follow:

September 30, 2016	EUR	INR	Total TL
CGHH (2)	11.550.000	-	38.817.240
Celebi Nas (1)	-	91.080.000	4.084.938
Celebi Delhi Cargo (3)	-	2.680.785.280	120.233.220
Celebi Delhi GH (4)	-	1.470.587.850	65.955.865
Celebi Cargo GmbH (5)	17.330.000	-	58.248.010
	11.550.000	-	38.817.240
December 31, 2015	EUR	INR	Total TL
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) 30,4% of shares corresponding to 55% 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 TL 1.145.000.000 which was concluded between Celebi Nas and India resident bank.
- (2) CGHH has concluded a contract for project financing loan at an amount of EUR 11.550.000 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 EUR 9.150.000 as of September 30, 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 2.425.000.000 concluded between Celebi Delhi Cargo and two India resident banks and 23,06% 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. As of 30 September 2016, the cash loan risk amount in related banks is INR 892.996.020.
- (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 total amount of 1.466.250.000 signed between Celebi Delhi GH and banks resident in India. Additionally, a portion corresponding to 32,3% 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 456.118.482 as of September 30, 2016.
- (5) Guarantee at an equivalent amount to the cash loan amount is given to aforementioned bank for the financial liabilities sourcing from cash and non-cash loan agreement at an amount of EUR 15.330.000 and EUR 2.000.000 respectively concluded between Celebi Cargo GmbH and banks which are residents of Germany. The balance of the aforementioned loan is EUR 14.116.000 with respect to repayments made as of September 30, 2016.

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

Key management compensation:

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

	January 1 - September 30, 2016	July 1 - September 30, 2016	January 1 - September 30, 2015	July 1 - September 30, 2015
Short-term employee benefits	6.365.305	1.549.224	6.342.090	1.925.192
Post-employment benefits	814.366	645.216	-	-
	7.179.671	2.194.440	6.342.090	1.925.192

NOTE 27 - FINANCIAL RISK MANAGEMENT

Interest rate risk

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

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

As of September 30, 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 769.566 (December 31, 2015: TL 1.330.808).

As of September 30, 2016, 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 (15.125.391) (December 31, 2015: TL 11.166.983).

As of September 30, 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 (470.399) (December 31, 2015: TL 5.446.329).

As of September 30, 2016, 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 422 (December 31, 2015: TL 785.367)

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency denominated assets and liabilities of the Group as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	December 31, 2015
Assets denominated in foreign currency	205.199.748	226.079.487
Liabilities denominated in foreign currency (-)	(353.177.072)	(357.589.950)
Net balance sheet position	(147.977.324)	(131.510.463)

The table below summarizes TL equivalent of the Group's foreign currency denominated assets and liabilities as of September 30, 2016 and December 31, 2015:

September 30, 2016	TL Equivalent (Functional Currency)	US Dollar	Euro	Indian Rupee	Hungarian Forint	GBP/ British Pound
1. Trade receivables	76.299.074	1.384.607	14.768.549	448.928.143	229.271.360	(30.581)
2. Monetary financial assets (Cash, Bank Accounts)	81.729.809	5.767.503	12.443.487	462.721.405	168.841.338	9.191
3. Other	10.890.063	-	848.754	41.742.363	565.116.957	-
4. Current Assets(1+2+3)	168.918.946	7.152.110	28.060.790	953.391.911	963.229.655	(21.390)
5. Other	36.280.802	-	41.008	805.863.590	-	-
6. Non-current assets (5)	36.280.802	-	41.008	805.863.590	-	-
7. Total assets (4+6)	205.199.748	7.152.110	28.101.798	1.759.255.501	963.229.655	(21.390)
8. Trade payables	41.271.885	4.492.603	6.768.990	43.839.362	259.487.010	68.384
9. Financial liabilities	128.197.554	23.966	29.174.037	670.627.670	-	-
10. Other monetary liabilities	23.019.087	-	914.163	273.648.896	703.356.095	-
11. Current liabilities (8+9+10)	192.488.526	4.516.569	36.857.190	988.115.928	962.843.105	68.384
12. Financial liabilities	153.411.743	66.810	36.249.938	699.727.893	-	-
13. Other monetary liabilities	7.276.803	-	-	162.247.559	-	-
14. Non-current liabilities (12+13)	160.688.546	66.810	36.249.938	861.975.452	-	-
15. Total liabilities (11+14)	353.177.072	4.583.379	73.107.128	1.850.091.380	962.843.105	68.384
16. Net foreign currency asset/(liability) position (7-15)	(147.977.324)	2.568.731	(45.005.330)	(90.835.879)	386.550	(89.774)
17. Net monetary foreign currency asset/(liability) Position (7-15)	(147.977.324)	2.568.731	(45.005.330)	(90.835.879)	386.550	(89.774)

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

December 31, 2015	TL Equivalent (Functional Currency)	US Dollar	Euro	Indian Rupee	Hungarian Forin	GBP/ British Pound
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	-
4. Current Assets(1+2+3)	192.594.620	19.780.851	26.162.206	1.050.801.217	548.332.709	61.984
5. Other	33.484.867	-	206.734	748.130.112	-	-
6. Non-current assets (5)	33.484.867	-	206.734	748.130.112	-	-
7. Total assets (4+6)	226.079.487	19.780.851	26.368.940	1.798.931.329	548.332.709	61.984
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	-
11. Current liabilities (8+9+10)	192.693.093	625.455	41.261.689	1.209.478.223	629.806.645	67.579
12. Financial liabilities	157.976.034	2.926	35.936.693	997.609.184	-	-
13. Other monetary liabilities	6.920.823	-	-	157.721.582	-	-
14. Non-current liabilities (12+13)	164.896.857	2.926	35.936.693	1.155.330.766	-	-
15. Total liabilities (11+14)	357.589.950	628.381	77.198.382	2.364.808.989	629.806.645	67.579
16. Net foreign currency asset/(liability) position (7-15)	(131.510.463)	19.152.470	(50.829.442)	(565.877.660)	(81.473.936)	(5.595)
17. Net monetary foreign currency asset/(liability) Position (7-15)	(131.510.463)	19.152.470	(50.829.442)	(565.877.660)	(81.473.936)	(5.595)

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

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

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

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

The ratio of net debt/ (equity+net debt) at September 30, 2016 and December 31, 2015 is as follows:

	September 30, 2016	December 31, 2015
Total financial liabilities	310.325.978	322.502.223
Less: Cash and cash equivalents	(77.514.095)	(127.924.804)
Less: Restricted cash	(10.875.410)	(11.674.131)
Net debt	221.936.473	182.903.288
Equity	99.189.657	144.285.259
Equity + net debt	321.126.130	327.188.547
Net debt/(Equity+net debt) ratio	0,69	0,56

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

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

The Group's assets and liabilities quantified as fair values at September 30, 2016 and December 31, 2015 are as below:

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets	-	-	1.889.277	1.889.277
Available for sale financial assets (Note 5)	-	-	1.889.277	1.889.277

September 30, 2016	Level 1	Level 2	Level 3	Total
Liabilities	-	-	-	-
Other financial liabilities	-	-	-	-

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets	-	-	1.848.860	1.848.860
Available for sale financial assets(Note 5)	-	-	1.848.860	1.848.860

December 31, 2015	Level 1	Level 2	Level 3	Total
Liabilities	-	-	-	-
Other financial liabilities	-	-	-	-

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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 May 24, 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 September 30, 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 10.109.958 (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 7.896.386 in which the Company is the sole defendant. Total legal cases and enforcement proceedings are TL 18.006.344

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 September 30, 2013.

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

As of the date of disclosure of the report, 224 lawsuits with value of TL 126.013.321 (USD 42.061.925) to which the Fund Companies have been a side and which has an invoice value of TL 75.495.407 (USD 25.199.575) has been settled amicably and has been paid to the claimants.

Discussions on the 13 claims between the other claimants and the fund, which have not yet been reconciled are ongoing. The invoice value of these claims are USD 4.655.158 and it is projected that the remaining balance of USD 14.7 million after the payment of the agreed amounts will be sufficient to liquidate all of the claims which have been directed at all sides of the fund, but the reconciliation discussions of which have not yet been concluded.

In view of the foregoing, the Company believes that all legal claims faced may be settled as part of the insurance policy collected and the fund formed. Since there are no further development which adversely affects the matters disclosed in past, the Company has not booked any provision in consolidated financial statements as of September 30, 2016.

NOTE 30 - SUBSEQUENT EVENTS

None.