Çelebi Hava Servisi Anonim Şirketi

1 January - 31 March 2018 interim condensed consolidated financial statements

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 MARCH 2018

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

	Notes	*Current year* *(Unaudited)* **31-Mar-18**	*Prior year* *Audited* **31-Dec-17**
ASSETS			
Current Assets			
Cash and cash equivalents	4	132.882.657	113.572.241
Financial Investments		15.833.948	13.369.356
-Restricted cash	5	15.833.948	13.369.356
Trade receivables		125.483.957	118.040.117
- Due from related parties	8	2.143.456	1.702.170
- Due from third parties	8	123.340.501	116.337.947
Other receivables		9.534.906	8.439.720
-Due from third parties	9	9.534.906	8.439.720
Inventories	10	13.537.199	12.461.996
Prepaid expenses	15	19.739.161	14.727.192
Current income tax assets	28	1.278.510	1.583.721
Other current assets	14	721.362	1.160.953
Total current assets		**319.011.700**	**283.355.296**
Non-current assets			
Financial investments	5	20.527	20.527
Other long-term receivables		39.849.797	34.828.278
- Due from third parties	9	39.849.797	34.828.278
Investments accounted using the equity method	6	70.921.913	64.991.304
Property, plant and equipment	11	158.658.966	155.619.737
Intangible assets		210.544.462	203.913.858
- Goodwill	12	36.869.096	34.112.091
- Other intangible assets	12	173.675.366	169.801.767
Prepaid expenses	15	22.068.583	21.402.819
Deferred tax asset	28	57.350.910	54.043.004
Other non-current assets	14	19.739.077	17.867.363
Total non-current assets		**579.154.235**	**552.686.890**
Total assets		**898.165.935**	**836.042.186**

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 MARCH 2018

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

	Notes	*Current year* *(Unaudited)* 31-Mar-18	*Prior year* *(Audited)* 31-Dec-17
LIABILITIES			
Current liabilities			
Financial liabilities	7	513.569	1.069.729
Short term portion of long term financial liabilities	7	129.945.234	57.766.719
Trade payables		76.921.709	77.397.349
- Due to related parties	8	9.198.052	11.262.592
- Trade payable, third parties	8	67.723.657	66.134.757
Employee benefit obligations	17	36.189.952	28.208.863
Other payables		8.722.895	8.642.998
- Other payables, third parties	9	8.722.895	8.642.998
Deferred income	16	13.822.141	10.765.786
Current income tax liabilities	24	-	439.410
Short-term provisions		14.918.451	13.975.285
- Provisions for employee benefits	13	9.849.873	8.801.865
- Other provisions	13	5.068.578	5.173.420
Other current liabilities	14	5.694.009	5.288.645
Total current liabilities		**286.727.960**	**203.554.784**
Non-Current Liabilities			
Financial liabilities	7	233.679.713	282.516.358
Other payables		12.938.484	12.532.767
- Other payables, third parties	9	12.938.484	12.532.767
Provisions		21.868.797	22.006.598
- Provisions for employee benefits	13	21.868.797	22.006.598
Deferred tax liabilities	28	5.643.314	5.646.811
Other non-current liabilities	14	146.561.566	138.701.411
Deferred revenue	16	1.930.296	2.228.283
Total non-current liabilities		**422.622.170**	**463.632.228**
Total liabilities		**709.350.130**	**667.187.012**
EQUITY			
Equity attributable to equity holders of the parent		**178.117.779**	**158.880.032**
Paid-in capital	18	24.300.000	24.300.000
Other accumulated comprehensive income/(expense) not to be reclassified to profit or loss		(19.681.836)	(18.927.043)
- Actuarial gain/(loss) arising from defined benefit plans		(19.681.836)	(18.927.043)
Other accumulated comprehensive income/(expense) to be reclassified to profit or loss		52.754.502	42.350.965
- Foreign currency translation differences		52.754.502	42.350.965
Restricted reserves	18	43.097.456	43.097.456
Retained earnings		68.058.654	(17.302.954)
Net profit/ (loss) for the year		9.589.003	85.361.608
Non-controlling interest		10.698.026	9.975.142
Total equity		**188.815.805**	**168.855.174**
Total liabilities and equity		**898.165.935**	**836.042.186**

CONDENSED CONSOLIDATED PROFIT OR LOSS STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

	Notes	*(Unaudited)* 1 January-31-Mar 2018	*(Unaudited)* 1 January-31-Mar 2017
CONTINUING OPERATIONS			
Revenue (net)	19	223.367.593	181.606.636
Cost of sales (-)	19	(165.472.032)	(139.422.686)
GROSS PROFIT	**19**	**57.895.561**	**42.183.950**
General administrative expenses (-)	21	(34.552.059)	(30.563.709)
Other operating income		48.142.831	7.363.581
Other operating expenses (-)		(45.485.827)	(7.699.896)
OPERATING PROFIT		**26.000.506**	**11.283.926**
Income from investment activities		32.456	479.091
Expense from investment activities (-)		(27.150)	(359.391)
Income from investments accounted by equity method		3.734.636	1.641.195
OPERATING PROFIT / (LOSS)BEFORE FINANCIAL INCOME / (EXPENSE)		**29.740.448**	**13.044.821**
Financial income	22	10.486.169	7.535.936
Financial expense (-)	23	(27.957.507)	(18.549.294)
INCOME BEFORE TAX		**12.269.110**	**2.031.463**
Income tax expense		**(2.350.039)**	**(1.402.392)**
Current tax expense	24	(3.422.922)	(2.541.449)
Deferred tax income/(expense)	24	1.072.883	1.139.057
NET INCOME/ (EXPENSE)		**9.919.071**	**629.071**
Attributable to:			
Non-controlling interest		330.068	380.142
Equity holder of the parent		9.589.003	248.929
		9.919.071	**629.071**
Earnings / (losses) per share (Full TL)	25	0,004	0,0001

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

	Notes	*Current year* *(Unaudited)* **1 January- 31-Mar 2018**	*Prior year* *(Unaudited)* **1 January- 31-Mar 2017**
Net profit for the period		**9.919.071**	**629.071**
Not to be reclassified to profit or loss			
- Actuarial gain/(loss) arising from defined benefit obligation		(943.492)	-
Shares from investments accounted using the equity method regarding to other comprehensive income / (expense) not to be reclassified to profit of loss		-	-
- Defined benefit obligation actuarial gains/(losses) from investments accounted using the equity method		-	-
Taxes regarding to other comprehensive income / (expense) not to be reclassified to profit or loss		-	-
- Tax on defined benefit obligation Actuarial gains/(losses)		188.699	-
- Tax on defined benefit obligation actuarial differences from equity accounted investees		-	-
Other comprehensive income / (expense) to be reclassified to profit or loss			
- Foreign currency translation differences		10.796.353	5.659.803
Other comprehensive income/(expense)		**10.041.560**	**5.659.803**
Total comprehensive income		**19.960.631**	**6.288.874**
Attributable to:			
Non-controlling interest		722.884	1.536.200
Equity holders of the parent		19.237.747	4.752.674
		19.960.631	**6.288.874**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

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

			Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss		Retained earnings				
	Notes	**Share Capital**	**Actuarial gain/(loss) arising from defined benefit plans**	**Cumulative Translation Differences**	**Restricted Reserves**	**Retained Earnings**	**Net profit/(loss) fort he year**	**Equity attribute table to equity holders of the parent**	**Non-controlling interest**	**Total equity**
Balances at 1 January 2018		**24.300.000**	**(18.927.043)**	**42.350.965**	**43.097.456**	**(17.302.954)**	**85.361.608**	**158.880.032**	**9.975.142**	**168.855.174**
Transfers		-	-	-	-	85.361.608	(85.361.608)	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-	-
--Change in foreign currency translation differences		-	-	10.403.537				10.403.537	392.816	10.796.353
- Change in Actuarial gain/(loss) arising from		-	-	-	-	-	-	-	-	-
defined benefit plans		-	(754.793)	-	-	-	-	(754.793)		(754.793)
Total other comprehensive income		-	**(754.793)**	**10.403.537**	-	-	-	**9.648.744**	**392.816**	**10.041.560**
Net profit/(loss) fort he period		-	-	-	-	-	9.589.003	9.589.003	330.068	9.919.071
Total comprehensive income/(expense)		-	**(754.793)**	**10.403.537**			**9.589.003**	**19.237.747**	**722.884**	**19.960.631**
Balances at 31 March 2018		**24.300.000**	**(19.681.836)**	**52.754.502**	**43.097.456**	**68.058.654**	**9.589.003**	**178.117.779**	**10.698.026**	**188.815.805**

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

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

			Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss		Retained earnings				
	Notes	**Share Capital**	**Actuarial gain/(loss) arising from defined benefit plans**	**Cumulative Translation Differences**	**Restricted Reserves**	**Retained Earnings**	**Net profit/(loss) fort he year**	**Equity attribute table to equity holders of the parent**	**Non-controlling interest**	**Total equity**
Balances at 1 January 2017		**24.300.000**	**(16.076.250)**	**22.781.040**	**40.181.456**	**(10.534.764)**	**26.836.035**	**87.487.517**	**14.209.247**	**101.696.764**
Transfers		-	-	-	-	26.836.035	(26.836.035)	-	-	-
Increase in minority interest of subsidary		-	-	-	-	-	-	-	28.164	28.164
Other comprehensive income		-	-							
--Change in foreign currency translation differences		-	-	4.503.745	-	-	-	4.503.745	1.156.058	5.659.803
- Change in Actuarial gain/(loss) arising from		-	-	-	-	-	-	-	-	-
defined benefit plans		-	-							
Total other comprehensive income		-	-	**4.503.745**	-	-	-	**4.503.745**	**1.156.058**	**5.659.803**
Net profit/(loss) fort he period		-	-	-	-	-	248.929	248.929	380.142	629.071
Total comprehensive income/(expense)		-	-	**4.503.745**	-	-	**248.929**	**4.752.674**	**1.536.200**	**6.288.874**
Balances at 31 March 2017		**24.300.000**	**(16.076.250)**	**27.284.785**	**40.181.456**	**16.301.271**	**248.929**	**92.240.191**	**15.773.611**	**108.013.802**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

	Notes	Current year (Unaudited) January 1- March 31, 2018	Prior year (Unaudited) January 1- March 31, 2017
A. Cash flows from operating activities		**(2.393.828)**	**16.296.669**
Profit/loss before tax for the period		**9.919.071**	**629.071**
Adjustment for reconciliation of profit/(loss) before taxation		12.479.149	17.391.070
Adjustment related depreciation and amortisation expense	11,12	9.870.885	9.437.548
Adjustment related to provisions		2.727.480	1.875.012
- Adjustment related to provisions for employee benefits		2.727.480	1.875.012
Adjustments related to interest income and expense	22,23	1.270.687	3.050.058
- Adjustment related to interest income		(1.676.645)	(1.845.207)
- Adjustment related to interest expense		2.947.332	4.895.265
Adjustment related to unrealized related toeing currency translation differences		-	6.191.739
Adjustment related to tax (income) expense		2.350.039	(1.402.392)
Adjustment related to increase/decrease in joint ventures are accounted by the equity method	6	(3.734.636)	(1.641.195)
Adjustment related to (profit) on sales of property, plant and equipment, net		(5.306)	(119.700)
Changes in working capital		**(6.877.565)**	**(957.218)**
Increase/decrease in financial investments			
Adjustment related to increase/decrease in trade receivables		(2.640.476)	(292.600)
-Increase/decrease in due from related parties		(8.845.433)	(21.091.059)
-Increase/decrease in due from third parties		(441.286)	(184.637)
Adjustment related to increase/decrease in other receivables related with operations		(8.404.147)	(20.906.422)
Adjustment related to increase/decrease in inventories		(7.548.829)	(7.561.250)
Increase/decrease in prepaid expenses		(1.075.203)	75.218
Adjustment related to increase/decrease in trade payables		(5.677.733)	3.606.066
-Increase/decrease in due to related parties		(475.639)	6.389.078
-Increase/decrease in due to third parties		(2.064.540)	(630.463)
Increase/decrease in payables related to employee benefits		1.588.901	7.019.541
Adjustment related to increase/decrease in other payables related with		7.981.089	3.742.250
operations		11.404.659	14.175.079
Cash flows from operating activities		**15.520.655**	**17.062.923**
Retirement liability paid	13	(2.447.981)	(668.839)
Tax return(payments)		(15.466.502)	-
Other provisions paid		-	(97.415)

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

	Notes	*Current year* *(Unaudited)* **January 1-March 31, 2018**	*Prior year* *(Unaudited)* **January 1-March 31, 2017**
B. Cash flows from investing activities		**(7.732.093)**	**(4.669.170)**
Cash outflows due to purchase of shares or capital increase of associates and/or joint ventures		-	28.167
Cash inflows from the sale of property, plant and equipment and intangible asset			
- Cash inflows from the sale of property, plant and equipment	11	37.790	224.629
- Cash inflows from the sale of intangible assets	12	37.790	224.629
Cash outflows from the purchase of property, plant and equipment and intangible asset		(7.769.883)	(4.921.966)
- Cash outflows from the purchase of property, plant and equipment		(6.060.687)	(4.903.081)
- Cash outflows from the purchase of intangible asset		(1.709.196)	(18.885)
C. Cash flows from financing activities		**(1.685.184)**	**60.568.157**
Cash inflows from financial liabilities		3.083.600	114.634.036
Cash outflows due to debt payments		(3.247.030)	(51.015.821)
Interest paid		(3.569.024)	(4.895.265)
Interest received		1.676.645	1.845.207
Dividends received		370.625	-
BEFORE THE EFFECT OF CHANGE IN FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(11.811.105)**	**72.195.656**
D. Impact of foreign currency translation differences		**30.945.637**	**(11.537.959)**
Net increase/decrease in cash and cash equivalents		**19.134.532**	**60.657.697**
E. Cash and cash equivalents at beginning of period		**113.404.415**	**65.460.743**
Cash and cash equivalents at end of period	4	**132.538.947**	**126.118.440**

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

The company is registered in Capital Markets Board "CMB" and has been listed in Borsa Istanbul "BIST" since 18 November 1996. The percentage of shares which are publicly traded is %21,64. (31 Aralık 2016:%21.64)

The address of the Company is as follows:

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

The average number of employees working for the Group for the year ended March 31, 2018 is 12.540 (December 31, 2017: 12.278).

Subsidiaries and Equity Investments Valued With Facts About:

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

- **Subsidiaries of the Group are as below:**

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

(*) As of March 31, 2018 Çelebi Spain has no operational activity.

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

- **Subsidiaries of the Group (Continued):**

The Company won the tender offer on acquisition of Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Felelössegü Tarsasag ("BAGH") which provides ground handling service in Budapest Airport, and participated in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft") that was founded on September 22, 2006 as founding shareholder for the realization of the above mentioned share transfer. Celebi Kft acquired all the shares of BAGH on October 26, 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Foldi Kiszolgalo Korlatolt Felelossegu Tarsasag ("CGHH").

Celebi Kft was been taken over by CGHH with all assets and liabilities and merger transactions have been completed at October 31, 2007 in accordance with the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital. At 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding Anonim Şirketi for a consideration of TL 33.712.020.

As of March 31, 2018, total paid in capital of CGHH is 200.000.000 Hungarian forint.

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

As a result of the winning the tender for providing ground handling services at Delhi International Airport for a 10 years period in order to fulfill the requirements to meet the obligations and make the planned investments outlined in the Concession Agreement signed between Celebi GH Delhi and the tender to authority, the Company has made a premium capital increase amounting to 1.248.210.540 Indian Rupee on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which is established on November 18, 2009 with a share capital of 23.890.000 Indian Rupee with a shareholding rate of 74%. On May 22, 2017, the Company acquired 25,9% share of Çelebi GH Delhi and reached to an ownership rate of 99,9%. Çelebi GH Delhi has signed a concession agreement to provide ground handling services at Cochin International Airport for 7 years period, 5 years of which is fixed and 2 years is extensible. The company title has been altered as Celebi Airport Services India Private Limited ("CASI") on March 15, 2018

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

On March 25, 2010, the Company participated as a founding partner to the Celebi Ground Handling Spain S.L.U ("Celebi Spain") with a capital of EUR 10.000 and an ownership rate of 100% as a founding partner for the purpose of entrepreneurship in abroad including European Union. Çelebi Spain has not yet started its operations and has a non-operational subsidiary in Poland with an ownership of 100% shares, the trade name of which is Troy Airport Services ("Troy"). Currently Troy is in the process of liquidation.

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

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

- ***Joint venture:***

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

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

In the sequel of winning the tender of rendering ground handling services for a 10 years period in Mumbai Chhatrapati Shivaji International Airport (CSIA) in Mumbai, India by the consortium in which the Company takes part, a joint venture of the Company has been established on December 12, 2008 with the trade name of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai, India. The Company has particiapated as the founding partner in Çelebi Nas and has 57% shareholding where the share capital of Çelebi Nas is 552.000.000 Indian Rupee. A premium capital increase of 228.000.000 Indian Rupee has been paid by the shareholders of Çelebi Nas in previous years. Although the Company has 57% shareholding, in accordance with the conditions in Articles of Association signed between the Company and the counterpary shareholder, Çelebi Nas is accounted using the equity method and treated as a joint venture. On April 8, 2015, Çelebi Nas has signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the CSIA International Airport, for rendering services of air conditioners and generators mounted on passenger boarding bridges in the passenger terminal. With this agreement, Celebi Nas has been granted the concession rights until May, 2036.

- ***Associate:***

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

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

Çelebi GH Delhi, a subisidiary of the Group, has participated in establishment of Delhi Aviation Services Private Limited ("DASPL") with a shareholding of 16,66%, DASPL is resident in New Delhi, India and operating in rendering services of air conditioners, water providing systems and generators mounted on passenger boarding bridges with international standards established with a share capital is 250.000.000 Indian Rupee. On November 14, 2016, Çelebi GH Delhi, has acquired 8,33% of additional shares of DASPL and reached to a shareholding rate of 24,99%. The Group accounts DASPL by using the equity method in its consolidated financial statements.

As of December 31, 2017, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Tasfiye halinde Çelebi Güvenlik, Celebi Delhi Cargo, Celebi GH Delhi, Çelebi Kargo, DASPL and Celebi Cargo (all together will be referred as "the Group").

Consolidated financial statements of the Group for the period ended January 1 – March 31, 2018 has been approved for the issuance by the Board of Directors on May 10, 2018 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Accounting and Finance Director, on behalf of Board of Directors.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1 Financial reporting standards

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

Group is prepared its financial statements for the interim period ended 31 March 2017 according to Turkey Accounting Standard No.34 Interim Financial Reporting Accounting Standards.

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

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

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

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates The consolidated financial statements are presented in TL, which are the functional currency of the Company and the presentation currency of the Group. As of 31 March 2017, the currency of subsidiaries has shown below.

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

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

Company	Currency
Çelebi Güvenlik in Liquidation	Turkish Lira (TL)
CGHH	Hungarian Forint (HUF)
Celebi Delhi Cargo	Indian Rupee (INR)
CASI	Indian Rupee (INR)
Celebi Nas	Indian Rupee (INR)
Çelebi Kargo	Turkish Lira (TL)
Celebi Cargo GmbH	Euro (EUR)
DASPL	Indian Rupee (INR)

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

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

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

Group's airport ground handling and cargo and warehouse services generally involve more than one performance obligation, however, such performance obligations are clearly distinct and can be fulfilled separately and independently. Additionally, the performance obligations are priced separately according to the tariffs determined in terms of airport ground handling services. In additon, in various sales contracts of the Group, there are special discount conditions defined specifically for the customers, as quota discounts or discounts for serving more than one service. However, the Group management periodically calculates and account the required reserves and accruals for the special discount conditions. The new standard will not have a significant impact on the Group's financial position or performance.

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

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018. This assessment is based on existing information and may be subject to further analysis or changes from additional supportable information. The Group does not expect any significant effect on the statement of financial position or shareholders' equity due to the classification and measurement requirements of TFRS 9. Financial assets measured at fair value are expected to continue to be measured at fair value. Loans and receivables are held to provide contingent cash flows and lead to cash flows from principal and interest. The Group has analyzed the contingent cash flow characteristics of these financial instruments and decided that they should be presented at amortized cost in accordance with TFRS 9. Therefore, reclassification of these financial instruments will not be applicable. Nevertheless, the Group continues to carry out an assessment of the expected credit loss in accordance with the credit risk arising from its receivables.

TFRS 4 Insurance Contracts (Amendments)

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. 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 TFRS 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 TFRS 9 Financial instruments until 2021. The entities that defer the application of TFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—TAS 39.

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

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

TFRIC 22 Foreign Currency Transactions and Advance Consideration

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

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

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:
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 applied for annual periods beginning on or after 1 January 2018. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

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

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

Annual Improvements to TFRSs - 2014-2016 Cycle

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

- TFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some TFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are applied for annual periods beginning on or after 1 January 2018.

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

The amendments did not have a 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 consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. 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. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

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

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

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

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

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

IFRIC 23 Uncertainty over Income Tax Treatments

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

When there is uncertainty over income tax treatments, the interpretation addresses:
(a) whether an entity considers uncertain tax treatments separately;
(b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
(c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
(d) how an entity considers changes in facts and circumstances.

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

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

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

In October 2017, the IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

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

Annual Improvements – 2015–2017 Cycle

In December 2017, the IASB announced *Annual Improvements to IFRS Standards 2015–2017 Cycle*, containing the following amendments to IFRSs:

- IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements* — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 *Income Taxes* — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 *Borrowing Costs* — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalisation rate on general borrowings.

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

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

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

On 7 February 2018, the IASB published Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" to harmonise accounting practices and to provide more relevant information for decision-making. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

2.1.3 Financial statements of joint ventures operating in foreign countries

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

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.

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.

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

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

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

Subsidiary	**Ownership interest (%)**	
	31 March 2018	**December 31, 2017**
Çelebi Güvenlik in liquidation [(2)]	94,8	94,8
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
Celebi GH Delhi	99,9	99,9
Celebi Spain [(1)]	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9

(1) As of 31 March 2018 Celebi Spain has directly and indirectly 100% voting right. However, Celebi Spain has not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements and the company operations have not started. (Note 5).

(2) Pursuant to the resolution taken in the Ordinary General Assembly meeting, of Çelebi Güvenlik with a capital of TL 1.906.736, participated by the Company at the rate of 94,8%, the liquidation process started as of December 31, 2013 and the title of the Company was changed into Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.in Liquidation. As of March, 2018, 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.

d) 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.

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

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

Joint venture	**Ownership interest (%)**	
	March 31, 2018	**December 31, 2017**
Çelebi Nas	57,00	57,00

Associate	**Ownership interest (%)**	
	March 31, 2018	**December 31,2017**
DASPL	24,99	24,99

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

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

2.2. Changes in accounting policies

2.2.1 Comparative information

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

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

Income from delay interest charges to the customers amounting to TL 846.080, accounted in financial income for the period January 1 - March 31, 2017, is reclassified to other operating income in the accompanying consolidated statement of profit or loss.

2.3. Summary of Significant Accounting Policies

Condensed consolidated financial statements for the period ended 31 March 2018, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2018 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 2017. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2017.

Changes in the accounting estimates are applied in a period, if the change is made in that current period. They are applied both in the current period and in the future period, if the change is made for future periods Significant estimates used in preparing the financial statements for the period ended on March 31, 2018 are consistent with those used in preparing the financial statements in the Consolidated for the year ended December 31, 2017. Significant accounting errors are applied retrospectively and the prior period financial statements are restated. In the current period, the Group re-assessed the useful lives of some of its equipment and changed its estimate of useful life. The change was calculated by depreciation deducted with depreciation of TL 1.020.774 and the effect was reflected in the current turnover.

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

NOTE 3 - SEGMENT REPORTING

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

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

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

	Operation Groups			
January 1 – March 31, 2018	**Ground Handling Services**	**Cargo and Warehouse Services**	**Consolidation Adjustments**	**Consolidated**
Revenue	150.570.702	73.385.193	(588.302)	223.367.593
Cost of sales	(104.646.967)	(61.281.934)	456.869	(165.472.032)
Gross profit	**45.923.735**	**12.103.259**	**(131.433)**	**57.895.561**
General administrative expenses	(25.806.240)	(8.955.441)	209.622	(34.552.059)
Addition: Depreciation and amortization	6.010.239	3.860.646	-	9.870.885
Addition: Operating lease equalization	(54.713)	2.432.072	-	2.377.359
Addition: Effect of IFRIC 4-12	-	771.316	-	771.316
Addition: Prepaid allocation cost expense	288.768	-	-	288.768
Addition: Retirement pay liability and unused vacation provisions	1.481.896	(570.733)	-	911.163
Ebitda effect of equity accounted investees	9.125.374	(275.805)	-	8.849.569
EBITDA	**36.969.059**	**9.365.314**	**78.189**	**46.412.562**

	Operation Groups			
January 1 – March 31, 2017	**Ground Handling Services**	**Cargo and Warehouse Services**	**Consolidation Adjustments**	**Consolidated**
Revenue-net	116.090.356	65.696.662	(180.382)	181.606.636
Cost of sales	(85.327.194)	(54.115.325)	19.833	(139.422.686)
Gross profit	**30.763.162**	**11.581.337**	**(160.549)**	**42.183.950**
General administrative expenses	(21.791.426)	(8.953.525)	181.242	(30.563.709)
Addition: Depreciation and amortization	6.120.213	3.317.335	-	9.437.548
Addition: Operating lease equalization	(23.298)	1.734.847	-	1.711.549
Addition: Effect of IFRIC 4-12 shares	-	1.221.535	-	1.221.535
Addition: Prepaid allocation cost expense	288.768	-	-	288.768
Addition: Retirement pay liability and unused vacation provisions	1.477.202	44.969	-	1.522.171
Addition: Impairment of fixed assets				
Ebitda effect of equity accounted investees	4.643.245	(150.325)	-	4.492.920
EBITDA	**21.477.866**	**8.796.173**	**20.693**	**30.294.732**

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January- 31 March 2018	**1 January- 31 March 2017**
EBITDA for reported segments	46.412.562	30.294.732
Depreciation and amortization	(9.870.885)	(9.437.548)
Operating lease equalization	(2.377.359)	(1.711.549)
Effect of IFRIC 4-12	(771.316)	(1.221.535)
Other operating income	48.142.831	7.363.581
Other operating expenses (-)	(45.485.827)	(7.699.896)
Addition: Prepaid allocation cost expense	(288.768)	(288.768)
Retirement pay liability and unused vacation provisions	(911.163)	(1.522.171)
EBITDA effect of equity accounted investees	(8.849.569)	(4.492.920)
Operating profit	**26.000.506**	**11.283.926**
Income from investment activities	32.456	479.091
Expenses from investment activities (-)	(27.150)	(359.391)
Share of profit from equity accounted inventees	3.734.636	1.641.195
Financial income	10.486.169	7.535.936
Financial expenses (-)	(27.957.507)	(18.549.294)
Income before tax	**12.269.110**	**2.031.463**

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

	31 March 2018	**31 December 2017**
Turkey	526.626.549	517.942.130
India	346.594.686	330.186.664
Hungary	105.920.958	93.293.540
Germany	27.922.149	28.236.749
Segment assets (*)	**1.007.064.342**	**969.659.083**
Unallocated assets (*)	170.006.908	142.598.016
Deduction: Inter-segment elimination	(278.905.315)	(276.214.913)
Total assets as per consolidated financial statements	**898.165.935**	**836.042.186**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

	31 March 2018	31 December 2017
Turkey	97.742.039	88.793.858
India	226.402.846	210.816.171
Hungary	17.199.700	17.252.212
Germany	19.744.416	22.526.078
Segment liabilities (*)	**361.089.001**	**339.388.319**
Unallocated liabilities (*)	369.781.830	346.999.617
Deduction: Inter-segment elimination	(21.520.701)	(19.200.924)
Total liabilities as per consolidated financial statements	**709.350.130**	**667.187.012**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

Geographical Segments

Geographical Analysis for the period 1 January - 31 March 2018

	Turkey(*)	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	100.980.688	40.052.010	60.132.015	22.604.064	223.768.777	(401.184)	223.367.593
Cost of sales	(75.213.832)	(26.224.910)	(47.074.682)	(17.414.929)	(165.928.353)	456.321	(165.472.032)
Gross profit	25.766.856	13.827.100	13.057.333	5.189.135	57.840.424	55.137	57.895.561
General administrative expenses	(19.851.647)	(4.902.124)	(6.436.037)	(3.384.164)	(34.573.972)	21.913	(34.552.059)
Other operating income / expense (net)	1.777.044	47.369	495.298	415.481	2.735.192	(78.188)	2.657.004
Operating profit / (loss)	**7.692.253**	**8.972.345**	**7.116.594**	**2.220.452**	**26.001.644**	**(1.138)**	**26.000.506**

Geographical Analysis for the period 1 January - 31 March 2017

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	89.480.585	29.979.023	46.425.767	15.726.081	181.611.456	(4.820)	181.606.636
Cost of sales	(64.052.317)	(19.668.156)	(38.097.275)	(17.624.447)	(139.442.195)	19.509	(139.422.686)
Gross profit	25.428.268	10.310.867	8.328.492	(1.898.366)	42.169.261	14.689	42.183.950
General administrative expenses	(17.382.248)	(3.724.225)	(6.225.377)	(3.231.859)	(30.563.709)	-	(30.563.709)
Other operating income / expense (net)	(518.510)	(137.280)	248.556	70.919	(336.315)	-	(336.315)
Operating profit / (loss)	**7.527.510**	**6.449.362**	**2.351.671**	**(5.059.306)**	**11.269.237**	**14.689**	**11.283.926**

*Profit / loss amounts related to rent operations of Çelebi Hava starting in April 2017 in Frankfurt are included in total.

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2018	31 December 2017
Cash	382.037	276.193
Banks	132.500.620	106.670.336
- time deposit	96.822.050	75.185.656
- demand deposit	35.678.570	31.484.680
Other (Liquid fund)	-	6.625.712
	132.882.657	**113.572.241**

Effective interest rates on TL, EUR, USD and INR denominated time deposits at March 31, 2018 are %11,84, %1,73, %2,42, %4,47. (December 31, 2016: TL 10,5%, EUR 1,40%, USD 1,90%, INR 4,47%). The maturity days on TL, EUR, USD and INR denominated time deposits as of March 31, 2018 20-60 days,1-14 days and 1-30 days for INR, EUR and USD respectively, 1-30 day for TL. (December 31, 2017: INR 20-60 days, TL 1-35 days, EUR 1-14 days and for USD 1-30 days).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 3" MArch 2018 and 31 March 2017 are as follows:

	31 March 2018	31 March 2017
Cash and banks	**132.882.657**	126.148.478
Less: Interest Accruals	(343.710)	(30.038)
	132.538.947	**126.118.440**

NOTE 5 - FINANCIAL INVESTMENTS

	31 March 2018	31 March 2017
Less: Restricted cash (*)	15.833.948	14.259.532
	15.833.948	**13.369.356**

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

Available-for-sale assets:

	Percentage of shares %	March 31, 2018 TL	Percentage of shares %	December 31, 2017 TL
Celebi Spain (*)	100,0	20.527	100,00	20.527
		20.527		**20.527**

(*) As at 31 March 2018, 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.

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

NOTE 6 - EQUITY ACCOUNTED INVESTEES

	%	31 March 2018	%	31 December 2017
Çelebi Nas	57,00	64.595.950	57,00	59.201.097
DASPL	24,99	6.325.963	24,99	5.790.207
		70.921.913		**64.991.304**

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

	31 March 2018	31 March 2017
As of 1 January	**64.991.304**	**40.033.913**
Share on profit / loss	3.734.636	1.641.195
Currency translation differences	2.566.598	3.267.682
Transfers	(370.625)	-
As of 31 March	**70.921.913**	**44.942.790**

(*)Represents the portion of CASI from DASPL's dividend payments to its shareholders from its retained earnings.

Profit /loss from investments accounted under equity method:

	1 January- 31 March 2017	1 January- 31 March 2016
Çelebi Nas	3.125.854	1.641.195
DASPL	608.782	-
	3.734.636	**1.641.195**

Summary statement of equity accounted investees:

Summary of financial statements of Çelebi Nas is as follows:

	1 January- 31 March 2018	1 January- 31 March 2017
Total Assets	223.754.510	187.460.245
Total Liabilities	115.174.571	88.344.963
	January 1- March 31, 2018	**January 1- March 31, 2017**
Total Revenue	36.799.141	25.428.786
Profit / (Loss) for the period	5.483.957	2.879.289

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

NOTE 6 - EQUITY ACCOUNTED INVESTEES(Devamı)

Summary of financial statements of DASPL is as follows:

	1 January- 31 March 2018	1 January- 31 March 2017
Total Assets	38.434.216	39.007.085
Total Liabilities	13.541.741	15.647.774

	January 1- March 31, 2018	January 1- March 31, 2017
Total Revenue	7.624.666	7.969.614
Profit / (Loss) for the period	2.436.098	847.295

NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term borrowings:

	31 March 2018		
Short-term financial liabilities	**Effective Interest rate (%)**	**Original Amount**	**TL**
INR Borrowings	10,00	2.566.819	157.500
Total short term credits			**157.500**

Short-term finance lease obligations

Short-term finance lease obligations - USD	11,20	24.609	97.180
Short-term finance lease obligations - INR	9,10	4.219.182	258.889
Total short-term finance lease obligations			**356.069**

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

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

	31-Mar-18		
	Effective Interest rate (%)	**Original Amount**	**TL**
Short-term portion of long-term borrowings:			
Interest expense accrual – EUR		217.401	1.056.625
Interest expense accrual –INR		5.611.375	344.314
INR borrowings	8,55 - 13,00	197.101.402	12.094.142
EUR borrowings	2,20, - 2,75	23.940.166	116.450.153
Short-term portion of total long term borrowings			**129.945.234**
Total short term liabilities:			**130.458.803**

Long-term financial liabilities

	31 March 2018		
	Effective Interest Rate (%)	**Original Amount**	**TL**
INR borrowings	8,55 - 13,00	1.016.542.927	62.375.074
EUR borrowings	2,20, - 2,75	33.550.000	163.297.915
			225.672.989

Long-term finance lease obligations:

Long-term finance lease obligations – USD	29.701	117.286
Long-term finance lease obligations – INR	128.576.239	7.889.438
Total long-term finance lease obligations		**8.006.724**
Total long-term financial liabilities		**233.679.713**
Total financial liabilities		**364.138.516**

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

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

Short term financial liabilities:

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

Short-term portion of long-term financial liabilities:

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

Long-term financial liabilities:

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

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

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

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

	31 March 2018	31 December 2017
Less than 3 months	44.489.162	2.207.104
Between 3-12 months	85.969.639	56.629.344
Between 1-5 years	233.679.715	282.516.358
	364.138.516	**341.352.806**

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

	31 March 2018	31 December 2017
Between 1-2 years	100.543.749	126.364.283
Between 2-3 years	91.195.038	115.045.922
Between 3-4 years	10.082.855	8.515.482
4 years and more	23.851.347	24.731.716
	225.672.989	**274.657.403**

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

	31 March 2018	31 December 2017
Less than 3 months	2.004.256	798.057
Between 3-12 months	10.416.876	10.188.865
Between 1-5 years	135.384.574	127.677.878
	147.805.706	**138.664.800**

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

	March 31, 2018			December 31, 2017		
	Minimum financial lease payments	Interest	Total obligation	Minimum financial lease payments	Interest	Total obligation
Less than 1 year	1.124.273	(768.204)	356.069	1.083.939	(741.123)	342.816
Between 1-2 years	1.113.404	(738.817)	374.587	1.071.564	(712.847)	358.717
Between 2-3 years	1.019.720	(709.346)	310.374	1.006.845	(683.659)	323.186
Between 3-4 years	995.379	(681.740)	313.639	958.718	(656.630)	302.088
4 years and more	12.155.312	(5.147.188)	7.008.124	11.832.572	(4.957.608)	6.874.964
	16.408.088	**(8.045.295)**	**8.362.793**	**15.953.638**	**(7.751.867)**	**8.201.771**

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

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

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

	2018
As of January 1	**341.352.806**
Addition in current year	3.083.600
Principal and interest payments	(6.816.054)
Change in exchange differences	23.570.832
Change in interest accruals	2.947.332
As of December 31	**364.138.516**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	March 31, 2018	December 31, 2017
Due from third parties	130.854.499	122.450.352
Less: Provision for doubtful receivables	(7.513.998)	(6.112.405)
Trade receivables from third parties (net)	**123.340.501**	**116.337.947**
Due from related parties (Note 30)	2.143.456	1.702.170
Total short-term trade receivables	**125.483.957**	**118.040.117**

The Group assesses the possibility of collection of its trade receivables by taking into consideration the previous experience, the guarantees obtained and other objective information. The Group accounts provision for doubtful receivables for the non-collectible receivables which the Group obtained objective information. Group management does not foresee any additional provision for doubtful receivables recorded as of March 31, 2018.

Movement of provision for doubtful receivables is as follows:

	31 March 2018	31 March 2017
Opening balance	6.112.405	2.996.580
Additional provisions in current period	1.435.235	-
Cumulative translation differences	(33.642)	28.824
Closing balance	**7.513.998**	**3.025.404**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Short-term trade payables

	31 March 2018	31 December 2017
Trade payables to third parties	57.216.887	58.964.865
Accrued liabilities	10.506.770	7.169.892
Total trade payables to third parties	**67.723.657**	**66.134.757**
Due to third parties	9.198.052	11.262.592
Total trade payables	**76.921.709**	**77.397.349**

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	March 31, 2018	December 31, 2017
Receivable from tax office	7.022.894	6.037.026
Deposits and guarantees given	2.512.012	2.402.694
	9.534.906	**8.439.720**

	31 March 2018	31 December 2017
Deposits and guarentees given (*)	39.849.797	34.828.278
	39.849.797	**34.828.278**

(*) As of 31 March 2018, the amount which was given for Group's subsidiaries and joint ventures in India, CASI, Celebi Delhi Cargo, Celebi Nas amounting to TL 26.052.231 (31 December 2017: TL 21.905.228) ve TL 13.685.774 (31 December 2017: TL 12.819.338) as a deposit to the local authorities, companies and the amount which was shown in banks as blockage.

	31 March 2018	31 December 2017
Other short-term payables (*)	8.561.772	8.487.809
Deposits and guarantees received	161.123	155.189
	8.722.895	**8.642.998**

(*) As of 31 March 2018; TL 8.215.458 of other short-term payables (31 December 2017: TL 8.183.852) Celebi Delhi Cargo, a subsidiary of the Company in India, the other partner Delhi International Airport Private Limited (DIAL) debts arising from the concession contract.

	31 March 2017	31 December 2016
Other long-term payables		
Deposits and guarantees received	12.938.484	12.532.767
	12.938.484	**12.532.767**

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

NOTE 10 – INVENTORIES

	31 March 2018	**31 December 2017**
Trade goods	2.521.169	3.068.338
Other inventories (*)	11.016.030	9.393.658
	13.537.199	**12.461.996**

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

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Opening 1 January 2018	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2018
Cost						
Plant, machinery and equipment	270.953.620	5.618.110	(1.007.378)	-	3.421.866	278.986.218
Motor vehicles	64.371.389	417.873	-	123.760	4.296.037	69.209.059
Furniture and fixtures	26.259.867	145.809	(5.251)	15.420	433.975	26.849.820
Leasehold improvements (*)	120.745.249	2.147	(1.223)	74.898	535.277	121.356.348
Construction in Progress	1.672.075	25.745		(404.942)	84.107	1.376.985
	484.002.200	**6.209.684**	**(1.013.852)**	**(190.864)**	**8.771.262**	**497.778.430**
Accumulated depreciation						
Plant, machinery and equipment	(187.451.076)	(3.346.825)	976.681	42.502	(2.327.965)	(192.106.683)
Motor vehicles	(44.943.828)	(682.037)	-		(2.924.818)	(48.550.683)
Furniture and fixtures	(21.925.042)	(397.932)	4.689	(644)	(311.591)	(22.630.520)
Leasehold improvements (*)	(74.062.517)	(1.548.127)	-		(220.934)	(75.831.578)
	(328.382.463)	**(5.974.921)**	**981.370**	**41.858**	**(5.785.308)**	**(339.119.464)**
Net book value	**155.619.737**					**158.658.966**

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A,Ş in the airports within which it operates were rented from the DHMI and other local authority, The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 March 2018 the net book value of these stations was TL 41.095.895. 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.

A tender for the construction of the third airport was made in Istanbul on May 2013. Following the bid, the joint venture group started to invest in Istanbul New Airport and it was announced by the General Directorate of State Airports Authority to terminate commercial flights from Istanbul Atatürk Airport starting from November 2018, after Istanbul New Airport started its activities. Due to the uncertainty about the final date of the Group's cargo warehouse and general aviation activities at Ataturk Airport, the Group has made a net book value of TL 26,450,397, which it has continued to use to fulfill the services in the consolidated financial statements, have reviewed their useful life and have decided that no amendment is required.

Depreciation expense for the period ended 31 March 2018 in the amount of TL 5.485.028 and TL 489.893 are respectively included in cost of sales and operating expenses.

There are net book value TL 255.039 worth of financial leasing assets in plant, machinery and equipment as of 31 March 2018.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Opening 1 January 2017	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2017
Cost						
Plant, machinery and equipment	255.823.826	3.725.648	(575.414)	4.123.873	3.822.534	266.920.467
Motor vehicles	51.586.757	142.517	(2.024)	148.633	2.607.338	54.483.221
Furniture and fixtures	26.595.962	105.878	-	(1.382.100)	351.357	25.671.097
Leasehold improvements (*)	121.020.459	52.536	-	(2.264.569)	553.004	119.361.430
Construction in Progress	2.340.056	776.590	-	-	95.219	3.211.865
	457.367.060	**4.803.169**	**(577.438)**	**625.837**	**7.429.452**	**469.648.080**
Accumulated depreciation						
Plant, machinery and equipment	(173.771.036)	(4.253.128)	470.479	(740.433)	(2.769.720)	(181.063.838)
Motor vehicles	(36.190.543)	(564.438)	2.030	(131.310)	(1.912.552)	(38.796.813)
Furniture and fixtures	(21.786.275)	(363.966)	0	371.762	(229.876)	(22.008.355)
Leasehold improvements (*)	(68.859.400)	(1.528.190)	0	(25.947)	(203.360)	(70.616.897)
	(300.607.254)	**(6.709.722)**	**472.509**	**(525.928)**	**(5.115.508)**	**(312.485.903)**
Net book value	**156.759.806**					**157.162.177**

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A,Ş in the airports within which it operates were rented from the DHMI and other local authority, The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 March 2017 the net book value of these stations was TL49.524.989. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

Depreciation expense for the period ended 31March 2017 in the amount of TL 6.043.857 and TL 665.865 are respectively included in cost of sales and operating expenses.

There are net book value TL 311.532 worth of financial leasing assets in plant, machinery and equipment as of 31 March 2017.

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

NOTE 12 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in intangible assets for the period ended 31 March 2018 are as follows:

	Opening 1 January 2018	Additions	Transfers	Foreign Currency Translation Differences	Closing 31 March 2018
Cost					
Rights	10.150.600				10.150.600
Customer relations	58.113.650			4.705.346	62.818.996
Software	16.914.994	436.537	190.863	493.743	18.036.137
Concession rights(**)	138.195.764	1.123.653		5.323.677	144.643.094
Build-operate-transfer investments (*)	96.831.439			3.698.845	100.530.284
	320.206.447	**1.560.190**	**190.863**	**14.221.611**	**336.179.111**
Accumulated depreciation	(3.639.336)	(157.053)	(41.857)		(3.838.246)
Rights	(39.408.272)	(2.081.696)		(1.579.248)	(43.069.216)
Concession rights (**)	(58.113.650)			(4.705.330)	(62.818.980)
Customer relations	(13.069.233)	(382.558)		(453.090)	(13.904.881)
Software	(36.174.189)	(1.274.657)		(1.423.576)	(38.872.422)
Build-operate-transfer investments(*)					
	(150.404.680)	**(3.895.964)**	**(41.857)**	**(8.161.244)**	**(162.503.745)**
Net book value	**169.801.767**				**173.675.366**

(*) TL 57.925.059 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.453.873.935, 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 3.733.135 which is difference between discounted present value of deposit paid with interest rate,10,82%, and the deposit amounting to INR 452.500.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

(**) Refers to fixed asset expenditures made within within the scope of the concession agreement signed between DIAL Celebi Delhi Cargo and are recognized in accordance with IFRIC 12 and IFRIC 4. As of March 31, 2018, there are financial lease assets in the concession rights with the net book value of TL 8.124.390.

Amortization expense for the period ended 31 March 2017 in the amount of TL 340.614 and TL 3.555.350 are included in operating expenses and cost of sales.

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

NOTE 12 – INTANGIBLE ASSETS (Continued)

Other Intangible Assets

Movements in intangible assets for the period ended 31 March 2017 are as follows:

	Opening 1 January 2017	Additions	Transfers	Foreign Currency Translation Differences	Closing 31 March 2017
Cost					
Rights	10.688.549	-	(625.839)	-	10.062.710
Customer relations	47.785.826	-	-	2.472.303	50.258.129
Software	14.349.206	118.796	-	61.540	14.529.542
Concession rights	103.273.865	-	-	8.355.812	111.629.677
Build-operate-transfer investments (*)	80.738.245	-	-	6.523.994	87.262.239
	256.835.691	**118.796**	**(625.839)**	**17.413.649**	**273.742.297**
Accumulated depreciation					
Rights	(4.147.904)	(159.790)	525.928	-	(3.781.766)
Concession rights (**)	(29.548.221)	(1.143.701)	-	(2.410.527)	(33.102.449)
Customer relations	(47.785.826)	-	-	(2.472.303)	(50.258.129)
Software	(10.771.187)	(300.738)	-	(230.169)	(11.302.094)
Build-operate-transfer investments(*)	(27.410.525)	(1.123.597)	-	(2.228.833)	(30.762.955)
	(119.663.663)	**(2.727.826)**	**525.928**	**(7.341.832)**	**(129.207.393)**
Net book value	**137.172.028**				**144.534.904**

(*) TL 52.305.298 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 which is 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 4.321.463 which is difference between discounted present value of deposit paid with interest rate,10,82%, and the deposit amounting to INR 400.000.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

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

Amortization expense for the period ended 31 March 2017 in the amount of TL 268.531 and TL 2.459.295 are included in operating expenses and cost of sales.

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

NOTE 12 - INTANGIBLE ASSETS (Continued)

Goodwill

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

	31 March 2018	31 December 2017
Goodwill due to acquisition of CGHH	36.869.096	34.112.091
	36.869.096	**34.112.091**

Goodwill due to acquisition of CGHH

Positive goodwill at 31 March 2018 is as follows:

	31 March 2018	31 March 2017
1 January	34.112.091	28.060.700
Foreign Currency Translation Differences	2.757.005	1.448.595
Goodwill	**36.869.096**	**29.509.295**

Goodwill impairment test

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

	31 March 2018
Ground handling services - Hungary	36.869.096

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	**9,40%**

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

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

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

NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

	31 March 2018	31 December 2017
Provision for litigation and obligation	5.068.578	5.173.420
	5.068.578	**5.173.420**

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

	Provision for litigation	Other Provisions	Total
1 January 2018	**5.173.420**	**-**	**5.173.420**
Provision cancellation	(195.525)	-	(195.525)
Currency translation differences	90.683	-	90.683
31 March 2018	**5.068.578**	**-**	**5.068.578**

	Provision for litigation	Other Provisions	Total
1 January 2017	**1.593.633**	**117.285**	**1.710.918**
Payments during the year	-	(97.415)	(97.415)
31 March 2017	**1.593.633**	**19.870**	**1.613.503**

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

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

Short-term provision for employee benefits

	31 March 2018	31 December 2017
Provision for employee termination benefits(*)	4.344.219	3.962.186
Provision for unused vacation	5.505.654	4.839.679
	9.849.873	**8.801.865**

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

b) Long-term provisions

Long-term provision for employee benefits:

	31 March 2018	31 December 2017
Provision for employee termination benefits	21.868.797	22.006.598
	21.868.797	**22.006.598**

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.

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

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

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 31 March 2018 consists of one month's salary limited to a maximum of TL 5.001,76 TL (31 December 2017: TL 4.732,48) for each year of service.

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

According to regulations in India, the Company is required to pay termination benefits to each employee in its subsidiaries and joint ventures who has completed five year of service, who is called up for military service, who achieves the retirement age, who early retires, or who dies. Total employee termination benefit liability is calculated by 15 days per year of service for the current period ended at 31 March 2017 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.

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

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

The principal assumption is that the liability ceiling for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 5.001,76 which is effective from 1 January 2018 (31 December 2017: TL 4.732,48) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

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

	March 31, 2018	March 31, 2017
As of January 1	**25.968.784**	**22.923.257**
Payments of provisions during the year	(2.295.222)	(591.453)
Increase in employment termination benefits during the year	27.762	-
Actuarial (gain)/loss	943.496	-
Service cost of employee termination benefits	672.033	540.081
Interest cost of employee termination benefits	506.744	490.979
Currency translation differences	389.419	474.870
As of period end	**26.213.016**	**23.837.734**

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

	March 31, 2018	March 31, 2017
January 1	**4.839.679**	**4.476.709**
Payments of provisions during the year	(152.758)	(77.385)
Increase in unused vacation rights during the year	2.164.229	2.014.618
Usage of vacation rights during the year	(2.078.528)	(1.675.556)
Currency translation differences	733.032	30.019
As of period end	**5.505.654**	**4.768.405**

Contingent assets and liabilities of the Group

	31 March 2018	31 December 2017
Guarantee letters	9.945.009	8.142.691
Guarantee cheques	7.411.726	9.354.905
Guarantee notes	1.204.221	1.209.627
	18.560.956	**18.707.223**

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

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

	31 March 2018	31 December 2017
Guarantee letters	153.090.111	138.796.462
Collaterals (*)	83.616.365	113.136.325
Pledged shares (*)	26.848.620	25.859.737
	263.555.096	**277.792.524**

(*)Collaterals and pledged shares amounting to TL 110.464.985 consist of collaterals given to the Group's subsidiaries and joint venture partners. (31 December 2017: 138.958.882 TL) (Note 26).

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

As of March 31, 2018, the Group has contingent liabilities amounting to TL 27.144.393 (December 31, 2017: TL 26.467.434) due to the legal cases and enforcement proceedings in progress against the Group. TL 11.682.403 TL of the contingent liabilities are comprised of litigations and enforcement proceedings related with the fire incident happened in the Warehouse, in which the Company is sole and co-defendant with other defendants (DHMI, other warehouse management companies and insurance companies) (December 31, 2017: TL 11.574.964).

The cargo building located at Ataturk Airport ("AHL") Terminal C in which the Company carries out cargo - warehouse operations was damaged by a fire incident on May 24, 2006 where goods belonging to third parties and property, plant and equipment and leasehold improvements of the Company were also damaged. 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.

For the purpose of compensating joint legal claims caused by the fire incident, a Fund has been set up by the participation of the Group, other warehouse management companies and also insurance companies of DHMI. As of the date of the issuance of the financial statements, as a result of the works performed by the Fund, 228 legal cases with an invoice amount of TL 169.216.695 (USD 42.851.603) has been negotiated and comprised for an amount of TL 100.224.956 (USD 25.380.475) and paid to the complainants.

Negotiations between the Fund and other claimants regarding remaining 5 claims for which reconciliation has not been met are still on-going. The invoice amount of these claims is USD 3.608.220 and the remaining amount in the Fund amounting to USD 14,5 million is anticipated to be sufficient for the settlement of all the claims for which negotiations have not yet been completed. On the other hand, since more than 10 years have passed since the event took place, it is projected that the time-out will expire and a new demand will not be met.

The Company management is in the opinion that, all legal claims related to fire incident those have not been compromised yet, would be able to reconciled by the Fund established and the insurances collected. Accordingly, as of March 31, 2018, no provision has been booked in the consolidated financial statements of the Group

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

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

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

		March 31, 2018		December 31, 2017	
CPGM given by the Group		**Amount**	**TL Equivalent**	**Amount**	**TL Equivalent**
A. CPGM given on behalf of the Group's legal personality			**147.774.066**		**134.676.808**
	TL	11.944.764	11.944.764	13.238.634	13.238.634
	EUR	7.919.244	31.272.303	7.919.244	35.759.346
	USD	2.210.500	10.759.166	2.210.500	8.337.785
	INR	1.361.245.369	83.526.016	1.147.839.828	67.837.334
	HUF	650.939.000	10.271.817	650.939.000	9.503.709
B. CPGM given on behalf of fully consolidated subsidiaries			**115.781.031**		**143.115.716**
	EUR	50.000	197.445	50.000	225.775
	USD	1.092.196	5.316.046	1.092.196	4.119.654
	INR	1.797.059.000	110.267.540	2.348.059.000	138.770.287
C. CPGM given for continuation of its economic activities on behalf of third parties		-	-	-	-
D Total amount of other CPGM		-	-	-	-
i. Total amount of CPGM given on behalf of the majority shareholder		-	-	-	-
ii. Total amount of CPGM given to on behalf of other group companies which are not in scope of B and C		-	-	-	-
iii. Total amount of CPGM given on behalf of third Parties which are not in scope of C		-	-	-	-
		-	**263.555.097**	-	**277.792.524**

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

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

NOTE 14 - OTHER ASSETS AND LIABILITIES

	31 March 2018	31 December 2017
Other current assets		
Advances given to personnel	592.713	624.358
Deferred VAT	106.941	536.595
Other	21.708	-
	721.362	**1.160.953**

	31 March 2018	31 December 2017
Other non current assets		
Prepaid taxes and funds (*)	19.735.835	17.864.121
Other	3.242	3.242
	19.739.077	**17.867.363**

(*) The amount consist of prepaid taxes and funds, which can be offset in more than 1 year period, of Celebi GH Delhi and Celebi Delhi Cargo amounting to TL 7.818.929 (31 December 2017: TL 6.963.935) and TL 11.916.906 (31 December 2017: TL : 10.900.186).

	31 March 2018	31 December 2017
Other current liabilities		
Taxes and funds payable	2.904.693	2.502.021
Provision for operational leasing equalization (*)	1.068.071	1.083.260
Other	1.721.245	1.703.364
	5.694.009	**5.288.645**

	31 March 2017	31 December 2016
Other non current liabilities		
Provision for operational leasing equalization (*)	111.067.895	104.553.198
Maintenance obligation liability	35.493.671	34.148.213
	146.561.566	**138.701.411**

(*) 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.

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

NOTE 15 – PREPAID EXPENSES

	31 March 2018	31 December 2017
Short Term Prepaid Expenses		
Prepaid expenses	10.524.360	11.818.319
Advances given	9.214.801	2.908.873
	19.739.161	**14.727.192**

	March 31, 2018	December 31, 2017
Long Term Prepaid Expenses		
Prepaid expenses	14.843.317	14.695.876
Advances given for fixed assets	7.225.266	6.706.943
	22.068.583	**21.402.819**

NOTE 16 – DEFERRED INCOME

Short-term deferred income

	31 March 2018	31 December 2017
Other advances received	12.630.192	9.573.837
Deferred income	1.191.949	1.191.949
	13.822.141	**10.765.786**

Long-term deferred income

	31 March 2018	31 December 2017
Deferred income	1.930.296	2.228.283
	1.930.296	**2.228.283**

NOTE 17 – LIABILITIES FOR EMPLOYEE BENEFITS

	31 March 2018	31 December 2017
Wages and salaries payable	13.547.839	12.413.866
Bonus payable accruals	12.633.180	10.478.790
Social security withholdings payable	10.008.933	5.316.207
	36.189.952	**28.208.863**

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

NOTE 18 - EQUITY

Share Capital

As of 31 March 2018, the authorized share capital of the Group is TL 24.300.000 comprising of TL 2.430.000.000 registered shares with a face value each of 1 Kr (31 December 2017: 2.430.000.000).

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

	31 March 2018		31 December 2017	
Shareholders	**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	**100,00**	**24.300.000**	**100,00**

Restricted Reserves

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

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

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

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

The amount of restricted reserves is TL 43.097.456 as of 31 March 2018 (31 December 2017: TL 43.097.456).

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

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

NOTE 18 - EQUITY (Continued)

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

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

NOTE 19 – REVENUE AND COST OF SALES

	1 January - 31 March 2018	1 January- 31 March 2017
Ground handling services	148.413.042	116.282.398
Cargo and warehouse services income	71.383.726	59.120.010
Revenue in the context of IFRIC 12	1.123.653	1.957.604
Rental revenue not related to aviation	8.432.276	6.086.075
Less: Returns and discounts	(5.985.104)	(1.839.451)
Sales revenue- net	**223.367.593**	**181.606.636**
Cost of sales	**(165.472.032)**	**(139.422.686)**
Gross profit	**57.895.561**	**42.183.950**

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

NOTE 20 - EXPENSES BY NATURE

	1 January - 31-Mar 2018	1 January - 31-Mar 2017
Personnel expenses	(100.467.821)	(82.932.136)
Payments to authorities and terminal managements (*)	(37.770.627)	(30.263.109)
Equipment repair, maintenance, fuel and security expenses	(16.866.670)	(15.024.243)
Consultancy expenses (*****)	(15.320.719)	(14.002.503)
Depreciation and amortization expenses	(9.870.885)	(9.437.548)
Expense in the context of IFRIC (***)	(2.205.859)	(3.179.139)
Cost of sales(****)	(916.016)	(1.766.640)
Insurance premiums	(1.484.472)	(1.147.559)
Travel and transportation expenses	(1.349.895)	(929.483)
Other expenses	(13.771.127)	(11.304.035)
	(200.024.091)	**(169.986.395)**

(*) Various expenses paid to authorities are comprised of royalty, rental facilities and check-in desks within the airport area, work licenses, and similar expenses.
(**) Those mentioned expenses are comprised of construction costs calculated under scope of IFRIC 12 and provisions for other liabilities within the frame of concession agreement.
(***) Those mentioned expenses are comprised of de-icing and spare part cost.
(****) TL 12.352.395 of aforementioned expenses consists of holding company expenses.

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31-Mar 2018	1 January - 31-Mar 2017
Consultancy expenses	(15.234.050)	(13.920.633)
Personnel expenses	(12.032.140)	(10.856.613)
Equipment repair, maintenance, fuel and security expenses	(1.898.572)	(1.564.184)
Payments to authorities and terminal managements	(1.481.897)	(1.369.485)
Depreciation and amortization	(830.507)	(934.396)
Travel and transportation expenses	(959.953)	(713.797)
Insurance premiums	(329.207)	(354.873)
Other expenses	(1.785.733)	(849.728)
	(34.552.059)	**(30.563.709)**

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

NOTE 22 - FINANCIAL INCOME

	1 January- 31 March 2018	**1 January - 31 March 2017**
Foreign exchange gains	7.921.786	6.096.076
Interest income	1.676.644	999.127
Other financial income	887.739	440.733
	10.486.169	**7.535.936**

NOTE 23 - FINANCIAL EXPENSES

	1 January - 31 March 2018	**1 January - 31 March 2017**
Foreign exchange losses	(23.153.161)	(12.107.072)
Interest expenses	(4.062.379)	(4.895.265)
Financial expenses incurred under scope of IFRIC 4-12	(340.689)	(402.126)
Other financial expenses	(401.278)	(1.144.831)
	(27.957.507)	**(18.549.294)**

NOTE 24 - TAX ASSETS AND LIABILITIES

	1 January - 31 March 2018	**1 January - 31 December 2017**
Current period corporate tax provision	15.332.303	27.100.828
Less: prepaid corporate tax expense	(16.610.813)	(28.245.139)
Current tax liability - net	**(1.278.510)**	**(1.144.311)**
Deferred tax assets	57.350.910	54.043.004
Deferred tax liabilities	(5.643.314)	(5.646.811)
Deferred tax assets / (liability) - net	**51.707.596**	**48.396.193**

(*) Group's current tax assets and current corporate tax payables are shown and presented as net amount separately in balance sheet.

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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, 2017: %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 corporation tax rate has been changed in 2014 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. Effective from January 1, 2018, the rate of Hungarian corporate tax will be implemented as 9%.

In India, the corporate tax rate is 34,6% in Mumbai (2016: %34,6), 34,6% in Delhi for fiscal year 2018 (2017: 34,6%). 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 2018 (2017: 31,925%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc.) and income tax deductions (like research and development expenses).

Tax expense for the periods end 31 March 2018 and 2017 is presented below:

	1 January - 31 March 2018	**1 January - 31 March 2017**
- Current year corporate tax	(3.422.922)	(2.541.449)
- Deferred tax income /(expense)	1.072.883	1.139.057
Current year tax expense – net	**(2.350.039)**	**(1.402.392)**

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Taxes

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for deferred revenue asset and liabilities are 20%, 9% or 10%, 29,65% and 34,6% for Turkey, Hungary,Germany,India respectively.

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 31 March 2018 and 31 December 2017 using the enacted tax rates are as follows:

	Deferred tax base		Deferred tax assets / (liabilities)	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Deferred tax assets				
Personnel bonus accrual	(3.797.183)	(4.001.712)	835.380	800.342
Accrued sales commissions	(5.723.727)	(5.215.095)	1.259.220	1.043.019
Provision for employment termination benefits	(19.086.400)	(19.443.266)	3.817.280	3.888.653
Provision for operational leasing equalization	(111.067.894)	(104.553.193)	38.441.650	36.183.769
Provision for unused vacation rights	(3.405.017)	(3.243.079)	749.104	648.616
Provision for litigation and indemnity	(3.909.080)	(3.909.080)	859.998	781.816
Adjustments related to property plant and equipment and intangible assets	(53.035.416)	(46.998.133)	18.354.497	16.265.114
Other	(6.408.321)	(4.287.865)	1.108.012	1.927.768
	(206.433.038)	(191.651.423)	65.425.141	61.539.097
Net off				(7.496.093)
Deferred tax assets			**65.425.141**	**54.043.004**
Deferred tax liabilities				
Adjustments related to property plant and equipment and intangible assets	70.735.469	68.452.540	(13.072.709)	(12.696.468)
Other	2.931.069	2.232.181	(644.836)	(446.436)
			(13.717.545)	(13.142.904)
Net off				7.496.093
Deferred tax liabilities			**(13.717.545)**	**(5.646.811)**
Deferred tax assets, net			**51.707.596**	**48.396.193**

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax movement table is as below:

	31 March 2018	31 March 2017
1 January	**48.396.195**	**36.531.535**
Foreign currency translation difference	2.049.819	3.414.449
Charge for the period	1.072.883	1.139.057
Actuarial gain / (loss) arising from defined benefit plans	188.699	-
31 March	**51.707.596**	**41.085.041**

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:

	1 January - 31 March 2018	1 January - 31 March 2017
Net profit / (loss) attributable to the equity holders of the parent	**9.589.003**	**248.929**
Weighted average number of shares with 1 Full TL face value each	2.430.000.000	2.430.000.000
Earnings / (losses) per share (Full TL)	**0,0039**	**0,0001**

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

NOTE 26- TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

i) Balance with related parties

Short term receivables from related parties

	31 March 2018	31 December 2017
Celebi Spain [(3)]	729.811	677.062
Celebi Ground Services Austria [(2)]	332.995	262.445
Çelebi Havacılık Holding [(1)]	63.518	196.885
Çelebi Nas [(4)]	931.459	525.689
Other	85.673	40.089
	2.143.456	**1.702.170**

Due to related parties

	31 March 2018	31 December 2017
Çelebi Havacılık Holding [(1) (*)]	6.201.961	9.145.704
Kamil Koç [(6)]	763.254	655.760
Çe-Tur Çelebi Turizm Tic. A.Ş.[(6)]	711.652	616.959
DASPL [(5)]	966.806	457.736
Çelebi Nas [(4)]	554.379	303.300
Other	-	83.133
	9.198.052	**11.262.592**

(1) Parent company
(2) Subsidiary of the Group
(3) Non-operational asset available for sale of the Group
(4) Joint venture of the Group
(5) Associate of the Group
(6) Other related party

(*) As of March 31, 2018, 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.

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

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

ii) Transactions with related parties

	1 January - 31 March 2018	1 January - 31 March 2017
Miscellaneous sales to related parties		
ÇHH	60.442	59.473
Celebi Ground Services Austria	8.656	357.236
DASPL	66.519	-
Other	78.606	113.112
	214.223	**529.821**

	1 January- 31 March 2018	1 January - 31 March 2017
Employee and transportation expenses payable to related parties		
Çe-Tur Çelebi Turizm Tic. A.Ş.(4)	867.876	933.377
Contribution to holding expenses (*)		
Çelebi Havacılık Holding(1)	12.352.395	10.564.325

(*) Contribution paid to Çelebi Havacilik Holding A.Ş. for services legal counseling, financial consultancy and human resource consultancy provided to Çelebi Hava Servisi A.Ş. by Çelebi Havacilik Holding A.Ş.

	1 January- 31 March 2018	1 January - 31 March 2017
Other purchases from related parties (*)		
Çelebi Havacılık Holding (1)	786.194	805.495
DASPL(3)	1.200.581	-
Celebi Nas(4)	553.767	-
Çe-Tur Çelebi Turizm Tic. A.Ş. (4)	37.200	-
Other	107.271	238.818
	2.685.013	**1.044.313**

(1) Ana ortaklık
(2) Ana ortaklığın bağılı ortağı
(3) Grup'un iştiraki
(4) Diğer ilişkili taraf
(*) 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.

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

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

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

March 31, 2018	**EUR**	**INR**	**Total TL**
Celebi Nas (1)	-	94.392.000	5.791.893
Celebi Delhi Cargo (2)	-	336.000.000	20.616.960
CASI(3)	-	1.366.667.000	83.858.687
Celebi Cargo GmbH (4)	50.000	-	197.445
	50.000	**1.797.059.000**	**110.464.985**

December 31, 2017	**EUR**	**INR**	**Total TL**
Celebi Nas (1)	-	94.392.000	5.578.567
Celebi Delhi Cargo (3)	-	336.000.000	19.857.600
CASI (4)	-	1.917.667.000	113.334.120
Celebi Cargo GmbH (5)	50.000	-	188.595
	50.000	**2.348.059.000**	**138.958.882**

(1) Within the scope of the long-term project finance and working capital loan agreement signed between Celebi Nas and a bank resident in India amounting to INR 1.145.000.000 cash and INR 845.000.000 non-cash, 30% of the 57% shares of Celebi Nas owned by the Company has been pledged in favor of the lender bank to fulfill financial obligations arising from the agreement. As of March 31, 2018, the risk of the cash loan in the respective bank is amounting INR 1.022.693.568.

(2) Guarantee at an equivalent amount to the loan amount is given to aforementioned banks for the financial liabilities sourcing from agreements concluded with related banks regarding long term cash project loan at an amount of cash INR 850.000.000 and non-cash INR 100.000.000 concluded between Celebi Delhi Cargo and two India resident banks and 30% portion of the owned by the Company are pledged on behalf of the bank. As of March 31, 2018, the risk of the cash loan in the respective bank is amounting INR 755.116.292.

(3) Guarantee and a letter of guarantee is given to aforementioned banks in lieu for cash and non-cash loan amounts for the financial liabilities sourcing from contracts concluded related to long-term project financing package consisting of cash and non-cash loans at an amount of INR 709.500.000and INR 650.000.000 respectively signed between CASI and banks resident in India. Additionally, a portion corresponding to 30% of participation stocks of the Company in Celebi Delhi GH are pledged on behalf of related banks. As of March 31, 2018, the risk of the cash loan in the respective bank is amounting INR 461.094.857.

(4) Guarantee at an equivalent amount to EUR 50.000 is given to aforementioned banks for the financial liabilities sourcing from agreements concluded with related banks in Germany.

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:

	1 January - 31 March 2018	**1 January- 31 March 2017**
Short-term employee benefits to key management	3.192.753	3.044.677
	3.192.753	**3.044.677**

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

NOTE 27 - FINANCIAL RISK MANAGEMENT

Currency risk

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

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

As of 31 March 2018, 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 2.124.602 (31 December 2017: TL : 2.342.731).

As of 31 March 2018, 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 17.713.000 (31 December 2017: TL (17.959.677)).

As of March 31, 2018, other things being constant, if the TL was to appreciate/depreciate by 10% against the GBP, the net profit/loss arising from foreign exchange gains/losses resulting over net foreign currency position in this currency would have been TL 159.556 (December 31, 2017: TL 14.973).

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

	31 March 2018	**31 December 2017**
Assets denominated in foreign currency	164.229.977	146.441.525
Liabilities denominated in foreign currency (-)	(321.709.522)	(302.760.718)
Net balance sheet position	**(157.479.545)**	**(156.319.193)**

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of the Group's foreign currency denominated assets and liabilities as of 31 March 2018 and 31 December 2017:

31 March 2018	TL Equivalent (Functional Currency	USD	Euro	GBP/British Pound
1. Trade receivables	73.497.387	2.997.918	12.666.280	1.503
2. Monetary financial assets (Cash, Bank Accounts)	84.969.104	2.992.075	14.980.247	43.395
3. Other	5.651.694	97.590	1.081.980	-
4. Current Assets(1+2+3)	**164.118.185**	**6.087.583**	**28.728.507**	**44.898**
5. Other	111.792	-	22.968	-
6. Non-current assets (5)	**111.792**	**-**	**22.968**	**-**
7. Total assets (4+6)	**164.229.977**	**6.087.583**	**28.751.475**	**44.898**
8. Trade payables	29.996.769	479.489	5.773.800	90
9. Financial liabilities	117.603.959	24.609	24.142.087	-
10. Other monetary liabilities	10.693.593	173.547	1.677.428	332.893
11. Current liabilities (8+9+10)	**158.294.321**	**677.645**	**31.593.315**	**332.983**
12. Financial liabilities	163.415.201	29.701	33.550.000	-
13. Other monetary liabilities	-	-	-	-
14. Non-current liabilities (12+13)	**163.415.201**	**29.701**	**33.550.000**	**-**
15. Total liabilities (11+14)	**321.709.522**	**707.346**	**65.143.315**	**332.983**
16 Net foreign currency asset/(liability) position (7-15)	**(157.479.545)**	**5.380.237**	**(36.391.840)**	**(288.085)**
17. Net monetary foreign currency asset/(liability) Position (7-15)	**(157.479.545)**	**5.380.237**	**(36.391.840)**	**(288.085)**

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

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

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

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 netdebt/ (equity+net debt at 31 March 2017 and 31 December 2016 is as follows:

	31 March 2018	31 December 2017
Total financial liabilities	364.138.516	341.352.806
Less: Cash and cash equivalents	(132.882.657)	(113.572.241)
Less: Restricted cash	(15.833.948)	(13.369.356)
Net debt	215.421.911	214.411.209
Shareholder's equity	188.815.805	168.855.174
Capital invested	404.237.716	383.266.383
Net debt / capital invested	0,53	0,56

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

NOTE 28 - FINANCIAL INSTRUMENTS

Fair value estimation

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

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

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

Group's assets and liabilities measured fair value at 31 March 2018 and 31 December 2017 are as follows:

31 March 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available for sale financial assets	-	-	20.527	20.527

31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Other financial liability	-	-	-	-
Total Liability				

December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available for sale financial assets (Note 5)	-	-	20.527	20.527

December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities				
Other financial liabilities	-	-	-	-

NOTE 29 – SUBSEQUENT EVENTS

The Group's subsidiary CASI has been favorably awarded by Bangalore International Airport Limited ("BIAL") which is the operator of Begaluru Kempego International Airport located in Bangalore, India, for ten years to provide ground handling services at Begaluru Kempegoga International Airport. On May 2, 2018, CASI signed the concession agreement and obtained the right to be one of the three companies licensed to provide ground handling services to third parties at the Begaluru International Airport in Kempega.