

Çelebi Hava Servisi Anonim Şirketi

Condensed consolidated financial statements for the interim period January 1 – September 30, 2019 and review report

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

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ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2019**

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

		<i>Not Reviewed</i>	<i>Audited</i>
	Notes	September 30, 2019	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	4	226.283.905	197.023.791
Financial investments		57.202.504	51.444.157
-Restricted cash	5	57.202.504	51.444.157
Trade receivables		259.337.064	175.331.861
-Due from related parties	8	2.231.654	1.608.646
-Due from third parties	8	257.105.410	173.723.215
Other receivables		49.956.027	57.689.178
-Due from third parties	9	25.930.965	24.164.660
-Due from related parties	9	24.025.062	33.524.518
Inventories	10	15.933.835	14.113.626
Prepaid expenses	16	30.834.465	21.045.610
Current income tax assets	23	73.851	251.958
Other current assets	15	15.529.478	6.554.957
Total current assets		655.151.129	523.455.138
Non-current assets			
Financial investments	5	334.290	166.650
Other receivables		152.631.221	151.619.911
-Due from related parties	9	88.141.550	95.869.814
-Due from third parties	9	64.489.671	55.750.097
Investments accounted using equity method	6	118.006.885	95.725.908
Property, plant and equipment	11	426.630.883	321.805.178
Rights of use assets	12	494.498.264	-
Intangible assets		276.144.176	263.033.821
-Goodwill	13	57.053.768	43.925.159
-Other intangible assets	13	219.090.408	219.108.662
Prepaid expenses	16	19.201.688	43.673.520
Deferred tax assets	23	69.647.872	98.539.804
Other non-current assets	15	16.337.169	24.040.111
Total non-current assets		1.573.432.448	998.604.903
Total assets		2.228.583.577	1.522.060.041

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2019

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

		<i>Not Reviewed</i>	<i>Audited</i>
	Notes	September 30, 2019	December 31, 2018
LIABILITIES			
Current liabilities			
Short term financial liabilities	7	12.817.641	3.559.964
Short term portion of long term financial liabilities	7	454.508.235	229.741.802
Short term lease payables	7	87.369.092	487.611
Trade payables		124.099.499	99.964.539
-Due to related parties	8	20.344.653	9.649.715
-Due to third parties	8	103.754.846	90.314.824
Employee benefit obligations	18	63.476.523	39.211.242
Other payables		17.231.676	12.845.993
-Due to third parties	9	17.231.676	12.845.993
Deferred income	17	19.305.956	15.698.571
Current income tax liabilities	23	28.186.453	12.443.013
Short-term provisions		20.630.932	18.416.550
-Provisions for employee benefits	14	16.134.285	12.474.484
-Other provisions	14	4.496.647	5.942.066
Other current liabilities	15	9.718.592	9.878.674
Total current liabilities		837.344.599	442.247.959
Non-current liabilities			
Long term financial liabilities	7	344.276.874	478.223.168
Long term lease payables	7	433.135.875	9.801.883
Other payables		16.333.110	16.098.610
-Due to third parties	9	16.333.110	16.098.610
Long term provisions		29.081.696	27.467.482
-Provisions for employee benefits	14	29.081.696	27.467.482
Deferred tax liabilities	23	1.133.441	5.876.935
Other non-current liabilities	15	51.424.013	188.220.156
Deferred income	17	1.036.334	1.036.334
Total non-current liabilities		876.421.343	726.724.568
Total liabilities		1.713.765.942	1.168.972.527
EQUITY			
Equity attributable to equity holders of the parent			
Paid-in capital	19	24.300.000	24.300.000
Other accumulated comprehensive income/(expense) not to be reclassified to profit or loss		(24.295.721)	(24.478.059)
- Actuarial gain/(loss) arising from defined benefit plans		(24.295.721)	(24.478.059)
Other accumulated comprehensive income/(expense) to be reclassified to profit or loss		110.758.010	97.242.555
- Foreign currency translation differences		110.758.010	97.242.555
Restricted reserves	19	63.387.956	50.630.456
Retained earnings		117.783.966	(16.019.346)
Net profit/ (loss) for the period		162.511.370	204.583.956
Non-controlling interest		60.372.054	16.827.952
Total equity		514.817.635	353.087.514
Total liabilities and equity		2.228.583.577	1.522.060.041

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD OF JANUARY 1– SEPTEMBER 30, 2019

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

	Notes	<i>Not Reviewed</i>		<i>Not Reviewed</i>	
		January 1- September 30, 2019	July 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2018
CONTINUING OPERATIONS					
Revenue	20	1.279.870.060	531.086.945	1.004.210.608	462.828.884
Cost of sales (-)	20	(848.105.195)	(304.429.485)	(628.806.783)	(261.888.554)
GROSS PROFIT / (LOSS)	20	431.764.865	226.657.460	375.403.825	200.940.330
General administrative expenses (-)		(170.647.765)	(65.051.982)	(120.342.966)	(43.479.091)
Other operating income		47.280.893	(13.019.799)	221.909.001	150.315.875
Other operating expenses (-)		(63.969.444)	(37.348.014)	(203.309.633)	(124.973.367)
OPERATING PROFIT / (LOSS)		244.428.549	111.237.665	273.660.227	182.803.747
Income from investment activities		2.846.497	629.681	2.915.531	1.063.826
Expenses from investment activities (-)		(263)	-	(347.435)	(137.121)
Income from investments accounted by equity method		16.446.463	9.285.796	16.303.170	7.009.040
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME		263.721.246	121.153.142	292.531.493	190.739.492
Financial income	21	36.760.108	20.767.534	81.722.836	49.606.148
Financial expenses (-)	22	(110.514.164)	26.785.806	(214.452.216)	(145.520.229)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		189.967.190	168.706.482	159.802.113	94.825.411
Tax income / (expense)		(23.953.697)	(34.252.291)	(5.815.549)	(678.834)
Current tax expense	23	(48.848.360)	(36.745.669)	(21.325.584)	(12.558.640)
Deferred tax income / (expense)	23	24.894.663	2.493.378	15.510.035	11.879.806
INCOME / (LOSS) FROM CONTINUING OPERATIONS		166.013.493	134.454.191	153.986.564	94.146.577
Income / (Loss) Attributable to:					
Non-controlling interest		3.502.123	2.718.575	2.576.085	1.077.672
Equity holder of the parent		162.511.370	131.735.616	151.410.479	93.068.905
		166.013.493	134.454.191	153.986.564	94.146.577
Earnings per share (Kr)	24	0,067	0,054	0,062	0,039

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD OF JANUARY 1 – SEPTEMBER 30, 2019**

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

	<i>Not Reviewed</i>		<i>Not Reviewed</i>	
	January 1- September 30, 2019	July 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2018
Net profit for the period	166.013.493	134.454.191	153.986.564	94.146.577
Not to be reclassified to profit or loss				
- Actuarial gain/(loss) arising from defined benefit obligation	(62.206)	(62.206)	(2.726.250)	(577.460)
Share of other comprehensive income of investments accounted through equity method not to be reclassified to profit or loss				
- Actuarial gain/(loss) from defined benefit obligation from investments accounted using the equity method	329.091	(15.445)	(23.064)	(2.029)
Tax effect of other comprehensive income not to be reclassified to profit or loss				
- Tax on actuarial gain/(loss) arising from defined obligation	-	-	435.916	105.873
- Tax on actuarial gain/(loss) arising from defined benefit obligation from investments accounted using the equity method	(84.610)	3.971	5.930	522
To be reclassified to profit or loss				
- Foreign currency translation differences	14.441.067	(26.674.496)	99.571.649	73.258.410
Other comprehensive income/(expense)	14.623.342	(26.748.176)	97.264.181	72.785.316
Total comprehensive income	180.636.835	107.706.015	251.250.745	166.931.893
Total comprehensive income attributable to:				
Non-controlling interest	4.427.672	446.510	7.094.909	4.217.394
Equity holders of the parent	176.209.163	107.259.505	244.155.836	162.714.499
	180.636.835	107.706.015	251.250.745	166.931.893

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE INTERIM PERIOD OF JANUARY 1 – SEPTEMBER 30, 2019

(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				
	Share capital	Actuarial gain/(loss) arising from defined benefit plans	Cumulative translation differences	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balances at January 1, 2019	24.300.000	(24.478.059)	97.242.555	50.630.456	(16.019.346)	204.583.956	336.259.562	16.827.952	353.087.514
Transfers	-	-	-	12.757.500	191.826.456	(204.583.956)	-	-	-
Dividend distribution	-	-	-	-	(128.803.767)	-	(128.803.767)	-	(128.803.767)
Purchase of subsidiary shares	-	-	-	-	(403.147)	-	(403.147)	14.416.443	14.013.296
Impact of TFRS 16 first application(*)	-	-	-	-	71.183.770	-	71.183.770	24.699.987	95.883.757
Other comprehensive income/(expense)									
- Foreign currency translation differences	-	-	13.515.455	-	-	-	13.515.455	925.612	14.441.067
- Actuarial gain/(loss) arising from defined benefit plans	-	182.338	-	-	-	-	182.338	(63)	182.275
Total other comprehensive income	-	182.338	13.515.455	-	-	-	13.697.793	925.549	14.623.342
Net profit for the period	-	-	-	-	-	162.511.370	162.511.370	3.502.123	166.013.493
Total comprehensive income/(expense)	-	182.338	13.515.455	-	-	162.511.370	176.209.163	4.427.672	180.636.835
Balances at September 30, 2019	24.300.000	(24.295.721)	110.758.010	63.387.956	117.783.966	162.511.370	454.445.581	60.372.054	514.817.635

(*) The impact of the reversal of the operational leasing equalization provision, which was reserved in accordance with TAS 17 in previous periods, has been recorded in retained earnings.

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE INTERIM PERIOD OF JANUARY 1 – SEPTEMBER 30, 2019**

(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			Equity attribute table to equity holders of the parent	Non- controlling interest	Total equity	
	Share capital	Actuarial gain/(loss) arising from defined benefit plans	Cumulative translation differences	Restricted reserves	Retained earnings	Net profit for the year			
Balances at January 1, 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)	-	-	-
Dividend distribution	-	-	-	7.533.000	(84.078.000)	-	(76.545.000)	-	(76.545.000)
Other comprehensive income / (expense)									
- Foreign currency translation differences	-	-	95.040.972	-	-	-	95.040.972	4.530.677	99.571.649
- Actuarial gain/(loss) arising from defined benefit plans	-	(2.295.615)	-	-	-	-	(2.295.615)	(11.853)	(2.307.468)
Total other comprehensive income	-	(2.295.615)	95.040.972	-	-	-	92.745.357	4.518.824	97.264.181
Net profit for the period	-	-	-	-	-	151.410.479	151.410.479	2.576.085	153.986.564
Total comprehensive income/(expense)	-	(2.295.615)	95.040.972	-	-	151.410.479	244.155.836	7.094.909	251.250.745
Balances at September 30, 2018	24.300.000	(21.222.658)	137.391.937	50.630.456	(16.019.346)	151.410.479	326.490.868	17.070.051	343.560.919

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD OF JANUARY 1 – SEPTEMBER 30, 2019**
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		<i>Current year</i>	<i>Prior year</i>
		Not Reviewed	Not Reviewed
	Notes	January 1 - September 30, 2019	January 1 - September 30, 2018
A. Cash flows from operating activities		243.234.891	85.287.540
Net profit for the period		166.013.493	153.986.564
Adjustment for reconciliation of net profit/loss		178.262.579	205.222.412
Adjustments related depreciation and amortisation expense	11,12,13	91.696.258	33.451.793
Adjustments related impairment (reversals)		20.798.318	4.761.994
Adjustments related to provisions		15.867.089	7.773.696
- Adjustment related to provisions for employee benefits		15.867.089	7.773.696
Adjustments related to interest income and expenses		33.394.842	10.035.852
- Adjustment related to interest income		(11.760.240)	(6.135.648)
- Adjustment related to interest expense		45.155.082	16.171.500
Adjustments related to unrealized related foreign currency translation differences		11.845.072	162.254.794
Adjustments related to tax (income) expense		23.953.697	5.815.549
Adjustment related to undistributed profit of investments that are accounted by the equity method	6	(16.446.463)	(16.303.170)
Adjustment related to gain/(loss) on sales of property, plant and equipment		(2.846.234)	(2.568.096)
Changes in working capital		(70.141.279)	(257.919.147)
Decrease/(increase) in financial investments		(5.886.392)	(15.821.323)
Adjustments related to increase/decrease in trade receivables		(104.866.320)	(293.264.571)
-Increase/decrease in due from related parties		(623.008)	(139.501.213)
-Increase/decrease in due from third parties		(104.243.312)	(153.763.358)
Adjustments related to increase/decrease in other receivables related with Operations		2.300.770	(54.136.656)
Adjustments related to increase/decrease in inventories		(1.820.209)	(2.282.131)
Decrease/(increase) in prepaid expenses		822.113	(61.932.949)
Adjustments related to increase/decrease in trade payables		24.134.960	55.391.544
-Increase/decrease in due to related parties		10.694.938	(12.377)
-Increase/decrease in due to third parties		13.440.022	55.403.921
Increase/(decrease) in payables related to employee benefits		24.265.281	28.623.093
Adjustment related to increase/decrease in other payables related with Operations		(9.091.482)	85.503.846
Cash flows from operating activities		274.134.793	101.289.829
Payment related to provisions for employee benefit	14	(11.096.421)	(8.499.398)
Payments related to other provision	14	(444.978)	-
Tax returns (payments)	23	(19.358.503)	(7.502.891)

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD OF JANUARY 1 – SEPTEMBER 30, 2019**
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		<i>Current year</i>	<i>Prior year</i>
		Not Reviewed	Not Reviewed
	Notes	January 1 - September 30, 2019	January 1 - September 30, 2018
B. Cash flows from investing activities		(138.384.933)	(116.990.702)
Cash outflows due to purchase of shares or capital increase of associates and/or joint ventures	13	(13.923.000)	-
Cash inflows from the sale of property, plant and equipment and intangible asset		16.125.512	7.255.886
- Cash inflows from the sale of property, plant and equipment		5.952.572	7.255.886
- Cash inflows from the sale of intangible assets		10.172.940	-
Cash outflows from the purchase of property, plant and equipment and intangible asset		(149.647.839)	(124.246.588)
- Cash outflows from the purchase of property, plant and equipment		(137.458.144)	(103.113.451)
- Cash outflows from the purchase of intangible asset		(12.189.695)	(21.133.137)
Cash inflows from cash advances and debts given to related parties		9.060.394	-
C. Cash flows from financing activities		(104.731.263)	152.657.907
Lease payments		(55.108.190)	-
Cash inflows from financial liabilities		274.809.158	335.167.131
Cash outflows due to debt payments		(199.517.830)	(102.298.417)
Dividends paid		(128.803.767)	(76.545.001)
Interest paid		(7.870.874)	(11.080.204)
Interest received		11.760.240	6.135.648
Dividends received		-	1.278.750
Net increase (decrease) in cash and cash equivalents, before the effect of foreign currency translation differences		118.695	120.954.745
D. Impact of foreign currency translation differences		29.181.014	21.866.911
Net increase/decrease in cash and cash equivalents		29.299.709	142.821.656
E. Cash and cash equivalents at beginning of period		196.730.773	113.404.415
Cash and cash equivalents at end of period	4	226.030.482	256.226.071

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

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

The company is registered in Capital Markets Board ("CMB") and has been listed in Borsa İstanbul ("BIST") since November 18, 1996. The percentage of shares which are publicly traded is %10,42 (December 31, 2018: %12,61).

The address of the Company is as follows:

Tayakadın Mahallesi Nuri Demirağ Caddesi N 39
Arnavutköy / İstanbul

The average number of employees working for the Group for the year ended September 30, 2019 is 13.502 (December 31, 2018: 13.031).

Information on Subsidiaries, Joint Ventures, and Associate:

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

- Subsidiaries of the Group are as below:

<u>Subsidiary</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
CGHH	Hungary	Hungary	Ground handling services
Celebi Delhi Cargo	India	India	Warehouse and cargo services
CASI	India	India	Ground handling services
Çelebi Kargo	Turkey	Turkey	Warehouse and cargo services
Celebi Cargo	Germany	Germany	Warehouse and cargo services
Celebi Spain (*)	Spain	Spain	Ground handling services
KSU (**)	India	India	Ground handling services
Celebi Tanzania	Tanzania	Tanzania	Ground handling services

(*) As of September 30, 2019 Çelebi Spain has no operational activity.

(**) The company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees (approximately EUR 4,25 million) is made by the Company on May 20, 2019.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

The Company won the tender offer on acquisition of Budapest Airport Handling Kereskedelmi es Szolgáltato Korlatolt Felelőssegi 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 Havaçılık Holding Anonim Şirketi for a consideration of TL 33.712.020. As of September 30, 2019, 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 1.327.757.000 Indian Rupee on its subsidiary of Çelebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), which is established on November 18, 2009 with a share capital of 24.430.000 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%. The Company currently operates ground handling services in New Delhi, Ahmedabad, Cochin and Bangalore Airports in India as part of the ongoing concession agreements. As a result of the tender concluded on 14 December 2018, the concession agreement signing process at Hyderabad Airport, which has been granted a concession for a period of 10 years, continues. On March 15 2018, the company's title was changed to Celebi Airport Services India Private Limited ("CASI").

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on November 20, 2008 to carry out transportation, cargo storage and distribution activities. Celebi Cargo GmbH ("Celebi Cargo"), the subsidiary of Çelebi Kargo with a 100% ownership, was established on November 2009 and has share capital amounting to EUR 32.100.000, rented storage and warehouse facilities at International Frankfurt Airport Cargo (Frankfurt Cargo City Süd) and carry out flight cargo storage and handling services. As of September 30, 2019, the paid share capital of Çelebi Kargo is TL 109.000.000.

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 is a non-operating company.

The company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees (approximately EUR 4,25 million) is made by the Company on May 20, 2019.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

(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:

<u>Joint Venture</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
Celebi Nas	India	India	Ground handling services

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

- *Associate*

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

<u>Associate</u>	<u>Registered Country</u>	<u>Geographical region</u>	<u>Nature of business</u>
DASPL	India	India	Ground handling services

Çelebi GH Delhi, a subsidiary of the Group, has participated in establishment of Delhi Aviation Services Private Limited (“DASPL”) with a shareholding of 16,66%, DASPL is resident in New Delhi, India and operating in rendering services of air conditioners, water providing systems and generators mounted on passenger boarding bridges with international standards established with a share capital is 250.000.000 Indian Rupee. On November 14, 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 September 30, 2019, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Çelebi Güvenlik in liquidation, Celebi Delhi Cargo, CASI, Çelebi Kargo, DASPL, Celebi Cargo and KSU (all together will be referred as “the Group”).

Consolidated financial statements of the Group for the period ended January 1 – September 30, 2019 has been approved for the issuance by the Board of Directors on November 11, 2019 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Accounting and Finance Director, on behalf of Board of Directors.

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

2.1.1 Financial reporting standards

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

The Group has prepared its financial statements for the interim period ended September 30, 2019 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 September 30, 2019, the currency of subsidiaries has shown below.

Company

CGHH
Celebi Delhi Cargo
CASI
Celebi Nas
Çelebi Kargo
Celebi Cargo GmbH
DASPL
KSU

Currency

Hungarian Forint (HUF)
Indian Rupee (INR)
Indian Rupee (INR)
Indian Ruppe (INR)
Turkish Lira (TL)
EUR (EUR)
Indian Rupee (INR)
Indian Rupee (INR)

Going Concern

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards

a) Amendments to TFRSs that are mandatorily effective from 2019 year

TFRS 16	<i>Leases</i>
TFRS Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
TAS 28 (amendments)	<i>Long term Investments in Associates and Joint Ventures</i>
TAS 19 (amendments)	<i>Plan Amendment, Curtailment or Settlement</i>
Annual Improvements to 2015–2017 Cycle	<i>Amendments to TFRS 3, TFRS 11, TAS 12 and TAS 23</i>

TFRS 16 Leases

General impact of application of TFRS 16 Leases

TFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. TFRS 16 supersedes the current lease guidance including TAS 17 Leases and the related Interpretations for accounting periods beginning on or after January 1, 2019. The date of initial application of IFRS 16 for the Group is 1 January 2019 prospectively taking into account the cumulative effect in the financial statements. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Group made use of the practical expedient available on transition to TFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with TAS 17 and IFRIC 4 continue to apply to those leases entered or modified before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. TFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of asset

The Group applied the definition of a lease and related guidance set out in TFRS 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on Lessee Accounting

Operating leases

TFRS 16 changes how the Group accounts for leases previously classified as operating leases under TAS 17, which were off -balance sheet.

On initial application of TFRS 16, for all leases (except as noted below), the Group has:

- a) Recognised right of use asset position, initially measured at the present value of the future lease payments; -of- use asset
- b) Recognised depreciation of right of use asset statement of profit or loss; -of- use asset

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards (Continued)

a) Amendments to TFRSs that are mandatorily effective from 2019 year (continued)

TFRS 16 Leases (Continued)

Impact on Lessee Accounting (Continued)

Operating leases (continued)

- c) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent assets and lease liabilities whereas under TAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight -line basis. -free period)

Under TFRS 16, right Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts. -of- use asse

For short recognise a lease expense on a straight -line basis as permitted by TFRS 16. -term leases

As of January 1, 2019, the impact of TFRS 16 on the financial statements of the Group is disclosed in “The Impacts of Accounting Policy Amendments” note.

Finance leases

The main differences between TFRS 16 and TAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. TFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by TAS 17.

Impact on Lessor Accounting

Under TFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, TFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under TFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts.

a) Transition effect

The Group has presented the right of use assets in the separate line in the consolidated statement of financial position as “right of use assets.” The net book values of the right of use assets are as follows:

Balance as of January 1, 2019 : 521.453.313

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards (Continued)

a) Amendments to TFRSs that are mandatorily effective from 2019 year (continued)

IFRS 16 Leases (Continued)

Impact on Lessor Accounting (Continued)

a) **Transition effect (continued)**

The lease obligations are presented under the “Borrowings” in the consolidated statement of financial position. The net book values of the lease payables are as follows:

	Discounted on January 1, 2019 by using alternative borrowing interest rate	Previously classified as leasing in accordance with TAS 17	TOTAL
Balance as of January 1, 2019	521.453.313	10.289.494	531.742.807

In measuring the lease payables, the Group discounted its lease payments by using the alternative borrowing rate as of January 1, 2019. The weighted average rate applied is 28% for lease contracts in Turkish Lira, 3,50% for lease contracts in Euro, 1,9% for lease contracts in Hungarian Forint and for rent contracts in Indian Rupee 9,16 %-11,87%.

b) **Current period effect**

As a result of IFRS 16, as of September 30, 2019, the Group has accounted TL 494.498.264 right of use and TL 520.504.967 lease liabilities, for leasing transactions classified as operating leases previously and for leasing classified as financial leases in accordance with TAS 17. In addition, the Group has accounted for depreciation and interest expenses rather than operating lease expenses related to the lease agreements under IFRS 16. During the nine months ended September 30, 2019, the Group has accounted for TL 43.086.312 amortization expense and TL 17.881.617 interest expense from these leases.

For the first time adoption of IFRS 16, the Group has used the following facilitation practices and exclusions permitted by the standard:

- the use of a single discount rate in a rental portfolio with very similar characteristics
- Accounting of operational leases as short-term leases with a lease term of less than 12 months as of January 1, 2019
- use the contract to determine the lease term in which it includes options to extend or terminate the contract.

IFRS Interpretation 23 Uncertainty over Income Tax Treatments

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under TAS 12.

Amendments to TAS 28 Long-term Interests in Associates and Joint Ventures

This amendment clarifies that an entity applies IFRS 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 but to which the equity method is not applied.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards (Continued)

- a) Amendments to TFRSs that are mandatorily effective from 2019 year (continued)

TAS 19 Employee Benefits (amendments)

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

Annual Improvements to TFRS Standards 2015–2017 Cycle

Annual Improvements to TFRS Standards 2015–2017 Cycle include amendments to TFRS 3 Business Combinations and TFRS 11 Joint Arrangements in when a party that participates in, but does not have joint control of, TAS 12 Income Taxes; income tax consequences of dividends in profit or loss, and TAS 23 Borrowing Costs in capitalized borrowing costs.

Other than TFRS 16, these standards, amendments and improvements have no impact on the consolidated financial position and performance of the Group.

- b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
TFRS 3 (amendments)	<i>Business Combinations</i>
TMS 1 (amendments)	<i>Presentation of Financial Statements</i>
TMS 8 (amendments)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of January 1, 2021.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

2.1. Basis of Presentation (Continued)

2.1.2 New and amended International Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective (continued)

Amendments to TFRS 3 *Business Combinations*

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in TFRS 3 Business Combinations standart has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

The amendments in Definition of Material (Amendments to TAS 1 and ,TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

2.1.3 Financial Statements of Joint Ventures Operating in Foreign Countries

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

2.1.4 Basis of Consolidation

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

2.1. Basis of Presentation (Continued)

2.1.4 Basis of Consolidation (continued)

- c) 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.
- d) 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 (%)	
	September 30, 2019	December 31, 2018
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
KSU ⁽²⁾	50,0	-
Celebi Tanzania ⁽³⁾	65,0	-

- (1) As of March 31, 2019 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's operations have not started (Note 5).
- (2) The Company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees (approximately EUR 4,25 million) is made by the Company on May 20, 2019 and the Company has control power on KSU. As a result of the provisional purchase price allocation, TL 13.923.999 is recorded as goodwill in the consolidated financial statements (Note 13).
- (3) The Company acquired 65% of Celebi Tanzania Aviation Services Limited ("Celebi Tanzania"), established in Darusselam, Tanzania to participate to the concession auctions to provide ground handling service. Its share capital is amounting to 100 million Tanzanian Shilling (approximately USD 40 thousand). Celebi Tanzania has not started to its operations.

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

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

2.1. Basis of presentation (Continued)

2.1.4 Basis of Consolidation (Continued)

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

Joint venture	Ownership interest (%)	
	September 30, 2019	December 31, 2018
Çelebi Nas	57,00	57,00

Associate	Ownership interest (%)	
	September 30, 2019	December 31, 2018
DASPL	24,99	24,99

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

2.2. Changes in Accounting Policies

2.2.1 Comparative Information

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

The Group presented the condensed consolidated statement of financial position as of September 30, 2019 comparatively with the consolidated statement of financial position as of December 31, 2018, presented the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows and condensed consolidated statement of changes in equity for the period ended September 30, 2019 comparatively with the consolidated financial statements for the interim period ended September 30, 2018.

2.3. Summary of Significant Accounting Policies

Condensed consolidated financial statements for the period ended September 30, 2019, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of September 30, 2019 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 December 31, 2018. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended December 31, 2018.

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 September 30, 2019 are consistent with those used in preparing the financial statements in the Consolidated for the year ended December 31, 2018. Significant accounting errors are applied retrospectively and the prior period financial statements are restated.

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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. Since the Group’s income consists primarily of these segments, 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 deduction of the impact of TFRS Interpretation (“TFRIC 12”), TFRS 16 (excluding interest), retirement pay liability and unused vacation provisions from earnings before interest, tax depreciation and amortization.

The segment information provided to the board of directors as of September 30, 2019 is as follows :

	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
January 1 – September 30, 2019				
Revenue	881.091.991	402.985.074	(4.207.005)	1.279.870.060
Cost of sales	(567.642.222)	(284.665.458)	4.202.485	(848.105.195)
Gross profit	313.449.769	118.319.616	(4.520)	431.764.865
General administrative expenses	(135.774.840)	(35.362.229)	489.304	(170.647.765)
Addition: Depreciation and amortization	62.561.683	29.134.575	-	91.696.258
Addition: Effect of TFRS 16 (interest excluded)	(33.270.817)	(9.864.953)	-	(43.135.770)
Addition: Effect of TFRIC 12		6.236.806	-	6.236.806
Addition: Retirement pay liability and unused vacation provisions	13.108.686	3.453.885	-	16.562.571
EBITDA effect of investments accounted by using equity method	37.283.873	(149.275)	-	37.134.598
EBITDA	257.358.354	111.768.425	484.784	369.611.563
	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
July 1 – September 30, 2019				
Revenue	387.379.073	144.511.120	(803.248)	531.086.945
Cost of sales	(206.052.614)	(99.412.410)	1.035.539	(304.429.485)
Gross profit	181.326.459	45.098.710	232.291	226.657.460
General administrative expenses	(52.525.087)	(11.759.270)	(767.625)	(65.051.982)
Addition: Depreciation and amortization	22.062.953	10.213.565	-	32.276.518
Addition: Effect of TFRS 16 (interest excluded)	(10.991.891)	(3.269.048)	-	(14.260.939)
Addition: Effect of TFRIC 12	-	2.317.224	-	2.317.224
Addition: Retirement pay liability and unused vacation provisions	3.335.327	835.009	-	4.170.336
EBITDA effect of investments accounted by using equity method	13.485.526	2.903	-	13.488.429
EBITDA	156.693.287	43.439.093	(535.334)	199.597.046

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NOTE 3 – SEGMENT REPORTING (Continued)

The segment information provided to the board of directors as of September 30, 2018 is as follows :

	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
January 1 – September 30, 2018				
Revenue	682.639.634	325.262.796	(3.691.822)	1.004.210.608
Cost of sales	(414.696.269)	(216.884.489)	2.773.975	(628.806.783)
Gross profit	267.943.365	108.378.307	(917.847)	375.403.825
General administrative expenses	(93.540.887)	(27.694.270)	892.191	(120.342.966)
Addition: Depreciation and amortization	20.056.338	13.395.455	-	33.451.793
Addition: Operating lease equalization	(205.715)	7.625.923	-	7.420.208
Addition: Effect of TFRIC 4-12	-	3.378.705	-	3.378.705
Addition: Prepaid allocation cost expense	866.304	-	-	866.304
Addition: Retirement pay liability and unused vacation provisions	6.334.988	2.297.589	-	8.632.577
EBITDA effect of investments accounted by using equity method	32.153.803	(607.070)	-	31.546.733
EBITDA	233.608.196	106.774.639	(25.656)	340.357.179
	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
July 1 – September 30, 2018				
Revenue	334.774.849	128.357.503	(303.468)	462.828.884
Cost of sales	(180.566.848)	(81.450.043)	128.337	(261.888.554)
Gross profit	154.208.001	46.907.460	(175.131)	200.940.330
General administrative expenses	(33.747.774)	(9.747.242)	15.925	(43.479.091)
Addition: Depreciation and amortization	6.731.788	4.990.232	-	11.722.020
Addition: Operating lease equalization	(104.048)	2.872.908	-	2.768.860
Addition: Effect of TFRIC 4-12	-	1.454.558	-	1.454.558
Addition: Prepaid allocation cost expense	288.768	-	-	288.768
Addition: Retirement pay liability and unused vacation provisions	1.951.982	968.705	-	2.920.687
EBITDA effect of investments accounted by using equity method	12.188.430	45.710	-	12.234.140
EBITDA	141.517.147	47.492.331	(159.206)	188.850.272

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NOTE 3- SEGMENT REPORTING (Continued)

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

	January 1– September 30, 2019	July 1– September 30, 2019	January 1– September 30, 2018	July 1– September 30, 2018
EBITDA for reported segments	369.611.563	199.597.046	340.357.179	188.850.272
Depreciation and amortization	(91.696.258)	(32.276.518)	(33.451.793)	(11.722.020)
Effect of TFRS 16 (interest excluded)	43.135.770	14.260.939		
Operating lease equalization	-	-	(7.420.208)	(2.768.860)
Effect of TFRIC 4-12	(6.236.806)	(2.317.224)	(3.378.705)	(1.454.558)
Prepaid allocation cost expense	-	-	221.909.001	150.315.875
Retirement pay liability and unused vacation provisions	(16.562.571)	(4.170.336)	(203.309.633)	(124.973.367)
Other operating income	47.280.893	(13.019.799)	(866.304)	(288.768)
Other operating expenses (-)	(63.969.444)	(37.348.014)	(8.632.577)	(2.920.687)
EBITDA effect of investments accounted by using equity method	(37.134.598)	(13.488.429)	(31.546.733)	(12.234.140)
Operating profit	244.428.549	111.237.665	273.660.227	182.803.747
Income from investment activities	2.846.497	629.681	2.915.531	1.063.826
Expenses from investment activities(-)	(263)	-	(347.435)	(137.121)
Financial income	36.760.108	20.767.534	81.722.836	49.606.148
Financial expenses (-)	(110.514.164)	26.785.806	(214.452.216)	(145.520.229)
Income from investments accounted by equity method	16.446.463	9.285.796	16.303.170	(7.009.040)
Income before tax	189.967.190	168.706.482	159.802.113	94.825.411

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 3- SEGMENT REPORTING (Continued)

The figures provided to the board of directors with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. The reconciliation between geographical segment assets and total assets stated in consolidated financial statements, is as follows:

	September 30, 2019	December 31, 2018
Turkey	1.222.373.648	690.655.294
India	624.913.428	503.993.353
Hungary	263.816.295	257.080.867
Germany	103.250.699	41.692.496
Segment assets (*)	2.214.354.070	1.493.422.010
Unallocated assets (*)	292.081.439	293.113.589
Deduction: Inter-segment elimination	(277.851.932)	(264.475.558)
Total liabilities as per condensed consolidated financial statements	2.228.583.577	1.522.060.041

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

The reconciliation between geographical segment liabilities and total liabilities stated in consolidated financial statements, is as follows:

	September 30, 2019	December 31, 2018
Turkey	176.840.709	111.139.031
India	167.532.130	280.744.894
Hungary	20.032.836	24.854.916
Germany	21.511.155	26.434.642
Segment liabilities (*)	385.916.830	443.173.483
Unallocated liabilities (*)	1.333.241.158	727.691.363
Deduction: Inter-segment elimination	(5.392.046)	(1.892.319)
Total liabilities as per condensed consolidated financial statements	1.713.765.942	1.168.972.527

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 3 – SEGMENT REPORTING (Continued)

Geographical region

Geographical segment analysis for the interim period January 1 – September 30, 2019

Geographical segment analysis of the operating profit / (loss) for the interim period January 1 – September 30, 2019 is as follows:

	Turkey	Hungary	India	Germany	Total Combined	Inter-segment Elimination	Total
Revenue	711.315.708	177.151.176	302.476.248	93.133.933	1.284.077.065	(4.207.005)	1.279.870.060
Cost of sales	(416.048.184)	(138.645.396)	(225.472.374)	(72.141.726)	(852.307.680)	4.202.485	(848.105.195)
Gross profit	295.267.524	38.505.780	77.003.874	20.992.207	431.769.385	(4.520)	431.764.865
General administrative expenses	(105.162.839)	(16.607.924)	(34.782.702)	(14.581.723)	(171.135.188)	487.423	(170.647.765)
Other operating income / expense - (net)	(17.470.383)	5.593.788	(5.854.974)	1.521.611	(16.209.958)	(478.593)	(16.688.551)
Operating profit / (loss)	172.634.302	27.491.644	36.366.198	7.932.095	244.424.239	4.310	244.428.549

Geographical segment analysis of the operating profit / (loss) for the interim period July 1 – September 30, 2019 is as follows:

	Turkey	Hungary	India	Germany	Total Combined	Inter-segment Elimination	Total
Revenue	327.657.840	63.229.569	109.380.515	31.854.886	532.122.810	(1.035.865)	531.086.945
Cost of sales	(157.849.411)	(47.018.632)	(76.599.339)	(23.998.597)	(305.465.979)	1.036.494	(304.429.485)
Gross profit	169.808.429	16.210.937	32.781.176	7.856.289	226.656.831	629	226.657.460
General administrative expenses	(42.448.317)	(5.744.005)	(11.751.174)	(4.573.478)	(64.516.974)	(535.008)	(65.051.982)
Other operating income / expense (net)	(57.335.136)	5.387.688	621.971	416.139	(50.909.338)	541.525	(50.367.813)
Operating profit / (loss)	70.024.976	15.854.620	21.651.973	3.698.950	111.230.519	7.146	111.237.665

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NOTE 3- SEGMENT REPORTING (Continued)

Geographical region

Geographical segment analysis for the interim period January 1 – September 30, 2018

Geographical segment analysis of the operating profit / (loss) for the interim period January 1 – September 30, 2018 is as follows:

	Turkey	Hungary	India	Germany	Total Combined	Inter- segment Elimination	Total
Revenue	547.274.589	150.484.124	225.044.123	84.262.472	1.007.065.308	(2.854.700)	1.004.210.608
Cost of sales	(298.216.512)	(96.646.989)	(176.427.827)	(60.284.010)	(631.575.338)	2.768.555	(628.806.783)
Gross profit	249.058.077	53.837.135	48.616.296	23.978.462	375.489.970	(86.145)	375.403.825
General administrative expenses	(71.858.324)	(17.542.624)	(19.494.231)	(11.498.152)	(120.393.331)	50.365	(120.342.966)
Other operating income / expense - net	18.056.433	728.902	(51.259)	(160.364)	18.573.712	25.656	18.599.368
Operating profit / (loss)	195.256.186	37.023.413	29.070.806	12.319.946	273.670.351	(10.124)	273.660.227

Geographical segment analysis of the operating profit / (loss) for the interim period July 1 – September 30, 2018 is as follows:

	Turkey	Hungary	India	Germany	Total Combined	Inter- segment Elimination	Total
Revenue	274.259.045	65.257.789	90.735.216	32.879.063	463.131.113	(302.229)	462.828.884
Cost of sales	(129.642.104)	(39.965.890)	(71.248.502)	(21.159.538)	(262.016.034)	127.480	(261.888.554)
Gross profit	144.616.941	25.291.899	19.486.714	11.719.525	201.115.079	(174.749)	200.940.330
General administrative expenses	(24.954.239)	(7.220.408)	(7.064.806)	(4.251.515)	(43.490.968)	11.877	(43.479.091)
Other operating income / expense (net)	23.911.696	228.386	(251.622)	1.294.843	25.183.303	159.205	25.342.508
Operating profit / (loss)	143.574.398	18.299.877	12.170.286	8.762.853	182.807.414	(3.667)	182.803.747

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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NOTE 4 - CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018
Cash	542.602	394.786
Banks	225.741.303	196.629.005
- time deposit	165.231.063	146.792.870
- demand deposit	60.510.240	49.836.135
	226.283.905	197.023.791

Effective interest rates on TL, EUR, USD and INR denominated time deposits at September 30, 2019 are 22,35%, 0,64%, 2,83%, 4,25-6,80% (December 31, 2018: TL 18,16%, EUR 1,54%, USD 3,17%, INR 6,25%). The maturity days on TL, EUR, USD and INR denominated time deposits as of September 30, 2019 are 1-5 days for TL, 1-14 days EUR, 1-15 days for USD, 20-60 days for INR respectively (December 31, 2018: 51 days for INR, 2 days for TL, 25 days for Avro and 2 days for USD).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at September 30, 2019 and September 30, 2018 are as follows:

	September 30, 2019	September 30, 2018
Cash and banks	226.283.905	256.389.996
Less: Interest accruals	(253.423)	(163.925)
	226.030.482	256.226.071

NOTE 5 – FINANCIAL INVESTMENTS

	September 30, 2019	December 31, 2018
Restricted bank balances (*)	57.202.504	51.444.157
	57.202.504	51.444.157

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

Financial investments with fair value difference reflected to other comprehensive income:

	Percentage of shares %	September 30, 2019 TL	Percentage of shares %	December 31, 2018 TL
Celebi Spain (*)	100,00	166.650	100,00	166.650
Celebi GH India Private Limited (*)	100,00	167.640	0	-
		334.290		166.650

(*) As at September 30, 2019, Celebi Spain, which is non-operational, is not significant to the consolidated financial statements of the Group, accordingly accounted as available for sale financial assets with the cost amount less impairment, if any in the consolidated financial statements of the Group.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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NOTE 6 – INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD

	Percentage of shares %	September 30, 2019	Percentage of shares %	December 31, 2018
Çelebi Nas	57,00	108.937.731	57,00	87.725.263
DASPL	24,99	9.069.154	24,99	8.000.645
		118.006.885		95.725.908

The movements of investments accounted using the equity method during the interim periods ended September 30 are as follows:

	September 30, 2019	September 30, 2018
As of January 1	95.725.908	64.991.304
Share of profit / loss	16.446.463	16.303.170
Currency translation differences	5.590.033	28.934.959
Gains (losses) on remeasurements defined benefit plans	244.481	(17.134)
Dividend payments	-	(1.278.750)
As of September 30	118.006.885	108.933.549

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

	January 1- September 30, 2019	January 1- September 30, 2018
Çelebi Nas	15.934.411	14.371.596
DASPL	512.052	1.931.574
	16.446.463	16.303.170

Summary of financial statements of the investment accounted by using the equity method:

Summary of financial statements of Çelebi Nas is as follows:

	September 30, 2019	December 31, 2018
Total Assets	380.957.863	340.587.418
Total Liabilities	194.585.332	191.429.738
	January 1- September 30, 2019	January 1- September 30, 2018
Revenue	147.381.663	128.063.446
Net Profit / (Loss) for the Period	27.907.295	25.213.324

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 6 - INVESTMENTS ACCOUNTED BY USING THE EQUITY METHOD (Continued)

Summary of financial statements of the investment accounted by using the equity method (Continued)

Summary of financial statements of DASPL is as follows:

	September 30, 2019	December 31, 2018
Total Assets	44.471.417	44.129.002
Total Liabilities	6.667.224	10.586.487
	January 1- September 30, 2019	January 1- September 30, 2018
Revenue	32.068.961	29.665.891
Net Profit / (Loss)	2.049.026	11.666.694

NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term financial liabilities:

	Effective interest rate (%)	Original balance	September 30, 2019 TL
Short term borrowings:			
INR Borrowings	11,20	91.998.207	7.387.456
TL Borrowings	-	5.430.185	5.430.185
Total Short term borrowings:			12.817.641
Short-term finance lease obligations			
USD finance lease obligations		17.199	97.333
INR finance lease obligations		82.472.628	6.622.552
EUR finance lease obligations		11.810.776	73.033.112
TL finance lease obligations		7.150.165	7.150.165
HUF finance lease obligations		25.239.978	465.930
Total short-term finance lease obligations (*)			87.369.092

(*) TL 87.271.759 of the short term lease payables consists of the discounted lease amounts in accordance with TFRS 16 effective as of January 1, 2019.

	Effective interest rate (%)	Original balance	September 30, 2019 TL
Short-term portion of long-term borrowings:			
Interest expense accrual – EUR		878.140	5.430.064
Interest expense accrual –INR		5.527.435	443.853
INR borrowings	8,80 - 9,75	297.049.290	23.853.058
EUR borrowings	2,20 - 4,15	68.694.815	424.781.260
Short-term portion of total long term borrowings			454.508.235
Total short term liabilities:			554.694.968

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

Long-term financial liabilities:

			September 30, 2019
	Effective interest rate (%)	Original balance	TL
INR Borrowings	8,80 - 9,75	1.187.843.400	95.383.825
EUR Borrowings	2,20 - 4,15	40.250.509	248.893.049
			344.276.874
<i>Long-term finance lease obligations:</i>			
Long-term finance lease obligations – INR		286.327.983	22.992.137
Long-term finance lease obligations – EUR		64.332.227	397.804.759
Long-term finance lease obligations – TL		11.462.570	11.462.570
Long-term finance lease obligations – FT		47.476.111	876.409
Total long-term finance lease obligations (*)			433.135.875

(*) TL 433.135.875 of long-term lease payables consists of the discounted lease amounts in accordance with TFRS 16 effective as of January 1, 2019.

Total long-term financial liabilities **777.412.749**

Total financial liabilities **1.332.107.717**

Short term financial liabilities:

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

Short-term portion of long-term financial liabilities:

			December 31, 2018
	Effective interest rate (%)	Original balance	TL
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – EUR	-	955.854	5.761.886
Interest expense accrual –INR	-	7.307.610	550.263
INR borrowings	8,80 - 9,75	386.636.441	29.113.724
EUR borrowings	2,20 - 5,25	32.235.556	194.315.929
Total short-term portion of total long term financial liabilities:			229.741.802
Total short term liabilities:			233.789.377

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES (Continued)

Long-term financial liabilities:

		December 31, 2018	
	Effective interest rate (%)	Original balance	TL
<i>Long term borrowings:</i>			
INR Borrowings	8,80 - 9,75	1.151.762.948	86.727.750
EUR Borrowings	2,20 - 5,25	64.946.154	391.495.418
			478.223.168
<i>Long-term finance lease obligations:</i>			
USD finance lease obligations	9,10	129.304.821	9.736.651
INR finance lease obligations	11,20	12.399	65.232
Total long-term finance lease obligations			9.801.883
Total long-term financial liabilities			488.025.051
Total financial liabilities			721.814.428

The redemption schedules of financial liabilities of the Group as at September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019	December 31, 2018
Less than 3 months	82.224.628	97.598.929
Between 3-12 months	472.470.340	136.190.448
Between 1-5 years	498.470.246	488.025.051
More than 5 years	278.942.503	-
	1.332.107.717	721.814.428

The redemption schedules of long-term bank borrowings as of September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019	December 31, 2018
Between 1-2 years	151.917.259	271.918.056
Between 2-3 years	82.682.269	72.307.854
Between 3-4 years	84.951.578	68.050.697
4 years and more	24.725.768	65.946.561
	344.276.874	478.223.168

As of September 30, 2019 and December 31, 2018, the maturity dates for lease payables are as follows:

	September 30, 2019	December 31, 2018
Less than 1 year	87.369.092	487.611
Between 1-5 years	154.193.372	9.801.883
More than 5 years	278.942.503	-
	520.504.967	10.289.494

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	September 30, 2019	December 31, 2018
Due from third parties	289.382.418	186.052.360
Less: Provision for doubtful receivables	(32.277.008)	(12.329.145)
Trade receivables from third parties (net)	257.105.410	173.723.215
Due from related parties (Note 25)	2.231.654	1.608.646
Total short-term trade receivables	259.337.064	175.331.861

Movements of provision for doubtful receivables is as follows:

	September 30, 2019	September 30, 2018
Opening balance	12.329.145	6.112.405
Additional provisions in current period	20.798.318	4.761.994
Foreign currency translation differences	62.799	1.478.617
Write-off of uncollectible receivables	-	(2.451.975)
Collections and cancelled provisions	(913.254)	-
As of September 30	32.277.008	9.901.041

Short-term trade payables

	September 30, 2019	September 30, 2018
Trade payables to third parties	86.906.563	75.215.390
Accrued liabilities	16.848.283	15.099.434
Total trade payables to third parties	103.754.846	90.314.824
Due to related parties (Note 25)	20.344.653	9.649.715
Total short-term trade payables	124.099.499	99.964.539

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Other short term receivables

	September 30, 2019	December 31, 2018
Receivables from tax office	21.132.858	28.750.070
Deposits and guarantees given	2.892.204	4.774.448
Other short-term receivables from non-related parties	24.025.062	33.524.518
Due from related parties (Note 25)	25.930.965	24.164.660
Total short-term other receivables	49.956.027	57.689.178

Other Long Term Receivables

	September 30, 2019	December 31, 2018
Deposits and guarantees given (*)	64.489.671	55.750.097
Other long-term receivables from non-related parties	64.489.671	55.750.097
Due from related parties (Note 25)	88.141.550	95.869.814
Total long-term other receivables	152.631.221	151.619.911

(*) As of September 30, 2019, deposits and guarantees given predominantly consists of the deposits given by the subsidiaries of the Group, CASI and Celebi Delhi Cargo, to the local authorities and companies amounting to TL 38.644.001 (December 31, 2018: TL 34.172.242) and TL 25.430.948 (December 31, 2018: TL 21.173.569).

Other short-term payables

	September 30, 2019	December 31, 2018
Other short-term payables (*)	14.922.848	12.536.171
Deposits and guarantees received	2.308.828	309.822
Total short-term other payables	17.231.676	12.845.993

(*) As of September 30, 2019; TL 12.553.120 of other short-term payables (31 December 2018: TL 11.474.289) are the payables of Çelebi Delhi Cargo, a subsidiary of the Group, to its shareholder of Delhi International Airport Private Limited (DIAL) due to the concession contract signed between the parties.

Other long-term payables

	September 30, 2019	December 31, 2018
Deposits and guarantees received	16.333.110	16.098.610
Total long-term other payables	16.333.110	16.098.610

NOTE 10 – INVENTORIES

	September 30, 2019	December 31, 2018
Trade goods	1.970.247	3.053.738
Other inventories (*)	13.963.588	11.059.888
Total inventories	15.933.835	14.113.626

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

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended September 30, 2019 are as follows:

	Opening January 1, 2019	Additions	Disposals	Transfers	Foreign currency translation differences	Closing September 30, 2019
Cost						
Plant, machinery and equipment	313.225.567	48.988.780	(5.987.414)	46.757.247	5.492.854	408.477.034
Motor vehicles	92.226.743	7.936.474	(94.307)	576.659	(207.655)	100.437.914
Furniture and fixtures	29.989.578	2.297.174	(1.089.046)	26.333.267	(58.221)	57.472.752
Leasehold improvements	124.977.420	2.655.291	(4.184.217)	152.775.422	174.728	276.398.644
Construction in Progress	156.979.027	75.580.425	-	(227.475.268)	689.286	5.773.470
	717.398.335	137.458.144	(11.354.984)	(1.032.673)	6.090.992	848.559.814
Accumulated depreciation						
Plant, machinery and equipment	(209.073.132)	(15.861.502)	2.955.431	(1.661)	(2.873.533)	(224.854.397)
Motor vehicles	(59.784.991)	(3.408.391)	87.489	76.642	55.771	(62.973.480)
Furniture and fixtures	(24.497.064)	(2.876.356)	1.057.538	(112)	76.889	(26.239.105)
Leasehold improvements	(102.237.970)	(9.691.815)	4.148.188	-	(80.352)	(107.861.949)
	(395.593.157)	(31.838.064)	8.248.646	74.869	(2.821.225)	(421.928.931)
Net book value	321.805.178					426.630.883

Depreciation expense for the period ended September 30, 2019 in the amount of TL 30.289.359 and TL 1.548.705 are respectively included in cost of sales and operating expenses.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the interim period ended September 30, 2018 are as follows:

	Opening January 1, 2018	Additions	Disposals	Transfers	Foreign currency translation differences	Closing September 30, 2018
Cost						
Plant, machinery and equipment	270.953.620	12.730.031	(7.213.556)	523.887	29.831.513	306.825.495
Motor vehicles	64.371.389	4.162.660	(287.898)	140.971	27.336.241	95.723.363
Furniture and fixtures	26.259.867	1.922.092	(18.307)	15.420	2.730.181	30.909.253
Leasehold improvements (*)	120.745.249	1.331.139	(1.223)	84.083	3.502.385	125.661.633
Construction in progress	1.672.075	83.114.999	-	(955.775)	519.254	84.350.553
	484.002.200	103.260.921	(7.520.984)	(191.414)	63.919.574	643.470.297
Accumulated depreciation						
Plant, machinery and equipment	(187.451.076)	(11.235.680)	2.527.553	43.941	(20.106.436)	(216.221.698)
Motor vehicles	(44.943.828)	(2.326.013)	287.896	-	(18.942.422)	(65.924.367)
Furniture and fixtures	(21.925.042)	(1.345.310)	17.745	-	(1.973.374)	(25.225.981)
Leasehold improvements (*)	(74.062.517)	(4.680.870)	-	-	(1.749.745)	(80.493.132)
	(328.382.463)	(19.587.873)	2.833.194	43.941	(42.771.977)	(387.865.178)
Net book value	155.619.737					255.605.119

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A.Ş in the airports within which it operates were rented from the DHMI and other local authority, The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of September 30, 2018 the net book value of these stations was TL 39.972.635. 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.

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 26.436.588, 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 September 30, 2018 in the amount of TL 17.838.704 and TL 1.749.169 are respectively included in cost of sales and operating expenses.

There are net book value TL 213.328 worth of financial leasing assets in plant, machinery and equipment as of September 30, 2018.

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NOTE 12 – RIGHT OF USE ASSETS

Movements in right of use assets for the period ended September 30, 2019 are as follows:

	Opening adjustments January 1, 2019	Additions	Transfers	Foreign currency translation differences	Closing September 30, 2019
Cost					
Building and land	466.900.211	-	13.860.864	1.935.838	482.696.913
Machinery, plant and equipment	46.856.511	-	-	109.005	46.965.516
Vehicles	7.696.591	-	-	(23.186)	7.673.405
	521.453.313	-	13.860.864	2.021.657	537.335.834
Accumulated depreciation					
Building and land	-	(24.640.169)	-	211.633	(24.428.536)
Plant, machinery and equipment	-	(15.932.524)	-	17.127	(15.915.397)
Vehicles	-	(2.513.619)	-	19.982	(2.493.637)
	-	(43.086.312)	-	248.742	(42.837.570)
Net book value	521.453.313				494.498.264

Depreciation expense for the period ended September 30, 2019 in the amount of TL 42.790.363 TL and 295.949 TL are respectively included in cost of sales and operating expenses.

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NOTE 13 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in intangible assets for the period ended September 30, 2019 are as follows:

	Opening January 1, 2019	Additions	Disposals	Transfers	Foreign currency translation differences	Closing September 30, 2019
Cost						
Rights	10.150.600	2.166	-	121.909	-	10.274.675
Customer relations	74.861.473	-	-	-	(1.355.766)	73.505.707
Software	22.471.782	5.155.620	(36.370)	910.764	(51.097)	28.450.699
Concession rights	181.239.638	2.356.114	(11.368.560)	-	12.045.712	184.272.904
Build-operate-transfer investments	140.626.194	4.675.795	-	-	9.324.966	154.626.955
	429.349.687	12.189.695	(11.404.930)	1.032.673	19.963.815	451.130.940
Accumulated depreciation						
Rights	(4.273.249)	(447.622)	-	(74.869)	-	(4.795.740)
Customer relations	(74.861.473)	-	-	-	1.355.766	(73.505.707)
Software	(16.653.564)	(1.994.910)	7.880	-	35.915	(18.604.679)
Concession rights (**)	(60.736.114)	(7.962.737)	1.224.110	-	(4.024.474)	(71.499.215)
Build-operate-transfer investments(*)	(53.716.625)	(6.366.613)	-	-	(3.551.953)	(63.635.191)
	(210.241.025)	(16.771.882)	1.231.990	(74.869)	(6.184.746)	(232.040.532)
Net book value	219.108.662					219.090.408

(*) TL 87.854.967 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.762.120.403, 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 3.137.113 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 TFRIC 12.

Amortization expense for the period ended September 30, 2019 in the amount of TL 1.516.349 and TL 15.255.533 are included in operating expenses and cost of sales respectively.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 13 – INTANGIBLE ASSETS (Continued)

Other Intangible Assets (Continued)

Movements in other intangible assets for the period ended September 30, 2018 are as follows:

	Opening January 1, 2018	Additions	Transfers	Foreign Currency Translation Differences	Closing September 30, 2018
Cost					
Rights	10.150.600	-	-	-	10.150.600
Customer relations	58.113.650	-	-	27.155.405	85.269.055
Software	16.914.994	1.874.012	191.414	3.202.139	22.182.559
Concession rights (**)	138.195.764	5.371.419	-	56.375.127	199.942.310
Build-operate-transfer investments(*)	96.831.439	13.740.233	-	43.901.402	154.473.074
	320.206.447	20.985.664	191.414	130.634.073	472.017.598
Accumulated depreciation					
Rights	(3.639.336)	(6.955)	(43.941)	-	(3.690.232)
Customer relations	(58.113.650)	-	-	(27.155.405)	(85.269.055)
Software	(13.069.233)	(1.803.507)	-	(2.893.802)	(17.766.542)
Concession rights (**)	(39.408.272)	(7.158.920)	-	(17.273.606)	(63.840.798)
Build-operate-transfer investments(*)	(36.174.189)	(4.894.538)	-	(15.457.555)	(56.526.282)
	(150.404.680)	(13.863.920)	(43.941)	(62.780.368)	(227.092.909)
Net book value	169.801.767				244.924.689

(*) TL 91.970.577 which is difference between discounted present value of deposits paid with interest rate 11,46%, and the deposit amounting to INR 1.691.135.905, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 5.976.531 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 TFRIC 12 and TFRIC 4. As of September 30, 2018 there are financial lease assets in the concession rights with the net book value of TL 10.609.597.

Amortization expense for the period ended September 30, 2018 in the amount of TL 1.150.298 and TL 12.713.622 are included in operating expenses and cost of sales respectively.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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NOTE 13 – INTANGIBLE ASSETS (Continued)

Goodwill

Goodwill at September 30, 2019 and December 31, 2018 is as follows:

	September 30, 2019	December 31, 2018
Goodwill due to acquisition of CGHH	43.130.768	43.925.159
Goodwill due to acquisition of KSU (*)	13.923.000	-
	57.053.768	43.925.159

(*) The Company signed a partnership agreements with Mr. Ashwani Khanna and Ms. Zaheda Khanna to become a 50% partner in KSU Aviation Pvt Ltd ("KSU"), a company established in India on May 8, 2019, to provide "taxiing" services to aircrafts in India. For this purpose, a capital payment of 320 million Indian Rupees is made by the Company on May 20, 2019 and the Company has control power on KSU. As a result of the provisional purchase price allocation, TL 13.923.999 is recorded as goodwill in the consolidated financial statements.

Goodwill at September 30, 2019 is as follows:

	September 30, 2019	September 30, 2018
As of January 1	43.925.159	34.112.091
Goodwill due to acquisition of KSU	13.923.000	-
Foreign currency translation differences	(794.391)	15.911.188
Goodwill	57.053.768	50.023.279

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

	September 30, 2019	December 31, 2018
Provision for litigation and obligation	4.496.647	5.942.066
	4.496.647	5.942.066

Movements of other short term provisions for the period January 1- September 30, 2019 are as follows:

	September 30, 2019	September 30, 2018
As of January 1,	5.942.066	5.173.420
Addition during the year	319.152	571.572
Payments during the year	(444.978)	-
Reversal of provision	(1.388.134)	(180.769)
Currency translation differences	68.541	684.700
September 30, 2019	4.496.647	6.248.923

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

a) Short term provisions (continued)

Short-term provision for employee benefits

	September 30, 2019	December 31, 2018
Provision for employee termination benefits (*)	8.549.405	5.961.921
Provision for unused vacation rights	7.584.880	6.512.563
	16.134.285	12.474.484

(*) 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

	September 30, 2019	December 31, 2018
Provision for employee termination benefits	29.081.696	27.467.482
	29.081.696	27.467.482

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

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

Under the Turkish 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 September 30, 2019 consists of one month’s salary limited to a maximum of TL 6.379,86 (31 December 2018: TL 5.434,42) for each year of service.

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

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

Total employee termination benefit liability is calculated by 15 days per year of service for the current period ended at September 30, 2019 and the liability is limited to INR 350.000 per employee.

TAS/TFRS require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 6.379,86 which is effective from July 1, 2019 (January 1, 2019: TL 6.017,60) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

The provisions for employee benefits for the period between January 1, 2019 and September 30, 2019 are as follows :

	September 30, 2019	September 30, 2018
As of January 1	33.429.403	25.968.784
Payments of provisions during the period	(10.444.281)	(8.007.594)
Actuarial (gain)/loss	62.206	2.401.265
Service cost of employee termination benefits	11.916.201	4.545.844
Interest cost of employee termination benefits	2.215.708	1.520.231
Currency translation differences	451.864	3.268.315
Balance at the end of the period	37.631.101	29.696.845

The provisions for unused vacation rights for the period between January 1, 2019 and September 30, 2019 are as follows :

	September 30, 2019	September 30, 2018
As of January 1	6.512.563	4.839.679
Payments of provisions during the period	(652.140)	(491.803)
Increase in unused vacation rights during the period	6.198.850	5.368.941
Usage of vacation rights during the year	(4.463.733)	(3.303.852)
Currency translation differences	(10.660)	761.836
Balance at the end of the period	7.584.880	7.174.801

a) Contingent assets and liabilities of the Group

Guarantees received	September 30, 2019	December 31, 2018
Guarantee letters	15.203.256	18.709.268
Guarantee cheques	585.255	1.503.672
Guarantee notes	-	1.932.256
	15.788.511	22.145.196
Guarantees given	September 30, 2019	December 31, 2018
Guarantee letters	225.208.206	190.664.947
Collaterals (*)	187.432.270	175.772.990
Pledged shares (*)	34.560.478	32.408.518
	447.200.954	398.846.455

(*) Collaterals and pledged shares amounting to TL 221.992.748 consist of collaterals given to the Group's subsidiaries and joint venture partners (December 31, 2018: TL 208.181.508) (Note 25).

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The litigations and claims those generate contingent assets and liabilities to the Group as of September 30, 2019 are as follows:

As of September 30, 2019, the Group has contingent liabilities amounting to TL 27.267.232 (December 31, 2018: TL 25.928.433) due to the legal cases and enforcement proceedings in progress against the Group.

The details of collaterals, pledges and mortgages of the Company at September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019		December 31, 2018	
	Amount	TL Equivalent	Amount	TL Equivalent
CPGM given by the Group				
A. CPGM given on behalf of the Group’s legal personality		219.027.360		184.919.012
TL	20.795.040	20.795.040	17.877.847	17.877.847
EUR	8.342.851	51.588.852	5.616.164	33.854.238
USD	2.210.500	12.509.441	2.210.500	11.629.219
INR	1.477.982.252	118.681.975	1.405.334.369	105.821.678
HUF	837.055.897	15.452.052	837.022.897	15.736.030
B. CPGM given on behalf of fully consolidated subsidiaries		228.173.594		213.927.443
EUR	50.000	309.180	50.000	301.400
USD	1.092.196	6.180.846	1.092.196	5.745.935
INR	2.760.692.000	221.683.568	2.760.692.000	207.880.108
C. CPGM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPGM	-	-	-	-
		447.200.954		398.846.455

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NOTE 15 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	September 30, 2019	December 31, 2018
Advances given to personnel	887.808	912.770
Deferred VAT	14.641.670	5.642.187
	15.529.478	6.554.957

Other Non-Current Assets

	September 30, 2019	December 31, 2018
Prepaid taxes and funds (*)	16.333.927	24.036.869
Other	3.242	3.242
	16.337.169	24.040.111

(*) 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 13.012.558 (December 31, 2018: TL 10.748.789) and TL 3.321.369 (December 31, 2018: TL 13.288.080) .

Other Current Liabilities

	September 30, 2019	December 31, 2018
Taxes and funds payable	6.619.132	5.167.724
Provision for operational leasing equalization	-	785.947
Maintenance obligation liability	810.344	1.641.247
Other	2.289.116	2.283.756
	9.718.592	9.878.674

Other Non-Current Liabilities

	September 30, 2019	December 31, 2018
Provision for operational leasing equalization (*)	-	144.551.656
Maintenance obligation liability	51.424.013	43.668.500
	51.424.013	188.220.156

(*) Operating leasing cost equalization, in accordance with of TAS 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. On January 1, 2019, the related provision was canceled in accordance with TFRS 16 standard.

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NOTE 16 – PREPAID EXPENSES

Short Term Prepaid Expenses

	September 30, 2019	December 31, 2018
Prepaid expenses	21.429.276	15.398.692
Advances given	9.405.189	5.646.918
	30.834.465	21.045.610

Long Term Prepaid Expenses

	September 30, 2019	December 31, 2018
Prepaid expenses	8.538.601	17.525.550
Advances given for fixed assets	10.663.087	26.147.970
	19.201.688	43.673.520

NOTE 17 – DEFERRED INCOME

Short-term deferred income

	September 30, 2019	December 31, 2018
Advances received	19.007.969	14.506.622
Deferred income	297.987	1.191.949
	19.305.956	15.698.571

Long-term deferred income

	September 30, 2019	December 31, 2018
Deferred income	1.036.334	1.036.334
	1.036.334	1.036.334

NOTE 18 – LIABILITIES FOR EMPLOYEE BENEFITS

	September 30, 2019	December 31, 2018
Wages and salaries payable	25.679.602	16.694.157
Bonus payable accruals	22.715.697	16.802.024
Social security withholdings payable	15.081.224	5.715.061
	63.476.523	39.211.242

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NOTE 19 - EQUITY

Share Capital

As of September 30, 2019, the authorized share capital of the Group is TL 24.300.000 comprising of TL 2.430.000.000 registered shares with a face value each of 1 Kr (December 31, 2018: 2.430.000.000 shares).

At September 30, 2019 and 2018, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	September 30, 2019		December 30, 2018	
	Amount	Share %	Amount	Share%
Çelebi Havacılık Holding A.Ş. (ÇHH)	21.766.933	89,58	21.236.463	87,39
Other	2.533.067	10,42	3.063.537	12,61
	24.300.000	100,00	24.300.000	100,00

Restricted Reserves

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

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

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

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

As of September 30, 2019, the amount of restricted reserves is TL 63.387.956 (December 31, 2018: TL 50.630.456).

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

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends.

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NOTE 20 – REVENUE AND COST OF SALES

	January 1- September 30, 2019	July 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2018
Ground handling services	888.597.297	393.218.932	677.755.992	334.890.634
Revenue from cargo and warehouse services	382.486.810	138.325.189	311.637.120	124.281.840
Rental revenue not related to aviation	43.577.986	14.100.478	31.721.186	13.568.599
Revenue in the context of TFRIC 12	2.356.114	486.833	5.371.419	959.443
Less: Returns and discounts	(37.148.147)	(15.044.487)	(22.275.109)	(10.871.632)
Revenue	1.279.870.060	531.086.945	1.004.210.608	462.828.884
Cost of sales	(848.105.195)	(304.429.485)	(628.806.783)	(261.888.554)
Gross profit	431.764.865	226.657.460	375.403.825	200.940.330

NOTE 21 - FINANCIAL INCOME

	January 1- September 30, 2019	July 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2018
Foreign exchange gains	16.175.226	13.240.316	71.727.640	45.882.463
Interest income	11.760.240	5.393.783	6.135.648	2.732.044
Other financial income	8.824.642	2.133.435	3.859.548	991.641
	36.760.108	20.767.534	81.722.836	49.606.148

NOTE 22 - FINANCIAL EXPENSES

	January 1- September 30, 2019	July 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2018
Foreign exchange losses	(22.763.807)	43.709.738	(191.211.032)	(136.512.261)
Interest expenses	(27.029.683)	(9.238.942)	(16.171.500)	(7.038.515)
Financial expenses incurred within the scope of TFRIC 4-12	(1.096.413)	120.050	(1.214.778)	(497.646)
Financial expenses incurred within the scope of TFRS 16	(51.362.729)	(5.559.274)	-	-
Other financial expenses	(8.261.532)	(2.245.766)	(5.854.906)	(1.471.807)
	(110.514.164)	26.785.806	(214.452.216)	(145.520.229)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 23 - TAX ASSETS AND LIABILITIES

	September 30, 2019	December 31, 2018
Current period corporate tax provision	35.280.050	36.342.656
Less: prepaid corporate tax expense	(7.167.448)	(24.151.601)
Current tax liability - net (*)	28.112.602	12.191.055
Deferred tax assets	69.647.872	98.539.804
Deferred tax liabilities	(1.133.441)	(5.876.935)
Deferred tax assets / (liability) - net	68.514.431	92.662.869

(*) Current income tax assets and current income tax liabilities from the different subsidiaries of the Group have been separately presented in the consolidated statement of financial position.

Income Tax

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. Therefore, the tax liabilities of the Group's consolidated financial statements are calculated separately for all companies included in the scope of consolidation.

In Turkey, the corporate tax rate is 22% (December 31, 2018: 22%). The corporate tax rate is applied to the net corporate income to be deducted from deduction of exemptions and reductions in tax laws and an addition of expenses not subject to deduction according to tax legislation.

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

The corporate tax in India has been reduced from 34,6% to 25,17% as of April 1, 2019, and companies may choose to apply either rate (2018: 34,94%). The corporate tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (affiliation privilege, investment allowance exemption, etc.) and income tax deductions (like research and development expenses).

In Germany, the corporate tax rate is 31,925% for fiscal year 2019 (2018: 31,925%). The corporate tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (affiliation privilege, investment allowance exemption, etc.) and income tax deductions (like research and development expenses).

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Income Tax (continued)

For the periods ended on September 30, 2019 and 2018, tax expenses of the Group are as follows:

	January 1- September 30, 2019	July 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2018
- Current period corporate tax	(48.848.360)	(36.745.669)	(21.325.584)	(12.558.640)
- Deferred tax income	24.894.663	2.493.378	15.510.035	11.879.806
Current tax income (expense) - net	(23.953.697)	(34.252.291)	(5.815.549)	(678.834)

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 22%, 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 September 30, 2019 and December 31, 2018 using the enacted tax rates are as follows:

	Total temporary differences		Deferred tax assets / (liabilities)	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Deferred tax assets				
Personnel bonus accrual	(4.158.055)	(4.225.814)	914.772	929.679
Accrued sales commissions	(14.078.599)	(8.183.855)	3.097.292	1.800.448
Provision for employment termination benefits	(24.040.178)	(23.600.610)	4.808.036	4.720.122
Provision for operational leasing equalization	-	(144.298.040)	-	50.422.062
TFRS 16 adjustments	(37.247.806)	-	7.449.561	-
Provision for unused vacation rights	(4.905.910)	(3.899.340)	1.079.300	857.855
Provision for litigation and indemnity	(4.403.874)	(4.529.700)	968.852	996.534
Adjustments related to property plant and equipment and intangible assets	(75.497.798)	(66.578.499)	26.378.398	23.265.191
Investment incentives	(171.779.718)	(110.112.709)	37.791.538	24.224.796
Other	(31.448.888)	(3.776.673)	7.019.028	1.671.312
			89.506.777	108.887.999
Net off			(19.858.905)	(10.348.195)
Deferred tax assets			69.647.872	98.539.804

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Taxes (continued)

	Deferred tax base		Deferred tax assets / (liabilities)	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Deferred tax liabilities				
Adjustments related to property plant and equipment and intangible assets	101.910.955	75.686.003	(18.996.873)	(13.744.093)
Income accrual	7.128.559	9.335.660	(1.568.283)	(2.053.847)
Other	2.135.949	2.135.949	(427.190)	(427.190)
			(20.992.346)	(16.225.130)
Net off			19.858.905	10.348.195
Deferred tax liabilities			(1.133.441)	(5.876.935)
Deferred tax assets, net			68.514.431	92.662.869

Deferred tax movement table is as follows:

	September 30, 2019	September 31, 2018
As of January 1,	92.662.869	48.396.195
Foreign currency translation differences	4.795.544	21.881.892
Deferred tax income / (expenses) for the current period	24.894.663	15.510.035
Defined benefit plans remeasurement losses / gains	-	480.253
Reversal of provision for operational leasing equalization	(53.838.645)	-
As of September 30	68.514.431	86.268.375

NOTE 24 - EARNINGS PER SHARE

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

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

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

	January 1- September 30, 2019	July 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2018
Net profit / (loss) attributable to the parent company	162.511.370	131.735.616	151.410.479	93.068.905
Weighted average number of shares with 1 KR face value each	2.430.000.000	2.430.000.000	2.430.000.000	2.430.000.000
Earnings per share(Kr)	0,067	0,054	0,062	0,039

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NOTE 25 - RELATED PARTY DISCLOSURES

Details of amounts due from and due to related parties as of reporting periods and a summary of transactions with related parties during the period are as follows:

i) **Balances with related parties**

Short term receivables from related parties

	September 30, 2019	December 31, 2018
Çelebi Nas ⁽³⁾	1.023.096	759.928
Çelebi Havacılık Holding ⁽¹⁾	667.160	378.227
Celebi Ground Handling Services Austria ⁽²⁾	442.049	401.506
Other	99.349	68.985
	2.231.654	1.608.646

Other receivables from related parties

	September 30, 2019	December 31, 2018
Çelebi Havacılık Holding ^{(1)(*)}	114.072.515	120.034.474
	114.072.515	120.034.474

Payables to related parties

	September 30, 2019	December 31, 2018
Çelebi Havacılık Holding ^{(1)(**)}	8.665.769	4.969.255
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁵⁾	2.050.945	2.206.121
Çelebi Nas ⁽³⁾	6.483.111	388.089
Kamil Koç ⁽⁵⁾	908.106	577.914
DASPL ⁽⁴⁾	2.222.489	1.490.860
Diğer	14.233	17.476
	20.344.653	9.649.715

- (1) Parent company
- (2) Subsidiary of the Group
- (3) Joint venture of the Group
- (4) Associate of the Group
- (5) Other related party

(*) The related amount is comprised of the CHH's group loan receivable from CGHH amounting to EUR 20.000.000 with June 30, 2023 maturity and 3,95% interest rate. TL 25.930.965 of the total amount has a maturity of less than one year.

(**) As of September 30, 2019, the related amount consists of legal, financial, human resources, management, corporate communication, procurement, business development services provided to the Group by ÇHH along with business development projects run by ÇHH on behalf and on account of the Group and expense projections.

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant Transactions with related parties

	January 1- September 30, 2019	July 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2018
Miscellaneous sales to related parties				
Celebi Ground Handling Services Austria ⁽²⁾	1.200.400	-	5.589.770	3.505.265
Çelebi Havacılık Holding ⁽¹⁾	297	-	208.602	64.543
Other	247.324	20.803	460.627	112.112
	1.448.021	20.803	6.258.999	3.681.920
Employee and customer transportation expenses paid to related parties				
Kamil Koç ⁽⁴⁾	6.189.530	2.405.914	3.899.051	1.817.705
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁴⁾	14.846.764	5.411.638	5.871.140	2.184.021
	21.036.294	7.817.552	9.770.191	4.001.726
Contribution to holding expenses (*)				
Çelebi Havacılık Holding ⁽¹⁾	62.622.933	19.525.530	46.300.785	16.276.749
Other purchases from related parties (*)				
Çelebi Havacılık Holding ^{(1) (*)}	3.852.468	981.736	4.436.659	2.359.725
Other	9.077.026	469.235	6.576.712	2.285.913
	12.929.494	1.450.971	11.013.371	4.645.638

(1) Parent company

(2) Subsidiary of the Group

(3) Associate of the Group

(4) Other related party

(*) Other purchases consist of vehicle rental, organization fees and other expenses. Purchases from ÇHH classified under other purchases from related companies consist of the expenses incurred directly related to the Company, business development projects and tenders carried out by the ÇHH on behalf of the Company.

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

As of September 30, 2019 and December 31, 2018, collaterals given in favour of the subsidiaries and joint venture of the Group for the loans borrowed by them are as follow:

	EUR	INR	Total TL
September 30, 2019			
Celebi Nas ⁽¹⁾	-	94.392.000	7.579.678
Celebi Delhi Cargo ⁽²⁾	-	336.000.000	26.980.800
CASI ⁽³⁾	-	2.330.300.000	187.123.090
Celebi Cargo GmbH ⁽⁴⁾	50.000	-	309.180
	50.000	2.760.692.000	221.992.748
December 31, 2018			
Celebi Nas ⁽¹⁾	-	94.392.000	7.107.718
Celebi Delhi Cargo ⁽²⁾	-	336.000.000	25.300.800
CASI ⁽³⁾	-	2.337.467.000	176.011.265
Celebi Cargo GmbH ⁽⁴⁾	50.000	-	301.400
	50.000	2.767.859.000	208.721.183

- (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 2.345.000.000 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 September 30, 2019, the risk of the cash loan in the respective bank is amounting INR 1.503.276.450.
- (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 1.200.000.000 and non-cash INR 100.000.000 concluded between Celebi Delhi Cargo and an India resident bank and 30% portion of the owned by the Company are pledged on behalf of the bank. As of September 30, 2019, the risk of the cash loan in the respective bank is amounting INR 713.201.648.
- (3) Celebi Airport Services has a borrowing amounting to INR 1.619.300.000 cash and INR 711.000.000 non-cash within the scope of the long-term project finance and working capital loan agreement signed between The Company and a bank resident in India. As of September 30, 2019, the risk of the cash loan in the respective bank is amounting to INR 874.406.821.
- (4) In order to fulfill the financial obligations arising from the loan agreements signed between Celebi Cargo GmbH and banks resident in Germany, a guarantee of EUR 50.000 is given by the Company to the lender banks.

Key management compensation:

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

	January 1- September 30, 2019	July 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2018
Short-term employee benefits to key management	18.862.189	3.672.137	12.821.545	4.142.462

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NOTE 26 – FINANCIAL INSTRUMENTS AND 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.

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

As of September 30, 2019, 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 8.607.283 (2018: TL 2.545.690).

As of September 30, 2019, 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 76.885.765 (2018: TL 27.079.112).

As of September 30, 2019, 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 20.048 (2018: TL 13.549).

Foreign currency denominated assets and liabilities of the Group as of September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019	December 31, 2018
Assets denominated in foreign currency	454.026.105	375.679.178
Liabilities denominated in foreign currency (-)	(1.136.610.442)	(621.148.887)
Net balance sheet position (*)	(682.584.337)	(245.469.709)

(*) TL 416.503.419 of the liabilities denominated in foreign currencies consist of the lease amounts discounted in accordance with TFRS 16 effective as of January 1, 2019.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of the Group’s foreign currency denominated assets and liabilities as of September 30, 2019 and December 31, 2018:

September 30, 2019	TL Equivalent (Functional Currency)	USD	Euro	GBP
1. Trade Receivables	148.460.508	6.519.198	18.042.518	-
2. Monetary Financial Assets (Cash, Bank Accounts)	175.709.230	8.375.336	20.641.917	96.566
3. Other	41.714.819	2.050.868	4.869.130	-
4. Current Assets (1+2+3)	365.884.557	16.945.402	43.553.565	96.566
5. Other	88.141.548	-	14.254.083	-
6. Non-Current Assets (5)	88.141.548	-	14.254.083	-
7. Total Assets (4+6)	454.026.105	16.945.402	57.807.648	96.566
8. Trade Payables	34.446.159	1.061.096	4.599.306	150
9. Financial Liabilities	488.902.415	17.199	79.048.626	-
10. Other Monetary Liabilities	6.459.159	657.475	366.932	67.564
11. Current Liabilities (8+9+10)	529.807.733	1.735.770	84.014.864	67.714
12. Financial Liabilities	606.802.709	-	98.130.977	-
13. Other Monetary Liabilities	-	-	-	-
14. Non-Current Liabilities (12+13)	606.802.709	-	98.130.977	-
15. Total Liabilities (11+14)	1.136.610.442	1.735.770	182.145.841	67.714
16. Net Foreign Currency Asset/(Liability) Position (7-15)	(682.584.337)	15.209.632	(124.338.193)	28.852
17. Net Monetary Foreign Currency Asset/(Liability) Position (7-15)	(682.584.337)	15.209.632	(124.338.193)	28.852

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

December 31, 2018	TL Equivalent	USD	EUR	GBP
1. Trade Receivables	92.065.131	3.684.404	12.057.374	-
2. Monetary Financial Assets	157.118.118	1.639.996	24.584.141	44.652
3. Other	30.626.117	215.996	4.892.134	-
4. Current Assets (1+2+3)	279.809.366	5.540.396	41.533.649	44.652
5. Other	95.869.812	-	15.904.083	-
6. Non-Current Assets (5)	95.869.812	-	15.904.083	-
7. Total Assets (4+6)	375.679.178	5.540.396	57.437.732	44.652
8. Trade Payables	22.635.330	471.529	3.343.342	150
9. Financial Liabilities	200.228.549	28.652	33.191.409	-
10. Other Monetary Liabilities	6.724.362	188.929	879.043	64.868
11. Short-Term Liabilities (8+9+10)	229.588.241	689.110	37.413.794	65.018
12. Financial Liabilities	391.560.646	12.399	64.946.154	-
13. Other Monetary Liabilities	-	-	-	-
14. Long-Term Liabilities (12+13)	391.560.646	12.399	64.946.154	-
15. Total Liabilities (11+14)	621.148.887	701.509	102.359.948	65.018
16. Net Foreign Currency Asset/(Liability) Position (7-15)	(245.469.709)	4.838.887	(44.922.216)	(20.366)
17. Net Monetary Foreign Currency Asset/(Liability) Position (7-15)	(245.469.709)	4.838.887	(44.922.216)	(20.366)

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The ratio of net debt/ (equity+net debt) at September 30, 2019 and December 31, 2018 is as follows:

	September 30, 2019	December 31, 2018
Total financial liabilities	1.332.107.717	721.814.428
Less: Cash and cash equivalents	(226.283.905)	(197.023.791)
Less: Restricted cash	(57.202.504)	(51.444.157)
Net debt (*)	1.048.621.308	473.346.480
Shareholder's equity	514.817.635	353.087.514
Capital invested	1.563.438.943	826.433.994
Net debt / capital invested	0,67	0,57

(*) As of September 30, 2019, TL 520.407.634 of the net debt consists of the lease amounts discounted in accordance with TFRS 16 effective as of January 1, 2019.

NOTE 27 - FINANCIAL INSTRUMENTS

Fair value estimation

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

Effective January 1, 2009, the group adopted the amendment to TFRS 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 September 30, 2019 and December 31, 2018 are as follows:

September 30, 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	334.290	334.290
December 31,2018	Level 1	Level 2	Level 3	Total
Assets				
Financial investments with fair value difference reflected to other comprehensive income (Note 5)	-	-	166.650	166.650

NOTE 28 - SUBSEQUENT EVENTS

None.