

Çelebi Hava Servisi Anonim Şirketi

1 January - 31 March 2020 interim condensed consolidated financial statements

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

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ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 MARCH 2020

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

		<i>Current year</i>	<i>Prior year</i>
		<i>(Unaudited)</i>	<i>Audited</i>
	Notes	31-Mar-20	31-Dec-19
ASSETS			
Current Assets			
Cash and cash equivalents	4	395.916.504	209.130.875
Financial investments		26.018.939	57.747.115
-Restricted cash	5	26.018.939	57.747.115
Trade receivables		208.575.410	216.999.043
- Due from related parties	8	3.543.130	3.873.386
- Due from third parties	8	205.032.280	213.125.657
Other receivables		131.383.269	70.402.501
-Due from third parties	9	101.304.868	43.754.617
- Due from related parties	9	30.078.401	26.647.884
Inventories	10	19.029.501	16.524.734
Prepaid expenses	16	29.946.116	29.502.211
Current income tax assets	23	3.059.838	6.456.151
Other current assets	15	15.246.816	16.389.181
Total current assets		829.176.662	623.151.811
Non-current assets			
Financial investments	5	334.290	334.290
Other long-term receivables		129.397.898	151.002.241
- Due from related parties		88.413.211	81.497.007
- Due from third parties	9	40.984.687	69.505.234
Investments accounted using the equity method	6	139.266.215	129.954.118
Property, plant and equipment	11	476.755.541	457.159.082
Intangible assets		537.447.949	428.056.013
- Goodwill	13	288.985.220	285.431.765
- Other intangible assets	13	60.862.172	60.932.266
Rights of use assets	12	228.123.048	224.499.499
Prepaid expenses	16	11.185.114	20.038.235
Deferred tax asset	23	110.829.501	102.587.821
Other non-current assets	15	20.296.376	21.874.312
Total non-current assets		1.714.498.104	1.596.437.877
Total assets		2.543.674.766	2.219.589.688

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS AT 31 MARCH 2020

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

		<i>Current year</i>	<i>Prior year</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
	Notes	31-Mar-20	31-Dec-19
LIABILITIES			
Current liabilities			
Financial liabilities	7	91.375.909	21.421.438
Short term portion of long term financial liabilities	7	521.658.686	441.030.490
Lease payables	7	113.830.896	93.959.280
Trade payables		128.189.824	134.699.626
- Due to related parties	8	12.814.154	21.948.013
- Trade payable, third parties	8	115.375.670	112.751.613
Employee benefit obligations	17	54.849.399	53.986.507
Other payables		22.882.029	18.401.711
- Other payables, third parties	9	22.882.029	18.401.711
Deferred income	17	26.355.102	17.032.046
Current income tax liabilities	24	-	7.569.141
Short-term provisions		23.547.198	23.779.048
- Provisions for employee benefits	14	16.815.092	16.996.522
- Other provisions	14	6.732.106	6.782.526
Other current liabilities	15	7.688.895	8.860.670
Total current liabilities		990.377.938	820.739.957
Non-Current Liabilities			
Financial liabilities	7	384.761.712	339.762.727
Lease payables	7	487.194.553	364.787.559
Other payables		17.383.598	16.806.306
- Other payables, third parties	9	17.383.598	16.806.306
Provisions		25.970.422	28.354.292
- Provisions for employee benefits	14	25.970.422	28.354.292
Deferred tax liabilities	23	24.558.389	21.497.424
Other non-current liabilities	15	59.182.764	55.204.459
Total non-current liabilities		999.051.438	826.412.767
Total liabilities		1.989.429.376	1.647.152.724
EQUITY			
Equity attributable to equity holders of the parent		486.199.203	510.178.196
Paid-in capital	19	24.300.000	24.300.000
Other accumulated comprehensive income/(expense) not to be reclassified to profit or loss		(24.024.964)	(24.024.964)
- Actuarial gain/(loss) arising from defined benefit plans		(24.024.964)	(24.024.964)
Other accumulated comprehensive income/(expense) to be reclassified to profit or loss		154.284.535	136.376.158
- Foreign currency translation differences		154.284.535	136.376.158
Restricted reserves	19	63.387.956	63.387.956
Retained earnings		308.825.075	117.783.967
Net profit/ (loss) for the year		(40.573.399)	192.355.079
Non-controlling interest		68.046.187	62.258.768
Total equity		554.245.390	572.436.964
Total liabilities and equity		2.543.674.766	2.219.589.688

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED PROFIT OR LOSS STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		1 January- 31-Mar 2020	1 January- 31-Mar 2019
	Notes		
CONTINUING OPERATIONS			
Revenue (net)	20	401.883.516	310.950.666
Cost of sales (-)	20	(317.253.270)	(234.925.156)
GROSS PROFIT / (LOSS)	20	84.630.246	76.025.510
General administrative expenses (-)		(52.484.715)	(48.844.135)
Other operating income		92.024.555	31.520.213
Other operating expenses (-)		(75.152.490)	(13.703.685)
OPERATING PROFIT / (LOSS)		49.017.596	44.997.903
Income from investment activities		2.877.790	1.593.936
Expense from investment activities (-)		(1.256.447)	-
Income from investments accounted by equity method		4.928.861	3.786.072
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)		55.567.800	50.377.911
Financial income	21	22.411.830	7.797.947
Financial expense (-)	22	(112.978.529)	(63.999.628)
INCOME BEFORE TAX		(34.998.899)	(5.823.770)
Income tax expense		(3.461.251)	12.457.477
Current tax expense	23	(6.320.000)	(3.814.803)
Deferred tax income/(expense)	23	2.858.749	16.272.280
NET INCOME/ (EXPENSE)		(38.460.150)	6.633.707
Attributable to:			
Non-controlling interest		2.113.249	(709.092)
Equity holder of the parent		(40.573.399)	7.342.799
		(38.460.150)	6.633.707
Earnings / (losses) per share (Full TL)	24	0,017	0,003

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

	<i>Current year</i>	<i>Prior year</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	1 January-	1 January-
	31-Mar	31-Mar
	2020	2019
Notes		
Net profit for the period	(38.460.150)	6.633.707
Not to be reclassified to profit or loss		
- Actuarial gain/(loss) arising from defined benefit obligation	-	-
Taxes regarding to other comprehensive income / (expense) not to be reclassified to profit or loss	-	-
- Tax on defined benefit obligation Actuarial gains/(losses)	-	-
Other comprehensive income / (expense) to be reclassified to profit or loss		
- Foreign currency translation differences	20.268.576	31.320.915
Other comprehensive income/(expense)	20.268.576	31.320.915
Total comprehensive income	(18.191.574)	37.954.622
Attributable to:		
Non-controlling interest	4.473.448	2.336.202
Equity holders of the parent	(22.665.022)	35.618.420
	(18.191.574)	37.954.622

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

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

	Notes	Share capital	Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss	Retained earnings					Total equity
			Actuarial gain/(loss) arising from defined benefit plans	Cumulative translation differences	Restricted reserves	Retained earnings	Net profit/(loss) for the year	Equity attribute table to equity holders of the parent	Non-controlling interest	
Balances at 1 January 2020		24.300.000	(24.024.964)	136.376.158	63.387.956	117.783.967	192.355.079	510.178.196	62.258.768	572.436.964
Transfers		-	-	-	-	192.355.079	(192.355.079)	-	-	-
Increase in the shares of the subsidiaries		-	-	-	-	(1.313.971)	-	(1.313.971)	1.313.971	-
Other comprehensive income										
--Change in foreign currency translation differences		-	-	17.908.377	-	-	-	17.908.377	2.360.199	20.268.576
Total other comprehensive income		-	-	17.908.377	-	-	-	17.908.377	2.360.199	20.268.576
Net profit/(loss) for the period		-	-	-	-	-	(40.573.399)	(40.573.399)	2.113.249	(38.460.150)
Total comprehensive income/(expense)		-	-	17.908.377	-	-	(40.573.399)	(22.665.022)	4.473.448	(18.191.574)
Balances at 31 March 2020		24.300.000	(24.024.964)	154.284.535	63.387.956	308.825.075	(40.573.399)	486.199.203	68.046.187	554.245.390

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

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

Notes	Share capital	Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss	Retained earnings					Total equity
		Actuarial gain/(loss) arising from defined benefit plans	Cumulative translation differences	Restricted reserves	Retained earnings	Net profit/(loss) for the year	Equity attribute table to equity holders of the parent	Non-controlling interest	
Balances at 1 January 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	-	-	-	-	204.583.956	(204.583.956)	-	-	-
Cancellation of operational leasing equalization reserve	-	-	-	-	71.337.758	-	71.337.758	24.700.141	96.037.899
Other comprehensive income									
--Change in foreign currency translation differences	-	-	28.275.621	-	-	-	28.275.621	3.045.294	31.320.915
- Change in actuarial gain/(loss) arising from defined benefit plans	-	-	28.275.621	-	-	-	28.275.621	3.045.294	31.320.915
Total other comprehensive income									
Net profit/(loss) for the period	-	-	-	-	-	7.342.799	7.342.799	(709.092)	6.633.707
Total comprehensive income/(expense)			28.275.621				7.342.799	2.336.202	37.954.622
Balances at 31 March 2019	24.300.000	(24.478.059)	125.518.176	50.630.456	259.902.368	7.342.799	443.215.740	43.864.295	487.080.035

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

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

		Current year (Unaudited)	Prior year (Unaudited)
	Notes	January 1- March 31, 2020	January 1- March 31, 2019
A. Cash flows from operating activities		28.369.089	31.658.334
Profit/loss before tax for the period		(38.460.150)	6.633.707
Adjustment for reconciliation of profit/(loss) before taxation		48.411.033	59.431.600
Adjustment related depreciation and amortisation expense	11,13	37.109.464	28.605.915
Adjustment related impairment (reversal)		2.158.362	74.142
Adjustment related to provisions		1.555.151	5.244.774
- Adjustment related to provisions for employee benefits		1.555.151	5.244.774
Adjustment related to other provisions (reversal)		11.711.506	16.769.467
Adjustments related to interest income and expense	22,23	(3.739.524)	(3.583.884)
- Adjustment related to interest income		15.541.030	20.353.351
- Adjustment related to interest expense			
Adjustment related to unrealized related foreign currency translation differences		221.950	26.574.787
Adjustment related to tax (income) expense		3.461.251	(12.457.477)
Adjustment related to increase/decrease in joint ventures are accounted by the equity method	6	(4.928.861)	(3.786.072)
Adjustment related to (profit) on sales of property, plant and equipment, net		(2.877.790)	(1.593.936)
Changes in working capital		29.074.736	(18.279.192)
Increase/decrease in financial investments		31.691.914	(11.286.395)
Adjustment related to increase/decrease in trade receivables		5.977.106	(14.304.848)
-Increase/decrease in due from related parties		330.256	127.307
-Increase/decrease in due from third parties		5.646.850	(14.432.155)
Adjustment related to increase/decrease in other receivables related with operations		(26.309.403)	(10.559.119)
Adjustment related to increase/decrease in inventories		(2.504.767)	(324.314)
Increase/decrease in prepaid expenses		8.409.216	10.811.617
Adjustment related to increase/decrease in trade payables		(6.509.802)	(4.166.298)
-Increase/decrease in due to related parties		(9.133.859)	(1.406.912)
-Increase/decrease in due to third parties		2.624.057	(2.759.386)
Increase/decrease in payables related to employee benefits			
Adjustment related to increase/decrease in other payables related with operations		862.892	10.736.662
		17.457.580	813.503
Cash flows from operating activities		39.025.619	47.786.115
Retirement liability paid	14	(4.656.972)	(2.117.084)
Payments related to other provision		(320.804)	-
Tax return (payments)		(5.678.754)	(14.010.697)

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

		<i>Current year</i>	<i>Prior year</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	Notes	January 1- March 31, 2020	January 1- March 31, 2019
B. Cash flows from investing activities		29.610.126	(60.151.650)
Cash inflows from the sale of property, plant and equipment and intangible asset		7.554.484	3.823.373
- Cash inflows from the sale of property, plant and equipment	11	7.149.231	3.823.373
- Cash inflows from the sale of intangible assets		405.253	-
Cash outflows from the purchase of property, plant and equipment and intangible asset		(35.995.554)	(63.975.023)
- Cash outflows from the purchase of property, plant and equipment		(33.660.995)	(61.463.453)
- Cash outflows from the purchase of intangible asset		(2.334.559)	(2.511.570)
Cash inflows from advances and debts to related parties		(1.169.056)	-
C. Cash flows from financing activities		109.413.196	49.290.105
Lease payments		(23.360.300)	(20.912.322)
Cash inflows from financial liabilities		215.673.664	177.818.412
Cash outflows due to debt payments		(83.956.505)	(110.586.508)
Interest paid		(2.683.187)	(613.361)
Interest received		3.739.534	3.583.884
BEFORE THE EFFECT OF CHANGE IN FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		108.172.159	20.796.789
D. Impact of foreign currency translation differences		78.577.477	35.151.096
Net increase/decrease in cash and cash equivalents		186.749.636	55.947.885
E. Cash and cash equivalents at beginning of period		208.942.627	196.730.773
Cash and cash equivalents at end of period	4	395.692.263	252.678.658

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

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

The company is registered in Capital Markets Board “CMB” and has been listed in Borsa İstanbul “BIST” since 18 November 1996. The percentage of shares which are publicly traded is %10,09. (31 Aralık 2019: %10,09)

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 March 31, 2020 is 12.946 (December 31, 2019: 13.475).

Subsidiaries and Equity Investments Valued With Facts About:

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

- Subsidiaries of the Group are as below:

<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
Celebi Tanzania (*)	Tanzanian	Tanzanian	Ground handling services
Celebi GH India Private Limited (*)	India	India	Ground handling services
KSU (**)	India	India	Ground handling services

(*) Celebi Spain, Celebi GH India Private Limited ve Celebi Tanzania have no operational activity as of December 31, 2019 and they are inactive.

(**) 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
FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

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

- Subsidiaries of the Group (Continued):

The Company won the tender offer on acquisition of Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Felelőssegu Tarsasag ("BAGH") which provides ground handling service in Budapest Airport, and participated in the Celebi Tanacsado Korlatolt Felelőssegu 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 Felelőssegu Tarsasag ("CGHH"). As of March 31, 2020, total paid in capital of CGHH is 200.000.000 Hungarian forint.

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

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

Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. ("Çelebi Kargo") was established on November 20, 2008 to carry out transportation, cargo storage and distribution activities. Celebi Cargo GmbH ("Celebi Cargo"), the subsidiary of Çelebi Kargo with a 100% ownership, was established on November 2009 and has share capital amounting to EUR 32.100.000, rented storage and warehouse facilities at International Frankfurt Airport Cargo (Frankfurt Cargo City Süd) and carry out flight cargo storage and handling services. As of March 31, 2020, the paid share capital of Çelebi Kargo is TL 114.000.000.

On March 25, 2010, the Company participated as a founding partner to the Celebi Ground Handling Spain S.L.U ("Celebi Spain") with a capital of EUR 10.000 and an ownership rate of 100% as a founding partner for the purpose of entrepreneurship in abroad including European Union. Çelebi Spain 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.

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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 Celebi Nas and has 57% shareholding where the share capital of Celebi Nas is 552.000.000 Indian Rupee. A premium capital increase of 228.000.000 Indian Rupee has been paid by the shareholders of Celebi 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, Celebi Nas is accounted using the equity method and treated as a joint venture. On April 8, 2015, Celebi Nas has signed a "concession agreement" with Mumbai International Airport Private Limited ("MIAL"), the operator of the CSIA International Airport, 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. 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 March 31, 2020, the consolidated financial statements of the Group contains the Company, Celebi Nas, CGHH, Tasfiye halinde Çelebi Güvenlik, Celebi Delhi Cargo, CASI, Çelebi Kargo, DASPL and Celebi Cargo (all together will be referred as "the Group").

Consolidated financial statements of the Group for the period ended January 1 – March 31, 2020 has been approved for the issuance by the Board of Directors on June 1, 2020 and signed by Osman Yılmaz, the General Manager, and Deniz Bal, the Accounting and Finance Director, on behalf of Board of Directors.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1 Financial reporting standards

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

Group is prepared its financial statements for the interim period ended 31 March 2020 according to Turkey Accounting Standard No.34 Interim Financial Reporting Accounting Standards.

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

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

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

Functional and Presentation Currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in TL, which are the functional currency of the Company and the presentation currency of the Group. As of 31 March 2020, the currency of subsidiaries has shown below.

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

2.1. Basis of presentation (Continued)

2.1.1 Financial reporting standards (Continued)

Functional and Presentation Currency (Continued)

<u>Company</u>	<u>Currency</u>
CGHH	Hungarian Forint (HUF)
Celebi Delhi Cargo	Indian Rupee (INR)
CASI	Indian Rupee (INR)
Celebi Nas	Indian Rupee (INR)
Çelebi Kargo	Turkish Lira (TL)
Celebi Cargo	Euro (EUR)
DASPL	Indian Rupee (INR)
Celebi GH India Private Limited	Indian Rupee (INR)
KSU	Indian Rupee (INR)
Çelebi Tanzania	Tanzanian Shilling (TZS)

Going Concern

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

2.1.2 Amendments in International Financial Reporting Standards (IFRS)

New and amended IFRS Standards that are effective for the current year

a) Amendments that are mandatorily effective from 2020

Amendments to TFRS 3	<i>Definition of a Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>

Amendments to TFRS 3 *Definition of a Business*

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 standard 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.

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

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

New and amended IFRS Standards that are effective for the current year (Continued)

Amendments to TAS 1 and TAS 8 *Definition of Material*

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.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

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>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</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 1 January 2021.

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

2.1.3 Financial statements of joint ventures operating in foreign countries

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

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

2.1.4 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company. Çelebi Hava, its Subsidiaries and its Joint ventures (collectively referred to as the "Group") on the basis set out in sections (b), to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries and Joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries are companies over which the Group's has capability to control the financial and operating policies for the benefit of the Group, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies. The available or convertible existence of potential voting rights are considered for the assessing whether the Group controls another organization Subsidiaries are consolidated from the date on which the control is transferred to the Group and consolidated by using full consolidation method. Subsidiaries are no longer consolidated from the date that the control ceases. The acquisition of the subsidiaries by the Group is recognized by using purchase method. The acquisition cost includes; the fair value of the assets on the purchase date, equity instruments disposed and the liabilities incurred at the exchange date and costs that directly attributable to the acquisition, The identifiable asset during the merge of the companies is measured by fair value at the purchase date of liabilities and contingent liabilities regardless of the minority shareholders. The Group recognized the goodwill for the exceed portion of the cost of acquisition that the fair value of net identifiable assets acquired. If the acquisition cost is below the fair value of identifiable net asset of subsidiary, the difference is recognized to the comprehensive income statement, Transactions between inter companies the balances and unearned gains arising from transactions between Group companies are eliminated. Unaccrued losses are also subjected to elimination. The accounting policies of subsidiaries are revised in accordance with the Group's policies. The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Group and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between company and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by the Group in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.
- c) The direct and indirect ownership interests held by the Group in its subsidiaries are provided below, the direct and indirect ownership interest is equal to the proportion of effective interest.

Subsidiary	Ownership interest (%)	
	March 31, 2020	December 31, 2019
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
CASI	99,9	99,9
Celebi Spain ⁽¹⁾	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo	99,9	99,9
KSU	57,7	50,0
Celebi Tanzania ⁽²⁾	65,0	65,0

⁽¹⁾ As of March 31, 2020 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 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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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1.4 Basis of Consolidation (continued)

d) The Group categorized the sales and purchase of its subsidiaries’ shares transactions as transactions between group shareholders except parent company. Therefore, for the addition share purchase from other than parent company, the Group records the difference between cost of purchase and book value of asset of subsidiary’s purchased portion under shareholders’ equity. For the share sales to other than parent company, the Group records the income or loss as a result of the difference between sales price and book value of asset of subsidiary’s sold portion under shareholders’ equity.

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

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

Joint venture	Ownership interest (%)	
	March 31, 2020	December 31, 2019
Çelebi Nas	57,00	57,00

Associate	Ownership interest (%)	
	March 31, 2020	December 31, 2019
DASPL	24,99	24,99

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

2.2. Changes in accounting policies

2.2.1 Comparative information

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

The Group presented the consolidated statement of financial position as of 31 March 2020 comparatively with the consolidated statement of financial position as of 31 December 2019, presented the consolidated statement of comprehensive income, comprehensive income consolidated statement of cash flows and consolidated statement of changes in equity for the period ended 31 March 2020 comparatively with the consolidated financial statements for the interim period ended 31 March 2019.

2.3. Summary of Significant Accounting Policies

Condensed consolidated financial statements for the period ended 31 March 2020, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2020 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2019 . Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2019.

Changes in the accounting estimates are applied in a period, if the change is made in that current period. They are applied both in the current period and in the future period, if the change is made for future periods Significant estimates used in preparing the financial statements for the period ended on March 31, 2020 are consistent with those used in preparing the financial statements in the Consolidated for the year ended December 31, 2019. 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.

Management evaluates the Group in two different ways: geographical and operating segments. Management analyzes The Group's performance according to their departments; Ground Handling Services, Security Services and Cargo and Warehouse Services. Since the Group's revenues consist primarily of these operating segments, Ground Handling, Cargo and Warehouse Services are evaluated as reportable operating segments. Management follows the operating segments performance as (“EBITDA”) after deduction of Operating lease equalization, effect of TFRIC 12, current year part of prepaid allocation cost expense, Retirement pay liability and unused vacation provisions from earnings before interest, tax, depreciation and amortization.

	Operating Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
1 January - 31 March 2020				
Revenue	223.733.857	180.264.527	(2.114.868)	401.883.516
Cost of sales	(185.639.504)	(133.657.566)	2.043.800	(317.253.270)
Gross profit	38.094.353	46.606.961	(71.068)	84.630.246
General administrative expenses	(38.048.158)	(14.442.542)	5.985	(52.484.715)
Addition: Depreciation and amortization	26.271.556	10.837.908	-	37.109.464
Addition: Effect of TFRIC 12	-	1.843.980	-	1.843.980
Addition: Retirement pay liability and unused vacation provisions	662.285	1.206.965	-	1.869.250
Effect to investments accounted with equity method on EBITDA	12.883.929	(365.774)	-	12.518.155
EBITDA	39.863.965	45.687.498	(65.083)	85.486.380
Rent Expenses under UFRS 16	(19.561.965)	(3.775.309)	-	(23.337.274)
EBITDA (Except for the impact of new and revised accounting policies)	20.302.000	41.912.189	(65.083)	62.149.106

As of March 31, 2020, the segment information presented to the Board of Directors is as follows:

	Operation Groups			
	Ground Handling Services	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
1 January - 31 March 2019				
Revenue	204.477.762	148.721.758	(740.576)	352.458.944
Cost of sales	(163.537.910)	(113.413.486)	517.962	(276.433.434)
Gross profit	40.939.852	35.308.272	(222.614)	76.025.510
General administrative expenses	(38.279.729)	(11.384.713)	820.307	(48.844.135)
Addition: Depreciation and amortization	15.268.064	13.337.851	-	28.605.915
Addition: Effect of TFRIC 12	-	2.184.781	-	2.184.781
Addition: Retirement pay liability and unused vacation provisions	4.071.468	1.215.751	-	5.287.219
Effect to investments accounted with equity method on EBITDA	13.400.499	(292.528)	-	13.107.971
EBITDA	35.400.154	40.369.414	597.693	76.367.261
Rent Expenses under UFRS 16	(12.281.905)	(9.518.349)	-	(21.800.254)
EBITDA (Except for the impact of new and revised accounting policies)	23.118.249	30.851.065	597.693	54.567.007

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NOTE 3 - SEGMENT REPORTING (continued)

Reconciliation of EBITDA to profit before tax is provided as follows:

	1 January – 31 March 2020	1 January – 31 March 2019
EBITDA for reported segments	85.486.380	76.367.261
Depreciation and amortization	(37.109.464)	(28.605.915)
Effect of TFRIC 12	(1.843.980)	(2.184.781)
Other operating income	92.024.555	31.520.213
Other operating expenses (-)	(75.152.490)	(13.703.685)
Retirement pay liability and unused vacation provisions	(1.869.250)	(5.287.219)
EBITDA effect of investments accounted using the equity method	(12.518.155)	(13.107.971)
Operating profit	49.017.596	44.997.903
Share of profit from investments accounted using the equity method	4.928.861	3.786.072
Income from investment activities	2.877.790	1.593.936
Expenses from investment activities (-)	(1.256.447)	-
Financial income	22.411.830	7.797.947
Financial expenses (-)	(112.978.529)	(63.999.628)
Profit before tax	(34.998.899)	(5.823.770)

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NOTE 3 - SEGMENT REPORTING (Continued)

Geographical Segments

Geographical Analysis for the period 1 January - 31 March 2020

	Turkey(*)	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	141.399.032	58.087.323	170.407.061	33.905.658	403.799.074	(1.915.558)	401.883.516
Cost of sales	(108.428.276)	(50.621.518)	(135.764.027)	(24.283.585)	(319.097.406)	1.844.136	(317.253.270)
Gross profit	32.970.756	7.465.805	34.643.034	9.622.073	84.701.668	(71.422)	84.630.246
General administrative expenses	(27.920.254)	(6.321.970)	(11.640.576)	(6.601.915)	(52.484.715)	-	(52.484.715)
Other operating income / expense (net)	4.063.345	16.695.765	(3.763.005)	(189.123)	16.806.982	65.083	16.872.065
Operating profit / (loss)	9.113.847	17.839.600	19.239.453	2.831.035	49.023.935	(6.339)	49.017.596

Geographical Analysis for the period 1 January - 31 March 2019

	Turkey(*)	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	142.566.264	54.316.228	126.694.825	29.401.739	352.979.056	(520.112)	352.458.944
Cost of sales	(102.574.662)	(41.783.353)	(109.410.958)	(23.181.905)	(276.950.878)	517.444	(276.433.434)
Gross profit	39.991.602	12.532.875	17.283.867	6.219.834	76.028.178	(2.668)	76.025.510
General administrative expenses	(30.483.350)	(5.136.939)	(9.225.005)	(4.598.390)	(49.443.684)	599.549	(48.844.135)
Other operating income / expense (net)	19.151.839	(829.256)	(75.961)	167.599	18.414.221	(597.693)	17.816.528
Operating profit / (loss)	28.660.091	6.566.680	7.982.901	1.789.043	44.998.715	(812)	44.997.903

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NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2020	31 December 2019
Cash	740.336	823.603
Banks	395.176.437	208.307.272
- time deposit	228.957.781	140.368.872
- demand deposit	166.218.656	67.938.400
Other (Liquid fund)		
	395.916.773	209.130.875

Effective interest rates on TL, EUR, USD and INR denominated time deposits at March 31, 2020 are %8,40, %2,39, %3,30, %4,75. (December 31, 2019: TL 11,22%, EUR 0,14%, USD 1,83%, INR 6,%). The maturity days on TL, EUR, USD and INR denominated time deposits as of March 31, 2020 20-60 days, 1-14 days and 1-15 days for INR, EUR and USD respectively, 1-15 day for TL. (December 31, 2019: INR 10-90 days, TL, EUR and for USD 1 days).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 31 March 2020 and 31 March 2019 are as follows:

	31 March 2020	31 March 2019
Cash and banks	395.916.504	252.976.103
Less: Interest Accruals	(224.241)	(297.445)
	395.692.263	252.678.658

NOTE 5 - FINANCIAL INVESTMENTS

	31 March 2020	31 December 2019
Less: Restricted cash (*)	26.018.939	57.747.115
	26.018.939	57.747.115

(*) 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:

	March 31, 2020		December 31, 2019	
	Percentage of shares %	TL	Percentage of shares %	TL
Celebi Spain (*)	100,00	166.650	100,00	166.650
Celebi Tanzania (*)	100,00	167.640	100,00	167.640
		334.290		334.290

(*) As of 31 March, 2020, Celebi Spain and Celebi Tanzania have not been consolidated in the consolidated financial statements since they are not significant for the Group. They are presented in the consolidated financial statements with cost value less impairment if any, and classified as financial assets measured at fair value through other comprehensive income.

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NOTE 6 - EQUITY ACCOUNTED INVESTEEES

	%	31 March 2020	%	31 December 2019
Çelebi Nas	57,00	130.344.424	57,00	121.198.646
DASPL	24,99	8.921.791	24,99	8.755.472
		139.266.215		129.954.118

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

	31 March 2020	31 March 2019
As of 1 January	129.954.118	95.725.908
Share on profit / loss	4.928.861	3.786.072
Currency translation differences	4.383.236	8.718.686
As of 31 March	139.266.215	108.230.666

Profit /loss from investments accounted under equity method:

	1 January- 31 March 2020	1 January- 31 March 2019
Çelebi Nas	4.961.763	4.454.728
DASPL	(32.902)	(668.656)
	4.928.961	3.786.072

Summary statement of equity accounted investees:

Summary of financial statements of Çelebi Nas is as follows:

	31 March 2020	31 December 2019
Total Assets	419.174.319	397.992.569
Total Liabilities	195.246.180	190.109.655
	January 1- March 31, 2020	January 1- March 31, 2019
Total Revenue	61.835.005	45.527.313
Profit / (Loss) for the period	8.704.844	9.154.214

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NOTE 6 - EQUITY ACCOUNTED INVESTEEES(Continued)

Summary of financial statements of DASPL is as follows:

	31 March 2020	31 December 2019
Total Assets	40.841.039	41.245.139
Total Liabilities	4.414.130	4.690.905
	January 1- March 31, 2020	January 1- March 31, 2019
Total Revenue	10.335.231	10.038.639
Profit / (Loss) for the period	(131.659)	(4.713.946)

NOTE 7 – SHORT TERM AND LONG TERM FINANCIAL LIABILITIES

Short term borrowings:

	31 March 2020		
	Effective Interest rate (%)	Original Amount	TL
<i>Short term lease payables</i>			
Lease payables- INR	8,80-9,75	247.416.582	21.322.361
Lease payables- TL		5.118.548	5.118.548
Lease payables- EUR		9.000.000	64.935.000
Total short term lease payables			91.375.909

Short-term finance lease obligations

USD finance lease obligations	4.358	28.394
INR finance lease obligations	94.244.999	8.122.034
TL finance lease obligations	9.270.833	9.270.833
EUR finance lease obligations	10.803.829	77.949.627
HUF finance lease obligations	918.865.505	18.460.008
Total short-term finance lease obligations (*)		113.830.896

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

Short term financial liabilities: (continued)

			31 March 2020
	Effective Interest rate (%)	Original Amount	TL
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – EUR	-	800.649	5.776.685
Interest expense accrual –INR	-	6.557.473	565.123
INR borrowings	8,80-9,75	372.719.227	32.120.943
EUR borrowings	2,20-5,25	66.971.024	483.195.935
Short-term portion of total long term borrowings			521.658.686
Total short term liabilities:			726.865.491

Long-term financial liabilities

			31 March 2020
	Effective Interest Rate (%)	Original Amount	TL
INR borrowings	8,80-9,75	1.036.976.688	89.366.651
EUR borrowings	2,20-5,25	40.941.796	295.395.061
			384.761.712
<i>Long-term finance lease obligations:</i>			
Long-term finance lease obligations – INR		258.525.830	22.279.756
Long-term finance lease obligations – EUR		47.634.694	343.684.319
Long-term finance lease obligations – TL		10.718.940	10.718.940
Long-term finance lease obligations – HUF		5.500.823.196	110.511.538
Total long-term finance lease obligations			487.194.553
Total long-term financial liabilities			871.956.265
Total financial liabilities			1.598.821.756

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

Short term financial liabilities:

		December 31, 2019	
	Effective interest rate (%)	Original balance	TL
<i>Short term borrowings:</i>			
INR Borrowings	8,80-9,75	227.352.736	18.943.030
TL Borrowings	-	2.478.408	2.478.408
			21.421.438

Short-term finance lease obligations

USD finance lease obligations		10.822	64.283
INR finance lease obligations		89.336.618	7.443.527
EUR finance lease obligations		11.107.981	73.874.736
TL finance lease obligations		8.503.315	8.503.315
HUF finance lease obligations		202.456.213	4.073.419
			93.959.280

Short-term portion of long-term financial liabilities:

		December 31, 2019	
	Effective interest rate (%)	Original balance	TL
<i>Short-term portion of long-term borrowings:</i>			
Interest expense accrual – EUR	-	604.175	4.018.126
Interest expense accrual – INR	-	5.456.673	454.650
INR borrowings	8,80-9,75	339.723.728	28.305.781
EUR borrowings	2,20-5,25	61.385.730	408.251.933
Total short-term portion of total long term financial liabilities			441.030.490
Total short term financial liabilities			556.411.208

Long-term financial liabilities:

		December 31, 2019	
	Effective interest rate (%)	Original balance	TL
<i>Long term borrowings:</i>			
INR Borrowings	8,80-9,75	1.130.285.862	94.175.418
EUR Borrowings	2,20-5,25	36.927.091	245.587.309
			339.762.727
<i>Long-term finance lease obligations:</i>			
Long-term finance lease obligations – INR		271.545.091	22.625.137
Long-term finance lease obligations – EUR		49.205.234	327.244.330
Long-term finance lease obligations – TL		11.488.327	11.488.327
Long-term finance lease obligations – HUF		170.465.457	3.429.765
			364.787.559
Total long-term financial liabilities			704.550.286
Total financial liabilities			1.260.961.494

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

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

	31 March 2020	31 December 2019
Less than 1 year	726.865.491	556.411.208
Between 1-5 years	608.780.311	455.983.261
More than 5 years	263.175.954	248.567.025
	1.598.821.756	1.260.961.494

The redemption schedules of long-term bank borrowings as of 31 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
Between 1-2 years	207.387.555	162.905.267
Between 2-3 years	93.084.864	90.106.238
Between 3-4 years	63.096.160	61.726.140
4 years and more	21.193.133	25.025.082
	384.761.712	339.762.727

Movement of financial liabilities for the period ended March 31, 2020 and March 31, 2019 is as follows:

	2020	2019
As of January 1	802.214.655	711.524.934
Addition in current year	215.673.664	177.818.412
Principal payments	(83.956.505)	(110.586.508)
Interest payments	(2.683.187)	(613.361)
Change in exchange differences	61.995.461	43.649.387
Change in interest accruals	4.552.219	2.029.006
As of March 31	997.796.307	823.821.870

Movement of financial lease liabilities for the period ended March 31, 2020 and March 31, 2019 is as follows:

	2020	2019
1 January 2020	458.682.556	623.958.072
Addition	122.991.274	-
Lease expense	6.426.035	11.892.800
Payments	(23.318.182)	(20.912.322)
FX expense	36.215.372	36.301.618
31 March 2020	600.997.055	651.240.168

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 March 2020	31 December 2019
Due from third parties	242.526.905	249.583.427
Less: Provision for doubtful receivables	(37.494.625)	(36.457.770)
Trade receivables from third parties (net)	205.032.280	213.125.657
Due from related parties	3.543.130.	3.873.386
Total short-term trade receivables	208.575.410	216.999.043

Movement of provision for doubtful receivables is as follows:

	31 March 2020	31 March 2019
Opening balance	36.457.770	12.329.145
Additional provisions in current period	1.980.796	74.142
Cumulative translation differences	288.165	128.158
Write-off	(1.232.106)	(458.642)
Closing balance	37.494.625	12.072.803

Short-term trade payables

	31 March 2020	31 December 2019
Trade payables to third parties	106.266.312	98.608.967
Accrued liabilities	9.109.358	14.142.646
Total trade payables to third parties	115.375.670	112.751.613
Due to third parties (Note 25)	12.814.154	21.948.013
Total trade payables	128.189.824	134.699.626

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 March 2020	31 December 2019
Receivable from tax office	11.550.658	7.306.028
Deposits and guarantees given	43.278.660	3.120.589
Other miscellaneous receivables (*)	50.927.832	33.328.000
Other short-term receivables from non-related parties	105.757.150	43.754.617
Due from related parties (Note 25)	30.078.401	26.647.884
Total short-term other receivables	135.835.551	70.402.501

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES(Continued)

Other Long Term Receivables

	31 March 2020	31 December 2019
Deposits and guarentees given (*)	40.984.687	69.505.234
Other long-term receivables from non-related parties	40.984.687	55.750.097
Due from related parties (Note 25)	88.413.211	81.497.007
Total short-term other receivables	129.397.898	151.002.241

(*) As of March 31, 2020, 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 11.630.346 (December 31, 2019: TL 27.144.908) and TL 28.911.304 (December 31, 2019: TL 41.951.946).

Other short-term payables

	31 March 2020	31 December 2019
Other short-term payables (*)	20.165.396	15.532.722
Deposits and guarantees received	2.716.633	2.868.989
	22.882.029	18.401.711

(*) As of 31 March 2020; TL 11.064.884 of other short-term payables (31 December 2019: TL 13.489.143) 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..

	31 March 2020	31 December 2019
Other long-term payables		
Deposits and guarantees received	17.383.598	16.806.306
	17.383.598	16.806.306

NOTE 10 – INVENTORIES

	31 March 2020	31 December 2019
Trade goods	2.543.122	3.200.070
Other inventories (*)	16.486.379	13.324.664
	19.029.501	16.524.734

(*) 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 31 March 2020 are as follows

	Opening 1 January 2020	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2020
Cost						
Plant, machinery and equipment	421.874.528	19.493.389	(3.066.221)	3.672	4.380.463	442.685.831
Motor vehicles	109.354.697	2.128.913	(4.169.727)	443.091	713.792	108.470.766
Furniture and fixtures	55.331.330	1.780.800	(830.287)	355.452	165.386	56.802.681
Leasehold improvements	204.766.495	472.141	-	(88.714)	448.005	205.597.927
Construction in Progress (*)	6.941.410	9.785.752	-	(713.501)	266.231	16.279.892
	798.268.460	33.660.995	(8.066.235)	-	5.973.877	829.837.097
Accumulated depreciation						
Plant, machinery and equipment	(222.190.447)	(7.054.375)	1.500.912	-	(1.811.182)	(229.555.092)
Motor vehicles	(65.138.374)	(1.294.819)	2.286.174	-	(575.187)	(64.722.206)
Furniture and fixtures	(21.577.390)	(1.663.462)	7.708	-	(10.947)	(23.244.091)
Leasehold improvements (*)	(32.203.167)	(3.107.226)	-	-	(249.774)	(35.560.167)
	(341.109.378)	(13.119.882)	3.794.794	-	(2.647.090)	353.081.556
Net book value	457.159.082					476.755.541

Depreciation expense for the period ended 31 March 2020 in the amount of TL 12.515.099 and TL 604.783 are respectively included in cost of sales and operating expenses.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the period ended 31 March 2019 are as follows:

	Opening 1 January 2019	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2019
Cost						
Plant, machinery and equipment	313.225.567	7.575.747	(3.763.135)	129.286	8.891.392	326.058.857
Motor vehicles	92.226.743	1.885.312	(40.910)	34.236	4.786.590	98.891.971
Furniture and fixtures	29.989.578	153.097	(48.574)	-	394.379	30.488.480
Leasehold improvements	124.977.420	128.853	-	-	535.783	125.642.056
Construction in Progress (*)	156.979.027	51.720.444	-	(383.175)	95.057	208.411.353
	717.398.335	61.463.453	(3.852.619)	(219.653)	14.703.201	789.492.717
Accumulated depreciation						
Plant, machinery and equipment	(209.073.132)	(4.117.272)	1.552.989	(4.895)	(4.762.763)	(216.405.073)
Motor vehicles	(59.784.991)	(1.120.180)	34.092	84.439	(3.096.252)	(63.882.892)
Furniture and fixtures	(24.497.064)	(443.089)	36.101	678	(303.020)	(25.206.394)
Leasehold improvements (*)	(102.237.970)	(1.192.627)	-	-	(338.580)	(103.769.177)
	(395.593.157)	(6.873.168)	1.623.182	80.222	(8.500.615)	(409.263.536)
Net book value	321.805.178					380.229.181

(*) TL 196.293.309 of the investments in progress is composed of investments made for Istanbul Airport.

Depreciation expense for the period ended 31 March 2019 in the amount of TL 6.172.428 and TL 700.470 are respectively included in cost of sales and operating expenses.

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NOTE 12 – RIGHT OF USE ASSETS

Movements in right of use assets for the period ended 31 March 2020 are as follows:

	Opening adjustments 1 January 2020	Additions	Transfers	Foreign Currency Translation Differences	Closing 31 March 2020
Cost					
Land	435.309.266	122.991.274	-	6.229.970	564.530.510
Plant, machinery and equipment	45.760.572	-	-	274.839	46.035.411
Vehicles	7.905.523	-	-	45.001	7.950.524
	488.975.361	122.991.274	-	6.549.810	618.516.445
Accumulated depreciation					
Land	(35.982.511)	(12.193.322)	-	(1.577.930)	(49.753.763)
Plant, machinery and equipment	(21.490.992)	(5.375.517)	-	(111.844)	(26.978.353)
Vehicles	(3.445.845)	(866.269)	-	(24.266)	(4.336.380)
	(60.919.348)	(18.435.108)	-	(1.714.040)	(81.068.496)
Net book value	428.056.013				537.447.949

Depreciation expense for the period ended 31 March 2020 in the amount of TL 18.435.108 is included in cost of sales.

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NOTE 12 – RIGHT OF USE ASSETS

Movements in right of use assets for the period ended 31 March 2019 are as follows:

	Opening adjustments 1 January 2019	Additions	Transfers	Foreign Currency Translation Differences	Closing 31 March 2019
Cost					
Land	533.719.247	-	13.860.864	21.769.789	569.349.900
Plant, machinery and equipment	71.248.232	-	-	2.101.948	73.350.180
Vehicles	8.701.099	-	-	131.382	8.832.481
	613.668.578	-	13.860.864	24.003.119	651.532.561
Accumulated depreciation					
Land	- (10.189.355)	-	-	(425.969)	(10.615.324)
Plant, machinery and equipment	- (5.265.567)	-	-	(37.466)	(5.303.033)
Vehicles	- (1.028.523)	-	-	(13.000)	(1.041.523)
	- (16.483.445)	-	-	(476.435)	(16.959.880)
Net book value	613.668.578				634.572.681

Depreciation expense for the period ended 31 March 2019 in the amount of TL 16.483.445 is included in cost of sales.

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NOTE 13 - INTANGIBLE ASSETS

Other Intangible Assets

Movements in intangible assets for the period ended 31 March 2020 are as follows:

	Opening 1 January 2020	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2020
Cost						
Rights	10.445.953	-	(56.920)	-	-	10.389.033
Customer relations	80.125.063	-	-	-	(119.627)	80.005.436
Software	31.148.869	416.062	(405.253)	-	526.027	31.685.705
Concession rights(**)	191.789.236	1.918.497	-	-	6.628.373	200.336.106
Build-operate-transfer investments (*)	160.438.380	-	-	-	5.503.535	165.941.915
	473.947.501	2.334.559	(462.173)	-	12.538.308	488.358.195
Accumulated depreciation						
Rights	(4.883.496)	(148.434)	56.920	-	-	(4.975.010)
Concession rights (**)	(76.938.820)	(2.719.226)	-	-	(2.704.862)	(82.362.908)
Customer relations	(80.125.063)	-	-	-	(119.627)	(80.005.436)
Software	(19.200.403)	(775.707)	-	-	(318.579)	(20.294.689)
Build-operate-transfer investments(*)	(68.300.220)	(1.911.107)	-	-	(2.385.777)	(72.597.104)
	(249.448.002)	(5.554.474)	56.920	-	(5.289.591)	(260.235.147)
Net book value	224.499.499					228.123.048

(*)TL 91.029.174 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 2.315.637 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.

Amortization expense for the period ended 31 March 2020 in the amount of TL 603.466 and TL 4.951.008 are included in operating expenses and cost of sales.

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NOTE 13 – INTANGIBLE ASSETS (Continued)

Other Intangible Assets

Movements in intangible assets for the period ended 31 March 2019 are as follows:

	Opening 1 January 2019	Additions	Disposals	Transfers	Foreign Currency Translation Differences	Closing 31 March 2019
Cost						
Rights	10.150.600	-	-	124.075	-	10.274.675
Customer relations	74.861.473	-	-	-	3.588.830	78.450.303
Software	22.471.782	2.511.570	(83.909)	95.578	541.034	25.536.055
Concession rights(**)	181.239.638	-	-	-	14.826.508	196.066.146
Build-operate-transfer investments (*)	140.626.194	-	-	-	11.495.523	152.121.717
		2.511.570	(83.909)	219.653	30.451.895	462.448.896
	429.349.687					
Accumulated depreciation						
Rights	(4.273.249)	(149.382)	-	(80.222)	-	(4.502.853)
Concession rights (**)	(60.736.114)	(2.587.199)	-	-	(5.147.069)	(68.470.382)
Customer relations	(74.861.473)	-	-	-	(3.588.830)	(78.450.303)
Software	(16.653.564)	(776.313)	83.909	-	(400.733)	(17.476.671)
Build-operate-transfer investments(*)	(53.716.625)	(2.006.438)	-	-	(4.524.266)	(60.247.329)
	(210.241.025)	(5.519.332)	83.909	(80.222)	(13.660.898)	(229.147.538)
Net book value	219.108.662					233.301.358

(*)TL 87.340.740 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.691.135.907, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. In addition, TL 4.533.963 which is difference between discounted present value of deposit paid with interest rate,10,82%, and the deposit amounting to INR 452.500.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

(**) Refers to fixed asset expenditures made within within the scope of the concession agreement signed between DIAL Celebi Delhi Cargo and are recognized in accordance with IFRIC 12 and IFRIC 4. As of March 31, 2019, there are financial lease assets in the concession rights with the net book value of TL 10.112.090.

Amortization expense for the period ended 31 March 2019 in the amount of TL 352.350 and TL 4.896.952 are included in operating expenses and cost of sales.

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NOTE 13 - INTANGIBLE ASSETS (Continued)

Goodwill

Positive goodwill at 31 March 2020 and 31 December 2019 is as follows:

	31 March 2020	31 December 2019
Goodwill due to acquisition of CGHH	46.939.172	47.009.266
Goodwill due to acquisition of KSU	13.923.000	13.923.000
	60.862.172	43.925.159

Goodwill due to acquisition of CGHH

Positive goodwill at 31 March 2020 is as follows:

	31 March 2020	31 March 2019
1 January	43.925.159	43.925.159
Goodwill due to acquisition of KSU	13.923.000	-
Foreign Currency Translation Differences	3.014.013	2.102.800
Goodwill	60.862.172	46.027.959

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 March 2020.

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short term provisions

Other short-term provisions

	31 March 2020	31 December 2019
Provision for litigation and obligation	6.732.106	6.782.526
	6.732.106	6.782.526

Movements of other short term provisions for the periods ended March 31, 2020 is as follows:

	Provision for litigation	Total
1 January 2020	6.782.526	6.782.526
Addition during the year	182.085	182.085
Payments during the year	(320.804)	(320.804)
Currency translation differences	88.299	88.299
31 March 2020	6.732.106	6.732.106

	Provision for litigation	Total
1 January 2019	5.173.420	5.173.420
Provision cancellation	(1.336.138)	(1.336.138)
Currency translation differences	18.573	18.573
31 March 2019	4.624.501	4.624.501

Short-term provision for employee benefits

	31 March 2020	31 December 2019
Provision for employee termination benefits(*)	9.879.842	9.056.853
Provision for unused vacation	6.935.250	7.939.669
	16.815.092	16.996.522

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

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

b) Long-term provisions

Long-term provision for employee benefits:

	31 March 2020	31 December 2019
Provision for employee termination benefits	25.970.422	28.354.292
	25.970.422	28.354.292

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

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

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

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 31 March 2020 consists of one month’s salary limited to a maximum of TL 6.730,15 (31 December 2019: TL 6.379,86) 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..

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

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. Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 6.730,15 which is effective from 1 January 2020 (31 December 2019: TL 6.017,60) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

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

	2020	2019
As of January 1	37.411.145	33.429.403
Payments of provisions during the year	(4.451.585)	(1.978.854)
Actuarial (gain)/loss	-	-
Service cost of employee termination benefits	1.796.218	3.398.528
Interest cost of employee termination benefits	634.395	738.570
Currency translation differences	460.091	730.101
As of March 31	35.850.264	36.317.748

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

	2020	2019
As of January 1	7.939.669	6.512.563
Payments of provisions during the year	(205.387)	(138.230)
Increase in unused vacation rights during the year	2.616.402	2.906.280
Usage of vacation rights during the year	(3.491.864)	(1.798.604)
Currency translation differences	76.430	(250.547)
As of March 31	6.935.250	7.231.462

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

Contingent assets and liabilities of the Group

Guarantees received	31 March 2020	31 December 2019
Guarantee letters	21.810.644	20.894.918
Guarantee cheques	8.910.405	1.554.302
Guarantee notes	1.795.502	1.660.231
	32.516.551	24.109.451

Guarantees given	31 March 2020	31 December 2019
Guarantee letters	216.744.674	228.155.587
Collaterals (*)	201.186.004	194.493.126
Pledged shares (*)	37.091.183	35.860.261
	455.021.861	458.508.974

(*)Collaterals and pledged shares amounting to TL 238.277.187 consist of collaterals given to the Group's subsidiaries and joint venture partners. (31 December 2019: TL 230.353.387) (Note 25).

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

As of March 31, 2020, the Group has contingent liabilities amounting to TL 26.616.394 (December 31, 2019: TL 25.733.093) due to the legal cases and enforcement proceedings in progress against the Group.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

The details of collaterals, pledges and mortgages ("CPM") of the Company at 31 March 2020 and 31 December 2019 are as follows:

CPGM given by the Group	March 31, 2020		December 31, 2019	
	Amount	TL Equivalent	Amount	TL Equivalent
A. CPGM given on behalf of the Group's legal personality				184.919.012
TL	6.138.616	6.138.616	20.764.450	20.764.450
EUR	10.102.766	72.891.457	8.196.902	54.514.316
USD	2.210.500	14.403.618	2.210.500	13.130.812
INR	1.278.482.252	110.179.600	1.478.482.252	123.187.141
HUF	500.700.000	10.059.063	500.547.000	10.071.006
B. CPGM given on behalf of fully consolidated subsidiaries		241.349.507		236.841.250
EUR	50.000	360.750	50.000	332.530
USD	471.504	3.072.320	1.092.196	6.487.863
INR	2.760.692.000	237.916.437	2.760.692.000	230.020.857
C. CPGM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D Total amount of other CPGM	-	-	-	-
i. Total amount of CPGM given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPGM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPGM given on behalf of third Parties which are not in scope of C	-	-	-	-
		455.021.861		398.846.455

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

NOTE 15 - OTHER ASSETS AND LIABILITIES

	31 March 2020	31 December 2019
Other current assets		
Advances given to personnel	477.329	393.864
Deferred VAT	14.769.489	15.995.317
	15.246.816	16.389.181

	31 March 2020	31 December 2019
Other non current assets		
Prepaid taxes and funds (*)	20.291.321	21.869.317
Other	5.055	4.995
	20.296.376	21.874.312

(*) 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 5.366.815 (31 December 2019: TL 12.913.213) and TL 14.883.878 (31 December 2019: TL 8.956.104) .

Other current liabilities

	31 March 2020	31 December 2019
Taxes and funds payable	6.804.315	7.500.525
Provision for operational leasing equalization (*)	-	-
Maintenance obligation liability	869.682	840.821
Other	14.898	519.234
	7.688.895	8.860.670

Other non current liabilities

	31 March 2020	31 December 2019
Deferred insurance indemnity income (*)	48.506	-
Maintenance obligation liability	59.134.258	55.204.459
	59.182.764	55.204.459

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

NOTE 16 – PREPAID EXPENSES

Short Term Prepaid Expenses

	31 March 2020	31 December 2019
Prepaid expenses	12.626.199	15.603.148
Advances given	17.319.917	13.899.063
	29.946.116	29.502.211

Long Term Prepaid Expenses

	31 March 2020	31 December 2019
Prepaid expenses	4.576.675	7.485.435
Advances given for fixed assets(*)	6.608.439	12.552.800
	11.185.114	20.038.235

NOTE 17 – DEFERRED INCOME

Short-term deferred income

	31 March 2020	31 December 2019
Other advances received	16.107.609	15.995.712
Deferred income	10.247.493	1.036.334
	26.355.102	17.032.046

NOTE 18 – LIABILITIES FOR EMPLOYEE BENEFITS

	31 March 2020	31 December 2019
Wages and salaries payable	24.888.135	28.708.503
Bonus payable accruals	22.737.139	19.749.811
Social security withholdings payable	7.224.125	5.528.193
	54.849.399	53.986.507

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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NOTE 19 - EQUITY

Share Capital

As of 31 March 2020, the authorized share capital of the Group is TL 24.300.000 comprising of TL 2.430.000.000 registered shares with a face value each of 1 Kr (31 December 2019: 2.430.000.000).

At 31 March 2020 and 31 December 2019, the shareholding structure of the Group is stated in historical amounts below:

Shareholders	31 March 2020		31 December 2019	
	Amount	Share %	Amount	Share %
Çelebi Havacılık Holding A.Ş. (ÇHH)	21.848.528	89,91	21.236.463	87,39
Other	2.451.472	10,09	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 (“TCC”), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

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

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

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

The amount of restricted reserves is TL 50.630.456 as of 31 March 2020 (31 December 2019: TL 63.387.956).

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

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NOTE 19 - EQUITY (Continued)

Restricted Reserves (Continued)

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

NOTE 20 – REVENUE AND COST OF SALES

	1 January - 31 March 2020	1 January - 31 March 2019
Ground handling services	221.027.316	207.039.017
Cargo and warehouse services income	174.777.642	141.862.362
Revenue in the context of IFRIC 12	1.918.497	-
Rental revenue not related to aviation	17.972.768	14.244.661
Less: Returns and discounts	(13.812.707)	(10.687.096)
Sales revenue- net	401.883.516	352.458.944
Cost of sales	(317.253.270)	(276.433.434)
Gross profit	84.630.246	76.025.510

NOTE 21 - FINANCIAL INCOME

	1 January - 31 March 2020	1 January - 31 March 2019
Foreign exchange gains	17.248.392	2.529.412
Interest income	3.739.524	3.583.884
Other financial income	1.423.914	1.684.651
	22.411.830	7.797.947

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

NOTE 22 - FINANCIAL EXPENSES

	1 January - 31 March 2020	1 January - 31 March 2019
Foreign exchange losses	(64.139.707)	(30.994.649)
Interest expenses	(9.024.995)	(8.460.551)
Financial expenses incurred under scope of IFRIC 4-12	-	(231.048)
Financial expenses incurred under scope of IFRS 16	(37.686.606)	(23.178.738)
Other financial expenses	(2.127.221)	(1.134.642)
	(112.978.529)	(63.999.628)

NOTE 23 - TAX ASSETS AND LIABILITIES

	1 January - 31 March 2020	1 January - 31 December 2019
Current period corporate tax provision	1.505.926	39.814.770
Less: prepaid corporate tax expense	(4.565.764)	(38.701.780)
Current tax liability - net	(3.059.838)	1.112.990
Deferred tax assets	110.829.501	102.587.821
Deferred tax liabilities	(24.558.389)	(21.497.424)
Deferred tax assets / (liability) - net	86.271.112	81.090.397

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

Income Tax

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

In Turkey, the corporate tax rate is 20% (will be 22% for taxation periods of 2018, 2019 and 2020) (December 31, 2019: 22%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions and income tax deductions.

The corporation tax rate has been changed in 2014 as 19% up to fiscal profit HUF 500.000.000 and 10% for fiscal profit over HUF 500.000.000 with the regulation in Hungary. Effective from January 1, 2019, the rate of Hungarian corporate tax will be implemented as 9%.

In India, the corporate tax rates are 29,12% and 34,94% for fiscal year 2020 (2019 : %29,12 - %34,94). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc.) and income tax deductions (like research and development expenses).

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

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

Tax expense for the periods end 31 March 2020 and 2019 is presented below:

	1 January - 31 March 2020	1 January - 31 March 2019
- Current year corporate tax	(6.320.000)	(3.814.803)
- Deferred tax income /(expense)	2.858.749	16.272.280
Current year tax expense – net	(3.461.251)	12.457.477

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%, 31,925% and 29,12% - 34,94% for Turkey, Hungary, Germany, India respectively.

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 31 March 2020 and 31 December 2019 using the enacted tax rates are as follows:

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Taxes (Continued)

	Deferred tax base		Deferred tax assets / (liabilities)	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Deferred tax assets				
Personnel bonus accrual	(6.543.095)	(8.820.516)	1.508.284	2.139.716
Accrued sales commissions	(18.890.803)	(16.284.769)	4.155.977	3.582.649
Provision for employment termination benefits	(23.419.133)	(27.383.829)	4.871.570	5.837.091
Provision for operational leasing equalization	-	-	-	-
Provision for unused vacation rights	(4.182.606)	(5.488.641)	959.971	1.289.051
Provision for litigation and indemnity	(562.0527)	(5.620.527)	1.236.516	1.236.516
Adjustments related to property plant and equipment and intangible assets	(98.003.615)	(90.167.381)	24.769.714	23.023.203
Investment incentives	(149.369.314)	(149.369.314)	32.861.248	32.861.249
Deferred tax income calculated over unused previous years' losses	(57.479.032)	(52.982.680)	18.292.702	16.861.738
Adjustments related with TFRS 16	(71.869.754)	(40.602.474)	14.373.951	8.120.495
Other	(36.807.634)	(36.158.100)	7.799.568	7.636.113
			110.829.501	104.594.580
Net off			-	-
Deferred tax assets			110.829.501	102.587.821
Deferred tax liabilities				
Adjustments related to property plant and equipment and intangible assets	129.733.082	75.686.003	(23.186.752)	(20.779.72)
Income accrual	4.535.663	9.335.660	(997.846)	(333.230)
Other	1.868.955	2.135.949	(373.791)	(384.471)
			(24.558.389)	(21.540.144)
Net off			-	-
Deferred tax liabilities			(24.558.389)	(21.497.424)
Deferred tax assets, net			86.271.112	81.090.397

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax movement table is as below:

	31 March 2020	31 March 2019
1 January	81.090.397	92.662.869
Foreign currency translation difference	2.321.966	2.604.219
Current period deferred tax income / (expense)	2.858.749	16.272.280
Cancellation of provision for operational leasing equalization	-	(51.026.178)
31 March	86.271.112	60.513.190

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:

	1 January - 31 March 2020	1 January - 31 March 2019
Net profit / (loss) attributable to the equity holders of the parent	(40.573.399)	7.342.799
Weighted average number of shares with 1 Full TL face value each	2.430.000.000	2.430.000.000
Earnings / (losses) per share (Full TL)	0,0167	0,0032

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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NOTE 25- TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

i) Balance with related parties

Short term receivables from related parties

	31 March 2020	31 December 2019
Celebi Ground Services Austria ⁽²⁾	1.326.471	1.337.241
Çelebi Havacılık Holding ⁽¹⁾	264.758	876.980
Çelebi Nas ⁽³⁾	1.679.600	1.419.418
Other	272.301	239.747
	3.543.130	3.873.386

Other receivables from related parties

	March 31, 2020	December 31, 2019
Çelebi Havacılık Holding ^{(1)(*)}	118.491.612	108.144.891
	118.491.612	108.144.891

Payables to related parties

	31 March 2020	31 December 2019
Çelebi Havacılık Holding ^{(1)(**)}	1.555.650	3.678.836
CGSA ⁽⁴⁾	-	5.865.231
Çe-Tur Çelebi Turizm Tic. A.Ş. ⁽⁵⁾	3.028.002	1.897.163
DASPL ⁽⁴⁾	3.090.720	1.582.792
Çelebi Nas ⁽³⁾	5.136.353	8.920.569
Other	3.429	3.427
	12.814.154	21.948.013

- (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 30 June 2023 maturity and 3.95% interest rate.

(**) As of March 31, 2020, 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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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Significant Transactions with related parties

	1 January - 31 March 2020	1 January - 31 March 2019
Miscellaneous sales to related parties		
Çelebi Havacılık Holding(1)	1.278.870	-
Celebi Ground Services Austria(2)*	-	5.087
DASPL(3)	149.404	192.778
Çe-Tur Çelebi Turizm Tic. A.Ş. (4)	28.102	-
Other	87.329	9.911
	1.543.705	207.776
Employee and transportation expenses payable to related parties		
Çe-Tur Çelebi Turizm Tic. A.Ş.(4)	271.365	2.997.939
Kamil Koç	-	1.520.496
Contribution to holding expenses (*)		
Çelebi Havacılık Holding(1)	19.232.746	21.396.972
(*) Contribution paid to Çelebi Havacilik Holding A.Ş. for services legal counseling, financial consultancy and human resource consultancy provided to Çelebi Hava Servisi A.Ş. by Çelebi Havacilik Holding A.Ş.		
Other purchases from related parties (*)		
Çelebi Havacılık Holding (1)	737.722	1.096.071
DASPL(3)(**)	3.838.129	2.043.660
Celebi Nas	20.258	2.139.783
Çe-Tur Çelebi Turizm Tic. A.Ş. (4)	61.308	61.712
Other	100.987	-
	4.758.404	5.341.226

(1) Parent Company

(2) Subsidiary of the Group

(3) Associate of the Group

(4) Other related party

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Significant Transactions with related parties (continued)

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

As of March 31, 2020 and December 31, 2019, collaterals given in favour of the subsidiaries and joint venture of the Group for the loans borrowed by them are as follow:

March 31, 2019	EUR	INR	Total TL
Celebi Nas (1)	-	94.392.000	8.134.703
Celebi Delhi Cargo (2)	-	336.000.000	28.956.480
CASI(3)	-	2.330.300.000	200.825.254
Celebi Cargo GmbH (4)	50.000	-	360.750
	50.000	2.760.692.000	238.277.187

December 31, 2019	EUR	INR	Total TL
Celebi Nas (1)	-	94.392.000	7.864.741
Celebi Delhi Cargo (2)	-	336.000.000	27.995.520
CASI (3)	-	2.330.300.000	194.160.596
Celebi Cargo GmbH (4)	50.000	-	332.530
	50.000	2.760.692.000	230.353.387

- (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 March 31, 2020, the risk of the cash loan in the respective bank is amounting INR 1.314.313.970.
- (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 two India resident banks and 30% portion of the owned by the Company are pledged on behalf of the bank. As of March 31, 2020, the risk of the cash loan in the respective bank is amounting INR 752.037.417.
- (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 March 31, 2020, the risk of the cash loan in the respective bank is amounting to INR 913.588.053.
- (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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Significant Transactions with related parties (continued)

Key management compensation:

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

	1 January - 31 March 2020	1 January- 31 March 2019
Short-term employee benefits to key management	4.543.289	4.795.558
	4.543.289	4.795.558

NOTE 26 - FINANCIAL RISK MANAGEMENT

Currency risk

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

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

As of 31 March 2020, 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 5.619.028 (31 December 2019: TL 7.576.176).

As of 31 March 2020, 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 81.820.187 (31 December 2019: TL 74.462.576).

As of March 31, 2020, 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 25.716 (December 31, 2019: TL 27.554).

Foreign currency denominated assets and liabilities of the Group as of 31 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
Assets denominated in foreign currency	514.569.046	404.309.071
Liabilities denominated in foreign currency (-)	(1.276.323.483)	(1.072.897.411)
Net balance sheet position	(761.754.437)	(668.588.370)

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes TL equivalent of the Group’s foreign currency denominated assets and liabilities as of 31 March 2020 and 31 December 2019:

31 March 2020	TL Equivalent (Functional Currency)	USD	Euro	GBP/British Pound
1. Trade receivables	80.134.529	3.016.429	8.382.464	-
2. Monetary financial assets (Cash, Bank Accounts)	306.412.123	7.340.603	35.726.779	100.776
3. Other	39.609.185	127.460	5.374.727	-
4. Current Assets(1+2+3)	426.155.837	10.484.492	49.483.970	100.776
5. Other	88.413.209	-	12.254.083	-
6. Non-current assets (5)	88.413.209	-	12.254.083	-
7. Total assets (4+6)	514.569.046	10.484.492	61.738.053	100.776
8. Trade payables	26.044.639	967.909	2.735.654	-
9. Financial liabilities	615.529.751	4.358	85.308.573	-
10. Other monetary liabilities	6.923.992	888.794	80.073	68.862
11. Current liabilities (8+9+10)	648.498.382	1.861.061	88.124.300	68.862
12. Financial liabilities	627.825.101	-	87.016.646	-
13. Other monetary liabilities	-	-	-	-
14. Non-current liabilities (12+13)	627.825.101	-	87.016.646	-
15. Total liabilities (11+14)	1.276.323.483	1.861.061	175.140.946	68.862
16 Net foreign currency asset/(liability) position (7-15)	(761.754.437)	8.623.431	(113.402.893)	31.914
17. Net monetary foreign currency asset/(liability) Position (7-15)	(761.754.437)	8.623.431	(113.402.893)	31.914

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

December 31, 2019	TL Equivalent	USD	EUR	GBP
1. Trade receivables	119.430.203	4.277.207	14.137.482	-
2. Monetary financial assets	164.847.605	9.652.518	16.048.135	100.301
3. Other	38.534.259	115.584	5.690.865	-
4. Current Assets (1+2+3)	322.812.067	14.045.309	35.876.482	100.301
5. Other	81.497.004	-	12.254.083	-
6. Non-current assets (5)	81.497.004	-	12.254.083	-
7. Total assets (4+6)	404.309.071	14.045.309	48.130.565	100.301
8. Trade payables	36.244.739	1.045.158	4.516.328	-
9. Financial liabilities	471.109.730	10.822	70.827.511	-
10. Other monetary liabilities	6.625.397	235.254	710.236	64.868
11. Short-term liabilities (8+9+10)	513.979.866	1.291.234	76.054.075	64.868
12. Financial liabilities	558.917.575	-	84.040.173	-
13. Other monetary liabilities	-	-	-	-
14. Long-term liabilities (12+13)	558.917.575	-	84.040.173	-
15. Total liabilities (11+14)	1.072.897.441	1.291.234	160.094.248	64.868
16. Net foreign currency asset/(liability) position (7-15)	(668.588.370)	12.754.075	(111.963.683)	35.433
17. Net monetary foreign currency asset/(liability) position (7-15)	(668.588.370)	12.754.075	(111.963.683)	35.433

ÇELEBİ HAVA SERVİSİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

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

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

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

The ratio of netdebt/ (equity+net debt at 31 March 2020 and 31 December 2019 is as follows:

	31 March 2020	31 December 2019
Total financial liabilities	1.598.821.756	1.260.961.494
Less: Cash and cash equivalents	(395.692.263)	(209.130.875)
Less: Restricted cash	(21.566.657)	(57.747.115)
Net debt	1.181.562.836	994.083.504
Net debt (Except for the impact of new and revised accounting policies) (*)	580.537.387	473.346.480
Shareholder’s equity	553.134.183	575.945.325
Capital invested	1.734.697.019	1.570.028.829
Net debt / capital invested	0,68	0,63

(*) As of March 31, 2020, TL 601.025.449 of the net debt consists of the lease amounts discounted in accordance with TFRS 16. (2019: TL 458.746.839)

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

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

Group's assets and liabilities measured fair value at 31 March 2020 and 31 December 2019 are as follows:

31 March 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
<hr/>				
December 31, 2018	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

NOTE 28 - SUBSEQUENT EVENTS

Due to crisis caused by worldwide effective pandemic Covid-19 virus, in Turkey and countries operated, one of the first measures taken by governments / authorities are to stop international flights and / or has been completely. In this context, the company stopped all non-urgent expenses, postponed investments, and raised employees to paid and unpaid leaves. It also applied for support from governments and the authorities to which it was affiliated in order to reduce fixed costs and provided various supports for temporary periods. Although it is not known exactly how the negative impact of the Covid-19 on the company's activities, it is estimated that it will be higher in "Airport Ground Services Operating Revenues" and more limited in "Air Cargo Handling and Warehouse Operating Revenues".