TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2014

TAV Havalimanları Holding A.Ş.
and its Subsidiaries

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Report on review of interim condensed consolidated financial statements
To the shareholders of TAV Havalimanları Holding Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of TAV Havalimanları Holding Anonim Şirketi (the "Company") and its subsidiaries (altogether referred to as "the Group") as at 30 June 2014, comprising of the interim consolidated statement of financial position as at 30 June 2014 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The consolidated financial statements of the Group, prepared in accordance with International Financial Reporting Standards, as of 31 December 2013 and 30 June 2013 were audited/reviewed by another audit firm whose independent auditor's report thereon dated 18 February 2014 and review conclusion dated 26 August 2013 expressed an unqualified qualified opinion/conclusion.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Seda Akkuş Tecer
Partner

8 August 2014
Istanbul, Turkey

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2014

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	30 June 2014	Restated (*) 31 December 2013
ASSETS			
Property and equipment		162,356	156,867
Intangible assets		18,692	19,748
Airport operation right	6	885,319	866,751
Equity-accounted investees	16	90,567	91,995
Other investments		19	24
Goodwill		136,149	136,149
Prepaid concession and rent expenses	7	121,541	55,644
Derivative financial instruments	12	-	65
Trade receivables		118,993	113,388
Non-current due from related parties	15	2,014	-
Other non-current assets		2,188	1,654
Deferred tax assets		84,611	72,207
Total non-current assets		**1,622,449**	**1,514,492**
Inventories		8,501	7,551
Prepaid concession and rent expenses	7	135,361	137,916
Derivative financial instruments	12	2,565	1,313
Trade receivables		92,023	81,667
Due from related parties	15	20,547	14,750
Other receivables and current assets		31,643	24,112
Cash and cash equivalents	8	260,960	97,822
Restricted bank balances	9	223,018	381,939
Total current assets		**774,618**	**747,070**
TOTAL ASSETS		**2,397,067**	**2,261,562**

(*) See Note 3(a).

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2014

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	30 June 2014	Restated (*) 31 December 2013
EQUITY			
Share capital		162,384	162,384
Share premium		220,286	220,286
Legal reserves		86,636	78,416
Other reserves		(17,605)	(17,605)
Revaluation surplus		786	957
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(86,950)	(68,660)
Translation reserves		(15,513)	(15,742)
Retained earnings		203,168	193,735
Total equity attributable to equity holders of the Company		**593,256**	**593,835**
Non-controlling interests	16	25,240	32,431
Total Equity		**618,496**	**626,266**
LIABILITIES			
Loans and borrowings	11	1,218,443	1,068,344
Reserve for employee severance indemnity		13,837	11,676
Due to related parties	15	8,969	10,289
Derivative financial instruments	12	144,325	121,506
Deferred income		21,922	23,923
Other payables		12,808	11,209
Deferred tax liabilities		3,483	3,886
Total non-current liabilities		**1,423,787**	**1,250,833**
Bank overdraft	8	4,207	1,610
Loans and borrowings	11	245,626	283,405
Trade payables		43,580	41,192
Due to related parties	15	3,705	9,046
Derivative financial instruments	12	-	1,018
Current tax liabilities		15,934	10,391
Other payables		24,214	20,719
Provisions		7,165	6,232
Deferred income		10,353	10,850
Total current liabilities		**354,784**	**384,463**
Total Liabilities		**1,778,571**	**1,635,296**
TOTAL EQUITY AND LIABILITIES		**2,397,067**	**2,261,562**

(*) See Note 3(a).

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

Interim Condensed Consolidated Statement of Comprehensive Income
For the Six-Month Period Ended 30 June 2014

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	Reviewed 1 January- 30 June 2014	1 April- 30 June 2014	Reviewed 1 January- 30 June 2013	1 April- 30 June 2013
Construction revenue		39,623	16,680	117,884	66,203
Operating revenue		390,940	220,598	381,746	214,196
Other operating income		28,626	16,656	23,683	12,147
Construction expenditure		(39,623)	(16,680)	(117,884)	(66,203)
Cost of catering inventory sold		(16,938)	(9,719)	(13,026)	(6,917)
Cost of services rendered		(27,005)	(17,024)	(24,722)	(14,091)
Personnel expenses		(108,677)	(53,739)	(116,111)	(54,488)
Concession and rent expenses		(70,858)	(36,031)	(70,280)	(35,352)
Depreciation and amortisation expenses		(35,360)	(17,783)	(34,500)	(17,611)
Other operating expenses		(49,951)	(25,647)	(54,045)	(27,769)
Share of profit of equity-accounted investees, net of tax	16	21,118	12,733	14,788	8,622
Operating profit		**131,895**	**90,044**	**107,533**	**78,737**
Finance income		18,194	12,673	14,281	8,300
Finance costs		(50,607)	(28,822)	(50,737)	(33,641)
Net finance costs		**(32,413)**	**(16,149)**	**(36,456)**	**(25,341)**
Profit before tax		**99,482**	**73,895**	**71,077**	**53,396**
Tax expense		(17,709)	(8,536)	(19,911)	(15,276)
Profit for the period		**81,773**	**65,359**	**51,166**	**38,120**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of intangible assets		34	17	34	17
Defined benefit obligation actuarial differences		(1,795)	(653)	335	1,643
Other comprehensive income from equity accounted investees		(115)	(198)	13	293
Tax on defined benefit obligation actuarial differences		382	170	(70)	(388)
Total items that will not be reclassified to profit or loss		**(1,494)**	**(664)**	**312**	**1,565**
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedges		(23,438)	(9,029)	38,082	21,006
Foreign currency translation differences for foreign operations		(556)	(8,472)	(626)	(1,758)
Other comprehensive income from equity accounted investees		(1,536)	8,411	(685)	(1,451)
Tax on cash flow hedge reserves		5,070	(1,282)	(8,664)	(5,054)
Total items that are or may be reclassified subsequently to profit or loss		**(20,460)**	**(10,372)**	**28,107**	**12,743**
Other comprehensive income for the period, net of tax		**(21,954)**	**(11,036)**	**28,419**	**14,308**
Total comprehensive income for the period		**59,819**	**54,323**	**79,585**	**52,428**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income
For the Six-Month Period Ended 30 June 2014

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	Reviewed 1 January-30 June 2014	1 April-30 June 2014	Reviewed 1 January-30 June 2013	1 April-30 June 2013
Profit attributable to:					
Owners of the Company		85,174	64,850	53,186	37,246
Non-controlling interest		(3,401)	509	(2,020)	874
Profit for the period		**81,773**	**65,359**	**51,166**	**38,120**
Total comprehensive income attributable to:					
Owners of the Company		65,574	55,107	77,553	49,074
Non-controlling interest		(5,755)	(784)	2,032	3,354
Total comprehensive income for the period		**59,819**	**54,323**	**79,585**	**52,428**
Weighted average number of shares outstanding		**363,281,250**	**363,281,250**	**363,281,250**	**363,281,250**
Basic and diluted earnings per share	10	**0.23**	**0.18**	**0.15**	**0.10**

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2014

(Amounts expressed in thousands of Euro unless otherwise stated.)

		Attributable to owners of the Company											
	Note	Share Capital	Share Premium	Legal Reserves	Other Reserves	Revaluation Surplus	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2013 as previously reported		**162,384**	**220,286**	**54,744**	**(17,605)**	**1,299**	**40,064**	**(95,703)**	**(3,191)**	**142,056**	**504,334**	**32,434**	**536,768**
Changes in accounting policies		-	-	-	-	-	-	-	(26)	1,316	1,290	-	1,290
Balance at 1 January 2013 as restated		**162,384**	**220,286**	**54,744**	**(17,605)**	**1,299**	**40,064**	**(95,703)**	**(3,217)**	**143,372**	**505,624**	**32,434**	**538,058**
Total comprehensive income for the period													
Profit for the period		-	-	-	-	-	-	-	-	53,186	53,186	(2,020)	51,166
Other comprehensive income													
Revaluation of intangible assets		-	-	-	-	(171)	-	-	-	205	34	-	34
Effective portion of changes in fair value of cash flow hedges, net of tax		-	-	-	-	-	-	27,114	-	-	27,114	3,496	30,610
Defined benefit obligation actuarial differences, net of tax		-	-	-	-	-	-	-	-	227	227	51	278
Foreign currency translation differences for foreign operations		-	-	-	-	-	-	-	(3,008)	-	(3,008)	505	(2,503)
Total other comprehensive income		-	-	-	-	(171)	-	27,114	(3,008)	432	24,367	4,052	28,419
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(171)**	**-**	**27,114**	**(3,008)**	**53,618**	**77,553**	**2,032**	**79,585**
Transactions with owners of the Company, recognised directly in equity													
Contributions by and distributions to owners of the Company													
Increase in capital of subsidiary		-	-	-	-	-	-	-	-	-	-	149	149
Dividend distributions		-	-	-	-	-	-	-	-	(58,617)	(58,617)	(1,884)	(60,501)
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(58,617)**	**(58,617)**	**(1,735)**	**(60,352)**
Transfers		-	-	23,398	-	-	-	-	-	(23,743)	(345)	345	-
Balance at 30 June 2013		**162,384**	**220,286**	**78,142**	**(17,605)**	**1,128**	**40,064**	**(68,589)**	**(6,225)**	**114,630**	**524,215**	**33,076**	**557,291**
Balance at 1 January 2014		**162,384**	**220,286**	**78,416**	**(17,605)**	**957**	**40,064**	**(68,660)**	**(15,742)**	**193,735**	**593,835**	**32,431**	**626,266**
Total comprehensive income for the period													
Profit for the period		-	-	-	-	-	-	-	-	85,174	85,174	(3,401)	81,773
Other comprehensive income													
Revaluation of intangible assets		-	-	-	-	(171)	-	-	-	205	34	-	34
Effective portion of changes in fair value of cash flow hedges, net of tax		-	-	-	-	-	-	(18,290)	-	-	(18,290)	(2,161)	(20,451)
Defined benefit obligation actuarial differences, net of tax		-	-	-	-	-	-	-	-	(1,573)	(1,573)	45	(1,528)
Foreign currency translation differences for foreign operations		-	-	-	-	-	-	-	229	-	229	(238)	(9)
Total other comprehensive income		-	-	-	-	(171)	-	(18,290)	229	(1,368)	(19,600)	(2,354)	(21,954)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(171)**	**-**	**(18,290)**	**229**	**83,806**	**65,574**	**(5,755)**	**59,819**
Transactions with owners of the Company, recognised directly in equity													
Contributions by and distributions to owners of the Company													
Dividend distributions		-	-	-	-	-	-	-	-	(65,209)	(65,209)	(2,380)	(67,589)
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(65,209)**	**(65,209)**	**(2,380)**	**(67,589)**
Transfers		-	-	8,220	-	-	-	-	-	(9,164)	(944)	944	-
Balance at 30 June 2014		**162,384**	**220,286**	**86,636**	**(17,605)**	**786**	**40,064**	**(86,950)**	**(15,513)**	**203,168**	**593,256**	**25,240**	**618,496**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Cash Flows
For the Six-Month Period Ended 30 June 2014

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	1 January-30 June 2014	1 January-30 June 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**81,773**	**51,166**
Adjustments for:			
Amortisation of airport operation right	6	20,652	20,035
Depreciation of property and equipment		12,627	12,303
Amortisation of intangible assets		2,083	2,162
Concession and rent expenses		70,858	70,280
Provision for employee severance indemnity		2,798	2,689
Provision for doubtful receivables		129	597
Discount on receivables and payables, net		(52)	3
Gain on sale of property and equipment		(572)	(213)
Provision set for unused vacation		1,171	425
Interest income		(6,468)	(5,866)
Interest expense on financial liabilities		47,022	40,946
Tax expense		17,709	19,911
Unwinding of discount on concession receivable		(10,798)	(8,336)
Share of profit of equity-accounted investees, net of tax		(21,117)	(14,788)
Unrealised foreign exchange differences on statement of financial position items		(3,213)	(4,321)
Cash flows from operating activities		**214,602**	**186,993**
Change in current trade receivables		(10,126)	(9,263)
Change in non-current trade receivables		5,187	17,027
Change in inventories		(963)	129
Change in due from related parties		(5,797)	30,470
Change in restricted bank balances		175,357	170,545
Change in other receivables and current assets		(1,062)	(2,718)
Change in trade payables		2,449	3,867
Change in due to related parties		(8,676)	14,817
Change in other payables and provisions		169	2,317
Change in other long term assets		(534)	(158)
Additions to prepaid concession and rent expenses	7	(131,772)	(136,433)
Cash provided from operations		**238,834**	**277,593**
Income taxes paid		(19,760)	(15,823)
Interest paid		(44,401)	(41,236)
Retirement benefits paid		(2,215)	(2,388)
Dividends from equity-accounted investees		20,810	16,760
Net cash provided from operating activities		**193,268**	**234,906**

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

Interim Condensed Consolidated Statement of Cash Flows
For the Six-Month Period Ended 30 June 2014

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	1 January-30 June 2014	1 January-30 June 2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		6,437	4,772
Proceeds from sale of property, equipment and intangible assets		2,574	1,112
Acquisition of property and equipment		(19,823)	(13,481)
Additions to airport operation right	6	(35,321)	(114,838)
Acquisition of intangible assets		(1,093)	(652)
Net cash used in investing activities		**(47,226)**	**(123,087)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		217,402	94,496
Repayment of borrowings		(111,348)	(77,506)
Change in restricted bank balances		(22,872)	(18,334)
Dividends paid		(67,589)	(60,501)
Change in finance lease liabilities		(1,094)	(442)
Net cash provided from / (used in) financing activities		**14,499**	**(62,287)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**160,541**	**49,532**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	8	**96,212**	**38,066**
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	**256,753**	**87,598**

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

Notes to the interim condensed consolidated financial statements

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

1. REPORTING ENTITY

TAV Havalimanları Holding A.Ş. ("TAV", "TAV Holding" or "the Company") was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey. On 7 August 2006, the Company's name has been changed to TAV Havalimanları Holding A.Ş.. The address of the Company's registered office is İstanbul Atatürk Havalimanı Dış Hatlar Terminali 34149 Yeşilköy, İstanbul, Turkey.

The Company is listed in Borsa İstanbul since 23 February 2007 and the Company's shares are traded as "TAVHL".

The interim condensed consolidated financial statements of the Company as at and for the period ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures. Changes in ownership interest percentages of the Company's subsidiaries since 31 December 2013 are as follows:

			30 June 2014		31 December 2013	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV Milas Bodrum Terminal İşletmeciliği A.Ş. ("TAV Bodrum")	Bodrum Airport Terminal Services	Turkey	100.00	100.00	-	-
TAV Bilişim Hizmetleri A.Ş. ("TAV Bilişim")	Software and System Services	Turkey	100.00	100.00	98.53	98.53
BTA Tedarik Dağıtım ve Ticaret A.Ş. ("BTA Tedarik")	Food and Beverage Services	Turkey	66.66	66.66	-	-

Changes in ownership interest percentages of the Company's associates since 31 December 2013 are as follows:

			30 June 2014		31 December 2013	
Name of Associates	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
Medunarodna Zračna Luka Zagreb d.d. ("MZLZ")	Airport Operator	Croatia	15.00	15.00	-	-
Upraviteli Zračne Luke Zagreb d.o.o ("MZLZ Operation")	Airport Operator	Croatia	15.00	15.00	-	-

Description of Operations

The Group and its joint ventures' core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. TAV Esenboğa, TAV İzmir and TAV Gazipaşa enter into Build Operate Transfer agreements ("BOT") with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) ("DHMİ"), TAV Tbilisi with JSC Tbilisi International Airport ("JSC"), TAV Batumi with Georgian Ministry of Economic Development ("GMED"), TAV Tunisia with Tunisian Airport Authority (Office De L'Aviation Civil Et Des Aeroports) ("OACA"), Ministry of Transport ("MOT") and TAV Macedonia with Macedonian Ministry of Transportation and Communication ("MOTC"). Tibah Development enter into Build – Transfer – Operate ("BTO") Agreements with General Authority of Civil Aviation ("GACA"). TAV Ege enter into concession agreement with DHMİ. Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a preestablished period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMİ, JSC, GMED, OACA, MOT, MOTC and GACA accordingly. Group also signs separate contracts related with the airport operations. On 3 June 2005, TAV İstanbul signed a rent agreement to operate Atatürk International Airport Terminal ("AIAT") and Atatürk Domestic Airport Terminal ("ADAT") for 15.5 years until year 2021.

A Concession Agreement was executed between ZAIC-A limited and Republic of Crotia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

1. REPORTING ENTITY (continued)

On 21 March 2014, the Company has been awarded the tender held by DHMI for the operation rights of the Milas-Bodrum Airport whose scope includes operation of existing Domestic and International Terminals with ancillary facilities, until 31 December 2035. While Domestic Terminal will be handed over within 10 days from signing of the Concession Agreement, operation of International Terminal will commence on 22 October 2015 following the expiry of the existing contract. The total concession amount is EUR 717,000 plus VAT.

The new domestic terminal of Adnan Menderes Airport is inaugurated in March 2014.

Seasonality of Operations

Due to seasonal nature of operations, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period June to August are mainly attributed to the increased number of passengers during the peak season.

The Group employs 14,738 (average: 13,909) people as at 30 June 2014 (31 December 2013: 13,370 (average: 13,598) people).

2. BASIS OF PREPARATION

a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 8 August 2014. The power to change the interim condensed consolidated financial statements after the issuing of the interim condensed consolidated financial statements is held by the General Assembly.

b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

c) Functional and presentation currency

TAV Holding and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TRL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation. The foreign subsidiaries and joint ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. The accompanying interim condensed consolidated financial statements are presented in EUR, which is the functional currency of TAV Group.

Although the currency of the country in which the majority of the Group entities are domiciled is TRL, most of the Group entities' functional currencies are EUR.

The functional currencies of the Group entities and joint ventures are consistent with the Group's annual consolidated financial statements for the year ended 31 December 2013. The functional currencies of the Group entities formed after 31 December 2013 are as follows:

Company	Functional Currency
BTA Tedarik	TRL
MZLZ	EUR
MZLZ Operation	EUR
TAV Bodrum	EUR

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

All financial information presented in EUR has been rounded to the nearest thousands, except when otherwise indicated.

The foreign currency exchange rates as of the related periods are as follows:

	1 Euro Equivalent	
	30 June 2014	31 December 2013
TRL	2.8919	2.9365
GEL	2.4081	2.3891
TND	2.3026	2.2663
MKD	61.6850	61.5113
SEK	9.1965	8.9430
USD	1.3619	1.3759
SAR	5.1180	5.1623

3. CHANGES IN ACCOUNTING POLICIES

a) The restatement of prior year financial statements

The Group has reassessed the accounting treatment regarding the concession agreement which was executed between TAV Esenboğa and DHMİ on 18 August 2004 for regulating the reconstruction, investment and operations of the Ankara Esenboğa International Airport (international and domestic terminals) for the period until May 2023. Accordingly, trade receivables balance as relating to the guaranteed passenger fee as of 31 December 2013 has been increased by EUR 63,088 whereas the airport operations right balance relating to the same contract has been decreased by EUR 63,088.

b) The new standards, amendments and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements as at 30 June 2014 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as at 1 January 2014

IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)*

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

IFRIC 21 *Levies*

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for Group and did not have any impact on the financial position or performance the Group.

3. CHANGES IN ACCOUNTING POLICIES (continued)

a) The new standards, amendments and interpretations which are effective as at 1 January 2014 (continued)

IAS 36 ***Impairment of Assets (Amended) - Recoverable Amount Disclosures for Non-Financial assets***

As a consequential amendment to IFRS 13 Fair Value Measurement, some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

IAS 39 ***Financial Instruments: Recognition and Measurement (Amended) - Novation of Derivatives and Continuation of Hedge Accounting***

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 10 ***Consolidated Financial Statements (Amendment)***

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS. This amendment does not have any impact on the financial position or performance of the Group.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

IFRS 9 ***Financial Instruments – Classification and measurement***

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option ("FVO") liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income.

IAS 19 ***Defined Benefit Plans: Employee Contributions (Amendment)***

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Group.

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective for annual reporting periods beginning on or after 1 July 2014.

3. CHANGES IN ACCOUNTING POLICIES (continued)

b) <u>Standards issued but not yet effective and not early adopted (continued)</u>

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

IFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

IFRS 13 Fair Value Measurement

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

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows:
i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

Amendment to the Basis for Conclusions on IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

IAS 40 Investment Property

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

3. CHANGES IN ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective and not early adopted (continued)

IAS 19 *Defined Benefit Plans: Employee Contributions (Amendment)*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014.

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

In May 2014 the IASB amended IFRS 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

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

In May 2014, the IASB issued amendments to IAS 16 and IAS 38, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required.

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

In June 2014, the IASB issued amendments that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in IAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of IAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

3. CHANGES IN ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective and not early adopted (continued)

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

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Property and equipment:

The fair value of property and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

ii) Intangible assets:

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair values of customer relationship and DHMİ licence acquired in a business combination are determined according to the excess earnings method and depreciated replacement cost approach, respectively.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered less any financial asset recognised. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and %5 respectively.

iii) Trade and other receivables:

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined for disclosure purposes or when acquired in a business combination.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

4. DETERMINATION OF FAIR VALUES (continued)

iv) Derivatives:

The fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

v) Other non-derivative financial liabilities:

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
• Level 3: unobservable inputs for the asset or liability.

30 June 2014	**Level 1**	**Level 2**	**Level 3**
Loans and borrowings	-	(1,462,562)	-
Interest rate swap	-	(135,433)	-
Cross currency swap	-	(8,892)	-
Forward	-	2,565	-
	-	**(1,604,322)**	**-**

31 December 2013	**Level 1**	**Level 2**	**Level 3**
Loans and borrowings	-	(1,352,270)	-
Interest rate swap	-	(111,017)	-
Cross currency swap	-	(10,424)	-
Forward	-	295	-
	-	**(1,473,416)**	**-**

5. OPERATING SEGMENTS

Operating Segments:

For management purposes, the Group and its joint ventures are currently organised into four reportable segments; Terminal Operations, Catering Operations, Duty Free Operations, Ground Handling and Bus Operations. These reportable segments are the basis on which the Group reports its primary segment information, the principal activities of each are as follows:

- ***Terminal operations:*** Operating terminal buildings, car parks and general aviation terminals, the Group companies included in this segment are TAV İstanbul, TAV Esenboğa, TAV İzmir, TAV Ege, TAV Gazipaşa, TAV Tunisia, TAV Batumi, TAV Tbilisi, Batumi Airport LLC, TAV Macedonia, Tibah Development, Tibah Operation, MZLZ, MZLZ Operation and TAV Bodrum. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Gazipaşa, TAV Macedonia and MZLZ also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.

- ***Catering operations:*** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, and ferry ports which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, BTU Lokum, BTU Gıda, BTA Denizyolları and BTA Tedarik.

- ***Duty free operations:*** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATÜ, ATÜ Georgia, ATÜ Tunisia, ATÜ Macedonia and ATÜ Latvia.

- ***Ground handling and bus operations:*** Providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License. The Group operates the ground handling services through HAVAŞ, CAS, TAV Gözen, TGS, SAUDI HAVAŞ, HAVAŞ Europe, HAVAŞ Europe Helsinki, HAVAŞ Europe Stockholm and HAVAŞ Germany. HYT İzmir, HYT Muğla and HYT Samsun provides bus operations. HAVAŞ also provides bus operations.

- ***Other:*** Providing lounge services, IT, security and education services, the Group companies included in this segment are TAV Holding, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV Bilişim, TAV Güvenlik, TAV Latvia, TAV Aviation Minds, TAV Akademi, Aviator Netherlands and ZAIC-A.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

5. SEGMENT REPORTING (continued)

Operating Segments (continued)

	Six-month period ended 30 June											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total external revenues	235,465	229,954	46,778	43,664	124,215	131,741	112,118	107,105	14,568	11,236	533,144	523,700
Inter-segment revenue	71,142	74,290	9,608	8,842	-	-	162	175	10,716	10,987	91,628	94,294
Construction revenue	117,020	155,088	-	-	-	-	-	-	-	-	117,020	155,088
Construction expenditure	(117,020)	(155,088)	-	-	-	-	-	-	-	-	(117,020)	(155,088)
Interest income	4,305	4,168	165	107	253	558	223	139	7,632	5,991	12,578	10,963
Interest expense	(38,325)	(36,402)	(309)	(106)	(273)	(652)	(2,458)	(2,884)	(11,914)	(6,055)	(53,279)	(46,099)
Depreciation and amortisation	(29,441)	(28,601)	(1,774)	(1,598)	(967)	(606)	(5,609)	(5,678)	(954)	(995)	(38,745)	(37,478)
Reportable segment operating profit	103,002	93,807	3,163	3,728	13,248	13,576	18,289	4,784	60	(3,532)	137,762	112,363
Capital expenditure	121,003	166,364	5,534	1,968	3,306	1,400	11,481	5,742	633	1,654	141,957	177,128

	As at 30 June 2014 and 31 December 2013											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Reportable segment assets	2,044,171	1,989,076	37,013	29,034	41,968	37,619	166,233	145,142	384,798	251,465	2,674,183	2,452,336
Other investments	-	-	-	-	-	-	-	-	18	36	18	36
Reportable segment liabilities	1,486,872	1,405,241	25,735	18,012	31,460	25,156	114,512	105,025	398,190	273,648	2,056,769	1,827,082

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

5. SEGMENT REPORTING (continued)

Operating Segments (continued)

	Three-month period ended 30 June											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total external revenues	127,028	126,558	25,987	23,806	69,051	71,648	67,872	62,690	8,416	6,231	298,354	290,933
Inter-segment revenue	39,071	40,822	5,332	4,637	-	-	82	92	5,434	5,661	49,919	51,212
Construction revenue	52,028	84,425	-	-	-	-	-	-	-	-	52,028	84,425
Construction expenditure	(52,028)	(84,425)	-	-	-	-	-	-	-	-	(52,028)	(84,425)
Interest income	1,821	1,683	87	59	42	263	102	52	3,897	3,830	5,949	5,887
Interest expense	(21,114)	(19,277)	(169)	(55)	(157)	(317)	(1,058)	(1,127)	(7,480)	(3,120)	(29,978)	(23,896)
Depreciation and amortisation	(14,759)	(14,676)	(933)	(806)	(515)	(317)	(2,864)	(2,875)	(476)	(502)	(19,547)	(19,176)
Reportable segment operating profit	64,559	62,494	2,841	2,460	8,537	7,618	15,820	8,971	1,125	337	92,882	81,880
Capital expenditure	54,225	90,473	3,320	757	1,929	832	9,288	4,072	377	1,234	69,139	97,368

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

5. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit before tax, assets and liabilities and other material items

Revenues	**1 January-30 June 2014**	**1 April-30 June 2014**	**1 January-30 June 2013**	**1 April-30 June 2013**
Total revenue for reportable segments	716,508	386,451	750,859	414,678
Other revenue	25,284	13,850	22,223	11,892
Elimination of inter-segment revenue	(91,628)	(49,919)	(94,294)	(51,212)
	650,164	**350,382**	**678,788**	**375,358**
Effect of using the equity method for joint ventures	(219,601)	(113,104)	(179,158)	(94,959)
Consolidated revenue	**430,563**	**237,278**	**499,630**	**280,399**

Operating profit	**1 January-30 June 2014**	**1 April-30 June 2014**	**1 January-30 June 2013**	**1 April-30 June 2013**
Segment operating profit	137,702	91,757	115,895	81,543
Other operating loss	60	1,125	(3,532)	337
Elimination of inter-segment operating loss	(1,858)	(1,346)	(616)	(411)
	135,904	**91,536**	**111,747**	**81,469**
Effect of using the equity method for joint ventures	(4,009)	(1,492)	(4,214)	(2,732)
Consolidated operating profit	**131,895**	**90,044**	**107,533**	**78,737**
Finance income	18,194	12,673	14,281	8,300
Finance expense	(50,607)	(28,822)	(50,737)	(33,641)
Consolidated profit before tax	**99,482**	**73,895**	**71,077**	**53,396**

Assets	**30 June 2014**	**31 December 2013**
Total assets for reportable segments	2,289,385	2,200,871
Other assets	384,798	251,465
	2,674,183	**2,452,336**
Effect of using the equity method for joint ventures	(277,116)	(190,774)
Consolidated total assets	**2,397,067**	**2,261,562**

Liabilities	**30 June 2014**	**31 December 2013**
Total liabilities for reportable segments	1,658,579	1,553,434
Other liabilities	398,190	273,648
	2,056,769	**1,827,082**
Effect of using the equity method for joint ventures	(278,198)	(191,786)
Consolidated total liabilities	**1,778,571**	**1,635,296**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

5. OPERATING SEGMENTS (continued)

Interest income	**1 January-30 June 2014**	**1 April-30 June 2014**	**1 January-30 June 2013**	**1 April-30 June 2013**
Total interest income for reportable segments	4,946	2,052	4,972	2,057
Other interest income	7,632	3,897	5,991	3,830
Elimination of inter-segment interest income	(5,789)	(2,813)	(4,888)	(2,603)
	6,789	**3,136**	**6,075**	**3,284**
Effect of using the equity method for joint ventures	(321)	(110)	(209)	(57)
Consolidated interest income	**6,468**	**3,026**	**5,866**	**3,227**

Interest expense	**1 January-30 June 2014**	**1 April-30 June 2014**	**1 January-30 June 2013**	**1 April-30 June 2013**
Total interest expense for reportable segments	(41,365)	(22,498)	(40,044)	(20,776)
Other interest expense	(11,914)	(7,480)	(6,055)	(3,120)
Elimination of inter-segment interest expense	6,084	3,218	4,646	2,376
	(47,195)	**(26,760)**	**(41,453)**	**(21,520)**
Effect of using the equity method for joint ventures	173	119	507	257
Consolidated interest expense	**(47,022)**	**(26,641)**	**(40,946)**	**(21,263)**

Geographical information

The main geographical segments of the Group and its joint ventures are comprised of Turkey, Tunisia, Georgia, Macedonia and Saudi Arabia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of revenue. Segment assets are based on the geographical location of the assets.

Revenue	**1 January-30 June 2014**	**1 April-30 June 2014**	**1 January-30 June 2013**	**1 April-30 June 2013**
Turkey	507,522	277,063	581,177	321,192
Saudi Arabia	98,533	45,218	55,283	27,399
Tunisia	17,104	12,719	16,323	12,186
Georgia	14,825	8,114	14,267	8,002
Macedonia	8,904	5,417	7,901	4,482
Other	3,276	1,851	3,837	2,097
	650,164	**350,382**	**678,788**	**375,358**
Effect of using the equity method for joint ventures	(219,601)	(113,104)	(179,158)	(94,959)
Consolidated revenue	**430,563**	**237,278**	**499,630**	**280,399**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

5. OPERATING SEGMENTS (continued)

Non-current assets	**30 June 2014**	**31 December 2013**
Turkey	963,363	839,166
Tunisia	498,092	501,096
Saudi Arabia	236,643	157,576
Macedonia	74,397	76,702
Georgia	61,657	64,966
Other	4,505	2,738
	1,838,657	**1,642,244**
Effect of using the equity method for joint ventures	(216,208)	(127,752)
Consolidated non-current assets	**1,622,449**	**1,514,492**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

6. AIRPORT OPERATION RIGHT

	Ankara Esenboğa International Airport	International Terminal of İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Antalya Gazipaşa Airport	Skopje International Airport	Domestic Terminal of İzmir Adnan Menderes International Airport	Total
Cost								
Balance at 1 January 2013	**111,500**	**80,469**	**90,198**	**515,959**	**21,768**	**86,736**	**38,549**	**945,179**
Effect of movements in exchange rates	-	-	1,083	-	-	-	-	1,083
Additions (*)	-	-	-	-	-	-	117,884	117,884
Balance at 30 June 2013	**111,500**	**80,469**	**91,281**	**515,959**	**21,768**	**86,736**	**156,433**	**1,064,146**
Balance at 1 January 2014 (note 3a)	**-**	**80,469**	**82,397**	**515,959**	**21,768**	**86,736**	**248,906**	**1,036,235**
Effect of movements in exchange rates	-	-	(650)	-	-	-	-	(650)
Additions (*)	-	-	-	-	3,446	-	36,177	39,623
Balance at 30 June 2014	**-**	**80,469**	**81,747**	**515,959**	**25,214**	**86,736**	**285,083**	**1,075,208**

(*) Borrowing costs amounting to EUR 4,302 are capitalised on airport operation right in 2014 (30 June 2013: EUR 3,046). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 100%.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

6. AIRPORT OPERATION RIGHT (continued)

	Ankara Esenboğa International Airport	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Antalya Gazipaşa Airport	Skopje International Airport	Domestic Terminal of İzmir Adnan Menderes International Airport	Total
Accumulated amortisation								
Balance at 1 January 2013	**41,697**	**61,165**	**29,992**	**39,402**	**2,199**	**6,309**	**-**	**180,764**
Effect of movements in exchange rates	-	-	376	-	-	-	-	376
Amortisation for the period	3,358	4,880	2,159	6,861	455	2,322	-	20,035
Balance at 30 June 2013	**45,055**	**66,045**	**32,527**	**46,263**	**2,654**	**8,631**	**-**	**201,175**
Balance at 1 January 2014 (note 3 a)	**-**	**70,924**	**31,327**	**53,125**	**3,116**	**10,992**	**-**	**169,484**
Effect of movements in exchange rates	-	-	(247)	-	-	-	-	(247)
Amortisation for the period	-	4,880	1,948	6,861	484	2,322	4,157	20,652
Balance at 30 June 2014	**-**	**75,804**	**33,028**	**59,986**	**3,600**	**13,314**	**4,157**	**189,889**
Carrying amounts								
At 30 June 2013	**66,445**	**14,424**	**58,754**	**469,696**	**19,114**	**78,105**	**156,433**	**862,971**
At 31 December 2013	**-**	**9,545**	**51,070**	**462,834**	**18,652**	**75,744**	**248,906**	**866,751**
At 30 June 2014	**-**	**4,665**	**48,719**	**455,973**	**21,614**	**73,422**	**280,926**	**885,319**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

7. PREPAID CONCESSION AND RENT EXPENSES

An analysis of the Group's prepaid rent expenses as at 30 June 2014, 31 December 2013 and 30 June 2013 are as follows:

30 June 2014	**Concession and rent**	**Prepaid development expenditures**	**Total**
Balance at 31 December 2013	**171,970**	**21,590**	**193,560**
Concession and rent payments	131,772	-	131,772
Current period rent expense – TAV İstanbul	(62,547)	(1,526)	(64,073)
Current period concession expense – TAV Ege	(4,357)	-	(4,357)
Balance at 30 June 2014	**236,838**	**20,064**	**256,902**
Represented as current prepaid concession and rent expense	**132,283**	**3,078**	**135,361**
Represented as non-current prepaid concession and rent expense	**104,555**	**16,986**	**121,541**

31 December 2013	**Concession and rent**	**Prepaid development expenditures**	**Total**
Balance at 31 December 2012	**170,078**	**24,669**	**194,747**
Concession and rent payments	136,433	-	136,433
Current year rent expense – TAV İstanbul	(125,827)	(3,079)	(128,906)
Current year concession expense – TAV Ege	(8,714)	-	(8,714)
Balance at 31 December 2013	**171,970**	**21,590**	**193,560**
Represented as current prepaid concession and rent expense	**134,837**	**3,079**	**137,916**
Represented as non-current prepaid concession and rent expense	**37,133**	**18,511**	**55,644**

30 June 2013	**Concession and rent**	**Prepaid development expenditures**	**Total**
Balance at 31 December 2012	**170,078**	**24,669**	**194,747**
Concession and rent payments	136,433	-	136,433
Current period rent expense – TAV İstanbul	(62,232)	(1,527)	(63,759)
Current period concession expense – TAV Ege	(4,357)	-	(4,357)
Balance at 30 June 2013	**239,922**	**23,142**	**263,064**
Represented as current prepaid concession and rent expense	**134,129**	**3,079**	**137,208**
Represented as non-current prepaid concession and rent expense	**105,793**	**20,063**	**125,856**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

8. CASH AND CASH EQUIVALENTS

At 30 June 2014 and 31 December 2013, cash and cash equivalents comprised the following:

	30 June 2014	31 December 2013
Cash on hand	658	577
Cash at banks		
- Demand deposits	74,861	41,812
- Time deposits	184,248	54,654
Other liquid assets	1,193	779
Cash and cash equivalents	**260,960**	**97,822**
Bank overdrafts used for cash management purposes	(4,207)	(1,610)
Cash and cash equivalents in the statement of cash flows	**256,753**	**96,212**

9. RESTRICTED BANK BALANCES

At 30 June 2014 and 31 December 2013, restricted bank balances comprised the following:

	30 June 2014	31 December 2013
Project reserve and funding accounts (*)	216,500	370,681
Cash collaterals (**)	6,518	11,258
	223,018	**381,939**

(*) Certain subsidiaries, namely TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Macedonia and TAV Ege and (“the Borrowers”) opened Project Accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ based on agreements with their lenders. Based on these agreements, the Group can access and use such restricted cash as per the conditions and cascade defined in respective loan agreements. The project accounts should be used for predetermined purposes, such as, operational expenses, loan repayments or rent payments to airport administrations, tax payments, debt service, etc.

(**) Cash collaterals include the time deposit provided by HAVAŞ as guarantee for its bank loan.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

10. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 30 June 2014 was based on the profit attributable to ordinary shareholders of EUR 85,174 (30 June 2013: EUR 53,186) and a weighted average number of ordinary shares outstanding of 363,281,250 (30 June 2013: 363,281,250), as follows:

	1 January- 30 June 2014	**1 April- 30 June 2014**	**1 January- 30 June 2013**	**1 April- 30 June 2013**
Numerator:				
Profit for the period attributable to owners of the Company	**85,174**	**64,850**	**53,186**	**37,246**
Denominator:				
Weighted average number of shares	363,281,250	363,281,250	363,281,250	363,281,250
Basic and diluted profit per share (full EUR)	**0.23**	**0.18**	**0.15**	**0.10**

	1 January- 30 June 2014	**1 April- 30 June 2014**	**1 January- 30 June 2013**	**1 April- 30 June 2013**
Issued ordinary shares at 1 January	363,281,250	363,281,250	363,281,250	363,281,250
Effect of shares issued during the year	-	-	-	-
Weighted average number of ordinary shares	**363,281,250**	**363,281,250**	**363,281,250**	**363,281,250**

11. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to foreign currency risk arising from these loans and borrowings, see Note 13.

	30 June 2014	**31 December 2013**
Non-current liabilities		
Secured bank loans (*)	946,857	965,845
Unsecured bank loans	269,147	99,542
Finance lease liabilities	2,439	2,957
	1,218,443	**1,068,344**
Current liabilities		
Current portion of long term secured bank loans (*)	11,759	123,401
Short term unsecured bank loans	132,023	135,885
Short term secured bank loans	83,580	16,344
Current portion of long term unsecured bank loans	16,795	5,730
Current portion of finance lease liabilities	1,469	2,045
	245,626	**283,405**

(*) Secured bank loans mainly consist of project finance loans that have been secured by pledges.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

11. LOANS AND BORROWINGS (continued)

The Group's total bank loans and finance lease liabilities as at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
Bank loans	1,460,161	1,346,747
Finance lease liabilities	3,908	5,002
	1,464,069	**1,351,749**

The Group's bank loans as at 30 June 2014 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Holding	99,294	267,318	366,612
TAV Tunisia	21,775	325,268	347,043
TAV İstanbul	63,369	202,342	265,711
TAV Ege	12,150	208,430	220,580
TAV Esenboğa	13,807	89,886	103,693
HAVAŞ	13,109	43,096	56,205
TAV Macedonia	6,999	56,887	63,886
TAV Gazipaşa	12,203	12,948	25,151
Others	1,451	9,829	11,280
	244,157	**1,216,004**	**1,460,161**

The Group's bank loans as at 31 December 2013 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Tunisia	20,295	330,911	351,206
TAV İstanbul	59,659	238,309	297,968
TAV Holding	141,153	98,651	239,804
TAV Ege	10,697	181,935	192,632
TAV Esenboğa	13,007	95,356	108,363
TAV Macedonia	5,912	58,434	64,346
HAVAŞ	19,110	42,956	62,066
TAV Gazipaşa	10,925	12,924	23,849
Others	602	5,911	6,513
	281,360	**1,065,387**	**1,346,747**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

11. LOANS AND BORROWINGS (continued)

Redemption schedules of the Group's bank loans according to original maturities as at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
On demand or within one year	244,157	281,360
In the second year	221,292	161,053
In the third year	353,784	217,362
In the fourth year	154,469	158,723
In the fifth year	70,900	111,687
After five years	415,559	416,562
	1,460,161	**1,346,747**

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spreads for EUR denominated loans as at 30 June 2014 are between 1.54% - 5.75% (31 December 2013: Spreads for EUR denominated loans are between 1.54% - 5.75%, respectively).

Interest payments of 100%, 100%, 43%, 80%, 78% and 99% of floating bank loans for TAV İstanbul, TAV Esenboğa, HAVAŞ, TAV Macedonia, TAV Tunisia and TAV Ege respectively are fixed with interest rate swaps as explained in Note 12.

The Group has obtained project financing loans to finance construction of its BOT and BTO based concession projects, namely TAV Esenboğa, TAV Macedonia, TAV Tunisia and TAV Ege; and to be able to finance advance payments to DHMİ related to rent agreement of TAV İstanbul.

12. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2014 and 31 December 2013, derivative financial instruments comprised the following:

	30 June 2014		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(135,433)	(135,433)
Cross currency swap	-	(8,892)	(8,892)
Forward	2,565	-	2,565
	2,565	**(144,325)**	**(141,760)**

	31 December 2013		
	Assets	Liabilities	Net Amount
Interest rate swap	65	(111,082)	(111,017)
Cross currency swap	-	(10,424)	(10,424)
Forward	1,313	(1,018)	295
	1,378	**(122,524)**	**(121,146)**

12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Interest rate swap:

TAV Esenboğa uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2014, 100% of project finance loan is hedged through Interest Rate Swap ("IRS") contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2013: 100%).

TAV Tunisia uses interest rate swaps to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2014, 78% of floating senior bank loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2013: 85%).

TAV İstanbul uses interest rate swaps to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2014, 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2013: 100%).

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2014, 99% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2013: 100%).

HAVAŞ uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2014, 43% of total loan with variable interest rate is hedged through IRS contract (31 December 2013: 50%).

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2014, 80% of total loan is hedged through IRS contract (31 December 2013: 80%).

Cross currency swap:

TAV İstanbul uses cross currency swaps to manage its exposure to foreign currency exchange rate fluctuations on its rent installments that will be paid to DHMİ in terms of USD.

TAV İstanbul had signed a derivative contract with Dexia Credit Local ("DCL") on 12 March 2008 to manage and fix its exposure on foreign currency exchange rate fluctuations between USD and EUR on the rent installments that will be paid to DHMİ till 2018. TAV İstanbul terminated the hedge relationship in 2010 and two new cross currency swap contracts were signed by and between TAV İstanbul, DCL, and ING Bank N.V. on 16 December 2010. The total notional amount of the contract is EUR 171,774 (in exchange of USD 226,399) as at 30 June 2014 (31 December 2013: EUR 194,877 (in exchange of USD 256,847)).

The fair value of derivatives at 30 June 2014 is estimated at loss of EUR 146,300 (31 December 2013: loss of EUR 121,146). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 30 June 2014, changes in the fair value of these interest rate swaps and cross currency swaps are reflected to other comprehensive income resulting to an loss of EUR 20,451 (30 June 2013: income of EUR 30,610) net of tax.

Fair value disclosures:

The Group has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

13. FINANCIAL INSTRUMENTS

Currency risk

Exposure to currency risk:

The Group's exposure to foreign currency risk in Euro equivalent of their original currencies was as follows:

30 June 2014

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	6	-	10	-	16
Trade receivables	13,985	2,227	6,634	9,779	32,625
Due from related parties	9,621	1,641	4,148	809	16,219
Derivative financial instruments	-	-	2,565	-	2,565
Other receivables and current assets	346	13	9,934	2,154	12,447
Restricted bank balances	67,362	-	14,863	31	82,256
Cash and cash equivalents	4,810	531	5,657	4,748	15,746
	96,130	**4,412**	**43,811**	**17,521**	**161,874**
Foreign currency denominated financial liabilities					
Loans and borrowings	-	(295)	(49,380)	(615)	(50,290)
Bank overdraft	-	-	(2,667)	-	(2,667)
Trade payables	(4,362)	(106)	(7,970)	(4,238)	(16,676)
Due to related parties	1,221	(1,540)	(873)	(364)	(1,556)
Derivative financial instruments	(8,892)	-	-	-	(8,892)
Other payables	(2,578)	(118)	(7,264)	(1,453)	(11,413)
	(14,611)	**(2,059)**	**(68,154)**	**(6,670)**	**(91,494)**
Net exposure	**81,519**	**2,353**	**(24,343)**	**10,851**	**70,380**

(*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

13. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Exposure to currency risk (continued):

31 December 2013

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	6	-	10	-	16
Trade receivables	10,134	1,576	5,482	10,386	27,578
Due from related parties	8,843	660	1,843	1,053	12,399
Other receivables and current assets	379	5	8,564	1,802	10,750
Restricted bank balances	113,994	-	102,019	24	216,037
Cash and cash equivalents	15,273	473	5,625	4,884	26,255
	148,629	**2,714**	**123,543**	**18,149**	**293,035**
Foreign currency denominated financial liabilities					
Loans and borrowings	-	(387)	(5,222)	(876)	(6,485)
Bank overdraft	-	-	(970)	-	(970)
Trade payables	(3,537)	(191)	(6,657)	(5,969)	(16,354)
Due to related parties	(4,282)	(180)	527	(370)	(4,305)
Derivative financial instruments	(10,424)	-	-	-	(10,424)
Other payables	(691)	(79)	(10,949)	(1,541)	(13,260)
	(18,934)	**(837)**	**(23,271)**	**(8,756)**	**(51,798)**
Net exposure	**129,695**	**1,877**	**100,272**	**9,393**	**241,237**

(*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

13. FINANCIAL INSTRUMENTS (continued)

The following significant exchange rates against Euro applied during the period:

	Average Rate		Reporting Date Closing Rate	
	30 June 2014	**30 June 2013**	**30 June 2014**	**31 December 2013**
USD	0.7294	0.7616	0.7343	0.7268
TRL	0.3373	0.4210	0.3458	0.3405
GEL	0.4153	0.4603	0.4153	0.4186
MKD	0.0162	0.0162	0.0162	0.0163
TND	0.4521	0.4771	0.4343	0.4412
SEK	0.1116	0.1172	0.1087	0.1118
SAR	0.1945	0.2031	0.1954	0.1937

Sensitivity analysis:

The Group's principal currency risk relates to changes in the value of the Euro relative to TRL and USD. The Group manages its exposure to foreign currency risk by entering into derivative contracts and, where possible, seeks to incur expenses with respect to each contract in the currency in which the contract is denominated and attempt to maintain its cash and cash equivalents in currencies consistent with its obligations.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts.

A 10 percent strengthening / (weakening) of EUR against the following currencies at 30 June 2014 and 31 December 2013 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		**Profit or loss**	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
30 June 2014				
USD	(14,639)	14,284	(9,041)	9,041
TRL	-	-	2,434	(2,434)
Other	-	-	(1,085)	1,085
Total	**(14,639)**	**14,284**	**(7,692)**	**7,692**
31 December 2013				
USD	(16,039)	15,607	(14,012)	14,012
TRL	-	-	(10,027)	10,027
Other	-	-	(939)	939
Total	**(16,039)**	**15,607**	**(24,978)**	**24,978**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

13. FINANCIAL INSTRUMENTS (continued)

Fair values

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

		30 June 2014		31 December 2013	
	Note	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets					
Other non-current assets		254	254	251	251
Trade receivables - non current		118,993	118,993	113,388	113,388
Trade receivables - current		92,023	92,023	81,667	81,986
Due from related parties	15	22,561	22,513	14,750	14,750
Other receivables and current assets (*)		1,578	1,578	557	557
Restricted bank balances	9	223,018	223,018	381,939	381,939
Cash and cash equivalents	8	260,960	260,960	97,822	97,822
Derivative financial instruments	12	2,565	2,565	1,378	1,378
Financial liabilities					
Bank overdraft	8	(4,207)	(4,207)	(1,610)	(1,610)
Loans and borrowings	11	(1,464,069)	(1,462,562)	(1,351,749)	(1,352,270)
Trade payables (**)		(42,259)	(42,259)	(39,913)	(39,913)
Due to related parties	15	(12,674)	(12,674)	(19,335)	(19,335)
Derivative financial instruments	12	(144,325)	(144,325)	(122,524)	(122,524)
Other payables (**)		(35,629)	(35,629)	(30,708)	(30,708)
		(981,211)	**(979,752)**	**(874,087)**	**(874,289)**

(*) Non-financial instruments such as prepaid expenses, prepaid taxes and dues and advances given are excluded from other non-current assets and other receivables and current assets.

(**) Non-financial instruments such as advances received are excluded from trade payables and other payables.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

14. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	30 June 2014	31 December 2013
Letters of guarantee given to third parties	251,503	274,218
Letters of guarantee given to DHMİ	174,968	153,797
Letters of guarantee given to Tunisian Government	22,442	16,552
Letters of guarantee given to Saudi Arabian Government	19,579	19,381
Letters of guarantee given to Macedonian Government	250	250
	468,742	**464,198**

The Group is obliged to give 6% of the total rent amount of USD 152,580 of TAV İstanbul as a letter of guarantee according to the rent agreement made with DHMİ. The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 19,579 to GACA according to the BTO agreement signed with GACA in Saudi Arabia (31 December 2013: EUR 19,381). Furthermore, the Group is obliged to provide a letter of guarantee at an amount equivalent of EUR 117,121 to National Commercial Bank which is included in letters of guarantee given to third parties (31 December 2013: EUR 115,934). The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 14,400 (31 December 2013: EUR 10,850) to the Ministry of Transportation and EUR 8,042 (31 December 2013: 5,702) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by the Group.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000 plus VAT during the rent period according to the concession agreement. 5% of this amount is already paid in two installments. The remaining amount will be paid in equal installments at the first business days of each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 36,600 to DHMİ. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs, lenders and some customers.

14. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contingent liability

TAV Security has undergone a tax inspection by the Tax Inspectors of the Ministry of Finance on the value added tax returns for the periods between January 2007 and December 2011. The tax inspector claimed that the staff should have been in the payroll of TAV Security and TAV Security could not render such a service without having its own personnel. Since the staff is in the payroll of the terminal companies, the terminal companies should have issued labor force invoices to TAV Security and TAV Security should have issued security service invoices to terminal companies including the payroll cost invoiced by the terminal companies. As a result of the tax inspection, the withholding value added tax treatments of the Company in relation to the security and the labor services rendered have been criticised and based on the criticism, tax and tax penalty has been assessed and notified to the Company. As per the notification, outstanding value added taxes amounting to TRL 6,201, TRL 6,839, TRL 7,883, TRL 8,345, TRL 9,409 and tax penalties at the equivalent amounts have been assessed for the periods 2007, 2008, 2009, 2010 and 2011, respectively. Furthermore, outstanding corporate income taxes amounting to TRL 745, TRL 688, TRL 823, TRL 800, TRL 1,011 and tax penalties of TRL 1,326, TRL 1,242, TRL 1,496, TRL 1,423, TRL 2,358 have been assessed for the periods 2007, 2008, 2009, 2010 and 2011, respectively.

In addition, Special Irregularity Penalty is assessed due to the fact that TAV Security has not issued security service invoices to the terminals including the payroll invoices. Special Irregularity Penalty amounting to TRL 365 have been assessed for the periods 2007, 2008, 2009, 2010 and 2011. A lawsuit will be filed on the grounds that the criticism do not have any justifications. The management, lawyers and tax auditors of TAV Security are in the opinion that the lawsuit will result in TAV Security's favor, so no provision is recorded in the accompanying interim condensed consolidated financial statements.

Georgian Tax Authority criticised the deduction of the VAT stemming from the construction of Batumi Airport Terminal which was undertaken by TAV Tbilisi in return for the extension of the operation period of Tbilisi Airport. The inspectors claimed that this transaction was a barter transaction and hence, TAV Tbilisi should have transferred the Batumi Airport Terminal to the competent authority by calculating VAT. As a result, VAT amounting to GEL 9,798 (EUR 4,069) has been assessed and it has been charged together with GEL 8,263 (EUR 3,331) of penalty (GEL 18,061 (EUR 7,500) in total). The management, lawyers and the tax advisors do not agree with the claim of the Georgian Tax Authority. Therefore, TAV Tbilisi has proceeded the appeal process and management believe that the appeal process will be concluded in the TAV Tbilisi's favor. Accordingly, no provision is recorded in the accompanying interim condensed consolidated financial statements.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

15. RELATED PARTIES

The major immediate parents and ultimate controlling parties of the Group are Aéroports de Paris, Tepe and Akfen Groups.

All other transactions not described in this footnote between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of balances between the Group and other related parties are disclosed below.

Key management personnel compensation:

The remuneration of directors and other members of key management during the year comprised the following:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
Short-term benefits (salaries, bonuses etc.)	13,241	5,803	9,745	1,162
	13,241	**5,803**	**9,745**	**1,162**

As at 30 June 2014 and 31 December 2013, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

The details of the transactions between the Group and any other related parties are disclosed below:

Other related party transactions:

	30 June 2014	31 December 2013
Due from related parties	15,058	7,226
Current loan to related parties	5,489	7,524
	20,547	**14,750**

	30 June 2014	31 December 2013
Non-current due from related parties	2,014	-
	2,014	**-**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

15. RELATED PARTIES (continued)

Due from related parties	30 June 2014	31 December 2013
ATÜ (*)	6,435	4,642
TAV Tepe Akfen Yat.İnş ve İşl. A.Ş. (“TAV İnşaat”) (**)	4,724	-
BTA Denizyolları	1,183	80
Tibah Development	964	584
Tibah Operations	780	421
TGS	279	233
TAV G Otopark Yapım Yatırım ve İşletme A.Ş. (“TAV G”)	134	694
Other related parties	559	572
	15,058	**7,226**

(*) Receivables from ATÜ comprise of concession fee duty-free receivables.
(**) Advance receivables from TAV İnşaat for construction services.

Loan to related parties	30 June 2014	31 December 2013
TAV İnşaat	2,126	2,841
CAS	1,100	1,057
Tibah Development	560	2,468
Other related parties	1,703	1,158
	5,489	**7,524**

Non-current loan to related parties	30 June 2014	31 December 2013
Tibah Development	1,780	-
Other related parties	234	-
	2,014	**-**

	30 June 2014	31 December 2013
Due to related parties	3,284	5,267
Current loan from related parties	421	3,779
	3,705	**9,046**
Non-current loan from related parties	8,969	10,289
	8,969	**10,289**

Due to related parties	30 June 2014	31 December 2013
IBS Sigorta (*)	1,226	4,914
BTU Lokum	707	-
Bilintur Bilkent Turizm Inş. Yat. Tic. A.Ş.	661	34
Other related parties	690	319
	3,284	**5,267**

(*) IBS Sigorta provides insurance intermediatory services to the Group.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

15. RELATED PARTIES (continued)

Current loan from related parties	30 June 2014	31 December 2013
ATÜ	-	3,366
Other related parties	421	413
	421	**3,779**

Non-current loan from related parties	30 June 2014	31 December 2013
ATÜ	8,969	10,289
	8,969	**10,289**

Short term deferred income from related parties	30 June 2014	31 December 2013
ATÜ (*)	3,857	3,986
Other related parties	589	6
	4,446	**3,992**

(*) Deferred income from related parties is related with the unearned portion of concession rent income from ATÜ.

Long term deferred income from related parties	30 June 2014	31 December 2013
ATÜ (*)	20,730	22,584
	20,730	**22,584**

(*) Deferred income from related parties is related with the unearned portion of concession rent income from ATÜ.

Services rendered to related parties	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
ATÜ (*)	108,685	59,558	116,489	63,021
BTA Denizyolları	3,744	2,480	1,973	1,016
Other related parties	8,718	4,434	5,273	3,066
	121,147	**66,472**	**123,735**	**67,103**

(*) Services rendered to ATÜ comprise of concession fee for duty-free operations.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

15. RELATED PARTIES (continued)

Services rendered by related parties	**1 January-30 June 2014**	**1 April-30 June 2014**	**1 January-30 June 2013**	**1 April-30 June 2013**
Akfen Elektrik Enerjisi Toptan Satış A.Ş. (*)	2,235	1,309	-	-
IBS Sigorta (**)	1,748	904	1,869	935
TAV İnşaat	1,427	1,427	277	-
TAV Havacılık A.Ş.	239	74	273	199
Other related parties	467	139	140	68
	6,116	**3,853**	**2,559**	**1,202**

(*) Akfen Elektrik Enerjisi Toptan Satış A.Ş. provides electric services to the Group.
(**) IBS Sigorta provides insurance brokerage services to the Group.

Interest (expense) / income from related parties (net)	**1 January-30 June 2014**	**1 April-30 June 2014**	**1 January-30 June 2013**	**1 April-30 June 2013**
ATÜ	(372)	(177)	(472)	(243)
TAV İnşaat	6	3	84	90
Other related parties	31	12	37	19
	(335)	(162)	**(351)**	**(134)**

The average interest rate used within the Group is 6.65% per annum (31 December 2013: 6.63%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

Construction work rendered by related parties	**1 January-30 June 2014**	**1 April-30 June 2014**	**1 January-30 June 2013**	**1 April-30 June 2013**
TAV İnşaat (*)	33,346	16,653	114,743	63,175
	33,346	**16,653**	**114,743**	**63,175**

(*) TAV İnşaat mainly provided services relating to the construction of İzmir Adnan Menderes International Airport's domestic terminal and renovation of Gazipaşa Airport as of 30 June 2014. TAV İnşaat mainly provided services relating to the construction of İzmir Adnan Menderes International Airport's domestic terminal as of 30 June 2013.

Dividend distribution

In 2014 the Company distributed dividends to the shareholders amounting to EUR 65,209 (TRL 199,009) from the Company's distributable profits computed for 2013.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

16. INTERESTS IN OTHER ENTITIES

Non-controlling interests in subsidiaries

The following table summarizes the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI") before any intra group eliminations.

	30 June 2014				
	TAV Tunisia	**TAV Tbilisi**	**BTA**	**Other immaterial subsidiaries**	**Total**
NCI Percentage	**33.00%**	**24.00%**	**33.33%**		
Non-current assets	498,092	53,876	18,452		
Current assets	26,159	6,966	19,185		
Non-current liabilities	388,495	4,788	6,097		
Current liabilities	110,668	2,617	24,879		
Net assets	**25,088**	**53,437**	**6,661**		
Carrying amount of NCI	8,279	12,825	2,210	1,916	25,240

	1 January – 30 June 2014				
	TAV Tunisia	**TAV Tbilisi**	**BTA**	**Other immaterial subsidiaries**	**Total**
Revenue	18,454	14,821	56,806		
(Loss) / profit	(16,447)	5,310	2,199		
Total comprehensive income	**(22,987)**	**4,926**	**(2,481)**		
(Loss) / profit allocated to NCI	(5,428)	1,274	733	20	(3,401)

	1 April – 30 June 2014				
	TAV Tunisia	**TAV Tbilisi**	**BTA**	**Other immaterial subsidiaries**	**Total**
Revenue	13,797	8,108	32,961		
(Loss) / profit	(3,728)	3,464	2,192		
Total comprehensive income	**(7,914)**	**3,305**	**(2,336)**		
(Loss) / profit allocated to NCI	(1,231)	831	731	178	509

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

16. INTERESTS IN OTHER ENTITIES (continued)

Non-controlling interests in subsidiaries (continued)

	31 December 2013				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
NCI Percentage	**33.00%**	**24.00%**	**33.33%**		
Non-current assets	501,096	57,116	15,153		
Current assets	24,289	3,967	13,185		
Non-current liabilities	379,879	10,381	5,142		
Current liabilities	97,430	2,192	14,750		
Net assets	**48,076**	**48,510**	**8,446**		
Carrying amount of NCI	15,865	11,642	2,815	2,109	32,431

	1 January – 30 June 2013				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
Revenue	17,678	14,123	48,276		
(Loss) / profit	(12,130)	4,389	2,804		
Total comprehensive income	**(2,831)**	**4,920**	**(3,262)**		
(Loss) / profit allocated to NCI	(4,003)	1,053	935	(5)	(2,020)

	1 April - 30 June 2013				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
Revenue	13,247	7,862	25,885		
(Loss) / profit	(2,833)	3,428	1,995		
Total comprehensive income	**5,583**	**2,795**	**(3,754)**		
(Loss) / profit allocated to NCI	(935)	822	665	322	874

	30 June 2014	31 December 2013
Joint ventures	86,817	90,058
Associates	3,750	1,937
	90,567	**91,995**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

16. INTERESTS IN OTHER ENTITIES (continued)

Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
TGS	53,519	52,208
ATÜ	24,131	30,357
Tibah Development	5,617	4,281
Tibah Operation	1,371	1,033
BTA Denizyolları	1,247	1,385
Other	932	794
	86,817	**90,058**

Group's share of profit / (loss) of the Group's joint ventures in the statement of comprehensive income for the period ended 30 June are as follows:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
ATÜ	10,761	6,951	10,052	5,552
TGS	5,185	3,483	1,912	857
Tibah Development	3,200	1,239	2,375	1,864
BTA Denizyolları	354	293	116	154
Tibah Operation	328	151	301	166
Other	237	89	32	29
	20,065	**12,206**	**14,788**	**8,622**

Associates

Carrying amount of the Group's associate in the statement of financial position as at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
ZAIC-A	3,750	1,937
	3,750	**1,937**

Group's share of profit of the Group's associate in the statement of comprehensive income for the period ended 30 June are as follows:

	1 January-30 June 2014	1 April-30 June 2014	1 January-30 June 2013	1 April-30 June 2013
ZAIC-A	1,053	527	-	-
	1,053	**527**	**-**	**-**

17. SUBSEQUENT EVENTS

As of 11 July 2014, the concession agreement for granting the transfer of the operating rights of Milas-Bodrum Airport has been signed between TAV Bodrum and DHMI. According to the tender specifications, TAV Bodrum's domestic terminal and auxiliary structures' operations have been taken over following the signing of the concession agreement. A concession fee of EUR 717,000 plus VAT shall be paid to DHMI for the airport operating rights until the end of 2035. TAV is responsible for paying 20% of Concession Fee amount as advance to DHMI within 20 working days after signing of the concession agreement.

ATU will take over the duty free operations in January 2015 and operate the premises in Salalah International Airport in Oman until December 2025 with the option to extend for two years (10+2 years). ATU will have the operation rights of 700sqm of duty free area in Salalah Airport which served 746,994 passengers in year 2013. Besides ATÜ, BTA and TAV İşletme will provide food and beverage and other commercial services at Salalah International Airport.