

**TAV Havalimanları Holding A.Ş.
and its Subsidiaries**

**Interim Condensed Consolidated Financial Statements
As at and for the Nine-Month Period Ended 30 September 2015**

6 November 2015

This report contains the “Interim Condensed Consolidated Financial Statements and their explanatory notes” comprising 43 pages.

**TAV Havalimanları Holding A.Ş.
and its Subsidiaries**

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TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2015

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

	Notes	(Unaudited) 30 September 2015	31 December 2014
ASSETS			
Property and equipment		200,176	179,895
Intangible assets		15,345	17,841
Airport operation right	6	1,344,786	1,091,532
Equity-accounted investees	18	93,067	104,083
Other investments		16	16
Goodwill		135,831	135,831
Prepaid concession and rent expenses	7	14,664	15,434
Derivative financial instruments	14	16,056	9,210
Trade receivables		101,744	107,273
Non-current due from related parties	17	3,528	2,799
Other non-current assets		2,505	1,295
Deferred tax assets		58,301	73,125
Total non-current assets		1,986,019	1,738,334
Inventories		10,082	10,038
Prepaid concession and rent expenses	7	135,119	109,675
Derivative financial instruments	14	-	5,590
Trade receivables		117,708	109,981
Due from related parties	17	40,348	25,601
Other receivables and current assets	8	146,335	198,003
Cash and cash equivalents	9	114,139	57,581
Restricted bank balances	10	330,887	391,880
Total current assets		894,618	908,349
TOTAL ASSETS		2,880,637	2,646,683

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 September 2015

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

	Notes	(Unaudited) 30 September 2015	31 December 2014
EQUITY			
Share capital		162,384	162,384
Share premium		220,286	220,286
Legal reserves		113,484	85,528
Other reserves		(19,841)	(17,605)
Revaluation surplus		359	615
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(68,120)	(91,871)
Translation reserves		(26,129)	(9,269)
Retained earnings		376,170	338,389
Total equity attributable to equity holders of the Company		798,657	728,521
Non-controlling interests	18	(823)	17,173
Total Equity		797,834	745,694
LIABILITIES			
Loans and borrowings	12	728,649	1,178,148
Reserve for employee severance indemnity		16,939	13,116
Due to related parties	17	-	7,717
Derivative financial instruments	14	62,188	146,342
Deferred income		37,645	29,285
Other payables	13	383,107	179,604
Deferred tax liabilities		7,587	3,316
Total non-current liabilities		1,236,115	1,557,528
Bank overdraft	9	2,785	2,319
Loans and borrowings	12	604,702	202,448
Trade payables		36,480	44,144
Due to related parties	17	2,128	6,213
Derivative financial instruments	14	63,428	-
Current tax liabilities		26,716	16,309
Other payables	13	78,515	52,377
Provisions		6,495	7,421
Deferred income		25,439	12,230
Total current liabilities		846,688	343,461
Total Liabilities		2,082,803	1,900,989
TOTAL EQUITY AND LIABILITIES		2,880,637	2,646,683

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 Nine-Month Period Ended 30 September 2015

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

	(Unaudited) 1 January- 30 September 2015	(Unaudited) 1 July- 30 September 2015	(Unaudited) 1 January- 30 September 2014	(Unaudited) 1 July- 30 September 2014
Notes				
Construction revenue	-	-	39,623	-
Operating revenue	758,613	291,392	650,933	259,993
Other operating income	50,637	18,219	42,051	13,425
Construction expenditure	-	-	(39,623)	-
Cost of catering inventory sold	(38,447)	(14,630)	(28,262)	(11,324)
Cost of services rendered	(39,964)	(14,609)	(36,991)	(9,986)
Personnel expenses	(185,876)	(58,013)	(168,073)	(59,396)
Concession and rent expenses	(97,985)	(34,004)	(109,771)	(38,913)
Depreciation and amortisation expenses	(62,881)	(20,558)	(54,778)	(19,418)
Other operating expenses	(85,187)	(29,411)	(80,890)	(30,939)
Share of profit of equity-accounted investees, net of tax	20,230	10,526	30,688	9,570
Operating profit	319,140	148,912	244,907	113,012
Finance income	6,560	(3,866)	35,814	17,620
Finance costs	(91,001)	(30,590)	(70,077)	(19,470)
Net finance costs	(84,441)	(34,456)	(34,263)	(1,850)
Profit before tax	234,699	114,456	210,644	111,162
Tax expense	(71,673)	(34,032)	(35,388)	(17,679)
Profit for the period	163,026	80,424	175,256	93,483
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Revaluation of intangible assets	-	-	51	17
Defined benefit obligation actuarial differences	(2,556)	(901)	(4,194)	(2,399)
Defined benefit obligation actuarial differences from equity accounted investees	229	96	(343)	(228)
Tax on defined benefit obligation actuarial differences	511	180	839	480
Tax on defined benefit obligation actuarial differences from equity accounted investees	(46)	(19)	68	45
Total items that will not be reclassified to profit or loss	(1,862)	(644)	(3,579)	(2,085)
Items that are or may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedges	30,946	(3,262)	(25,248)	(1,810)
Effective portion of changes in fair value of cash flow hedges from equity accounted investees	(1,151)	(799)	(1,326)	758
Foreign currency translation differences for foreign operations	(14,067)	(2,584)	5,506	6,058
Foreign currency translation differences for foreign operations from equity accounted investees	(6,753)	(8,475)	547	4
Tax on cash flow hedge reserves	(4,338)	1,475	4,906	(27)
Tax on cash flow hedge reserves from equity accounted investees	79	54	88	(50)
Total items that are or may be reclassified subsequently to profit or loss	4,716	(13,591)	(15,527)	4,933
Other comprehensive income for the period, net of tax	2,854	(14,235)	(19,106)	2,848
Total comprehensive income for the period	165,880	66,189	156,150	96,331

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 Nine-Month Period Ended 30 September 2015

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

	(Unaudited) 1 January- 30 September 2015	(Unaudited) 1 July- 30 September 2015	(Unaudited) 1 January- 30 September 2014	(Unaudited) 1 July- 30 September 2014
Notes				
Profit attributable to:				
Owners of the Company	168,314	79,869	173,717	88,543
Non-controlling interest	(5,288)	555	1,539	4,940
Profit for the period	163,026	80,424	175,256	93,483
Total comprehensive income attributable to:				
Owners of the Company	173,338	67,174	156,372	90,798
Non-controlling interest	(7,458)	(985)	(222)	5,533
Total comprehensive income for the period	165,880	66,189	156,150	96,331
Weighted average number of shares outstanding	363,281,250	363,281,250	363,281,250	363,281,250
Basic and diluted earnings per share	11	0.46	0.22	0.48
			0.48	0.24

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 Changes in Equity For the Nine-Month Period Ended 30 September 2015

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

	Attributable to owners of the Company											
	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 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	-	-	-	-	-	-	-	-	173,717	173,717	1,539	175,256
Other comprehensive income												
Revaluation of intangible assets	-	-	-	-	(256)	-	-	-	307	51	-	51
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(18,080)	-	-	(18,080)	(3,500)	(21,580)
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(3,662)	(3,662)	32	(3,630)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	4,346	-	4,346	1,707	6,053
Total other comprehensive income	-	-	-	-	(256)	-	(18,080)	4,346	(3,355)	(17,345)	(1,761)	(19,106)
Total comprehensive income for the period	-	-	-	-	(256)	-	(18,080)	4,346	170,362	156,372	(222)	156,150
Transactions with owners of the Company, recognised directly in equity												
<i>Contributions by and distributions to owners of the Company</i>												
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	-	-	8,404	-	-	-	-	-	(9,348)	(944)	944	-
Balance at 30 September 2014	162,384	220,286	86,820	(17,605)	701	40,064	(86,740)	(11,396)	289,540	684,054	30,773	714,827
Balance at 1 January 2015	162,384	220,286	85,528	(17,605)	615	40,064	(91,871)	(9,269)	338,389	728,521	17,173	745,694
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	168,314	168,314	(5,288)	163,026
Other comprehensive income												
Revaluation of intangible assets	-	-	-	-	(256)	-	-	(51)	307	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	23,751	-	-	23,751	1,785	25,536
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(1,918)	(1,918)	56	(1,862)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	(16,809)	-	(16,809)	(4,011)	(20,820)
Total other comprehensive income	-	-	-	-	(256)	-	23,751	(16,860)	(1,611)	5,024	(2,170)	2,854
Total comprehensive income for the period	-	-	-	-	(256)	-	23,751	(16,860)	166,703	173,338	(7,458)	165,880
Transactions with owners of the Company, recognised directly in equity												
<i>Contributions by and distributions to owners of the Company</i>												
Decrease in capital of subsidiary	-	-	-	-	-	-	-	-	-	-	(6,393)	(6,393)
Dividend distributions	-	-	-	-	-	-	-	-	(100,966)	(100,966)	(1,819)	(102,785)
Purchase of non-controlling interest	-	-	-	(2,236)	-	-	-	-	-	(2,236)	(2,326)	(4,562)
Total transactions with owners of the Company	-	-	-	(2,236)	-	-	-	-	(100,966)	(103,202)	(10,538)	(113,740)
Transfers	-	-	27,956	-	-	-	-	-	(27,956)	-	-	-
Balance at 30 September 2015	162,384	220,286	113,484	(19,841)	359	40,064	(68,120)	(26,129)	376,170	798,657	(823)	797,834

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 Nine-Month Period Ended 30 September 2015

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

	Notes	(Unaudited) 1 January- 30 September 2015	(Unaudited) 1 January- 30 September 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		163,026	175,256
Adjustments for:			
Amortisation of airport operation right	6	37,074	32,924
Depreciation of property and equipment		22,451	18,678
Amortisation of intangible assets		3,356	3,172
Concession and rent expenses		97,985	109,771
Provision for employee severance indemnity		5,928	4,280
Provision for doubtful receivables		1,722	101
Discount on receivables and payables, net		(38)	(17)
Loss / (gain) on sale of property and equipment		731	(807)
(Reversal) / provision set for unused vacation		(169)	632
Interest income		(6,335)	(8,448)
Interest expense on financial liabilities		67,989	64,120
Tax expense		71,673	35,388
Unwinding of discount on concession receivable		7,191	(17,746)
Share of profit of equity-accounted investees, net of tax		(20,230)	(30,688)
Unrealised foreign exchange differences on statement of financial position items		(6,311)	(1,430)
Cash flows from operating activities		446,043	385,186
Change in current trade receivables		(9,560)	(30,255)
Change in non-current trade receivables		15,198	22,102
Change in inventories		(30)	(1,493)
Change in due from related parties		(15,476)	(8,842)
Change in restricted bank balances		56,953	78,211
Change in other receivables and current assets		58,003	2,632
Change in trade payables		(7,677)	(5,060)
Change in due to related parties		(11,803)	(9,449)
Change in other payables and provisions		229,057	6,887
Change in other long term assets		(1,212)	(382)
Additions to prepaid concession and rent expenses	7	(117,378)	(275,172)
Cash provided from operations		642,118	164,365
Income taxes paid		(46,247)	(35,259)
Interest paid		(58,358)	(64,834)
Retirement benefits paid		(2,586)	(3,095)
Dividends from equity-accounted investees		27,100	20,810
Net cash provided from operating activities		562,027	81,987

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 Nine-Month Period Ended 30 September 2015

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

	Notes	(Unaudited) 1 January- 30 September 2015	(Unaudited) 1 January- 30 September 2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,039	7,666
Proceeds from sale of property, equipment and intangible assets		7,694	3,317
Acquisition of property and equipment		(56,771)	(35,660)
Acquisition of non-controlling interest		(4,562)	-
Additions to airport operation right	6	(297,714)	(35,362)
Acquisition of intangible assets		(1,051)	(1,378)
Net cash used in investing activities		(348,365)	(61,417)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		88,719	228,118
Repayment of borrowings		(136,941)	(211,332)
Non-controlling interest change		(6,237)	-
Dividends paid		(102,785)	(67,589)
Change in finance lease liabilities		(326)	(1,066)
Net cash used in financing activities		(157,570)	(51,869)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		56,092	(31,299)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	9	55,262	96,212
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	9	111,354	64,913

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the nine-month period ended 30 September 2015

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

Notes to the interim condensed consolidated financial statements

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TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the nine-month period ended 30 September 2015

(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 for the purpose of reconstructing and operating the İstanbul Atatürk Airport (International Lines Building). 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 nine-month period ended 30 September 2015 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 2014 are as follows:

Name of Subsidiary	Principal Activity	Place of operation	30 September 2015		31 December 2014	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
TAV Urban Georgia LLC (“TAV Tbilisi”)	Airport Operator	Georgia	80.00	80.00	76.00	76.00
SIA Cakes and Bakes Latvia (“Cakes & Bakes Latvia”)	Food and Beverage Services	Latvia	66.66	66.66	-	-
TAV Latvia Operation Services SIA (“TAV İşletme Latvia”)	Lounge Services	Latvia	100.00	100.00	-	-

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 and TAV İzmir enter into Build Operate Terminate 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”) and TAV Macedonia with Macedonian Ministry of Transportation and Communication (“MOTC”). Tibah Development enters into Build – Transfer – Operate (“BTO”) Agreements with General Authority of Civil Aviation (“GACA”). TAV Ege, TAV Milas Bodrum, and TAV Gazipaşa enter into concession agreement with DHMİ. “Medunarodna Zracna Luka Zagreb D.D. (“MZLZ”) enters into concession agreement with The Republic of Croatia. 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, 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.

According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015.

ATU Turizm İşletmeciliği A.Ş (“ATU”) has been awarded the tender to operate the duty free shops in United States of America, Texas at Houston George Bush International Airport at 27 March 2015. The operating period of the duty free area is 10 years. The project covers the operation right of 700 square meters of duty free area in the airport which in total, served nearly 41 million passengers in 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 15,315 (average: 14,972) people as at 30 September 2015 (31 December 2014: 14,556 (average: 14,478) people).

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the nine-month period ended 30 September 2015

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

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 2014.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 6 November 2015. 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.

Functional currency of most of the Group companies operating in Turkey and other countries are determined to be Euro, different from their country's currency according to IAS 21. Accordingly functional currency of TAV Holding as a parent company has been determined as Euro.

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

The functional currencies of the Group entities formed after 31 December 2014 are as follows:

<u>Company</u>	<u>Functional Currency</u>
Cakes & Bakes Latvia	EUR
TAV İşletme Latvia	EUR

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

	<u>1 Euro Equivalent</u>	
	<u>30 September 2015</u>	<u>31 December 2014</u>
TRL	3.4212	2.8207
GEL	2.6736	2.2656
TND	2.2030	2.2622
MKD	61.6947	61.4814
SEK	9.4119	9.4323
USD	1.1242	1.2164
SAR	4.2157	4.5581
HRK	7.6284	7.6566

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the nine-month period ended 30 September 2015

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

3. CHANGES IN ACCOUNTING POLICIES (continued)

a) The restatement of prior year financial statements

The Group has reassessed the presentation of change in restricted bank balances in consolidated statement of cash flows. Accordingly change in restricted bank balances amounting to EUR 154,597 in cash flows from financing activities is presented as change in restricted bank balances in cash flows from operating activities in interim condensed consolidated statement of cash flows for the six-month period Ended 30 September 2014.

b) The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at September 30, 2015 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2015. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2015

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. These amendments did not have an impact on the consolidated financial statements of the Group.

Annual Improvements to IAS / IFRSs

In September 2014, POA issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after July 1, 2014.

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to performance and service conditions which are vesting conditions are clarified. The amendment is effective prospectively.

IFRS 3 Business Combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 9. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments

The changes are as follows: i) An entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. 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.

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.

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3. CHANGES IN ACCOUNTING POLICIES (continued)

b) The new standards, amendments and interpretations (continued)

i) The new standards, amendments and interpretations which are effective as at 1 January 2015 (continued)

Annual Improvements to IAS / IFRSs (continued)

Annual Improvements to IFRSs – 2010–2012 Cycle (continued)

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. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. 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.

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of IFRS 9. 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.

The amendments did not have a significant impact on the interim condensed consolidated financial statements of the Group.

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

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

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

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3. CHANGES IN ACCOUNTING POLICIES (continued)

b) The new standards, amendments and interpretations (continued)

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

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

IFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in 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. The amendments will not have an impact on the financial position or performance of the Group.

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

The amendments to IAS 16 and IAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

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

IAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in 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. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

In February 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either: at cost, in accordance with IFRS 9 or using the equity method defined in IAS 28. The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendments are not applicable for Group and will not have an impact on the financial position or performance of the Group.

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

In February 2015, amendments issued to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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3. CHANGES IN ACCOUNTING POLICIES (continued)

b) The new standards, amendments and interpretations (continued)

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

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

In February 2015, amendments issued to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In February 2015, amendments issued to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected to have significant impact on the notes to the consolidated financial statements of the Group.

Annual Improvements to IFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- *IFRS 7 Financial Instruments: Disclosures* – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- *IAS 19 Employee Benefits* – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- *IAS 34 Interim Financial Reporting* – clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

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3. CHANGES IN ACCOUNTING POLICIES (continued)

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

Annual Improvements to IFRSs - 2011-2013 Cycle

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 original effective date was January 1, 2017. However, in July 2015, IASB decided to defer the effective date to reporting periods beginning on or after January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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 January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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.

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4. DETERMINATION OF FAIR VALUES (continued)

ii) Intangible assets (continued):

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.

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 September 2015	Level 1	Level 2	Level 3
Interest rate swap	-	(124,927)	-
Cross currency swap	-	16,056	-
Forward	-	(689)	-
	-	(109,560)	-
31 December 2014	Level 1	Level 2	Level 3
Interest rate swap	-	(146,342)	-
Cross currency swap	-	9,210	-
Forward	-	5,590	-
	-	(131,542)	-

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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, the car park and the general aviation terminal, the Group companies included in this segment are TAV İstanbul, TAV Esenboğa, TAV İzmir, TAV Ege, TAV Milas Bodrum, TAV Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV Macedonia, TAV Gazipaşa, TAV Uluslararası Yatırım, Tibah Development, Tibah Operation, MZLZ, MZLZ Operation and AMS. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Macedonia, TAV Gazipaşa, 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, which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, BTA Tedarik, BTA Danışmanlık, BTA Denizyolları, BTU Lokum, BTU Gıda, BTA Medinah and Cakes & Bakes Latvia
- **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, ATÜ Latvia, ATÜ Tunisia Duty Free, Saudi ATÜ, ATÜ Mağazacılık and ATÜ Uluslararası Mağazacılık.
- **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, HAVAŞ Europe, HAVAŞ Europe Helsinki, HAVAŞ Europe Stockholm, HAVAŞ Germany, TAV Gözen, TGS and SAUDI HAVAŞ. HAVAŞ, HYT İzmir, HYT Muğla and HYT Samsun provides bus operations.
- **Other:** Providing lounge services, IT, security and education services, the Group companies included in this segment are TAV Holding, TAV Latvia, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV İşletme Germany, TAV İşletme Latvia, TAV Bilişim, TAV Güvenlik, TAV Akademi, TAV Aviation Minds, 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.

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5. SEGMENT REPORTING (continued)

Operating Segments (continued)

	Nine-month period ended 30 September											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Total external revenues	465,034	388,162	100,814	74,615	246,138	201,948	210,787	193,668	33,929	22,580	1,056,702	880,973
Inter-segment revenue	134,798	115,934	17,359	14,828	-	-	-	246	18,649	16,266	170,806	147,274
Construction revenue	5,282	139,645	-	-	-	-	-	-	-	-	5,282	139,645
Construction expenditure	(5,282)	(139,645)	-	-	-	-	-	-	-	-	(5,282)	(139,645)
Interest income	6,526	6,099	339	218	149	131	491	394	16,882	11,918	24,387	18,760
Interest expense	(71,532)	(54,675)	(534)	(482)	23	(227)	(5,215)	(3,736)	(13,964)	(15,383)	(91,222)	(74,503)
Depreciation and amortisation	(58,899)	(45,667)	(3,724)	(2,771)	(1,788)	(1,494)	(10,381)	(8,657)	(1,707)	(1,472)	(76,499)	(60,061)
Reportable segment operating profit	251,605	187,853	10,385	7,130	17,222	21,912	36,268	38,078	16,782	1,036	332,262	256,009
Capital expenditure	344,669	151,484	4,786	7,311	4,133	4,447	9,049	16,198	2,315	2,404	364,952	181,844
	As at 30 September 2015 and 31 December 2014											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Reportable segment assets	2,720,454	2,495,409	52,591	48,734	63,508	56,258	170,088	166,128	257,028	228,694	3,263,669	2,995,223
Other investments	-	-	-	-	-	-	-	-	20	20	20	20
Reportable segment liabilities	1,960,406	1,752,239	38,772	36,237	55,549	36,595	99,865	101,994	319,560	325,152	2,474,152	2,252,217

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5. SEGMENT REPORTING (continued)

Operating Segments (continued)

	Three-month period ended 30 September											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Total external revenues	177,119	152,697	39,123	27,837	89,833	77,733	92,501	81,550	10,191	8,012	408,767	347,829
Inter-segment revenue	50,951	44,792	5,699	5,220	-	-	-	84	6,414	5,550	63,064	55,646
Construction revenue	98	22,625	-	-	-	-	-	-	-	-	98	22,625
Construction expenditure	(98)	(22,625)	-	-	-	-	-	-	-	-	(98)	(22,625)
Interest income	2,320	1,794	101	53	(21)	(122)	197	171	5,868	4,286	8,465	6,182
Interest expense	(21,288)	(16,350)	(235)	(173)	(65)	46	(946)	(1,278)	(3,349)	(3,469)	(25,883)	(21,224)
Depreciation and amortisation	(21,076)	(16,226)	(1,223)	(997)	(604)	(527)	(3,474)	(3,048)	(154)	(518)	(26,531)	(21,316)
Reportable segment operating profit	111,874	84,851	4,932	3,967	6,607	8,664	24,885	19,789	7,254	976	155,552	118,247
Capital expenditure	9,532	30,481	1,612	1,777	2,854	1,141	3,018	4,717	748	1,771	17,764	39,887

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5. OPERATING SEGMENTS (continued)

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

Revenues	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
Total revenue for reportable segments	1,180,212	455,324	1,129,046	412,538
Other revenue	52,578	16,605	38,846	13,562
Elimination of inter-segment revenue	(170,806)	(63,064)	(147,274)	(55,646)
	1,061,984	408,865	1,020,618	370,454
Effect of using the equity method for joint ventures	(303,371)	(117,473)	(330,062)	(110,461)
Consolidated revenue	758,613	291,392	690,556	259,993
	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
Operating profit				
Segment operating profit	315,480	148,298	254,973	117,271
Other operating loss	16,782	7,254	1,036	976
Elimination of inter-segment operating loss	(333)	377	(1,944)	(86)
	331,929	155,929	254,065	118,161
Effect of using the equity method for joint ventures	(12,789)	(7,017)	(9,158)	(5,149)
Consolidated operating profit	319,140	148,912	244,907	113,012
Finance income	6,560	(3,866)	35,814	17,620
Finance expense	(91,001)	(30,590)	(70,077)	(19,470)
Consolidated profit before tax	234,699	114,456	210,644	111,162
		30 September 2015		31 December 2014
Assets				
Total assets for reportable segments		3,006,641		2,766,529
Other assets		257,028		228,694
		3,263,669		2,995,223
Effect of using the equity method for joint ventures		(383,032)		(348,540)
Consolidated total assets		2,880,637		2,646,683
		30 September 2015		31 December 2014
Liabilities				
Total liabilities for reportable segments		2,154,592		1,927,065
Other liabilities		319,560		325,152
		2,474,152		2,252,217
Effect of using the equity method for joint ventures		(391,349)		(351,228)
Consolidated total liabilities		2,082,803		1,900,989

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5. OPERATING SEGMENTS (continued)

	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
Interest income				
Total interest income for reportable segments	7,505	2,597	6,842	1,896
Other interest income	16,882	5,868	11,918	4,286
Elimination of inter-segment interest income	(17,941)	(6,187)	(9,849)	(4,060)
	6,446	2,278	8,911	2,122
Effect of using the equity method for joint ventures	(111)	23	(463)	(142)
Consolidated interest income	6,335	2,301	8,448	1,980
Interest expense				
Total interest expense for reportable segments	(77,258)	(22,534)	(59,120)	(17,755)
Other interest expense	(13,964)	(3,349)	(15,383)	(3,469)
Elimination of inter-segment interest expense	17,878	5,908	10,162	4,078
	(73,344)	(19,975)	(64,341)	(17,146)
Effect of using the equity method for joint ventures	5,355	2,923	221	48
Consolidated interest expense	(67,989)	(17,052)	(64,120)	(17,098)

Geographical information

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

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.

	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
Revenue				
Turkey	683,314	261,834	607,150	220,696
Georgia	35,169	16,034	25,876	11,051
Tunisia	19,386	4,878	38,342	21,238
Macedonia	16,285	7,056	14,994	6,090
Other	4,459	1,590	4,194	918
Consolidated revenue	758,613	291,392	690,556	259,993
Non-current assets		30 September 2015		31 December 2014
Turkey		1,404,476		1,119,570
Tunisia		466,883		479,582
Macedonia		68,848		72,218
Georgia		45,217		63,942
Other		595		3,022
Consolidated non-current assets		1,986,019		1,738,334

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6. AIRPORT OPERATION RIGHT

	International Terminal of İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Antalya Gazipaşa Airport	Skopje International Airport	İzmir Adnan Menderes International Airport	Milas- Bodrum Airport	Total
Cost								
Balance at 1 January 2014	80,469	82,397	515,959	21,768	86,736	359,294	-	1,146,623
Effect of movements in exchange rates	-	6,141	-	-	-	-	-	6,141
Additions (*)	-	-	-	3,446	-	36,177	-	39,623
Balance at 30 September 2014	80,469	88,538	515,959	25,214	86,736	395,471	-	1,192,387
Balance at 1 January 2015	80,469	86,889	515,959	28,923	86,736	395,470	118,051	1,312,497
Effect of movements in exchange rates	-	(13,260)	-	-	-	-	-	(13,260)
Additions (*)	-	-	-	-	-	297,714	-	297,714
Balance at 30 September 2015	80,469	73,629	515,959	28,923	86,736	693,184	118,051	1,596,951

(*) There is no capitalised borrowing cost on airport operation right during 2015 (30 September 2014: EUR 4,261). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 100%.

Airport operation right is capitalised as started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015.

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6. AIRPORT OPERATION RIGHT (continued)

	International Terminal of İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Antalya Gazipaşa Airport	Skopje International Airport	İzmir Adnan Menderes International Airport	Milas- Bodrum Airport	Total
<u>Accumulated amortisation</u>								
Balance at 1 January 2014	70,924	31,327	53,125	3,116	10,992	5,615	-	175,099
Effect of movements in exchange rates	-	2,539	-	-	-	-	-	2,539
Amortisation for the period	7,319	2,961	10,401	758	3,504	7,981	-	32,924
Balance at 30 September 2014	78,243	36,827	63,526	3,874	14,496	13,596	-	210,562
Balance at 1 January 2015	80,228	37,632	66,993	4,149	15,677	15,256	1,030	220,965
Effect of movements in exchange rates	-	(5,874)	-	-	-	-	-	(5,874)
Amortisation for the period	241	2,834	10,401	958	3,502	17,082	2,056	37,074
Balance at 30 September 2015	80,469	34,592	77,394	5,107	19,179	32,338	3,086	252,165
<u>Carrying amounts</u>								
At 30 September 2014	2,226	51,711	452,433	21,340	72,240	277,102	-	981,825
At 31 December 2014	241	49,257	448,966	24,774	71,059	380,214	117,021	1,091,532
At 30 September 2015	-	39,037	438,565	23,816	67,557	660,846	114,965	1,344,786

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7. PREPAID CONCESSION AND RENT EXPENSES

An analysis of the Group's prepaid rent expenses as at 30 September 2015, 31 December 2014 and 30 September 2014 are as follows:

<u>30 September 2015</u>	<u>Concession and rent</u>	<u>Prepaid development expenditures</u>	<u>Total</u>
Balance at 31 December 2014	106,597	18,512	125,109
Concession and rent payments	117,378	-	117,378
Current period rent expense – TAV İstanbul	(90,402)	(2,302)	(92,704)
Balance at 30 September 2015	133,573	16,210	149,783
Represented as current prepaid concession and rent expense	133,573	1,546	135,119
Represented as non-current prepaid concession and rent expense	-	14,664	14,664
		Prepaid development expenditures	Total
<u>31 December 2014</u>	<u>Concession and rent</u>	<u>Prepaid development expenditures</u>	<u>Total</u>
Balance at 31 December 2013	129,924	21,590	151,514
Concession and rent payments	102,797	-	102,797
Current year rent expense – TAV İstanbul	(126,124)	(3,078)	(129,202)
Balance at 31 December 2014	106,597	18,512	125,109
Represented as current prepaid concession and rent expense	106,597	3,078	109,675
Represented as non-current prepaid concession and rent expense	-	15,434	15,434
		Prepaid development expenditures	Total
<u>30 September 2014</u>	<u>Concession and rent</u>	<u>Prepaid development expenditures</u>	<u>Total</u>
Balance at 31 December 2013	171,970	21,590	193,560
Concession and rent payments	275,172	-	275,172
Current period rent expense – TAV İstanbul	(94,335)	(2,302)	(96,637)
Current period concession expense – TAV Ege	(6,536)	-	(6,536)
Current period concession expense – TAV Milas Bodrum	(1,395)	-	(1,395)
Balance at 30 September 2014	344,876	19,288	364,164
Represented as current prepaid concession and rent expense	139,274	3,078	142,352
Represented as non-current prepaid concession and rent expense	205,602	16,210	221,812

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8. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 30 September 2015 and 31 December 2014, other receivables and current assets comprised the following:

<u>Other receivables and current assets</u>	<u>30 September 2015</u>	<u>31 December 2014</u>
Advances to suppliers (*)	116,218	174,280
VAT deductible	7,327	7,740
Prepaid taxes and funds	5,830	4,623
Prepaid insurance	3,129	1,560
Income accruals	2,340	1,805
Other receivables	11,491	7,995
	<u>146,335</u>	<u>198,003</u>

(*) At 30 September 2015 advances to suppliers comprise of the advances payments to DHMİ by TAV Milas Bodrum (EUR 107,754) related with concession agreements. At 31 December 2014 advances to suppliers comprise of the advances payments to DHMİ by TAV Ege (EUR 61,915) and by TAV Milas Bodrum (EUR 107,550) related with concession agreements.

9. CASH AND CASH EQUIVALENTS

At 30 September 2015 and 31 December 2014, cash and cash equivalents comprised the following:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Cash on hand	832	766
Cash at banks		
- Demand deposits	48,285	19,122
- Time deposits	63,980	36,547
Other liquid assets	1,059	1,146
Cash and cash equivalents	<u>114,139</u>	<u>57,581</u>
Bank overdrafts used for cash management purposes	(2,785)	(2,319)
Cash and cash equivalents in the statement of cash flows	<u>111,354</u>	<u>55,262</u>

The details of the Group's time deposits, maturities and interest rates as at 30 September 2015 and 31 December 2014 are as follows:

30 September 2015			
<u>Original Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	October - November 2015	0.01 - 1.70	30,081
USD	October - November 2015	0.05 - 2.15	23,452
TL	October - November 2015	3.50 -12.80	10,447
			<u>63,980</u>

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9. CASH AND CASH EQUIVALENTS (continued)

31 December 2014

<u>Original Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	January 2015	0.05 - 2.30	21,063
USD	February 2015	0.15 - 2.80	12,479
TRL	January 2015	7.50 - 9.75	3,005
			36,547

There is no blockage or restriction on the use of cash and cash equivalents as at 30 September 2015 and 31 December 2014.

10. RESTRICTED BANK BALANCES

At 30 September 2015 and 31 December 2014, restricted bank balances comprised the following:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Project reserve and funding accounts (*)	330,887	380,997
Cash collaterals (**)	-	10,883
	330,887	391,880

(*) Certain subsidiaries, namely TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Ege and TAV Milas Bodrum (“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.

(**) As at 31 December 2014, cash collaterals include the time deposit provided by HAVAŞ as guarantee for its bank loan.

30 September 2015

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	0.01 - 1.85	225,209
USD	0.10 - 1.90	89,536
TRL	7.50 - 12.15	16,107
Other		35
		330,887

31 December 2014

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	0.05 - 2.00	229,656
USD	0.25 - 2.25	149,008
TRL	7.50 - 10.30	13,175
Other		41
		391,880

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11. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 30 September 2015 was based on the profit attributable to ordinary shareholders of EUR 168,314 (30 September 2014: EUR 173,717) and a weighted average number of ordinary shares outstanding of 363,281,250 (30 September 2014: 363,281,250), as follows:

	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
Numerator:				
Profit for the period attributable to owners of the Company	168,314	79,869	173,717	88,543
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)	0.46	0.22	0.48	0.24
	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
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

12. 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 September 2015	31 December 2014
Non-current liabilities		
Secured bank loans (*)	553,839	929,653
Unsecured bank loans	172,609	246,022
Finance lease liabilities	2,201	2,473
	728,649	1,178,148
Current liabilities		
Current portion of long term secured bank loans (*)	117,371	148,893
Short term secured bank loans	370,047	12,795
Current portion of long term unsecured bank loans	22,080	19,711
Short term unsecured bank loans	93,785	19,576
Current portion of finance lease liabilities	1,419	1,473
	604,702	202,448

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

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12. LOANS AND BORROWINGS (continued)

The Group's total bank loans and finance lease liabilities as at 30 September 2015 and 31 December 2014 are as follows:

	30 September 2015	31 December 2014
Bank loans	1,329,731	1,376,650
Finance lease liabilities	3,620	3,946
	<u>1,333,351</u>	<u>1,380,596</u>

The Group's bank loans as at 30 September 2015 are as follows:

	Presented as		
	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
TAV Tunisia (*)	341,335	-	341,335
TAV Holding	114,941	171,999	286,940
TAV Ege	16,788	226,636	243,424
TAV İstanbul	71,615	114,776	186,391
TAV Esenboğa	17,742	75,243	92,985
HAVAŞ	21,776	45,360	67,136
TAV Macedonia	9,500	51,832	61,332
TAV Gazipaşa	7,135	39,991	47,126
Others	2,451	611	3,062
	<u>603,283</u>	<u>726,448</u>	<u>1,329,731</u>

(*) TAV Tunisia is currently engaged in a negotiation with the Tunisian Authorities and its Lenders for the restructuring of its concession and financing arrangements, with the aim to reach an agreement by the end of the year. As TAV Tunisia is in breach of its financing agreements due to its current difficulties, non-current loan liabilities of TAV Tunisia were reclassified to current loan as of 30 June 2015 and the amount as of 30 September 2015 is EUR 311,195.

TAV Tunisia has received an Acceleration Notice from the Lenders accompanied by a Letter of Intent stating Lenders' current intention is to protect their security rights while continuing the three-party negotiations towards a restructuring and not to make the loans due and payable until 30 November 2015 and subject to further extension. Furthermore, TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 62,739 becoming due and payable. Hedging Banks issued a Deferral Letter deferring such payment to 30 October 2015 and extension is under discussion.

TAV Tunisia is exposed to the material legal and financial consequences, including but not limited to the Termination of the Concession Agreement, if a restructuring agreement is not reached among the three parties in due course.

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12. LOANS AND BORROWINGS (continued)

The Group's bank loans as at 31 December 2014 are as follows:

	Presented as		Total
	Current liabilities	Non-current liabilities	
TAV Tunisia	30,768	316,422	347,190
TAV Holding	38,178	244,593	282,771
TAV İstanbul	67,327	177,791	245,118
TAV Ege	14,088	224,911	238,999
TAV Esenboğa	14,571	83,430	98,001
TAV Macedonia	8,615	53,481	62,096
HAVAŞ	13,672	40,910	54,582
TAV Gazipaşa	12,646	32,707	45,353
Others	1,110	1,430	2,540
	200,975	1,175,675	1,376,650

Redemption schedules of the Group's bank loans according to original maturities as at 30 September 2015 and 31 December 2014 are as follows:

	30 September 2015	31 December 2014
On demand or within one year	603,283	200,975
In the second year	324,942	263,244
In the third year	116,729	315,497
In the fourth year	50,750	114,675
In the fifth year	42,811	70,659
After five years	191,216	411,600
	1,329,731	1,376,650

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 September 2015 are between 1.54% -5.50% (31 December 2014: Spreads for EUR denominated loans are between 1.54% -5.75%).

Interest payments of 100%, 100%, 80% and 100% of floating bank loans for TAV İstanbul, TAV Esenboğa, TAV Macedonia and TAV Ege respectively are fixed with interest rate swaps as explained in Note 14.

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

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13. OTHER PAYABLES

At 30 September 2015 and 31 December 2014, other payables comprised the following:

	30 September 2015	31 December 2014
Other short term payables		
Concession payable (*)	52,761	27,622
Expense accruals	9,343	5,512
Taxes and duties payable	4,741	5,705
Social security premiums payable	4,506	4,569
Other accruals and liabilities	7,164	8,969
	78,515	52,377
Other long term payables		
Concession payable (*)	382,784	179,289
Other accruals and liabilities	323	315
	383,107	179,604

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 15.

(*) A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 for the leasing of the operating rights of the Milas-Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2015 to December 2035. The concession payable of TAV Milas Bodrum domestic terminal is presented in financials EUR 87,988 as of 30 September 2015 (31 December 2014: EUR 84,354).

According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015. The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 321,092 as of 30 September 2015 (The concession payable of the domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 101,041 as of 31 December 2014)

14. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2015 and 31 December 2014, derivative financial instruments comprised the following:

	30 September 2015		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(124,927)	(124,927)
Cross currency swap	16,056	-	16,056
Forward	-	(689)	(689)
	16,056	(125,616)	(109,560)
	31 December 2014		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(146,342)	(146,342)
Cross currency swap	9,210	-	9,210
Forward	5,590	-	5,590
	14,800	(146,342)	(131,542)

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14. 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 September 2015, 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 2014: 100%).

TAV İstanbul uses interest rate swaps to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2015, 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 2014: 100%).

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2015, 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 2014: 99%).

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2015, 80% of total loan is hedged through IRS contract (31 December 2014: 80%).

TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 62,739 becoming due and payable (31 December 2014: %83 of floating senior bank loan of TAV Tunisie is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan).

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. As of 30 September 2015, 2018 payments of cross currency swap have been terminated. The total notional amount of the contract is EUR 98,434 (in exchange of USD 129,736) as at 30 September 2015 (31 December 2014: EUR 153,882 (in exchange of USD 202,816)).

The fair value of derivatives at 30 September 2015 is estimated at loss of EUR 109,560 (31 December 2014: EUR 131,542). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 30 September 2015, changes in the fair value of these interest rate swaps and cross currency swaps are reflected to other comprehensive income resulting to an income of EUR 25,536 (30 September 2014: expense of EUR 21,580) 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.

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15. 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 September 2015

Foreign currency denominated financial assets

	USD	EUR (*)	TRL	Other	Total
Other non-current assets	7	-	8	-	15
Trade receivables	23,284	2,829	10,060	10,899	47,072
Due from related parties	13,887	2,681	5,959	1,483	24,010
Derivative financial instruments	16,056	-	-	-	16,056
Other receivables and current assets	632	24	9,530	3,664	13,850
Restricted bank balances	89,475	25,123	17,245	35	131,878
Cash and cash equivalents	42,990	13,542	10,765	8,798	76,095
	186,331	44,199	53,567	24,879	308,976

Foreign currency denominated financial liabilities

Loans and borrowings	-	(1,667)	(39,460)	(335)	(41,462)
Bank overdraft	-	-	(286)	-	(286)
Trade payables	(2,248)	(738)	(6,809)	(8,944)	(18,739)
Derivative financial instruments	-	-	(689)	-	(689)
Due to related parties	(371)	(170)	(217)	-	(758)
Other payables	(3,975)	(210)	(9,265)	(5,404)	(18,854)
	(6,594)	(2,785)	(56,726)	(14,683)	(80,788)
Net exposure	179,737	41,414	(3,159)	10,196	228,188

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

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15. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Exposure to currency risk (continued):

31 December 2014

Foreign currency denominated financial assets

	<u>USD</u>	<u>EUR (*)</u>	<u>TRL</u>	<u>Other</u>	<u>Total</u>
Other non-current assets	7	-	11	188	206
Trade receivables	14,826	2,535	10,623	12,872	40,856
Due from related parties	10,966	956	6,203	34	18,159
Derivative financial instruments	9,210	-	5,590	-	14,800
Other receivables and current assets	1,337	5	9,540	7,090	17,972
Restricted bank balances	149,008	-	13,175	41	162,224
Cash and cash equivalents	12,257	410	2,133	6,551	21,351
	<u>197,611</u>	<u>3,906</u>	<u>47,275</u>	<u>26,776</u>	<u>275,568</u>

Foreign currency denominated financial liabilities

Loans and borrowings	-	(211)	(52,127)	(613)	(52,951)
Bank overdraft	-	-	(1,824)	-	(1,824)
Trade payables	(4,012)	(201)	(5,114)	(8,531)	(17,858)
Due to related parties	(263)	(2,578)	(7,785)	-	(10,626)
Other payables	(1,064)	(145)	(14,446)	(2,255)	(17,910)
	<u>(5,339)</u>	<u>(3,135)</u>	<u>(81,296)</u>	<u>(11,399)</u>	<u>(101,169)</u>
Net exposure	<u>192,272</u>	<u>771</u>	<u>(34,021)</u>	<u>15,377</u>	<u>174,399</u>

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

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15. FINANCIAL INSTRUMENTS (continued)

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

	Average Rate		Reporting Date Closing Rate	
	30 September 2015	30 September 2014	30 September 2015	31 December 2014
USD	0.8965	0.7375	0.8895	0.8221
TRL	0.3375	0.3411	0.2923	0.3545
GEL	0.4025	0.4207	0.3740	0.4414
MKD	0.0162	0.0162	0.0162	0.0163
TND	0.4610	0.4462	0.4539	0.4420
SEK	0.1067	0.1106	0.1062	0.1060
SAR	0.2389	0.1966	0.2372	0.2194
HRK	0.1313	0.1311	0.1308	0.1305

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 September 2015 and 31 December 2014 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 September 2015				
USD	(14,694)	18,015	(16,368)	16,368
TRL	-	-	316	(316)
Other	-	-	(1,020)	1,020
Total	(14,694)	18,015	(17,072)	17,072
31 December 2014				
USD	(13,556)	16,547	(18,306)	18,306
TRL	-	-	3,402	(3,402)
Other	-	-	(1,538)	1,538
Total	(13,556)	16,547	(16,442)	16,442

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15. 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:

	Note	30 September 2015		31 December 2014	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Other non-current assets		408	408	325	325
Trade receivables - non current		101,744	102,224	107,273	130,661
Trade receivables - current		117,708	142,835	109,981	110,677
Due from related parties	17	43,876	43,876	28,400	28,400
Other receivables and current assets (*)	8	1,345	1,345	809	809
Restricted bank balances	10	330,887	330,887	391,880	391,880
Cash and cash equivalents	9	114,139	114,139	57,581	57,581
Derivative financial instruments	14	16,056	16,056	14,800	14,800
Financial liabilities					
Bank overdraft	9	(2,785)	(2,785)	(2,319)	(2,319)
Loans and borrowings	12	(1,333,351)	(1,333,351)	(1,380,596)	(1,380,596)
Trade payables (**)		(34,770)	(34,770)	(42,619)	(42,619)
Due to related parties	17	(2,128)	(2,128)	(13,930)	(13,930)
Derivative financial instruments	14	(125,616)	(125,616)	(146,342)	(146,342)
Other payables (**)	13	(459,626)	(686,522)	(229,791)	(344,260)
		(1,232,113)	(1,433,402)	(1,104,548)	(1,194,933)

(*) 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.

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16. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	<u>30 September 2015</u>	<u>31 December 2014</u>
Letters of guarantee given to third parties	257,727	264,370
Letters of guarantee given to DHMİ	222,621	212,387
Letters of guarantee given to Saudi Arabian Government	24,906	21,922
Letters of guarantee given to Tunisian Government	23,279	22,436
Letters of guarantee given to Macedonian Government	250	250
	<u>528,783</u>	<u>521,365</u>

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 USD 27,999 (EUR 24,906) (31 December 2014: USD 26,665 (EUR 21,922)) to GACA according to the BTO agreement signed with GACA in Saudi Arabia. Furthermore, the Group is obliged to provide a letter of guarantee at an amount equivalent of USD 160,073 (EUR 142,391) (31 December 2014: USD 159,507 (EUR 131,131)) to National Commercial Bank which is included in letters of guarantee given to third parties. 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 15,237 (31 December 2014: EUR 14,394) to the Ministry of State Property and Land Affairs and EUR 8,042 (31 December 2014: 8,042) 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.

TAV Milas Bodrum is obliged to pay an aggregate amount of EUR 717,000 plus VAT during the rent period according to the concession agreement. 20% of this amount is already paid. The remaining amount will be paid in equal installments at the last day of October for each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 43,020 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.

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 3,665) has been assessed and it has been charged together with GEL 8,263 (EUR 3,091) of penalty (GEL 18,061 (EUR 6,755) in total). As a result of the negotiations with the tax authority, on 20 May 2015, the tax authority pardoned the penalty and accordingly, the tax debt was cancelled.

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17. 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:

	<u>1 January- 30 September 2015</u>	<u>1 July- 30 September 2015</u>	<u>1 January- 30 September 2014</u>	<u>1 July- 30 September 2014</u>
Short-term benefits (salaries, bonuses etc.)	13,370	1,854	12,312	2,804
	<u>13,370</u>	<u>1,854</u>	<u>12,312</u>	<u>2,804</u>

As at 30 September 2015 and 31 December 2014, 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:

	<u>30 September 2015</u>	<u>31 December 2014</u>
Due from related parties	28,929	17,668
Current loan to related parties	11,419	7,933
	<u>40,348</u>	<u>25,601</u>
	<u>30 September 2015</u>	<u>31 December 2014</u>
Non-current loan to related parties	3,528	2,799
	<u>3,528</u>	<u>2,799</u>

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17. RELATED PARTIES (continued)

Due from related parties	30 September 2015	31 December 2014
TAV Tepe Akfen Yat. İnş ve İşl. A.Ş. ("TAV İnşaat") (2) (*)	18,354	8,577
ATÜ (1) (**)	5,595	6,139
Tibah Operation (1)	1,510	175
BTA Denizyolları (1)	1,011	387
Tibah Development (1)	913	1,466
Other related parties	1,546	924
	28,929	17,668

(*) Receivables from TAV İnşaat are mainly comprised of advances given by TAV Ege for construction work to be rendered by TAV İnşaat.

(**) Receivables from ATÜ comprise of concession fee duty-free receivables.

Loan to related parties	30 September 2015	31 December 2014
TAV İnşaat (2)	6,306	4,114
Saudi Havaş (1)	1,693	806
MZLZ	1,563	1,717
BTA Medinah (1)	1,398	402
Tibah Development	453	744
Other related parties	6	150
	11,419	7,933

Non- current loan to related parties	30 September 2015	31 December 2014
Tibah Development (1)	2,157	1,993
Saudi Havaş (1)	1,371	806
	3,528	2,799

Due to related parties	30 September 2015	31 December 2014
Due to related parties	1,072	2,579
Current loan from related parties	1,056	3,634
	2,128	6,213
Non-current loan from related parties	-	7,717
	2,128	7,717

Due to related parties	30 September 2015	31 December 2014
IBS Brokerlik ve Sigorta Hizmetleri A.Ş. ("IBS Sigorta") (2) (*)	622	1,254
TAV Havacılık (2)	110	549
Other related parties	340	776
	1,072	2,579

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

(1) Joint Ventures

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17. RELATED PARTIES (continued)

	<u>30 September 2015</u>	<u>31 December 2014</u>
Current loan from related parties		
ATÜ (1) (*)	-	3,207
Other related parties	1,056	427
	<u>1,056</u>	<u>3,634</u>

(*) Loan received from ATÜ for financing purposes.

	<u>30 September 2015</u>	<u>31 December 2014</u>
Non-current loan from related parties		
ATÜ (1) (*)	-	7,717
	<u>-</u>	<u>7,717</u>

(*) Loan received from ATÜ for financing purposes.

	<u>30 September 2015</u>	<u>31 December 2014</u>
Short term deferred income from related parties		
ATÜ (1) (*)	7,781	3,710
Other related parties	-	315
	<u>7,781</u>	<u>4,025</u>

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

	<u>30 September 2015</u>	<u>31 December 2014</u>
Long term deferred income from related parties		
ATÜ (1) (*)	30,559	18,874
	<u>30,559</u>	<u>18,874</u>

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

	<u>1 January- 30 September 2015</u>	<u>1 July- 30 September 2015</u>	<u>1 January- 30 September 2014</u>	<u>1 July- 30 September 2014</u>
Services rendered to related parties				
ATÜ (1) (*)	201,341	74,883	174,839	66,154
BTA Denizyolları	3,367	1,371	7,148	3,404
Other related parties	7,476	2,430	12,283	3,565
	<u>212,184</u>	<u>78,684</u>	<u>194,270</u>	<u>73,123</u>

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

(1) Joint Ventures

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17. RELATED PARTIES (continued)

Services rendered by related parties	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
IBS Sigorta (2) (*)	4,740	1,519	2,116	368
Akfen Elektrik Enerjisi Toptan Satış A.Ş. (2) (**)	3,211	1,551	3,874	1,639
BTU Lokum (1)	1,487	-	-	-
Other related parties	907	343	3,116	983
	10,345	3,413	9,106	2,990

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

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

Interest (expense) / income from related parties (net)	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
ATÜ (1)	(408)	-	(542)	(170)
Tibah Development (1)	195	53	-	-
Saudi Havaş (1)	95	36	7	7
TAV İnşaat (2)	-	-	8	2
Other related parties	56	27	31	-
	(62)	116	(496)	(161)

The average interest rate used within the Group is 6.20% per annum (31 December 2014: 6.59%). 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 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
TAV İnşaat (*) (2)	-	-	33,346	-
	-	-	33,346	-

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

Dividend distribution

In 2015 the Company distributed dividends to the shareholders amounting to EUR 100,966 (TRL 306,053) from the Company's distributable profits computed for 2014.

(1) Joint Ventures

(2) Subsidiary of shareholders

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18. 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 September 2015				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
NCI Percentage	33.00%	20.00%	33.33%		
Non-current assets	466,883	44,204	23,609		
Current assets	25,236	25,807	27,038		
Non-current liabilities	83,735	-	6,583		
Current liabilities	447,064	3,606	34,725		
Net assets	(38,680)	66,405	9,339		
Carrying amount of NCI	(12,764)	13,281	3,113	(4,453)	(823)

	1 January – 30 September 2015				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
Revenue	21,369	34,376	108,393		
(Loss) / profit	(39,378)	18,478	8,719		
Total comprehensive income	(33,968)	8,301	7,378		
(Loss) / profit allocated to NCI	(12,995)	3,696	2,906	1,105	(5,288)

	1 July – 30 September 2015				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
Revenue	5,324	15,177	39,960		
(Loss) / profit	(12,041)	9,874	4,287		
Total comprehensive income	(14,191)	5,359	3,134		
(Loss) / profit allocated to NCI	(3,974)	1,975	1,429	1,125	555

In 2015, TAV Holding acquired 4% of shares of TAV Urban Georgia LLC held by Aeroser International Holding in return for USD 5,200 (EUR 4,562). After the share transfer, the share of TAV Airports Holding in TAV Urban Georgia increased from 76% to 80% and the share of Aeroser International Holding decreased to 20% from 24%. The effect of this transaction is recognized as an equity transaction as other reserves in the consolidated financial statements.

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18. INTERESTS IN OTHER ENTITIES (continued)

Non-controlling interests in subsidiaries (continued)

	31 December 2014				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
NCI Percentage	33.00%	24.00%	33.33%		
Non-current assets	479,582	55,292	25,623		
Current assets	27,671	5,767	24,449		
Non-current liabilities	378,025	-	15,544		
Current liabilities	133,939	2,955	27,071		
Net assets	(4,711)	58,104	7,457		
Carrying amount of NCI	(1,554)	13,945	2,485	2,297	17,173
	1 January – 30 September 2014				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
Revenue	42,142	25,242	86,109		
(Loss) / profit	(11,354)	10,991	5,460		
Total comprehensive income	(21,954)	15,365	(1,452)		
(Loss) / profit allocated to NCI	(3,747)	2,638	1,820	828	1,539
	1 July – 30 September 2014				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
Revenue	23,688	10,421	33,083		
(Loss) / profit	5,093	5,681	3,261		
Total comprehensive income	1,033	10,439	1,029		
(Loss) / profit allocated to NCI	1,681	1,364	1,087	808	4,940
			30 September 2015	31 December 2014	
Joint ventures			89,219	101,644	
Associates			3,848	2,439	
			93,067	104,083	
	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014	
Joint ventures	18,823	9,694	31,017	10,952	
Associates	1,407	832	(329)	(1,382)	
	20,230	10,526	30,688	9,570	

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18. INTERESTS IN OTHER ENTITIES (continued)

Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 30 September 2015 and 31 December 2014 are as follows:

	30 September 2015	31 December 2014
TGS	52,702	57,320
ATÜ	30,166	33,166
Tibah Development	4,221	8,427
BTA Denizyolları	1,395	1,492
Tibah Operation	683	805
Other	52	434
	89,219	101,644

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

	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
ATÜ	14,098	6,185	16,173	5,412
TGS	7,831	5,127	8,716	3,531
BTA Denizyolları	805	690	862	508
Tibah Development	654	224	509	181
Tibah Operation	(4,310)	(2,041)	4,792	1,592
Other	(255)	(491)	(35)	(272)
	18,823	9,694	31,017	10,952

Associates

Carrying amount of the Group's associate in the statement of financial position as at 30 September 2015 and 31 December 2014 are as follows:

	30 September 2015	31 December 2014
ZAIC-A	3,848	2,439
	3,848	2,439

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

	1 January- 30 September 2015	1 July- 30 September 2015	1 January- 30 September 2014	1 July- 30 September 2014
ZAIC-A	1,407	832	(329)	(1,382)
	1,407	832	(329)	(1,382)

19. SUBSEQUENT EVENTS

As of 22 October 2015, TAV Milas Bodrum started to operate Milas-Bodrum Airport's international terminal.