

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

**Interim Condensed Consolidated Financial Statements
As at and for the Three-Month Period Ended 31 March 2019**

25 April 2019

This report contains the “Interim Condensed Consolidated Financial Statements and their explanatory notes” comprising 48 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 31 March 2019

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

	Notes	(Unaudited) 31 March 2019	31 December 2018
ASSETS			
Property and equipment		235,636	231,336
Intangible assets		10,830	10,989
Airport operation right	8	1,555,871	1,566,551
Right of use assets		6,317	-
Equity-accounted investees	22	431,539	492,633
Goodwill		138,192	135,980
Prepaid concession and rent expenses	9	2,353	3,113
Derivative financial instruments	18	31	32
Trade receivables	11	61,928	65,553
Non-current due from related parties	21	1,892	1,849
Other non-current assets		10,986	7,890
Deferred tax assets		27,965	29,167
Total non-current assets		2,483,540	2,545,093
Inventories		9,135	9,176
Prepaid concession and rent expenses	9	8,672	42,254
Trade receivables	11	157,925	150,265
Due from related parties	21	35,270	29,711
Other receivables and current assets	10	65,237	51,752
Cash and cash equivalents	12	550,216	552,536
Restricted bank balances	13	45,456	70,524
Total current assets		871,911	906,218
TOTAL ASSETS		3,355,451	3,451,311

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 (continued)

As at 31 March 2019

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

		(Unaudited)	
	Notes	31 March 2019	31 December 2018
EQUITY			
Share capital	14	162,384	162,384
Share premium		220,286	220,286
Legal reserves		121,975	119,598
Other reserves		(84,833)	(83,649)
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(59,409)	(52,154)
Translation reserves		(54,413)	(62,366)
Retained earnings		592,997	693,762
Total equity attributable to equity holders of the Company		939,051	1,037,925
Non-controlling interests	22	(12,020)	(6,113)
Total Equity		927,031	1,031,812
LIABILITIES			
Loans and borrowings	16	649,767	642,605
Reserve for employee severance indemnity		21,312	21,862
Due to related parties	21	308,112	305,893
Derivative financial instruments	18	35,845	29,391
Deferred income		15,926	17,831
Other payables	17	559,875	558,980
Deferred tax liabilities		12,204	12,544
Total non-current liabilities		1,603,041	1,589,106
Bank overdraft		98	379
Loans and borrowings	16	483,548	483,026
Trade payables		46,844	46,169
Due to related parties	21	629	25,398
Current tax liabilities	7	17,123	11,405
Other payables	17	258,649	249,774
Provisions		6,256	5,866
Deferred income		12,232	8,376
Total current liabilities		825,379	830,393
Total Liabilities		2,428,420	2,419,499
TOTAL EQUITY AND LIABILITIES		3,355,451	3,451,311

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 Profit or Loss and Comprehensive Income For the Three-Month Period Ended 31 March 2019

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

	Notes	(Unaudited) 1 January- 31 March 2019	(Unaudited) 1 January- 31 March 2018
Operating revenue	6	265,849	243,192
Other operating income		26	-
Cost of catering inventory sold		(8,951)	(8,771)
Cost of services rendered		(16,030)	(13,532)
Personnel expenses		(63,841)	(60,696)
Concession and rent expenses		(35,221)	(40,441)
Depreciation and amortisation expenses		(26,783)	(29,255)
Other operating expenses		(36,712)	(30,740)
Share of profit of equity-accounted investees, net of tax	22	(10,626)	2,484
Operating profit		67,711	62,241
Finance income		4,372	3,383
Finance costs		(26,422)	(40,596)
Net finance costs		(22,050)	(37,213)
Profit before tax		45,661	25,028
Tax expense	7	(22,809)	(19,379)
Profit for the period		22,852	5,649
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit obligation actuarial differences		(96)	(1,487)
Defined benefit obligation actuarial differences from equity accounted investees		(930)	154
Tax on defined benefit obligation actuarial differences		19	297
Tax on defined benefit obligation actuarial differences from equity accounted investees		186	(17)
Total items that will not be reclassified to profit or loss		(821)	(1,053)
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		(5,207)	2,254
Effective portion of changes in fair value of cash flow hedges from equity accounted investees		(3,173)	(325)
Portion of cash flow hedges charged to profit or loss		-	(193)
Foreign currency translation differences for foreign operations		4,626	1,265
Foreign currency translation differences for foreign operations from equity accounted investees		(862)	(1,758)
Tax on cash flow hedge reserves		1,187	(227)
Tax on cash flow hedge reserves from equity accounted investees		207	23
Total items that are or may be reclassified subsequently to profit or loss		(3,222)	1,039
Other comprehensive income for the period, net of tax		(4,043)	(14)
Total comprehensive income for the period		18,809	5,635

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 Profit or Loss and Comprehensive Income For the Three-Month Period Ended 31 March 2019 (continued)

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

	Notes	(Unaudited) 1 January- 31 March 2019	(Unaudited) 1 January- 31 March 2018
Profit attributable to:			
Owners of the Company		23,902	7,173
Non-controlling interest	22	(1,050)	(1,524)
Profit for the period		22,852	5,649
Total comprehensive income attributable to:			
Owners of the Company		23,779	5,856
Non-controlling interest		(4,970)	(221)
Total comprehensive income for the period		18,809	5,635
Weighted average number of shares outstanding		363,281,250	363,281,250
Basic and diluted earnings per share	15	0.07	0.02

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 Three-Month Period Ended 31 March 2019

(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										Total Equity
	Share Capital	Share Premium	Legal Reserves	Other Reserves	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total	Non-Controlling Interests	
Balance at 1 January 2018	162,384	220,286	109,935	(79,298)	40,064	(52,637)	(48,488)	541,233	893,479	(4,193)	889,286
Effect of change in accounting policy (*)	-	-	-	-	-	-	-	(3,220)	(3,220)	-	(3,220)
Balance at 1 January 2018, restated	162,384	220,286	109,935	(79,298)	40,064	(52,637)	(48,488)	538,013	890,259	(4,193)	886,066
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	7,173	7,173	(1,524)	5,649
Other comprehensive income											
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	1,124	-	-	1,124	408	1,532
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	(1,053)	(1,053)	-	(1,053)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	(1,388)	-	(1,388)	895	(493)
Total other comprehensive income	-	-	-	-	-	1,124	(1,388)	(1,053)	(1,317)	1,303	(14)
Total comprehensive income for the period	-	-	-	-	-	1,124	(1,388)	6,120	5,856	(221)	5,635
Transactions with owners of the Company, recognised directly in equity											
<i>Contributions by and distributions to owners of the Company</i>											
Dividend distributions (Note 21)	-	-	-	-	-	-	-	(82,829)	(82,829)	(2,543)	(85,372)
Change in non-controlling interest (Note 16)	-	-	-	(1,471)	-	-	-	-	(1,471)	1,502	31
Total transactions with owners of the Company	-	-	-	(1,471)	-	-	-	(82,829)	(84,300)	(1,041)	(85,341)
Transfers	-	-	2,393	-	-	-	-	(2,393)	-	-	-
Balance at 31 March 2018	162,384	220,286	112,328	(80,769)	40,064	(51,513)	(49,876)	458,911	811,815	(5,455)	806,360
Balance at 1 January 2019	162,384	220,286	119,598	(83,649)	40,064	(52,154)	(62,366)	693,762	1,037,925	(6,113)	1,031,812
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	23,902	23,902	(1,050)	22,852
Other comprehensive income											
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	(7,255)	-	-	(7,255)	269	(6,986)
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	(821)	(821)	-	(821)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	7,953	-	7,953	(4,189)	3,764
Total other comprehensive income	-	-	-	-	-	(7,255)	7,953	(821)	(123)	(3,920)	(4,043)
Total comprehensive income for the period	-	-	-	-	-	(7,255)	7,953	23,081	23,779	(4,970)	18,809
Transactions with owners of the Company, recognised directly in equity											
<i>Contributions by and distributions to owners of the Company</i>											
Dividend distributions (Note 21)	-	-	-	-	-	-	-	(121,469)	(121,469)	(2,275)	(123,744)
Change in non-controlling interest (Note 16)	-	-	-	(1,184)	-	-	-	-	(1,184)	1,338	154
Total transactions with owners of the Company	-	-	-	(1,184)	-	-	-	(121,469)	(122,653)	(937)	(123,590)
Transfers	-	-	2,377	-	-	-	-	(2,377)	-	-	-
Balance at 31 March 2019	162,384	220,286	121,975	(84,833)	40,064	(59,409)	(54,413)	592,997	939,051	(12,020)	927,031

(*) Impact of retrospective application of IFRS 15. It is related to investment recognized in equity accounted investees. This application change affects equity accounted investees and retained earnings.

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 Three-Month Period Ended 31 March 2019

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

	Notes	(Unaudited) 1 January- 31 March 2019	(Unaudited) 1 January- 31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		22,852	5,649
Adjustments for:			
Amortisation of airport operation right	8	11,328	15,410
Depreciation of property and equipment		14,833	13,216
Amortisation of intangible assets		622	629
Concession and rent expenses		35,221	40,441
Provision for employee severance indemnity		806	1,552
Provision for doubtful receivables		509	115
Discount on receivables and payables, net		(64)	16
Provision set for unused vacation		660	859
Interest income		(4,372)	(3,383)
Interest expense on financial liabilities		15,267	11,488
Tax expense	7	22,809	19,379
Unwinding of discount on concession receivable and payable		5,250	6,783
Share of profit of equity-accounted investees, net of tax	22	10,626	(2,484)
Unrealised foreign exchange differences on statement of financial position items		(20,890)	(5,767)
Cash flows from operating activities		115,457	103,903
Change in current trade receivables		(8,097)	2,917
Change in non-current trade receivables		6,162	4,414
Change in inventories		4	960
Change in due from related parties		3,237	5,106
Change in other receivables and assets		(12,209)	11,274
Change in trade payables		675	(5,262)
Change in due to related parties		337	(41)
Change in other payables and provisions		3,207	(33,547)
Cash provided from operations		108,773	89,724
Income taxes paid	7	(13,222)	(17,714)
Retirement benefits paid		(1,360)	(1,023)
Additions to prepaid concession and rent expenses	9	-	(116,042)
Net cash provided from / (used in) operating activities		94,191	(45,055)

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 Three-Month Period Ended 31 March 2019

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

	Notes	(Unaudited) 1 January- 31 March 2019	(Unaudited) 1 January- 31 March 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, equipment and intangible assets		1,722	598
Additions to property, plant and equipment and intangible assets related with acquisition of subsidiary		(4,912)	-
Acquisition of property and equipment		(15,105)	(19,601)
Acquisition of intangible assets		(493)	(876)
Change in due from related parties		(8,839)	(15,832)
Change in due to related parties		(25,102)	15
Dividends from equity-accounted investees		68,371	15,828
Effect of acquisition of subsidiary		(2,215)	-
Net cash provided from / (used in) investing activities		13,427	(19,868)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		7,122	5,243
Repayment of borrowings		(15,880)	(25,246)
Dividends paid		(123,744)	(85,372)
Interest received		4,237	4,734
Interest paid		(1,206)	(1,327)
Change in due to related parties		(214)	-
Cash outflows from rental agreements		(618)	-
Change in restricted bank balances		20,831	25,813
Change in finance lease liabilities		(185)	(611)
Net cash used in financing activities		(109,657)	(76,766)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,039)	(141,689)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	12	552,157	344,214
CASH AND CASH EQUIVALENTS AT 31 MARCH	12	550,118	202,525

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

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 Three-Month Period Ended 31 March 2019

(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 the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. 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 three-month period ended 31 March 2019 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 joint venture since 31 December 2018 are as follows:

Name of Subsidiary	Principal Activity	Place of operation	31 March 2019		31 December 2018	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. (“BTA Denizyolları”)	Food and Beverage Services	Turkey	100.00	100.00	50.00	50.00
UTB Lokum Şeker Gıda San. ve Tic. A.Ş. (“BTU Lokum”)	Food and Beverage Services	Turkey	-	-	85.00	85.00
UTB Gıda Satış ve Paz. A.Ş. (“BTU Gıda”)	Food and Beverage Services	Turkey	-	-	70.00	70.00

In 17 January 2019, BTU Lokum and BTU Gıda are merged under BTA Unlu Mamülleri Pasta Üretim Turizm Gıda Yiyecek İçecek Hizmetleri San. ve Tic. A.Ş. (“Cakes & Bakes”).

Company’s subsidiaries since 31 December 2018 are as follows:

Name of Subsidiary	Principal Activity	Place of operation	31 March 2019		31 December 2018	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
Gestio I Servies Trade Center S.A. (“GIS Spain”)	Lounge Services	Spain	70.00	70.00	-	-
GIS Premium France SAS (“GIS France”)	Lounge Services	France	70.00	70.00	-	-
GIS Premium Deutschland GmbH (“GIS Germany”)	Lounge Services	Germany	70.00	70.00	-	-
GIS Premium Italy SRL (“GIS Italy”)	Lounge Services	Italy	70.00	70.00	-	-
GIS Premium Mexico SadCV (“GIS Mexico”)	Lounge Services	Mexico	70.00	70.00	-	-
GIS Premium Argentina SRL (“GIS Argentina”)	Lounge Services	Argentina	70.00	70.00	-	-
GIS Premium Brasil Servicios Aeroportuarios LTDA (“GIS Brazil”)	Lounge Services	Brazil	70.00	70.00	-	-
GIS Premium Colombia S.A.A. (“GIS Colombia”)	Lounge Services	Colombia	70.00	70.00	-	-

On 17 January 2019, TAV İşletme Hizmetleri A.Ş. acquired 70% shares of Gestio I Servies Trade Center, S.A. (“GIS Spain”) with an amount of EUR 3.290. TAV İşletme Hizmetleri A.Ş will make an additional EUR 210 payment subject to signing of lounge management contract with Latam Airlines. GIS Spain has full ownership on its investments in GIS France, GIS Germany, GIS Italy, GIS Mexico, GIS Argentina, GIS Brazil and GIS Colombia shares. These companies are fully consolidated with the non-controlling interest’s ownership reflected as a non-controlling interest.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Three-Month Period Ended 31 March 2019

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

1. REPORTING ENTITY (continued)

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 entered into Build-Operate-Transfer ("BOT") agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) ("DHMI"), 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) ("OCA"), Ministry of Transportation ("MOT"), TAV Macedonia with Macedonian Ministry of Transportation and Communication ("MOTC"). Tibah Development entered into Build-Transfer-Operate ("BTO") agreement with General Authority of Civil Aviation ("GACA"). TAV Ege, TAV Milas Bodrum, TAV Gazipaşa and TAV Antalya entered into concession agreement with DHMI and Medunarodna Zracna Luka Zagreb D.D. ("MZLZ") with Ministry of Maritime Affairs, Transport and Infrastructure of The Republic of Croatia ("MMTI"). 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 pre-established 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, DHMI, JSC, GMED, OCA, MOT, MOTC, GACA and MMTI 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.

A tender was held on 3 May 2013 for construction of a new airport in İstanbul. It has been announced that the winning bid for the tender as per the tender specifications of İstanbul's New Airport Project to be undertaken by BOT model within the framework of the procedures and principles defined by DHMI as per the law no. 3996 and cabinet decree no. 2011/1807 was offered by a venture other than the Group. The opening of 3rd airport will lead to closure of Atatürk Airport at a date earlier than the concession contract end date, which in turn will lead to change in expected amortization period of prepaid rent and leasehold assets. However, TAV Holding and TAV İstanbul received a formal letter issued by DHMI dated 22 January 2013, stating that DHMI will fully reimburse the Group for potential loss of profit over the remaining period of its existing rent period that may be incurred in case that another airport is opened for operation on the European side of İstanbul before the end of the rent period of TAV İstanbul; i.e. 3 January 2021. In addition, it is stated that independent expert companies will be consulted for the computation of the total reimbursement amount. As of the approval date of the financial statements, the Group, DHMI and their consultants are working together for determination of the compensation. The Group still reflects the carrying value of leasehold improvements and prepaid rent amounting to EUR 47,219 and EUR 11,025, respectively, in its consolidated financial statements. In accordance with IFRS, the residual value is defined as the "estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life". The Group considers that the carrying value of leasehold and prepaid expenses are implicitly included in the compensation which will be received from DHMI, therefore accepted as residual values. The Group has also made an estimation with respect to the potential loss of profit and concluded that the compensation will be higher than the carrying values of such assets. Such estimation depends on the past experience and future expectation of the profitability of TAV İstanbul.

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 17,187 in subsidiaries (average: 17,095) and 9,354 in joint ventures (average: 9,330) people as at 31 March 2019 (31 December 2018: 16,820 in subsidiaries (average: 18,097) and 9,219 in joint ventures (average: 8,179)).

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Three-Month Period Ended 31 March 2019

(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 2018.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 25 April 2019. 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. The accompanying consolidated financial statements are presented in EUR, which is the functional currency of TAV Group.

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

The functional currencies of the Group entities and joint ventures are consistent with the Group's interim consolidated financial statements for the period ended 31 March 2019.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Three-Month Period Ended 31 March 2019

(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

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 31 March 2019 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2019. 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 2019 are as follows:

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Transition to IFRS 16:

The Group adopted IFRS 16 using the modified retrospective approach. The Group elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group therefore did not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group elected to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

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3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

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

IFRS 16 Leases (continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Amendments to IAS 28 “Investments in Associates and Joint Ventures” (Amendments)

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

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

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.

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3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

IFRIC 23 Uncertainty over Income Tax Treatments

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

When there is uncertainty over income tax treatments, the interpretation addresses:

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

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. The interpretation did not have a significant impact on the financial position or performance of the Group.

Annual Improvements – 2015–2017 Cycle

In December 2017, the IASB issued Annual Improvements to IFRS Standards 2015–2017 Cycle, amending the following standards:

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

The amendments are effective from annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.

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

On 7 February 2018, the IASB published Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

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

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.

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3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

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

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

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

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

IFRS 17 - The new Standard for insurance contracts

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

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

Overall, the Group expects no significant impact on its balance sheet and equity.

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4. DETERMINATION OF FAIR VALUES

Fair value determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Property and equipment:

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

ii) Intangible assets:

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

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

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered less any financial asset recognised. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV 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.

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4. DETERMINATION OF FAIR VALUES (continued)

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.

31 March 2019	Level 1	Level 2	Level 3
Trade receivables	-	219,853	-
Loans and borrowings	-	(1,133,413)	-
Other payables (*)	-	(807,776)	-
Interest rate swap	-	(35,814)	-
31 December 2018	Level 1	Level 2	Level 3
Trade receivables	-	215,818	-
Loans and borrowings	-	(1,126,010)	-
Other payables (*)	-	(799,495)	-
Interest rate swap	-	(29,359)	-

(*) Other payables do not include advances received amounting to EUR 10,748 (31 December 2018: EUR 9,259).

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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 regarding to their activities; such as 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 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, TAV Antalya 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, BTA France, Cakes & Bakes, BTA Tedarik, BTA Danışmanlık, BTA Latvia, BTA Denizyolları, BTU Lokum, BTU Gıda, BTA Medinah, BS Kahve, BTA Uluslararası Yiyecek, BTA Erus and BTA MZLZ.
- **Duty free operations:** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık, ATU Uluslararası Mağazacılık and ATU Americas.
- **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 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, airline taxi 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 İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme Saudi, TAV İşletme Chile, TAV Havacılık, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, GIS Argentina, GIS Brazil, GIS Colombia, TAV Bilişim, TAV IT Saudi, TAV Güvenlik, TAV Akademi, TAV Aviation Minds, Aviator Netherlands, ZAIC-A, ATU Holdings and Medinah Hotel.

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)

	Three-month period ended 31 March											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total external revenues	174,282	154,041	34,763	33,323	64,224	76,319	27,108	56,988	40,713	22,020	341,090	342,691
Inter-segment revenue	34,626	39,463	4,925	5,240	141	29	36	-	11,060	12,361	50,788	57,093
Construction revenue	788	-	-	-	-	-	-	-	-	-	788	-
Construction expenditure	(788)	-	-	-	-	-	-	-	-	-	(788)	-
Interest income	2,129	2,009	166	124	479	273	527	186	1,870	2,821	5,171	5,413
Interest expense	(14,536)	(15,281)	(250)	(419)	(33)	(35)	(1,292)	(197)	(3,090)	(493)	(19,201)	(16,425)
Depreciation and amortisation	(33,068)	(27,092)	(1,440)	(1,562)	(1,382)	(1,217)	(2,037)	(2,673)	(1,653)	(1,341)	(39,580)	(33,885)
Reportable segment operating profit / (loss)	72,657	53,315	1,205	235	6,007	5,657	(2,591)	4,980	5,378	3,694	82,656	67,881
Capital expenditure	3,195	2,298	3,605	4,789	1,249	319	10,512	3,482	6,265	11,118	24,826	22,006
	As at 31 March 2019 and 31 December 2018											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Reportable segment assets	3,317,465	3,212,665	61,660	66,369	85,997	85,393	69,665	303,637	303,637	557,743	4,071,184	4,225,807
Reportable segment liabilities	2,658,720	2,495,394	70,538	55,632	72,227	65,999	176,065	176,086	283,683	416,756	3,261,233	3,209,867

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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- 31 March 2019	1 January- 31 March 2018
Total revenue for reportable segments	340,893	365,403
Other revenue	51,773	34,381
Elimination of inter-segment revenue	(50,788)	(57,093)
	341,878	342,691
Effect of using the equity method for joint ventures	(76,029)	(99,499)
Consolidated revenue	265,849	243,192
	1 January- 31 March 2019	1 January- 31 March 2018
Operating profit		
Segment operating profit	77,278	64,187
Other operating profit	5,378	3,694
Elimination of inter-segment operating loss	(201)	(1,677)
	82,455	66,204
Effect of using the equity method for joint ventures	(14,744)	(3,963)
Consolidated operating profit	67,711	62,241
Finance income	4,372	3,383
Finance expense	(26,422)	(40,596)
Consolidated profit before tax	45,661	25,028

The closing of Istanbul Atatürk International Airport will have consequent effect on financial statements of TAV İstanbul and service companies operating in İstanbul Atatürk International Airport for the period ended 31 March 2019. EUR 114,919 of consolidated revenue, EUR 59,018 of consolidated operating profit and EUR 44,357 of consolidated profit for the year after elimination were generated by TAV İstanbul.

Assets	31 March 2019	31 December 2018
Total assets for reportable segments	3,534,787	3,668,064
Other assets	536,397	557,743
	4,071,184	4,225,807
Effect of using the equity method for joint ventures	(715,733)	(774,496)
Consolidated total assets	3,355,451	3,451,311
	31 March 2019	31 December 2018
Liabilities		
Total liabilities for reportable segments	2,977,550	2,793,111
Other liabilities	283,683	416,756
	3,261,233	3,209,867
Effect of using the equity method for joint ventures	(832,813)	(790,368)
Consolidated total liabilities	2,428,420	2,419,499

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5. OPERATING SEGMENTS (continued)

Interest income	1 January- 31 March 2019	1 January- 31 March 2018
Total interest income for reportable segments	3,301	2,592
Other interest income	1,870	2,821
Elimination of inter-segment interest income	(4,158)	(1,788)
	1,013	3,625
Effect of using the equity method for joint ventures	3,359	(242)
Consolidated interest income	4,372	3,383

Interest expense	1 January- 31 March 2019	1 January- 31 March 2018
Total interest expense for reportable segments	(16,111)	(15,932)
Other interest expense	(3,090)	(493)
Elimination of inter-segment interest expense	4,109	1,570
	(15,092)	(14,855)
Effect of using the equity method for joint ventures	(175)	3,367
Consolidated interest expense	(15,267)	(11,488)

Geographical information

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

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

Revenue	1 January- 31 March 2019	1 January- 31 March 2018
Turkey	204,482	215,264
Georgia	21,597	18,171
Macedonia	7,387	6,107
Oman	7,298	1,531
Spain	4,531	-
Tunisia	3,807	1,937
Other	16,747	182
Consolidated revenue	265,849	243,192

Non-current assets	31 March 2019	31 December 2018
Turkey	2,132,176	1,996,255
Tunisia	270,627	399,142
Georgia	39,268	68,461
Oman	17,998	12,494
Macedonia	14,137	55,833
Spain	974	-
Other	8,360	12,908
Consolidated non-current assets	2,483,540	2,545,093

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6. OPERATING REVENUE

An analysis of the Group's operating revenue for the period ended 31 March are as follows:

	1 January- 31 March 2019	1 January- 31 March 2018
Aviation income	96,187	80,168
Commission from sales of duty free goods	44,777	52,204
Ground handling income	28,733	28,267
Catering services income	26,030	23,506
Prime class income	12,034	2,739
Area allocation income	9,921	11,119
Income from car parking operations and valet service income	7,491	7,357
Software sales income	5,857	5,963
Income from lounge services	5,301	5,534
Rent income from sublease	4,739	4,383
Bus services income	3,007	3,714
Operating financial revenue	2,537	1,360
Security services income	2,238	2,050
Advertising income	2,205	3,067
Loyalty card income	2,026	2,463
Hotel and reservation income	1,717	1,819
Utility and general participation income	1,450	1,304
Other operating revenue	9,599	6,175
Total operating revenue	265,849	243,192

7. TAX EXPENSE

An analysis of the Group's tax expense for the periods ended 31 March 2019 and 2018 are as follows:

Tax recognised in profit or loss

	2019	2018
<u>Current tax expense</u>		
Current year tax expense	18,474	16,458
Adjustments for prior periods	466	-
	18,940	16,458
<u>Deferred tax expense</u>		
Origination and reversal of temporary differences	1,685	1,616
Change in previously recognised investment incentives	2,184	1,135
Change in previously recognised tax losses	-	170
	3,869	2,921
Total tax expense	22,809	19,379

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7. TAX EXPENSE (continued)

The reported tax expenses for the periods ended 31 March 2019 and 2018 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	%	2019	%	2018
Profit for the year		22,852		5,649
Total tax expense		22,809		19,379
Profit before tax		45,661		25,028
Tax using the Company's domestic tax rate	22	10,045	22	5,506
Tax effects of:				
- nondeductible expenses	3	1,304	4	916
- translation of non-monetary items according to IAS 21	3	1,329	45	11,236
- change in previously recognised investment incentives	5	2,184	5	1,135
- tax exempt income	-	(51)	(7)	(1,764)
- used tax loss carry forwards which no deferred tax asset is recognised	14	6,827	16	3,977
- current year losses for which no deferred tax asset is recognised	(2)	(1,084)	(3)	(642)
- under provided in prior years	1	466	-	-
- effect of different tax rates for foreign jurisdictions	2	708	(1)	(369)
- change in unrecognized temporary differences	5	2,338	(2)	(547)
- other consolidation adjustments	(3)	(1,257)	-	(69)
Tax expense	50	22,809	79	19,379

Corporate tax:

	31 March 2019	31 December 2018
Corporate tax provision	18,474	82,968
Adjustments for prior years	466	-
Add: taxes payable from previous year	11,405	19,767
Less: corporation taxes paid during the year	(13,222)	(91,330)
Current tax liabilities	17,123	11,405

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8. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas-Bodrum Airport	Total
Cost							
Balance at 1 January 2018	773,654	107,611	519,192	45,700	86,736	490,463	2,023,356
Effect of movements in exchange rates	-	4,311	-	-	-	-	4,311
Balance at 31 March 2018	<u>773,654</u>	<u>111,922</u>	<u>519,192</u>	<u>45,700</u>	<u>86,736</u>	<u>490,463</u>	<u>2,027,667</u>
Balance at 1 January 2019	773,654	109,517	516,555	45,700	86,736	490,463	2,022,625
Effect of movements in exchange rates	-	1,157	-	-	-	-	1,157
Balance at 31 March 2019	<u>773,654</u>	<u>110,674</u>	<u>516,555</u>	<u>45,700</u>	<u>86,736</u>	<u>490,463</u>	<u>2,023,782</u>

There is no capitalised borrowing cost on airport operation right during 2019 (31 March 2018: None).

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8. AIRPORT OPERATION RIGHT (continued)

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas-Bodrum Airport	Total
<u>Accumulated amortisation</u>							
Balance at 1 January 2018	166,266	39,919	108,597	9,351	29,301	52,288	405,722
Effect of movements in exchange rates	-	1,511	-	-	-	-	1,511
Amortisation for the period	6,270	1,441	3,467	255	890	3,087	15,410
Balance at 31 March 2018	172,536	42,871	112,064	9,606	30,191	55,375	422,643
Balance at 1 January 2019	192,035	46,091	122,465	10,370	33,084	52,029	456,074
Effect of movements in exchange rates	-	509	-	-	-	-	509
Amortisation for the period	4,800	1,565	3,469	329	788	377	11,328
Balance at 31 March 2019	196,835	48,165	125,934	10,699	33,872	52,406	467,911
<u>Carrying amounts</u>							
At 31 March 2018	601,118	69,051	407,128	36,094	56,545	435,088	1,605,024
At 31 December 2018	581,619	63,426	394,090	35,330	53,652	438,434	1,566,551
At 31 March 2019	576,819	62,509	390,621	35,001	52,864	438,057	1,555,871

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9. PREPAID CONCESSION AND RENT EXPENSES

An analysis of the Group's prepaid rent expenses as at 31 March 2019, 31 December 2018 and 31 March 2018 are as follows:

<u>31 March 2019</u>	<u>Concession and rent</u>	<u>Prepaid development expenditures</u>	<u>Total</u>
Balance at 31 December 2018	39,176	6,191	45,367
Current period rent expense – TAV İstanbul	(33,583)	(759)	(34,342)
Balance at 31 March 2019	5,593	5,432	11,025
Represented as current prepaid concession and rent expense	5,593	3,079	8,672
Represented as non-current prepaid concession and rent expense	-	2,353	2,353
<u>31 December 2018</u>	<u>Concession and rent</u>	<u>Prepaid development expenditures</u>	<u>Total</u>
Balance at 31 December 2017	68,576	9,269	77,845
Concession and rent payments	116,042	-	116,042
Current year rent expense – TAV İstanbul	(145,442)	(3,078)	(148,520)
Balance at 31 December 2018	39,176	6,191	45,367
Represented as current prepaid concession and rent expense	39,176	3,078	42,254
Represented as non-current prepaid concession and rent expense	-	3,113	3,113
<u>31 March 2018</u>	<u>Concession and rent</u>	<u>Prepaid development expenditures</u>	<u>Total</u>
Balance at 31 December 2017	68,576	9,269	77,845
Concession and rent payments	116,042	-	116,042
Current period rent expense – TAV İstanbul	(38,818)	(759)	(39,577)
Balance at 31 March 2018	145,800	8,510	154,310
Represented as current prepaid concession and rent expense	140,203	3,079	143,282
Represented as non-current prepaid concession and rent expense	5,597	5,431	11,028

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10. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 31 March 2019 and 31 December 2018, other receivables and current assets comprised the following:

<u>Other receivables and current assets</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
VAT deductible	21,797	21,341
Advances to suppliers	15,309	7,099
Other prepaid expense	6,182	3,833
Prepaid taxes and funds	5,960	5,551
Prepaid insurance	3,714	1,948
Income accruals	2,698	5,487
Deposits and guarantees given	1,295	1,292
Advances given to personnel	670	711
Other receivables	7,612	4,490
	<u>65,237</u>	<u>51,752</u>

11. TRADE RECEIVABLES

At 31 March 2019 and 31 December 2018, trade receivables comprised the following:

<u>Trade receivables:</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Trade receivables	127,939	121,742
Guaranteed passenger fee receivable from DHMİ (*)	21,057	21,306
Doubtful receivables	15,588	15,113
Allowance for doubtful receivables (-)	(15,588)	(15,113)
Notes receivable	8,929	7,217
	<u>157,925</u>	<u>150,265</u>
 <u>Non-current trade receivables:</u>		
Guaranteed passenger fee receivable from DHMİ (*)	61,928	65,553
	<u>61,928</u>	<u>65,553</u>

(*) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreement made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

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12. CASH AND CASH EQUIVALENTS

At 31 March 2019 and 31 December 2018, cash and cash equivalents comprised the following:

	31 March 2019	31 December 2018
Cash on hand	1,301	820
Cash at banks		
- Demand deposits	90,974	56,999
- Time deposits	455,478	493,495
Other liquid assets	2,463	1,222
Cash and cash equivalents	550,216	552,536
Bank overdraft	(98)	(379)
Cash and cash equivalents in the statement of cash flows	550,118	552,157

The details of the Group's time deposits, maturities and interest rates as at 31 March 2019 and 31 December 2018 are as follows:

31 March 2019			
<u>Original Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	April 2019	0.05 - 2.38	377,160
USD	April 2019	0.60 - 3.60	59,906
TRL	April 2019	12.75 - 20.50	16,479
Other			1,933
			455,478
31 December 2018			
<u>Original Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	January 2019	0.05 - 3.00	426,237
USD	January 2019	0.60 - 4.75	53,449
TRL	January 2019	12.75 - 23.00	13,809
			493,495

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 19.

There is no blockage or restriction on the use of cash and cash equivalents as at 31 March 2019 and 31 December 2018.

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13. RESTRICTED BANK BALANCES

At 31 March 2019 and 31 December 2018, restricted bank balances comprised the following:

	31 March 2019	31 December 2018
Project reserve and funding accounts (*)	45,456	70,524
	45,456	70,524

(*) Certain subsidiaries, namely TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum, TAV Ege and TAV Holding (“the Borrowers”) opened Project Accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and other state authorities based on agreements with their lenders (31 December 2018: TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum, TAV Ege and TAV Holding). As a result of pledges regarding the project bank loans as explained in Note 16, all cash except for cash on hand are classified in these accounts for TAV Esenboğa, TAV Tunisia, TAV Ege, TAV Macedonia and TAV Milas Bodrum. 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.

31 March 2019

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	0.70 - 1.75	40,063
TRL	19.80 - 20.50	3,606
USD	2.85 - 3.60	1,433
Other		354
		45,456

31 December 2018

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	1.25 - 1.75	61,378
TRL	22.00 - 23.00	3,979
USD	3.25 - 3.75	2,735
Other		2,432
		70,524

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14. CAPITAL AND RESERVES

At 31 March 2019 and 31 December 2018, the shareholding structure of the Company was as follows:

<u>Shareholders</u>	<u>(%)</u>	<u>31 March 2019</u>
Tank ÖWA Alpha GmbH	46.12%	167,542
Tepe İnşaat Sanayi A.Ş. (“Tepe İnşaat”)	5.06%	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. (“Sera Yapı”)	1.29%	4,682
Other non-floated	3.20%	11,625
Other free float	44.33%	161,057
Paid in capital in TRL (nominal)	100.00%	363,281
Paid in capital in EUR (nominal) as at 31 March 2019		57,492
Effect of non-cash increases and exchange rates		104,892
Paid in capital EUR		162,384
<u>Shareholders</u>	<u>(%)</u>	<u>31 December 2018</u>
Tank ÖWA Alpha GmbH	46.12	167,542
Tepe İnşaat	5.06	18,375
Sera Yapı	1.29	4,682
Other non-floated	3.20	11,625
Other free float	44.33	161,057
Paid in capital in TRL (nominal)	100.00	363,281
Paid in capital in EUR (nominal) as at 31 December 2018		60,266
Effect of non-cash increases and exchange rates		102,118
Paid in capital EUR		162,384

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15. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 March 2019 was based on the profit attributable to ordinary shareholders of EUR 23,902 (31 March 2018: EUR 7,173) and a weighted average number of ordinary shares outstanding of 363,281,250 (31 March 2018: 363,281,250) as follows:

	1 January- 31 March 2019	1 January- 31 March 2018
Numerator:		
Profit for the period attributable to owners of the Company	23,902	7,173
Denominator:		
Weighted average number of shares	363,281,250	363,281,250
Basic and diluted profit per share (full EUR)	0.07	0.02
	1 January- 31 March 2019	1 January- 31 March 2018
Issued ordinary shares at 1 January	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

16. 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 19.

	31 March 2019	31 December 2018
Non-current liabilities		
Secured bank loans (*)	622,033	610,856
Unsecured bank loans	12,570	22,156
Finance lease liabilities	15,164	9,593
	649,767	642,605
Current liabilities		
Short term secured bank loans	370,996	368,975
Current portion of long term secured bank loans (*)	93,309	95,926
Short term unsecured bank loans	9,911	10,222
Current portion of long term unsecured bank loans	7,085	6,366
Current portion of finance lease liabilities	2,247	1,537
	483,548	483,026

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

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16. LOANS AND BORROWINGS (continued)

The Group's total bank loans and finance lease liabilities as at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	31 December 2018
Bank loans	1,115,904	1,114,501
Finance lease liabilities	17,411	11,130
	<u>1,133,315</u>	<u>1,125,631</u>

The Group's bank loans as at 31 March 2019 are as follows:

	Presented as		Total
	<u>Current liabilities</u>	<u>Non-current liabilities</u>	
TAV Tunisia (*)	370,777	-	370,777
TAV Ege	14,988	217,844	232,832
TAV Milas Bodrum	12,095	131,282	143,377
HAVAŞ	22,118	104,508	126,626
TAV Esenboğa	19,904	82,555	102,459
TAV Macedonia	8,027	41,036	49,063
TAV Gazipaşa	7,057	22,889	29,946
Other	26,335	34,489	60,824
	<u>481,301</u>	<u>634,603</u>	<u>1,115,904</u>

(*) TAV Tunisia had started negotiations with the Tunisian Authorities and the Lenders regarding a potential restructuring to restore the economic balance of the concession in line with the Concession Agreement terms. In the meantime, Tunisia has suffered from major terrorist attacks on 18 March 2015 and 26 June 2015, which had a substantial negative impact on tourism and passenger traffic, which in turn negatively affected the revenues of TAV Tunisia. Passenger traffic has dropped by 58% from 3.3 million in 2014 to 1.4 million in 2015, increased to 1.6 million in 2016, increased to 1.7 million in 2017 and increased to 2.5 million in 2018. Under these adverse circumstances, TAV Tunisia continued to be engaged in negotiations with the Tunisian Authorities and its Lenders for the restructuring of its concession and financing arrangements, with the aim to reach an agreement. The negotiations are progressing in 2019.

In the meantime, since TAV Tunisia has been in breach of its financing agreements due to its current difficulties, non-current loan liabilities of TAV Tunisia were reclassified to current loan liabilities on 30 June 2015 and the amount outstanding as of 31 March 2019 is EUR 370,777 (31 December 2018: EUR 368,530). Consequently minority deficit amounting to EUR 23,274 (31 December 2018: EUR 21,936) has been classified to other accruals and liabilities which is presented at a fair value of EUR 31,914 (31 December 2018: EUR 32,068). TAV Tunisia received an Acceleration Notice from the Lenders accompanied by a Letter of Intent stating that the Lenders' current intention is to protect their security rights while continuing the three-party negotiations towards a restructuring and they do not intend to make the loans due and payable. Tunisian Authorities also granted an extension of their standstill period until 31 May 2019, to be further extended in line with the calendar for the signing of a restructuring agreement. Furthermore, TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 64,585 becoming due and payable (31 December 2018: EUR 64,428).

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16. LOANS AND BORROWINGS (continued)

The Company has been advised by its legal counsels that under the Finance Documents the Hedging Banks cannot act alone in demanding these payments and hence a coordinated solution among all Lenders in line with the Standstill Agreement is currently being negotiated.

While the management believes that the signing of the restructuring agreement in the near future is very likely, in the event that it is not signed and a joint solution cannot be reached in due course, TAV Tunisia is exposed to the material legal and financial consequences including but not limited to using its legal rights including filing for arbitration for the rebalancing of the Concession Agreement and, in failure to be able to do so, the termination of the Concession Agreement.

The Group's bank loans as at 31 December 2018 are as follows:

	Presented as		Total
	Current liabilities	Non-current liabilities	
TAV Tunisia	368,530	-	368,530
TAV Ege	14,746	214,555	229,301
TAV Milas Bodrum	11,952	129,728	141,680
HAVAŞ	22,730	107,493	130,223
TAV Esenboğa	19,701	81,803	101,504
TAV Macedonia	7,921	40,539	48,460
TAV Gazipaşa	16,652	22,637	39,289
Other	19,257	36,257	55,514
	481,489	633,012	1,114,501

Redemption schedules of the Group's bank loans according to original maturities as at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	31 December 2018
On demand or within one year	481,301	481,489
In the second year	126,923	131,093
In the third year	116,766	115,872
In the fourth year	103,995	102,425
In the fifth year	62,733	61,372
After five years	224,186	222,250
	1,115,904	1,114,501

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 31 March 2019 are between 1.54% - 5.50%, USD denominated loan as at 31 March 2019 is 3.00% (31 December 2018: Spreads for EUR denominated loans as at 31 December 2018 are between 1.25% - 5.50%, USD denominated loan as at 31 December 2018 is 3.00%).

Interest payments of 100%, 100%, 100% and 90% of floating bank loans for TAV Ege, TAV Macedonia, TAV İşletme and TAV Milas Bodrum respectively are fixed with interest rate swaps.

TAV Esenboğa terminated the hedge relationship in year 2018 due to refinancing.

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

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17. OTHER PAYABLES

At 31 March 2019 and 31 December 2018, other payables comprised the following:

	31 March 2019	31 December 2018
Other short term payables		
Concession payable (*)	90,379	89,670
Expense accruals	20,182	19,695
Due to personnel	18,130	25,185
Taxes and duties payable	13,852	4,762
Advances received	10,748	9,259
Social security premiums payable	6,608	3,490
Other accruals and liabilities (**)	98,750	97,713
	258,649	249,774
Other long term payables		
Concession payable (*)	508,232	528,597
Other accruals and liabilities	51,643	30,383
	559,875	558,980

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 19.

(*) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The concession fee is computed at an increasing rate between 11% and 26% of the annual revenues.

The concession fee of TAV Macedonia is 15% of the gross annual turnover until the number of passengers using the two airports reaches to 1 million, and when the number of passengers exceeds 1 million, this percentage shall change between 4% and 2% depending on the number of passengers.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2015 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 2014 to December 2035. The concession payable of TAV Milas Bodrum domestic terminal is presented in financials EUR 299,629 as of 31 March 2019 (31 December 2018: EUR 296,555).

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 263,038 as of 31 March 2019 (The concession payable of the domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 288,378 as of 31 December 2018).

(**) See Note 16.

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18. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2019 and 31 December 2018, derivative financial instruments comprised the following:

	31 March 2019		
	Assets	Liabilities	Net Amount
Interest rate swap	31	(35,845)	(35,814)
	31	(35,845)	(35,814)
	31 December 2018		
	Assets	Liabilities	Net Amount
Interest rate swap	32	(29,391)	(29,359)
	32	(29,391)	(29,359)

Interest rate swap:

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2019, 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 2018: 100%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2019, 90% of total loan is hedged through IRS contract (31 December 2018: 90%).

TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 64,265 becoming due and payable.

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2019, 100% of total loan is hedged through IRS contract (31 December 2018: 100%).

TAV İşletme uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2019, 100% of total loan is hedged through IRS contract (31 December 2018: 100%).

The fair value of derivatives at 31 March 2019 is estimated at loss of EUR 35,845. This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 March 2019, changes in the fair value of these interest rate swaps and cross currency swaps are reflected to other comprehensive income resulting to an expense of EUR 4,020 net of tax.

TAV Esenboğa terminated the hedge relationship in year 2018 due to refinancing.

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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19. FINANCIAL INSTRUMENTS

Currency risk

Exposure to currency risk:

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

31 March 2019

Foreign currency denominated financial assets	USD	EUR (*)	TRL	Other	Total
Other non-current assets	-	-	505	367	872
Trade receivables	28,922	4,304	17,250	7,011	57,487
Due from related parties	8,032	2,117	14,361	1,170	25,680
Other receivables and current assets	2,467	18	7,560	2,399	12,444
Restricted bank balances	1,432	-	4,316	-	5,748
Cash and cash equivalents	72,995	2,570	13,629	8,986	98,180
	113,848	9,009	57,621	19,933	200,411
Foreign currency denominated financial liabilities					
Loans and borrowings	(21,310)	(4,884)	-	(23)	(26,217)
Trade payables	(10,836)	(865)	(5,989)	(2,217)	(19,907)
Due to related parties	(26)	(858)	(374)	(513)	(1,771)
Other payables	(14,129)	(2)	(8,792)	(864)	(23,787)
	(46,301)	(6,609)	(15,155)	(3,617)	(71,682)
Net exposure	67,547	2,400	42,466	16,316	128,729

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

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19. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Exposure to currency risk (continued):

31 December 2018

Foreign currency denominated financial assets	USD	EUR (*)	TRL	Other	Total
Other non-current assets	4,410	-	8	443	4,861
Trade receivables	33,513	5,346	16,009	19,932	74,800
Due from related parties	10,306	641	3,763	4,047	18,757
Other receivables and current assets	2,593	917	22,104	1,632	27,246
Restricted bank balances	2,630	-	3,954	2,431	9,015
Cash and cash equivalents	61,218	11,612	13,696	10,569	97,095
	114,670	18,516	59,534	39,054	231,774
Foreign currency denominated financial liabilities					
Loans and borrowings	(29,877)	(19,804)	-	(2)	(49,683)
Bank overdraft	(98)	-	(281)	-	(379)
Trade payables	(4,990)	(4,964)	(6,781)	(9,522)	(26,257)
Due to related parties	(99)	(2,367)	(19,730)	(1)	(22,197)
Other payables	(7,711)	(733)	(31,189)	(5,699)	(45,332)
	(42,775)	(27,868)	(57,981)	(15,224)	(143,848)
Net exposure	71,895	(9,352)	1,553	23,830	87,926

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

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19. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis:

The Group's principal currency risk relates to changes in the value of the Euro relative to TRY 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 31 March 2019 and 31 December 2018 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
31 March 2019				
USD	-	-	(6,755)	6,755
TRY	-	-	(4,247)	4,247
Other	-	-	(1,632)	1,632
Total	-	-	(12,634)	12,634
31 December 2018				
USD	-	-	(7,189)	7,189
TRY	-	-	(155)	155
Other	-	-	(2,383)	2,383
Total	-	-	(9,727)	9,727

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19. 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	31 March 2019		31 December 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Trade receivables - non current	10	61,928	75,574	65,553	75,574
Trade receivables - current	10	157,925	151,249	150,265	151,249
Due from related parties	20	37,163	37,163	31,560	31,560
Other receivables and current assets (*)		-	-	10	10
Restricted bank balances	12	45,456	45,456	70,524	70,524
Cash and cash equivalents	11	550,216	550,216	552,536	552,536
Derivative financial instruments	17	31	31	32	32
Financial liabilities					
Bank overdraft		(98)	(98)	(379)	(379)
Loans and borrowings	15	(1,133,315)	(1,125,684)	(1,125,631)	(1,125,684)
Trade payables (**)		(43,535)	(43,535)	(43,535)	(43,535)
Due to related parties	20	(308,741)	(308,741)	(331,291)	(331,291)
Derivative financial instruments	17	(35,845)	(35,845)	(29,391)	(29,391)
Other payables (**)		(807,776)	(823,668)	(799,495)	(823,668)
		(1,476,592)	(1,477,883)	(1,459,242)	(1,472,463)

(*) 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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20. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 March 2019	31 December 2018
Letters of guarantee given to DHMİ	221,932	220,090
Letters of guarantee given to third parties	219,379	220,961
Letters of guarantee given to Tunisian Government	18,943	19,051
Letters of guarantee given to Saudi Arabian Government	11,480	11,248
Letters of guarantee given to Macedonian Government	250	250
	471,984	471,600

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 12,888 (EUR 11,480) (31 December 2018: USD 12,888 (EUR 11,248)) 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 194,330 (EUR 143,684) (31 December 2018: USD 194,330 (EUR 162,343)) to National Commercial Bank which is included in letters of guarantee given to third parties. This letter of guarantee is provided to back an Equity Bridge Loan which was rolled in 2018 within a maturity of 2021. 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 11,962 (31 December 2018: EUR 11,892) to the Ministry of State Property and Land Affairs and EUR 6,981 (31 December 2018: 7,508) 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.

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21. RELATED PARTIES

The major immediate parents and ultimate controlling party of the Group is Group Aéroport de Paris.

Key management personnel compensation:

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

	1 January - 31 March 2019	1 January - 31 March 2018
Short-term benefits (salaries, bonuses etc.)	10,136	8,901
	10,136	8,901

As at 31 March 2019 and 31 December 2018, 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:

	31 March 2019	31 December 2018
Due from related parties	18,593	21,873
Current loan to related parties	16,677	7,838
	35,270	29,711
	31 March 2019	31 December 2018
Non-current loan to related parties	1,892	1,849
	1,892	1,849
	31 March 2019	31 December 2018
Due from related parties		
TAV Tepe Akfen Yat. İnş ve İşl. A.Ş. ("TAV İnşaat") (1)	9,054	9,376
ATU Turizm İşletmeciliği A.Ş. ("ATU") (2) (*)	5,628	7,078
Saudi BTA Airports Food And Beverages Serv.Ltd. ("BTA Medinah") (2)	2,023	1,894
Tibah Airports Operation Limited ("Tibah Operation") (2)	1,671	1,662
BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Denizyolları") (2)	159	522
Other related parties	58	1,341
	18,593	21,873

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

(1) Subsidiary of shareholders

(2) Joint Venture

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21. RELATED PARTIES (continued)

	31 March 2019	31 December 2018
Current loan to related parties		
ATU (1)	4,957	-
Tibah Airports Development Company CJSC (“Tibah Development”) (1)	4,385	4,043
Saudi HAVAŞ Ground Handling Services Limited (“Saudi HAVAŞ”) (1)	2,201	4
BTA Medinah (1)	2,090	-
Saudi ATU Trading Limited Co. (“ATU Medinah”) (1)	1,011	-
TAV İşletme Saudi (1)	1,204	1,201
TAV İşletme Chile (1)	829	879
TAV İnşaat (2)	-	1,695
Other related parties	-	16
	16,677	7,838
	31 March 2019	31 December 2018
Non-current loan to related parties		
Saudi HAVAŞ (1)	1,892	1,849
	1,892	1,849
	31 March 2019	31 December 2018
Due to related parties	601	264
Current loan from related parties	28	25,134
	629	25,398
Non-current loan from related parties	308,112	305,893
	308,741	331,291
	31 March 2019	31 December 2018
Due to related parties		
Other related parties	601	264
	601	264
	31 March 2019	31 December 2018
Current loan from related parties		
TAV Antalya (1)	-	19,632
ATU (1)	-	5,078
Other related parties	28	424
	28	25,134

(1) Joint venture

(2) Subsidiary of shareholders

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21. RELATED PARTIES (continued)

	31 March 2019	31 December 2018
Non-current loan from related parties	<u> </u>	<u> </u>
Tank ÖWA Alpha GmbH (1)	308,112	305,893
	<u>308,112</u>	<u>305,893</u>
Short term deferred income from related parties	<u> </u>	<u> </u>
ATU (2) (*)	2,478	2,160
	<u>2,478</u>	<u>2,160</u>
Long term deferred income from related parties	<u> </u>	<u> </u>
ATU (2) (*)	16,118	17,271
	<u>16,118</u>	<u>17,271</u>

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

	1 January- 31 March 2019	1 January- 31 March 2018
Services rendered to related parties	<u> </u>	<u> </u>
ATU (2) (*)	48,050	55,204
Other related parties	2,108	3,525
	<u>50,158</u>	<u>58,729</u>

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

(1) Shareholder

(2) Joint venture

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21. RELATED PARTIES (continued)

	1 January- 31 March 2019	1 January- 31 March 2018
Services rendered by related parties		
Other related parties	417	123
	417	123
	1 January- 31 March 2019	1 January- 31 March 2018
Interest income from related parties (net)		
Tank ÖWA Alpha GmbH (1)	(2,219)	-
Saudi HAVAŞ (2)	-	50
Other related parties	-	34
	(2,219)	84

The average interest rate used within the Group is 4.40% per annum (31 December 2018: 4.31%). 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.

Dividend distribution

In 2019 the Company distributed dividends to the shareholders amounting to EUR 121,469 (TRL 757.587) from the Company's distributable profits computed for 2018 (2018: EUR 82,829 (TRL 406,372)). Dividend per share is full EUR 0.33 (full TRL 2.09) (2018: EUR 0.23 (full TRL 1.12)).

- (1) Shareholder
- (2) Joint venture

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22. 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.

	31 March 2019			
	TAV Tunisia	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	33.00%	20.00%		
Non-current assets	395,266	51,152		
Current assets	32,259	22,831		
Non-current liabilities	5,042	1,750		
Current liabilities	577,642	4,988		
Net assets	(155,159)	67,245		
Carrying amount of NCI	(51,202)	13,449	2,459	(35,294)
Change in non-controlling interest	23,274	-	-	23,274
	(27,928)	13,449	2,459	(12,020)
	1 January – 31 March 2019			
	TAV Tunisia	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	3,166	19,586		
(Loss) / profit	(10,340)	11,540		
Total comprehensive income	(8,923)	12,252		
(Loss) / profit allocated to NCI	(3,412)	2,308	54	(1,050)

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22. INTERESTS IN OTHER ENTITIES (continued)

Non-controlling interests in subsidiaries (continued)

	31 December 2018			Total
	TAV Tunisia	TAV Tbilisi	Other immaterial subsidiaries	
NCI Percentage	33.00%	20.00%		
Non-current assets	399,142	66,865		
Current assets	30,613	19,849		
Non-current liabilities	5,001	1,552		
Current liabilities	570,994	4,340		
Net assets	(146,240)	80,822		
Carrying amount of NCI	(48,259)	16,164	4,046	(28,049)
Change in non-controlling interest	21,936	-	-	21,936
	(26,323)	16,164	4,046	(6,113)
	1 January – 31 March 2018			
	TAV Tunisia	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	2,168	16,395		
(Loss) / profit	(11,247)	10,573		
Total comprehensive income	(10,015)	13,867		
(Loss) / profit allocated to NCI	(3,712)	2,115	73	(1,524)
			31 March 2019	31 December 2018
Joint ventures			426,594	486,910
Associates			4,945	5,723
			431,539	492,633

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22. INTERESTS IN OTHER ENTITIES (continued)

	1 January- 31 March 2019	1 January- 31 March 2018
Joint ventures	(9,863)	3,113
Associates	(763)	(629)
	(10,626)	2,484

Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	31 December 2018
TAV Antalya	315,231	381,231
TGS	57,726	59,784
ATU	51,496	43,001
Tibah Operation	1,667	2,425
Other	474	469
	426,594	486,910

Group's share of profit / (loss) of the Group's joint ventures in the statement of comprehensive income for the period ended 31 March are as follows:

	1 January- 31 March 2019	1 January- 31 March 2018
ATU	3,337	5,049
Tibah Operation	200	189
BTA Denizyolları	-	(159)
Tibah Development	(1,416)	(1,781)
TGS	(1,485)	314
TAV Antalya	(10,420)	-
Other	(79)	(499)
	(9,863)	3,113

Associates

Carrying amount of the Group's associate in the statement of financial position as at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	31 December 2018
ZAIC-A	4,668	5,486
Other	277	237
	4,945	5,723

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22. INTERESTS IN OTHER ENTITIES (continued)

Associates (continued)

Group's share of profit of the Group's associate in the statement of comprehensive income for the period ended 31 March is as follows:

	1 January- 31 March 2019	1 January- 31 March 2018
ZAIC-A	(819)	(683)
Other	56	54
	(763)	(629)

23. SUBSEQUENT EVENTS

As of 06 April 2019 02:00, all commercial flights have been transferred to the new Istanbul Airport. The compensation for loss of profit for early termination of Ataturk Airport operations is currently being evaluated by DHMI and The Group. Independent companies are also consulted as part of these evaluations. The Group expects to receive a formal notification of this compensation from DHMI.