

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

**Interim Condensed Consolidated Financial Statements
As at and for the Six-Month Period Ended 30 June 2020**

24 July 2020

This report contains the “Interim Condensed Consolidated Financial Statements and their explanatory notes” comprising 48 pages.

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of TAV Havalimanları Holding A.Ş.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of TAV Havalimanları Holding A.Ş. (the Company) and its subsidiaries (“the Group”) as of 30 June 2020 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of matter – Uncertainty Related to Covid 19 Pandemic

We draw attention to footnote 1 which explains the recent outbreak of Covid 19 pandemic that is negatively affecting economic conditions regionally as well as globally, disrupting operations of the Group and that the ultimate severity of this outbreak is uncertain at this time and therefore the Group cannot reasonably estimate the impact on Group's operations. Our opinion is not modified in respect of this matter.

Conclusion

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

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

Onur Ünal, SMMM
Partner

24 July 2020
İstanbul, Türkiye

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

Table of Contents

Interim Condensed Consolidated Statement of Financial Position	
Interim Condensed Consolidated Statement of Profit or Loss and Comprehensive Income	
Interim Condensed Consolidated Statement of Changes in Equity	
Interim Condensed Consolidated Statement of Cash Flows	
Notes to the Interim Condensed Consolidated Financial Statements	

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2020

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

	Notes	Reviewed 30 June 2020	Audited 31 December 2019
ASSETS			
Property and equipment		191,585	205,729
Intangible assets		12,661	13,589
Airport operation right	8	1,571,689	1,581,857
Right of use assets		59,675	58,632
Equity-accounted investees	22	351,666	393,423
Goodwill		137,596	137,688
Trade receivables	10	40,969	49,738
Non-current due from related parties	21	2,462	1,898
Other non-current assets	9	103,426	295,574
Deferred tax assets		20,479	26,610
Total non-current assets		2,492,208	2,764,738
Inventories		8,875	8,939
Financial assets	17	50,000	-
Trade receivables	10	91,323	116,156
Due from related parties	21	27,323	26,945
Other receivables and current assets	9	270,928	273,170
Cash and cash equivalents	11	675,730	583,809
Restricted bank balances	12	23,556	69,033
Total current assets		1,147,735	1,078,052
TOTAL ASSETS		3,639,943	3,842,790

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2020

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

	Notes	Reviewed 30 June 2020	Audited 31 December 2019
EQUITY			
Share capital	13	162,384	162,384
Share premium		220,286	220,286
Legal reserves		121,975	121,975
Other reserves		(29,645)	(29,645)
Treasury reserves		(3,590)	-
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(69,927)	(59,174)
Translation reserves		(50,958)	(37,375)
Retained earnings		676,447	900,757
Total equity attributable to equity holders of the Company		1,067,036	1,319,272
Non-controlling interests	22	10,908	(9,711)
Total Equity		1,077,944	1,309,561
LIABILITIES			
Loans and borrowings	15	578,158	633,396
Reserve for employee severance indemnity		14,571	18,710
Due to related parties	21	301,356	305,893
Derivative financial instruments	18	38,564	36,562
Deferred income		16,350	16,952
Other payables	16	603,633	599,693
Deferred tax liabilities		22,118	20,706
Total non-current liabilities		1,574,750	1,631,912
Bank overdraft	11	110	1,380
Loans and borrowings	15	729,548	526,816
Trade payables		45,886	55,532
Due to related parties	21	596	998
Current tax liabilities	7	7,207	98,639
Other payables	16	188,447	198,005
Provisions		3,396	5,542
Deferred income		12,059	14,405
Total current liabilities		987,249	901,317
Total Liabilities		2,561,999	2,533,229
TOTAL EQUITY AND LIABILITIES		3,639,943	3,842,790

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Profit or Loss and Comprehensive Income For the Six-Month Period Ended 30 June 2020

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

	Notes	Reviewed 1 January- 30 June 2020	1 April- 30 June 2020	Reviewed 1 January- 30 June 2019	1 April- 30 June 2019
Operating revenue	6	141,926	23,450	339,502	188,573
Other operating income		1,224	93	-	-
Cost of catering inventory sold		(6,777)	(610)	(17,053)	(8,102)
Cost of services rendered		(19,002)	(3,337)	(37,739)	(21,710)
Personnel expenses		(70,450)	(19,770)	(103,695)	(48,443)
Concession and rent expenses		(262)	(18)	(2,621)	(1,740)
Depreciation and amortisation expenses		(25,172)	(8,865)	(44,817)	(26,987)
Other operating expenses		(56,309)	(25,579)	(61,777)	(29,148)
Share of profit of equity-accounted investees, net of tax	22	(45,358)	(25,766)	4,718	15,344
Operating (loss) / profit		(80,180)	(60,402)	76,518	67,787
Finance income		5,245	2,115	9,886	6,893
Finance costs		(58,266)	(34,481)	(55,845)	(31,363)
Net finance costs		(53,021)	(32,366)	(45,959)	(24,470)
(Loss) / Profit before tax from continuing operations		(133,201)	(92,768)	30,559	43,317
Tax expense	7	(13,080)	(7,293)	(14,330)	(5,583)
(Loss) / Profit from continuing operations		(146,281)	(100,061)	16,229	37,734
(Loss) / Profit from discontinued operations		(3,246)	5,056	46,513	2,156
(Loss) / Profit for the period after discontinued operations		(149,527)	(95,005)	62,742	39,890
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Defined benefit obligation actuarial differences		3,080	2,959	(7,100)	(7,004)
Defined benefit obligation actuarial differences from equity accounted investees		74	(47)	(517)	413
Tax on defined benefit obligation actuarial differences		(688)	(667)	1,420	1,401
Tax on defined benefit obligation actuarial differences from equity accounted investees		(32)	(11)	103	(83)
Total items that will not be reclassified to profit or loss		2,434	2,234	(6,094)	(5,273)
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedges		(4,413)	(2,446)	(13,182)	(7,975)
Effective portion of changes in fair value of cash flow hedges from equity accounted investees		(5,997)	(556)	(8,131)	(4,958)
Portion of cash flow hedges charged to profit or loss		4,067	4,067	3,806	3,806
Foreign currency translation differences for foreign operations		(13,775)	(2,288)	(5,080)	(9,706)
Foreign currency translation differences for foreign operations from equity accounted investees		(4,882)	(514)	(3,255)	(2,393)
Tax on cash flow hedge reserves		386	(120)	2,222	1,035
Tax on cash flow hedge reserves from equity accounted investees		1,114	42	212	5
Total items that are or may be reclassified subsequently to profit or loss		(23,500)	(1,815)	(23,408)	(20,186)
Other comprehensive (loss) / income for the period, net of tax		(21,066)	419	(29,502)	(25,459)
Total comprehensive (loss) / income for the period		(170,593)	(94,586)	33,240	14,431

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Profit or Loss and Comprehensive Income For the Six-Month Period Ended 30 June 2020 (continued)

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

	Notes	Reviewed 1 January- 30 June 2020	1 April- 30 June 2020	Reviewed 1 January- 30 June 2019	1 April- 30 June 2019
(Loss) / Profit attributable to:					
Owners of the Company		(150,175)	(94,122)	61,264	37,362
Non-controlling interest	22	648	(883)	1,478	2,528
(Loss) / Profit for the period after discontinued operations		(149,527)	(95,005)	62,742	39,890
Total comprehensive income attributable to:					
Owners of the Company		(166,167)	(90,661)	33,561	9,782
Non-controlling interest		(4,426)	(3,925)	(321)	4,649
Total comprehensive income for the period		(170,593)	(94,586)	33,240	14,431
Weighted average number of shares outstanding		363,281,250	363,281,250	363,281,250	363,281,250
Basic and diluted earnings per share for continued operations	14	(0.40)	(0.27)	0.04	0.10
Basic and diluted earnings per share for discontinued operations	14	(0.01)	0.01	0.13	0.01

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity For the Six-Month Period Ended 30 June 2020

(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										Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Legal Reserves	Other Reserves	Treasury Reserves	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total		
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	-	-	-	-	-	-	-	-	61,264	61,264	1,478	62,742
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(15,614)	-	-	(15,614)	541	(15,073)
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	(6,094)	(6,094)	-	(6,094)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	(5,995)	-	(5,995)	(2,340)	(8,335)
Total other comprehensive income	-	-	-	-	-	-	(15,614)	(5,995)	(6,094)	(27,703)	(1,799)	(29,502)
Total comprehensive income for the period	-	-	-	-	-	-	(15,614)	(5,995)	55,170	33,561	(321)	33,240
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)	(4,902)	(126,371)
Change in non-controlling interest	-	-	-	(2,094)	-	-	-	-	-	(2,094)	1,681	(413)
Total transactions with owners of the Company	-	-	-	(2,094)	-	-	-	-	(121,469)	(123,563)	(3,221)	(126,784)
Transfers	-	-	2,377	-	-	-	-	-	(2,377)	-	-	-
Balance at 30 June 2019	162,384	220,286	121,975	(85,743)	-	40,064	(67,768)	(68,361)	625,086	947,923	(9,655)	938,268
Balance at 1 January 2020	162,384	220,286	121,975	(29,645)	-	40,064	(59,174)	(37,375)	900,757	1,319,272	(9,711)	1,309,561
Total comprehensive income for the period												
Loss / (profit) for the period	-	-	-	-	-	-	-	-	(150,175)	(150,175)	648	(149,527)
Other comprehensive income												
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(4,843)	-	-	(4,843)	-	(4,843)
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	-	2,434	2,434	-	2,434
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	(13,583)	-	(13,583)	(5,074)	(18,657)
Total other comprehensive income	-	-	-	-	-	-	(4,843)	(13,583)	2,434	(15,992)	(5,074)	(21,066)
Total comprehensive income for the period	-	-	-	-	-	-	(4,843)	(13,583)	(147,741)	(166,167)	(4,426)	(170,593)
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)	-	-	-	-	-	-	-	-	(55,644)	(55,644)	(1,790)	(57,434)
Purchase of non-controlling interest	-	-	-	-	-	-	(5,910)	-	(20,925)	(26,835)	26,835	-
Share buyback transactions	-	-	-	-	(3,590)	-	-	-	-	(3,590)	-	(3,590)
Total transactions with owners of the Company	-	-	-	-	(3,590)	-	(5,910)	-	(76,569)	(86,069)	25,045	(61,024)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2020	162,384	220,286	121,975	(29,645)	(3,590)	40,064	(69,927)	(50,958)	676,447	1,067,036	10,908	1,077,944

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Cash Flows For the Six-Month Period Ended 30 June 2020

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

	Notes	Reviewed 1 January- 30 June 2020	Reviewed 1 January- 30 June 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit from continuing operations		(146,281)	16,229
(Loss) / Profit from discontinued operations		(3,246)	46,513
Adjustments for:			
Amortisation of airport operation right	8	7,538	27,299
Depreciation of property and equipment		16,399	72,902
Amortisation of intangible assets		1,235	1,324
Concession and rent expenses		262	47,988
Other income accruals		-	(55,011)
Provision for employee severance indemnity		1,896	1,799
Provision for doubtful receivables		6,813	476
Discount on receivables and payables, net		(931)	(74)
Gain on sale of property and equipment		(944)	-
Provision (released) / set for unused vacation		(1,215)	278
Interest income		(5,991)	(8,913)
Interest expense on financial liabilities		30,328	35,057
Tax expense	7	14,782	30,401
Unwinding of discount on concession receivable and payable		13,026	11,292
Share of profit of equity-accounted investees, net of tax	22	45,358	(4,718)
Unrealised foreign exchange differences on statement of financial position items		416	(38,968)
Cash flows from operating activities		(20,555)	183,874
Change in current trade receivables		17,688	118
Change in non-current trade receivables		8,770	12,167
Change in inventories		(398)	252
Change in due from related parties		2,515	5,523
Change in other receivables and assets		193,515	(101,466)
Change in trade payables		(5,739)	4,648
Change in due to related parties		430	347
Change in other payables and provisions		(48,019)	(25,392)
Cash provided from operations		148,207	80,071
Income taxes paid	7	(98,186)	(16,044)
Retirement benefits paid		(578)	(16,385)
Net cash provided from operating activities		49,443	47,642

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Cash Flows For the Six-Month Period Ended 30 June 2020

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

	Notes	Reviewed 1 January- 30 June 2020	Reviewed 1 January- 30 June 2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, equipment and intangible assets		670	2,651
Acquisition of property and equipment		(11,530)	(31,833)
Additions to airport operation right		(1,000)	-
Acquisition of intangible assets		(342)	(891)
Purchase of treasury bonds		(50,000)	-
Change in due from related parties		4,841	(8,986)
Change in due to related parties		-	(21,591)
Dividends from equity-accounted investees		893	86,627
Acquisition of subsidiary, net of cash acquired		-	(2,060)
Net cash (used in) / provided from investing activities		(56,468)	23,917
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		231,401	8,270
Repayment of borrowings		(76,207)	(31,547)
Dividends paid		(57,434)	(126,371)
Interest received		2,051	5,364
Interest paid		(22,855)	(19,298)
Change in due to related parties		(8,730)	(9,050)
Purchase of treasury shares		(3,590)	-
Change in restricted bank balances		45,477	15,020
Change in lease liabilities		(9,897)	(2,067)
Net cash provided from / (used in) financing activities		100,216	(159,679)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		93,191	(88,120)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	11	582,429	552,157
CASH AND CASH EQUIVALENTS AT 30 JUNE	11	675,620	464,037

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

Notes to the interim condensed consolidated financial statements

	Page
1 Reporting entity	9-11
2 Basis of preparation	11
3 Changes in accounting policies	12-15
4 Determination of fair values	15-16
5 Operating segment	17-21
6 Operating revenue	22
7 Tax expense	22-23
8 Airport operation right	24-25
9 Other receivables, current and non-current assets	26
10 Trade receivables	26
11 Cash and cash equivalents	27
12 Restricted bank balances	28
13 Capital and reserves	29
14 Earnings per share	30
15 Loans and borrowings	31-33
16 Other payables	33-34
17 Financial assets	34
18 Derivative financial instruments	35
19 Financial instruments	36-38
20 Commitments, contingencies and contractual obligations	39
21 Related parties	40-43
22 Interests in other entities	44-47
23 Discontinued operations	47-48
24 Subsequent events	48

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

(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 Vadi İstanbul Bulvarı, Ayazağa Mah. Cendere Cad. Sarıyer, 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 six-month period ended 30 June 2020 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 2019 are as follows:

Name of Subsidiary	Principal Activity	Place of operation	30 June 2020		31 December 2019	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
TAV Tunisie SA (“TAV Tunisia”)	Airport Operator	Tunisia	100.00	100.00	82.00	82.00
ATU Holdings, Inc. (“ATU Holdings”) (*)	Holding	United States	-	-	100.00	100.00
ATU Americas LLC (“ATU America”) (*)	Duty Free Services	United States	-	-	100.00	100.00

(*) In 2020 ATU Holdings and ATU America were closed as legal entities.

In March 2020, BS Kahve Yiyecek ve İçecek Hizmetleri A.Ş. (“BS Kahve”) is merged under BTA Havalimanları Yiyecek ve İçecek A.Ş. (“BTA”).

In April 2020, TAV Aviation Minds Eğitim ve Danışmanlık Hizmetleri A.Ş. (“TAV Aviation Minds”) is merged under TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş. (“TAV Akademi”).

Company’s subsidiaries since 31 December 2019 are as follows:

Name of Subsidiary	Principal Activity	Place of operation	30 June 2020		31 December 2019	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
Avito Technologies W.L.L. (“TAV IT Qatar”)	Software and System Services	Qatar	49.00	100.00	-	-

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

(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) ("OACA"), 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, OACA, 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 led to closure of Atatürk Airport at a date earlier than the concession contract end date, which in turn led 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. On 26 December 2019, The Group and DHMI agreed on the compensation payment related with the early closure of Atatürk Airport. As of 31 December 2019, the Group write off the carrying value of leasehold improvements and prepaid rent amounting to EUR 46,273 and EUR 8,738, respectively, and accrued a compensation income amounting to EUR 389,000 which is disclosed in Note 23.

The consortium formed by the Group and VPE Capital, signed on 7 May 2020 an agreement related to the purchase of a 100% stake in the airport of Almaty and related fuel and service activities, valued at USD 415,000. Groups' participation in the consortium will not be less than 75% and the transfer of shares will take place after the closing of the transaction, which should take place in the coming months, after completion of the necessary legal procedures. The airport will be fully consolidated in the accounts of the Group.

Covid-19 Impact and Impairment Analysis

The Covid-19 health crisis has had significant impacts on air traffic, which has largely stopped since March. This sudden drop in traffic has impacts both in terms of aviation revenues and in terms of commercial revenues from investments in associates and joint ventures.

These elements constitute impairment indicators as at 30 June 2020 and therefore justify that the Group carry out impairment tests on all of its main concessions and services companies.

Discount rates, and in particular the cost of equity, have been increasing since 31 December 2019. The health crisis in the first half of the year had a significant impact on the market premium, and the betas of companies in the airport sector, both on the rise. This increase in discount rates has an unfavorable impact on the recoverable amount of the Group's assets, estimated on the basis of discounted cash flows.

In the current situation, the Group negotiates with grantors based on the force majeure articles of concession contracts which allows the Group to extend concession period equal to force majeure event duration. In case of a fail in ongoing negotiations, there could be a potential impairment loss amounting to EUR 31,824.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

1. REPORTING ENTITY (continued)

Covid-19 Impact and Impairment Analysis (continued)

Impairment tests were carried out at the end of the first half of 2020 on the main concession and service companies.

Tests carried out highlighted that there is no need to recognize an impairment loss for goodwill and the airport operating right as of 30 June 2020.

Sensitivity analysis on discount rates show that an increase of 100 basis points in the discount rate for the main international concessions would lead to an impairment loss of around EUR 22,193.

Sensitivity tests carried out show that slower traffic recovery scenarios could cause the recoverable amount of certain airport concessions to fall below their carrying amount. These impairment tests will therefore be updated as part of the closing of the annual financial statements at 31 December 2020.

Seasonality of Operations

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

The Group employs 14,559 in subsidiaries (average: 14,908) and 8,575 in joint ventures (average: 8,745) people as at 30 June 2020 (31 December 2019: 15,230 in subsidiaries (average: 15,886) and 8,950 in joint ventures (average: 9,461)).

TAV İstanbul employs 33 (average: 33) (31 December 2019: 45 (average: 618)) people as at 31 December 2019.

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 2019.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 24 July 2020. 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 as at and for the six month period ended 30 June 2020.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

(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 consolidated financial statements as at 30 June 2020 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 2020. The effects of these standards and interpretations on the 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 2020 are as follows:

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 an acquired set of activities assets is a business or not.

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.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform

The amendments issued to IFRS 9 and IAS 39 which are effective for periods beginning on or after 1 January 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform, in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in IFRS 9 and IAS 39 is aimed to be disclosed in financial statements based on the amendments made in IFRS 7.

The amendments did not have a significant impact on the 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.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

i) The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows (continued):

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

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 did not have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 16 – Covid-19 Rent Related Concessions

In May 2020, the IASB issued amendments to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

The amendments did not have a significant impact on the financial position or performance of the Group.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the 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 2023; 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.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

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

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

Amendments to IFRS 3 – Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied retrospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

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

Amendments to IAS 16 – Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied prospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first time adopters.

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

Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

3. CHANGES IN ACCOUNTING POLICIES (continued)

The new standards, amendments and interpretations (continued)

iii) Annual Improvements – 2018–2020 Cycle

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.
- Illustrative Examples accompanying IFRS 16 Leases – Lease incentives: The amendment removes the illustration of payments from the lessor relating to leasehold improvements in illustrative Example 13 accompanying IFRS 16 and also removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022 except the changes in IFRS 16 Leases (became effective date of issue). Earlier application is permitted for all.

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

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.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

4. DETERMINATION OF FAIR VALUES (CONTINUED)

ii) Intangible assets (continued)

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

iii) Trade and other receivables:

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

iv) Derivatives:

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

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

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

v) Other non-derivative financial liabilities:

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

Fair value hierarchy:

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

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

30 June 2020	Level 1	Level 2	Level 3
Trade receivables	-	132,292	-
Financial assets	-	50,000	-
Bank overdrafts	-	(110)	-
Loans and borrowings	-	(1,307,706)	-
Other payables (*)	-	(785,212)	-
Interest rate swap	-	(38,564)	-
31 December 2019	Level 1	Level 2	Level 3
Trade receivables	-	165,894	-
Bank overdrafts	-	(1,380)	-
Loans and borrowings	-	(1,160,212)	-
Other payables (*)	-	(793,044)	-
Interest rate swap	-	(36,562)	-

(*) Other payables do not include advances received amounting to EUR 6,868 (31 December 2019: EUR 4,654).

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

5. OPERATING SEGMENT

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 Latvia, HAVAŞ Germany, TAV Gözen, TGS, Saudi HAVAŞ and HAVAŞ Adriatic. 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 New York, GIS Spain, GIS France, GIS Germany, GIS Italy, GIS Mexico, GIS Argentina, GIS Brazil, GIS Colombia TAV İşletme Saudi, TAV İşletme Chile, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV IT Qatar, 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.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Consolidated Interim Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

5. OPERATING SEGMENT (continued)

	Six-month period ended 30 June											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total external revenues	74,046	227,229	23,162	64,749	21,047	102,139	73,358	143,714	41,511	81,568	233,124	619,399
Inter-segment revenue	5,714	49,011	2,340	7,542	78	225	151	166	13,422	19,747	21,705	76,691
Construction revenue	-	788	-	-	-	-	-	-	-	-	-	788
Construction expenditure	-	(788)	-	-	-	-	-	-	-	-	-	(788)
Interest income	3,412	1,886	112	443	479	626	2,870	1,746	7,040	3,528	13,913	8,229
Interest expense	(34,691)	(34,805)	(1,698)	(996)	(779)	(38)	(1,807)	(3,788)	(7,578)	(5,615)	(46,553)	(45,242)
Depreciation and amortisation	(23,656)	(73,449)	(3,715)	(4,227)	(3,508)	(2,762)	(11,697)	(12,474)	(5,113)	(4,514)	(47,689)	(97,426)
Reportable segment operating (loss) / profit	(19,238)	70,980	(11,706)	(899)	(5,001)	8,366	(4,926)	14,010	(12,513)	9,532	(53,384)	101,989
Capital expenditure	6,088	7,628	3,237	14,480	12,503	8,714	5,712	42,564	3,104	11,364	30,644	84,750
	As at 30 June 2020 and 31 December 2019											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Reportable segment assets	3,744,268	3,970,672	40,772	64,463	155,996	164,341	241,760	268,127	676,889	607,399	4,859,685	5,075,002
Reportable segment liabilities	2,702,408	2,645,594	79,257	89,280	100,369	101,265	202,669	221,762	294,098	314,422	3,378,801	3,372,323

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Consolidated Interim Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

5. OPERATING SEGMENT (continued)

	Three-month period ended 30 June											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total external revenues	8,429	167,866	1,155	28,888	1,570	37,915	12,502	85,545	10,032	40,856	33,688	361,070
Inter-segment revenue	287	23,153	261	2,617	5	84	102	130	5,160	8,687	5,815	34,671
Construction revenue	-	-	-	-	-	-	-	-	-	-	-	-
Construction expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	1,266	1,091	73	277	216	147	1,438	1,219	3,600	1,658	6,593	4,392
Interest expense	(19,470)	(20,269)	(800)	(746)	(580)	(5)	-	(2,496)	(3,776)	(2,525)	(24,626)	(26,041)
Depreciation and amortisation	(3,581)	(49,340)	(1,614)	(2,688)	(2,530)	(1,380)	(7,254)	(7,944)	(2,296)	(2,861)	(17,275)	(64,213)
Reportable segment operating (loss) / profit	(22,771)	57,303	(6,241)	(2,104)	(3,250)	2,359	(8,137)	16,601	(8,566)	4,154	(48,965)	78,313
Capital expenditure	4,398	4,433	2,194	10,875	11,971	7,465	102	32,052	1,294	5,099	19,959	59,924

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

5. OPERATING SEGMENT (continued)

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

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Revenues				
Total revenue for reportable segments	199,896	24,311	595,563	346,199
Other revenue	54,933	15,192	101,315	49,542
Elimination of inter-segment revenue	(21,705)	(5,815)	(76,691)	(34,671)
	233,124	33,688	620,187	361,070
Effect of using the equity method for joint ventures	(91,198)	(10,238)	(280,685)	(172,497)
Consolidated revenue	141,926	23,450	339,502	188,573
Operating profit				
Segment operating (loss) / profit	(40,871)	(40,399)	92,457	74,159
Other operating (loss) / profit	(12,513)	(8,566)	9,532	4,154
	(53,384)	(48,965)	101,989	78,313
Effect of using the equity method for joint ventures	(26,796)	(11,437)	(25,471)	(10,526)
Consolidated operating (loss) / profit	(80,180)	(60,402)	76,518	67,787
Finance income	5,245	2,115	9,886	6,893
Finance expense	(58,266)	(34,481)	(55,845)	(31,363)
Consolidated (loss) / profit before tax from continuing operations	(133,201)	(92,768)	30,559	43,317
Assets			30 June 2020	31 December 2019
Total assets for reportable segments			4,182,796	4,467,603
Other assets			676,889	607,399
			4,859,685	5,075,002
Effect of using the equity method for joint ventures			(1,219,742)	(1,232,212)
Consolidated total assets			3,639,943	3,842,790
Liabilities			30 June 2020	31 December 2019
Total liabilities for reportable segments			3,084,703	3,057,901
Other liabilities			294,098	314,422
			3,378,801	3,372,323
Effect of using the equity method for joint ventures			(816,802)	(839,094)
Consolidated total liabilities			2,561,999	2,533,229

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

5. OPERATING SEGMENT (continued)

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Interest income				
Total interest income for reportable segments	6,873	2,993	4,701	2,734
Other interest income	7,040	3,600	3,528	1,658
Elimination of inter-segment interest income	(7,081)	(3,615)	(9,609)	(5,598)
	6,832	2,978	(1,380)	(1,206)
Effect of using the equity method for joint ventures	(1,726)	(424)	8,457	5,290
Consolidated interest income	5,106	2,554	7,077	4,084
	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Interest expense				
Total interest expense for reportable segments	(38,975)	(20,850)	(39,627)	(23,516)
Other interest expense	(7,578)	(3,776)	(5,615)	(2,525)
Elimination of inter-segment interest expense	7,081	3,624	9,450	5,488
	(39,472)	(21,002)	(35,792)	(20,553)
Effect of using the equity method for joint ventures	9,395	4,832	735	763
Consolidated interest expense	(30,077)	(16,170)	(35,057)	(19,790)

Geographical information

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

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Revenue				
Turkey	84,961	18,282	193,267	103,705
Georgia	15,053	1,223	48,840	27,243
Macedonia	6,907	485	16,529	9,142
Oman	6,366	69	14,186	6,888
Latvia	5,708	584	13,725	7,556
Saudi Arabia	4,495	1,580	6,625	3,340
Spain	3,630	7	9,564	5,033
Tunisia	3,247	81	16,520	12,713
Other	11,559	1,139	20,246	12,953
Consolidated revenue	141,926	23,450	339,502	188,573
			30 June 2020	31 December 2019
Non-current assets				
Turkey			1,854,140	2,122,637
Tunisia			459,705	462,240
Georgia			66,384	72,506
Macedonia			53,308	54,157
Oman			14,993	12,701
Latvia			3,349	4,903
Spain			3,857	3,716
Saudi Arabia			1,079	1,943
Other			35,393	29,935
Consolidated non-current assets			2,492,208	2,764,738

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

6. OPERATING REVENUE

An analysis of the Group's operating revenue for the periods ended 30 June are as follows:

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Ground handling income	36,916	8,463	79,412	50,679
Aviation income	24,296	2,252	79,362	48,775
Catering services income	20,400	914	51,442	25,412
Income from lounge services and prime class	12,694	9	31,555	14,863
Software sales income	9,073	3,634	14,733	8,872
Area allocation income	6,576	749	13,071	6,512
Commission from sales of duty free goods	5,153	326	16,390	11,392
Security services income	4,739	1,889	4,382	2,144
Income from car parking operations and valet service income	4,121	310	9,071	4,577
Operating financial revenue	3,815	1,671	4,703	2,166
Bus services income	2,807	299	5,878	2,871
Advertising income	1,259	279	2,713	1,217
Utility and general participation income	1,175	182	1,567	790
Rent income from sublease	1,076	41	6,053	1,314
Loyalty card income	1,001	330	3,595	1,569
Other operating revenue	6,825	2,102	15,575	5,420
Total operating revenue	141,926	23,450	339,502	188,573

7. TAX EXPENSE

An analysis of the Group's tax expense for the periods ended 30 June 2020 and 2019 are as follows:

Tax recognised in profit or loss

	2020	2019
<u>Current tax expense</u>		
Current year tax expense	5,629	9,313
	5,629	9,313
<u>Deferred tax expense</u>		
Origination and reversal of temporary differences	4,911	2,572
Change in previously recognised investment incentives	2,540	2,445
	7,451	5,017
Total tax expense	13,080	14,330

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

7. TAX EXPENSE (continued)

The reported tax expenses for the periods ended 30 June 2020 and 2019 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:

	%	2020	%	2019
(Loss) / profit before tax from continuing operations		(133,201)		30,559
(Loss) / profit before tax from discontinued operations		(1,544)		62,399
(Loss) / profit before tax		(134,745)		92,958
Tax using the Company's domestic tax rate	22	(29,644)	22	20,451
Tax effects of:				
- non-deductible expenses	(1)	1,189	1	1,324
- translation of non-monetary items according to IAS 21	(9)	12,705	3	2,919
- change in previously recognised investment incentives	(2)	2,540	3	2,445
- tax exempt income	1	(1,057)	(2)	(2,064)
- current year losses for which no deferred tax asset is recognised	(15)	20,000	8	7,704
- effect of different tax rates for foreign jurisdictions	(1)	872	(3)	(2,779)
- used tax loss carry forwards which no deferred tax asset is recognised	3	(4,376)	-	-
- adjustment for equity accounted investees	(7)	9,072	(1)	(1,038)
- effect of different tax rates	(2)	3,178	-	148
- adjustments related to tax legislation of subsidiaries which is foreign countries	-	467	-	-
- other consolidation adjustments	-	(164)	2	1,291
Tax expense	(11)	14,782	33	30,401
Total tax expense from continuing operations		13,080		14,330
Total tax expense from discontinued operations		1,702		16,071

Corporate tax:

	30 June 2020	31 December 2019
Corporate tax provision from continuing operations	5,629	22,500
Corporate tax provision from discontinued operations	1,125	89,378
Corporate tax provision	6,754	111,878
Add: taxes payable from previous year	98,639	11,405
Less: corporation taxes paid during the year	(98,186)	(24,644)
Current tax liabilities	7,207	98,639

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

8. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Gazipaşa Alanya Airport	Skopje International Airport	Milas-Bodrum Airport	Total
Cost							
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	-	(6,316)	-	-	-	-	(6,316)
Balance at 30 June 2019	773,654	103,201	516,555	45,700	86,736	490,463	2,016,309
Balance at 1 January 2020	776,616	104,802	595,488	45,700	86,736	490,463	2,099,805
Additions	-	-	-	1,000	-	-	1,000
Effect of movements in exchange rates	-	(6,896)	-	-	-	-	(6,896)
Balance at 30 June 2020	776,616	97,906	595,488	46,700	86,736	490,463	2,093,909

There is no capitalised borrowing cost on airport operation right during 2020 (30 June 2019: None).

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

8. AIRPORT OPERATION RIGHT (continued)

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Gazipaşa Alanya Airport	Skopje International Airport	Milas-Bodrum Airport	Total
Accumulated amortisation							
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	-	(2,806)	-	-	-	-	(2,806)
Amortisation for the period	11,153	3,109	6,936	435	1,836	3,830	27,299
Balance at 30 June 2019	203,188	46,394	129,401	10,805	34,920	55,859	480,567
Balance at 1 January 2020	219,819	49,576	135,310	11,474	37,309	64,460	517,948
Effect of movements in exchange rates	-	(3,266)	-	-	-	-	(3,266)
Amortisation for the period	5,154	717	393	107	721	446	7,538
Balance at 30 June 2020	224,973	47,027	135,703	11,581	38,030	64,906	522,220
Carrying amounts							
At 30 June 2019	570,466	56,807	387,154	34,895	51,816	434,604	1,535,742
At 31 December 2019	556,797	55,226	460,178	34,226	49,427	426,003	1,581,857
At 30 June 2020	551,643	50,879	459,785	35,119	48,706	425,557	1,571,689

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

9. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 30 June 2020 and 31 December 2019, other receivables and current assets comprised the following:

<u>Other receivables and current assets</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Advances to suppliers	32,781	8,407
VAT deductible	14,773	17,421
Prepaid taxes and funds	8,135	28,118
Other prepaid expense	4,179	4,979
Prepaid insurance	3,927	1,889
Income accruals	2,330	7,864
Deposits and guarantees given	1,699	1,682
Advances given to personnel	1,036	613
Other receivables (*)	202,068	202,197
	<u>270,928</u>	<u>273,170</u>

(*) EUR 192,647 of the other receivables is related with the compensation payment of TAV İstanbul (31 December 2019: EUR 192,641).

<u>Other non-current assets</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Financial assets (*)	79,542	77,270
Other non-current receivables (**)	23,884	218,304
	<u>103,426</u>	<u>295,574</u>

(*) Amount related to 15 years (5+5+5) ground handling contract between HAVAŞ and Türk Hava Yolları ("THY"), which is the shareholder of TGS, in order to resume the current ownership of THY and HAVAŞ.

(**) EUR 192,230 of the other non-current receivables as of 31 December 2019 is related with the non-current portion of compensation payment of TAV İstanbul.

10. TRADE RECEIVABLES

At 30 June 2020 and 31 December 2019, trade receivables comprised the following:

<u>Trade receivables:</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
Trade receivables	60,889	90,823
Guaranteed passenger fee receivable from DHMİ (*)	28,616	22,371
Doubtful receivables	26,773	20,785
Allowance for doubtful receivables (-)	(26,773)	(20,785)
Notes receivable	1,818	2,962
	<u>91,323</u>	<u>116,156</u>
<u>Non-current trade receivables:</u>		
Guaranteed passenger fee receivable from DHMİ (*)	40,969	49,738
	<u>40,969</u>	<u>49,738</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.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

11. CASH AND CASH EQUIVALENTS

At 30 June 2020 and 31 December 2019, cash and cash equivalents comprised the following:

	30 June 2020	31 December 2019
Cash on hand	679	814
Cash at banks		
- Demand deposits	231,402	70,088
- Time deposits	443,482	512,677
Other liquid assets	167	230
Cash and cash equivalents	675,730	583,809
Bank overdraft	(110)	(1,380)
Cash and cash equivalents in the statement of cash flows	675,620	582,429

The details of the Group's time deposits, maturities and interest rates as at 30 June 2020 and 31 December 2019 are as follows:

30 June 2020			
Original Currency	Maturity	Interest rate %	Balance
EUR	July - August 2020	0.01 – 0.80	384,879
USD	July 2020	0.01 – 1.75	52,229
TRL	July 2020	6.50 – 8.50	6,374
			443,482
31 December 2019			
Original Currency	Maturity	Interest rate %	Balance
EUR	January 2020	0.01 – 0.75	433,015
USD	January 2020	0.01 – 2.35	71,794
TRL	January 2020	6.50 – 11.90	7,868
			512,677

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 30 June 2020 and 31 December 2019.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

12. RESTRICTED BANK BALANCES

At 30 June 2020 and 31 December 2019, restricted bank balances comprised the following:

	30 June 2020	31 December 2019
Project reserve and funding accounts (*)	23,556	69,033
	23,556	69,033

(*) Certain subsidiaries, namely TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum and TAV Ege (“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 2019: 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 15, 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.

30 June 2020

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	0.05	20,564
TRL	6.85	1,517
USD	0.25	729
Other		746
		23,556

31 December 2019

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	0.05 – 1.50	64,420
TRL	10.10 – 10.75	3,660
USD	1.00 – 1.85	743
Other		210
		69,033

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

13. CAPITAL AND RESERVES

At 30 June 2020 and 31 December 2019, the shareholding structure of the Company was as follows:

<u>Shareholders</u>	(%)	30 June 2020
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”)	1.18	4,278
Other non-floated	3.20	11,625
Other free float	44.44	161,461
Paid in capital in TRL (nominal)	100.00	363,281
Paid in capital in EUR (nominal) as at 30 June 2020		47,129
Effect of non-cash increases and exchange rates		115,255
Paid in capital EUR		162,384

<u>Shareholders</u>	(%)	31 December 2019
Tank ÖWA Alpha GmbH	46.12	167,542
Tepe İnşaat	5.06	18,375
Sera Yapı	1.18	4,278
Other non-floated	3.20	11,625
Other free float	44.44	161,461
Paid in capital in TRL (nominal)	100.00	363,281
Paid in capital in EUR (nominal) as at 31 December 2019		54,624
Effect of non-cash increases and exchange rates		107,760
Paid in capital EUR		162,384

Treasury reserves

Group’s buyback transactions have reached 1,662,331 shares in 2020 (2019: None). With buyback of own shares, the Group has recognized a reserve of EUR 3,590 under equity as treasury shares reserve.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

14. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 30 June 2020 was based on the loss from continued operations attributable to ordinary shareholders of EUR 146,929 (30 June 2019: EUR 14,751 gain from continued operations), based on the loss from discontinued operations attributable to ordinary shareholders of EUR 3,246 (30 June 2019: EUR 46,513 gain from discontinued operations) and a weighted average number of ordinary shares outstanding of 363,281,250 (30 June 2019: 363,281,250) as follows:

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Numerator:				
Profit for the period attributable to owners of the Company from continued operations	(146,929)	(99,178)	14,751	35,206
Profit for the period attributable to owners of the Company from discontinued operations	(3,246)	5,056	46,513	2,156
Denominator:				
Weighted average number of shares	363,281,250	363,281,250	363,281,250	363,281,250
Basic and diluted (loss) / profit per share for continued operations (full EUR)	(0.40)	(0.27)	0.04	0.10
Basic and diluted (loss) / profit per share for discontinued operations (full EUR)	(0.01)	0.01	0.13	0.01
	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Issued ordinary shares at 1 January	363,281,250	363,281,250	363,281,250	363,281,250
Weighted average number of ordinary shares	363,281,250	363,281,250	363,281,250	363,281,250

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

15. 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.

	30 June 2020	31 December 2019
Non-current liabilities		
Secured bank loans (*)	500,127	548,346
Unsecured bank loans	22,075	21,237
Lease liabilities	55,956	63,813
	578,158	633,396
Current liabilities		
Short term secured bank loans (*)	578,815	373,551
Current portion of long term secured bank loans (*)	119,900	128,054
Short term unsecured bank loans	14,396	10,155
Current portion of long term unsecured bank loans	11,441	9,351
Current portion of lease liabilities	4,996	5,705
	729,548	526,816

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

The Group's total bank loans and lease liabilities as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Bank loans	1,246,754	1,090,694
Lease liabilities	60,952	69,518
	1,307,706	1,160,212

The Group's bank loans as at 30 June 2020 are as follows:

	Presented as Current liabilities	Non-current liabilities	Total
TAV Tunisia (*)	369,462	-	369,462
TAV Ege	20,563	203,262	223,825
TAV İstanbul	175,241	-	175,241
TAV Milas Bodrum	17,342	121,446	138,788
HAVAŞ	46,332	83,650	129,982
TAV Esenboğa	29,303	44,335	73,638
TAV Macedonia	8,124	31,712	39,836
BTA	19,435	20,132	39,567
TAV Gazipaşa	23,895	-	23,895
Other	14,855	17,665	32,520
	724,552	522,202	1,246,754

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

15. LOANS AND BORROWINGS (continued)

(*) 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 from 3.3 million in 2014 to 1.4 million in 2015 and increased to 1.7 million in 2017, to 2.5 million in 2018 and to 3.0 million in 2019. 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.

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 30 June 2020 is EUR 369,462 thousand (included interest accrual). 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.

Furthermore, TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 64,080 thousand becoming due and payable (31 December 2019: EUR 64,080). The Company had been advised by its legal counsels that under the Finance Documents the Hedging Banks cannot act alone in demanding these payments.

In order to restore the economic balance of the concessions, negotiations regarding concession restructuring and debt restructuring were continuing with the Tunisian Authorities and Lenders. As of today:

- Restructuring of the concessions has been agreed and amendments to the Concession Agreements have been signed with the Tunisian Authorities on 6 November 2019. These amendments mainly include adjusting concession fee rates based on certain passenger traffic thresholds and restructuring historical concession fee payments as 1,200 EUR yearly payments until the end of the concessions.
- A Restructuring Implementation Agreement and Amendments to Finance Documents have been signed with Lenders. Adjustments were made in the refinancing due to effect of Covid-19, but there is no major change to principal terms. Restructuring Implementation Agreement including the recent adjustments has received the preliminary approval from Tunisian Central Bank. The management believes that all critical steps of the debt restructuring have been completed and Financial Close of the transaction is expected to take place by the end of year, further to the satisfaction of a number of conditions precedents.

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

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Tunisia (*)	365,704	-	365,704
TAV Ege	18,631	207,870	226,501
HAVAŞ	35,256	104,399	139,655
TAV Milas Bodrum	11,493	124,044	135,537
TAV Esenboğa	26,445	57,951	84,396
TAV Macedonia	7,883	34,643	42,526
BTA	12,967	19,135	32,102
TAV Gazipaşa	23,677	-	23,677
Other	19,055	21,541	40,596
	521,111	569,583	1,090,694

15. LOANS AND BORROWINGS (continued)

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

Redemption schedules of the Group's bank loans according to original maturities as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
On demand or within one year	724,552	521,111
Between one and five years	362,103	382,700
After five years	160,099	186,883
	1,246,754	1,090,694

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spreads for EUR denominated loans as at 30 June 2020 are between 0.75% - 5.50%, USD denominated loans as at 30 June 2020 are between 0.95% - 3.00% (31 December 2019: Spreads for EUR denominated loans as at 31 December 2019 are between 1.54% - 5.50%, USD denominated loans as at 31 December 2019 are between 0.95% - 3.00%).

Interest payments of 99%, 100%, 100%, 100% and 90% of floating bank loans for TAV Ege, TAV Macedonia, TAV İşletme, TAV İşletme America and TAV Milas Bodrum respectively are fixed with interest rate swaps.

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.

16. OTHER PAYABLES

At 30 June 2020 and 31 December 2019, other payables comprised the following:

	30 June 2020	31 December 2019
Other short term payables		
Concession payable (*)	91,075	90,019
Expense accruals	8,421	13,292
Advances received	6,868	4,654
Taxes and duties payable	6,060	11,637
Due to personnel	5,049	3,635
Social security premiums payable	4,045	3,840
Other accruals and liabilities	66,929	70,928
	188,447	198,005
Other long term payables		
Concession payable (*)	564,535	579,426
Other accruals and liabilities (**)	39,098	20,267
	603,633	599,693

16. OTHER PAYABLES (continued)

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

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 Group and The Republic of Tunisia have signed an amendment on 6 November 2019 to the existing concession agreement governing the operation of Monastir and Enfidha airports. This amendment significantly reduces the past and present concession fees of TAV Tunisia and restructures the historical concession fees payable and the future concession fee calculation schedule. The concession fee is computed at an increasing rate between 5% and 39% 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 292,923 as of 30 June 2020 (31 December 2019: EUR 284,803).

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 252,482 as of 30 June 2020 (31 December: 2019: EUR 274,453).

(**) EUR 36,983 of the other payables is related with the joint ventures that has negative net assets (31 December 2019: 17,052).

17. FINANCIAL ASSETS

At 30 June 2020 and 31 December 2019, financial assets comprised the following:

	30 June 2020	31 December 2019
Treasury bonds (*)	50,000	-
	50,000	-

(*) The bond have been obtained on 27 May 2020 having a due date of 27 May 2021, with a gross annual rate of 2.52% and having coupon payments in every six months.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

18. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2020 and 31 December 2019, derivative financial instruments comprised the following:

	30 June 2020		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(38,564)	(38,564)
	-	(38,564)	(38,564)
	31 December 2019		
	Assets	Liabilities	Net Amount
Interest rate swap	-	(36,562)	(36,562)
	-	(36,562)	(36,562)

Interest rate swap:

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2020, 99% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2019: 100%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2020, 90% of total loan is hedged through IRS contract (31 December 2019: 90%).

TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 64,080 becoming due and payable.

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2020, 100% of total loan is hedged through IRS contract (31 December 2019: 100%).

TAV İşletme uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2020, 100% of total loan is hedged through IRS contract (31 December 2019: 100%).

TAV İşletme America uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 June 2020, 100% of total loan is hedged through IRS contract (31 December 2019: 100%).

The fair value of derivatives at 30 June is estimated at loss of EUR 38,564. This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 30 June 2020, changes in the fair value of these interest rate swaps are reflected to other comprehensive income resulting to an income of EUR 40 net of tax.

Fair value disclosures:

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

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

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:

30 June 2020

Foreign currency denominated financial assets	USD	EUR (*)	TRL	Other	Total
Other non-current assets	80,238	-	10,908	368	91,514
Trade receivables	4,459	1,891	7,407	12,373	26,130
Due from related parties	11,642	844	1,707	359	14,552
Other receivables and current assets	2,206	2,603	4,316	1,559	10,684
Restricted bank balances	728	-	1,518	-	2,246
Cash and cash equivalents	70,132	2,889	3,115	4,876	81,012
	169,405	8,227	28,971	19,535	226,138
Foreign currency denominated financial liabilities					
Loans and borrowings	(18,673)	(23,997)	(11,441)	(1,630)	(55,741)
Bank overdrafts	-	-	(78)	-	(78)
Trade payables	(3,642)	(1,400)	(4,291)	(7,012)	(16,345)
Due to related parties	(181)	(87)	(9)	(1)	(278)
Other payables	(2,887)	(952)	(3,568)	(2,657)	(10,064)
	(25,383)	(26,436)	(19,387)	(11,300)	(82,506)
Net exposure	144,022	(18,209)	9,584	8,235	143,632

31 December 2019

Foreign currency denominated financial assets	USD	EUR (*)	TRL	Other	Total
Other non-current assets	77,367	-	11,256	471	89,094
Trade receivables	1,948	2,663	8,609	18,889	32,109
Due from related parties	15,293	902	4,036	504	20,735
Other receivables and current assets	5,361	3,576	8,705	2,241	19,883
Restricted bank balances	744	-	3,668	208	4,620
Cash and cash equivalents	81,665	4,193	7,491	9,173	102,522
	182,378	11,334	43,765	31,486	268,963
Foreign currency denominated financial liabilities					
Loans and borrowings	(20,830)	(16,412)	(9,920)	(1,704)	(48,866)
Bank overdraft	-	-	(1,380)	-	(1,380)
Trade payables	(4,436)	(1,837)	(5,164)	(5,866)	(17,303)
Due to related parties	(546)	(134)	(23)	(1)	(704)
Other payables	(3,965)	(1,204)	(6,302)	(3,074)	(14,545)
	(29,777)	(19,587)	(22,789)	(10,645)	(82,798)
Net exposure	152,601	(8,253)	20,976	20,841	186,165

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

19. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis:

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

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

A 10 percent strengthening / (weakening) of EUR against the following currencies at 30 June 2020 and 31 December 2019 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		Profit or loss	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
30 June 2020				
USD	-	-	(14,402)	14,402
TRL	-	-	(958)	958
Other	-	-	(823)	823
Total	-	-	(16,183)	16,183
31 December 2019				
USD	-	-	(15,260)	15,260
TRL	-	-	(2,097)	2,097
Other	-	-	(2,084)	2,084
Total	-	-	(19,441)	19,441

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

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:

		30 June 2020		31 December 2019	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Other non-current assets		-	-	192,230	192,230
Trade receivables - non current	10	40,969	46,282	49,738	56,056
Trade receivables - current	10	91,323	91,721	116,156	117,191
Financial assets	17	50,000	50,107	-	-
Due from related parties	21	29,785	29,785	28,843	28,843
Other receivables and current assets (*)		192,647	192,647	192,641	192,641
Restricted bank balances	12	23,556	23,556	69,033	69,033
Cash and cash equivalents	11	675,730	675,730	583,809	583,809
Financial liabilities					
Bank overdraft		(110)	(110)	(1,380)	(1,380)
Loans and borrowings	15	(1,307,706)	(1,310,081)	(1,160,212)	(1,162,587)
Trade payables (**)		(45,886)	(45,886)	(52,953)	(52,953)
Due to related parties	21	(301,952)	(301,952)	(306,891)	(306,891)
Derivative financial instruments	18	(38,564)	(38,564)	(36,562)	(36,562)
Other payables (**)		(785,212)	(805,819)	(793,044)	(814,806)
		(1,375,420)	(1,392,584)	(1,118,592)	(1,135,376)

(*) 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.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

20. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	30 June 2020	31 December 2019
Letters of guarantee given to third parties	250,413	244,934
Letters of guarantee given to DHMİ	84,612	222,489
Letters of guarantee given to Tunisian Government	22,005	19,246
Letters of guarantee given to Saudi Arabian Government	11,881	11,512
Letters of guarantee given to Macedonian Government	250	250
	369,161	498,431

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 13,384 (EUR 11,881) (31 December 2019: USD 12,888 (EUR 11,512)) 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 162,280 (EUR 144,048) (31 December 2019: USD 162,246 (EUR 144,915)) 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 2019 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 12,205 (31 December 2019: EUR 12,229) to the Ministry of State Property and Land Affairs and EUR 9,800 (31 December 2019: 7,017) 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.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

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- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Short-term benefits (salaries, bonuses etc.)	6,194	1,727	13,928	3,792
	6,194	1,727	13,928	3,792

As at 30 June 2020 and 31 December 2019, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

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

Other related party transactions:

	30 June 2020	31 December 2019
Due from related parties	8,947	12,026
Current loan to related parties	18,376	14,919
	27,323	26,945
	30 June 2020	31 December 2019
Non-current loan to related parties	2,462	1,898
	2,462	1,898
	30 June 2020	31 December 2019
Due from related parties		
ATU (1) (*)	6,681	7,692
Tibah Operation (1)	1,626	1,863
BTA Medinah (1)	237	2,102
TAV Tepe Akfen Yat. İnş ve İşl. A.Ş. ("TAV İnşaat") (2)	61	67
Other related parties	342	302
	8,947	12,026

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

(1) Joint venture

(2) Subsidiary of shareholders

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

21. RELATED PARTIES (continued)

	30 June 2020	31 December 2019
Current loan to related parties		
Tibah Development (1)	6,690	6,127
BTA Medinah (1)	3,953	2,160
ZAIC-A (1)	2,606	-
Saudi Havaş (1)	2,264	2,273
TAV İşletme Saudi (1)	1,250	1,256
ATU Medinah (1)	1,059	1,052
TAV İşletme Chile (1)	554	632
ATU (1)	-	1,418
Other related parties	-	1
	18,376	14,919
Non-current loan to related parties		
Saudi HAVAŞ (1)	2,462	1,898
	2,462	1,898
Due to related parties		
Current loan from related parties	596	970
	-	28
	596	998
Non-current loan from related parties	301,356	305,893
	301,952	306,891
Due to related parties		
Other related parties	596	970
	596	970
Current loan from related parties		
Other related parties	-	28
	-	28

(1) Joint venture

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

21. RELATED PARTIES (continued)

	30 June 2020	31 December 2019
Non-current loan from related parties		
Tank ÖWA Alpha GmbH (1)	301,356	305,893
	301,356	305,893
Short term deferred income from related parties		
ATU (2) (*)	990	992
	990	992
Long term deferred income from related parties		
ATU (2) (*)	14,363	14,854
	14,363	14,854

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

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Services rendered to related parties				
ATU (2) (*)	8,635	645	22,293	14,732
TGS (2)	397	68	1,096	210
TAV Antalya (2)	693	330	-	-
Other related parties	2,552	980	2,866	1,644
	12,277	2,023	26,255	16,586

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

(1) Shareholder

(2) Joint venture

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

21. RELATED PARTIES (continued)

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Services rendered by related parties				
TAV İnşaat (1)	3,980	24	40	-
Other related parties	267	11	1,016	639
	4,247	35	1,056	639
Interest (expense) / income from related parties (net)				
Tank ÖWA alpha GmbH (2)	(4,463)	(2,225)	(4,463)	(2,244)
Other related parties	82	53	55	55
	(4,381)	(2,172)	(4,408)	(2,189)

The average interest rate used within the Group is 4.19% per annum (31 December 2019: 4.33%). 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.

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Construction work rendered by related parties				
TAV İnşaat (1)	-	-	10,353	10,353
	-	-	10,353	10,353

Dividend distribution

In 2020 the Company distributed dividends to the shareholders amounting to EUR 55,644 (TRL 392,491) from the Company's distributable profits computed for 2019 (2019: EUR 121,469 (TRL 757,587)). Dividend per share is full EUR 0.15 (full TRL 1.08) (2019: EUR 0.33 (full TRL 2.09)).

- (1) Subsidiary of shareholders
- (2) Shareholder

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

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.

30 June 2020			
	TAV Tbilisi	Other immaterial subsidiaries	Total
NCI Percentage	20.00%		
Non-current assets	57,625		
Current assets	11,570		
Non-current liabilities	9,534		
Current liabilities	4,804		
Net assets	54,857		
Carrying amount of NCI	10,971	(63)	10,908
	10,971	(63)	10,908
1 January – 30 June 2020			
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	13,322		
Profit	5,397		
Total comprehensive income	2,180		
Profit / (loss) allocated to NCI	1,079	(431)	648
1 April – 30 June 2020			
	TAV Tbilisi	Other immaterial subsidiaries	Total
Revenue	1,226		
Loss	(1,189)		
Total comprehensive income	(1,189)		
Loss allocated to NCI	(238)	(645)	(883)

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

22. INTERESTS IN OTHER ENTITIES (continued)

Non-controlling interests in subsidiaries (continued)

	31 December 2019			Total
	TAV Tunisia	TAV Tbilisi	Other immaterial subsidiaries	
NCI Percentage	18.00%	20.00%		
Non-current assets	465,283	62,911		
Current assets	44,051	14,962		
Non-current liabilities	82,653	11,044		
Current liabilities	573,635	4,397		
Net assets	(146,954)	62,432		
Carrying amount of NCI	(48,495)	12,486	4,255	(31,754)
Change in non-controlling interest	22,043	-	-	22,043
	(26,452)	12,486	4,255	(9,711)

	1 January – 30 June 2019			Total
	TAV Tunisia	TAV Tbilisi	Other immaterial subsidiaries	
Revenue	14,832	42,513		
(Loss) / profit	(14,126)	27,298		
Total comprehensive income	(11,207)	23,419		
(Loss) / profit allocated to NCI	(4,662)	5,460	680	1,478

	1 April – 30 June 2019			Total
	TAV Tunisia	TAV Tbilisi	Other immaterial subsidiaries	
Revenue	11,666	22,927		
(Loss) / profit	(3,786)	15,758		
Total comprehensive income	(2,284)	11,167		
(Loss) / profit allocated to NCI	(1,250)	3,152	626	2,528

	30 June 2020	31 December 2019
Joint ventures	348,289	387,787
Associates	3,377	5,636
	351,666	393,423

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

22. INTERESTS IN OTHER ENTITIES (continued)

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Joint ventures	(43,456)	(24,580)	5,456	15,319
Associates	(1,902)	(1,186)	(738)	25
	(45,358)	(25,766)	4,718	15,344

Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
TAV Antalya	278,300	293,403
TGS	39,422	50,209
ATU	28,865	41,723
Tibah Operation	1,621	2,297
Other	81	155
	348,289	387,787

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

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
ATU	(8,838)	(5,028)	6,026	2,689
TAV Antalya	(15,140)	(5,179)	3,605	14,025
TGS	(4,169)	(4,452)	2,464	3,949
Tibah Operation	436	254	415	215
Tibah Development	(14,418)	(9,362)	(6,435)	(5,019)
Other	(1,327)	(813)	(619)	(540)
	(43,456)	(24,580)	5,456	15,319

Associates

Carrying amount of the Group's associate in the statement of financial position as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
ZAIC-A	2,804	5,178
Other	573	458
	3,377	5,636

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the Six-Month Period Ended 30 June 2020

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

22. INTERESTS IN OTHER ENTITIES (continued)

Associates (continued)

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

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
ZAIC-A	(2,025)	(1,247)	(853)	(34)
Other	123	61	115	59
	(1,902)	(1,186)	(738)	25

23. DISCONTINUED OPERATIONS

As of 6 April 2019 02:00, all commercial flights have been transferred to the new İstanbul Airport and operations of TAV İstanbul have ended. Due to this reason, the Group has decided to classify TAV İstanbul operations as discontinued operations. Operations of Group's other subsidiaries which were also operating in İstanbul Atatürk Airport, are not classified as discontinued, since these subsidiaries are still operating in the other airports and new İstanbul Airport as well.

As explained in Note 1, TAV Holding and TAV İstanbul received a formal letter issued by DHMİ dated 22 January 2013, stating that DHMİ 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.

On 26 December 2019, The Group and DHMİ agreed on the compensation payment related with the early closure of Atatürk Airport. As of 31 December 2019, the Group write off the carrying value of leasehold improvements and prepaid rent amounting to EUR 46,273 and EUR 8,738, respectively, and accrued a compensation income amounting to EUR 389,000.

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Revenue	813	300	134,337	10,624
Operating (loss) / profit	(750)	(701)	63,021	4,041
Net finance (costs) / income	(794)	5,921	(622)	(60)
(Loss) / Profit before tax	(1,544)	5,220	62,399	3,981
(Loss) / Profit for the period	(3,246)	5,056	46,513	2,156

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements As at and for the Six-Month Period Ended 30 June 2020

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

23. DISCONTINUED OPERATIONS (continued)

	1 January- 30 June 2020	1 January- 30 June 2019
Net cash provided from operating activities	104,005	132,580
Net cash provided from investing activities	885	1,987
Net cash used in financing activities	(137,333)	(216,359)
	2020	2019
Weighted average number of shares	180,000,000	180,000,000
(Loss) / profit for the period attributable to owners of the Company	(3,246)	46,514
Basic and diluted (loss) / profit per share (full EUR)	(0.02)	0.26

24. SUBSEQUENT EVENTS

None.