

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position

As at 31 December 2015

Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish

(Amounts expressed in thousands of TRL unless otherwise stated. Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Audited	
	31 December 2015	31 December 2014
ASSETS		
Current Assets	2,921,040	2,562,216
Cash and Cash Equivalents	672,598	162,427
Trade Receivables		
- Trade Receivables from Related Parties	83,168	49,837
- Trade Receivables from Non-Related Parties	312,696	310,224
Other Receivables		
- Other Receivables from Related Parties	19,594	22,375
- Other Receivables from Non-Related Parties	15,052	13,683
Derivative Financial Instruments	7,799	15,768
Restricted Bank Balances	1,326,957	1,105,375
Inventories	35,307	28,341
Prepaid Expenses		
- Prepaid Concession and Rent Expenses	323,860	309,363
- Other Prepaid Expenses	19,183	10,189
Other Current Assets	104,826	534,634
Non-Current Assets	7,585,331	4,903,325
Other Financial Investments	-	44
Trade Receivables		
- Trade Receivables from Related Parties	9,054	-
- Trade Receivables from Non-Related Parties	316,477	302,586
Other Receivables		
- Other Receivables from Related Parties	4,677	7,896
Derivative Financial Instruments	49,051	25,978
Equity-Accounted Investees	335,717	293,588
Property and Equipment	667,020	507,429
Intangible Assets		
- Airport Operation Right	5,487,409	3,078,889
- Goodwill	431,615	383,137
- Other Intangible Assets	49,868	50,325
Prepaid Expenses		
- Prepaid Concession and Rent Expenses	46,597	43,534
- Other Prepaid Expenses	2,875	1,208
Deferred Tax Assets	182,741	206,264
Other Non-Current Assets	2,230	2,447
TOTAL ASSETS	10,506,371	7,465,541

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LIABILITIES		
Current Liabilities	2,859,210	968,811
Short Term Borrowings	1,447,377	97,851
Current Portion of Long Term Borrowings	496,010	479,735
Trade Payables		
- Trade Payables to Related Parties	16,064	7,276
- Trade Payables to Non-Related Parties	153,509	120,215
Payables Related to Employee Benefits	32,942	29,214
Other Payables		
- Other Payables to Related Parties	1,310	10,248
- Other Payables to Non-Related Parties	560,700	107,287
Deferred Income	55,367	34,496
Current Tax Liabilities	47,450	46,004
Short Term Provisions		
- Short Term Provisions Related to Employee Benefits	22,774	20,932
Other Short Term Liabilities	25,707	15,553
Non-Current Liabilities	5,062,361	4,393,327
Long Term Borrowings	2,721,626	3,323,203
Other Payables		
- Other Payables to Related Parties	-	21,767
- Other Payables to Non-Related Parties	1,932,407	506,614
Derivative Financial Instruments	192,890	412,787
Deferred Income	143,648	82,604
Long Term Provisions		
- Long Term Provisions Related to Employee Benefits	56,090	36,998
Deferred Tax Liabilities	15,700	9,354
EQUITY	2,584,800	2,103,403
Total equity attributable to equity holders of the Company	2,566,153	2,054,948
Share Capital	363,281	363,281
Purchase of Shares of Entities under Common Control	76,811	76,811
Share Premium	226,455	362,750
Items that will not be Reclassified to Profit or Loss		
- Defined Benefit Obligation Actuarial Differences	(28,924)	(25,096)
- Translation Reserves	702,997	421,737
Items that are or may be Reclassified Subsequently to Profit or Loss		
- Cash Flow Hedge Reserve	(119,369)	(199,046)
- Translation Reserves	(60,978)	(25,917)
Legal Reserves	271,161	184,401
Retained Earnings	501,807	261,799
Profit for the Year	632,912	634,228
Non-Controlling Interests	18,647	48,455
TOTAL LIABILITIES	10,506,371	7,465,541

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2015

Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish

(Amounts expressed in thousands of TRL unless otherwise stated. Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Audited	
	2015	2014
PROFIT AND LOSSES		
Revenue	3,026,180	2,648,050
Cost of Sales (-)	(1,671,217)	(1,550,283)
GROSS PROFIT	1,354,963	1,097,767
General Administrative Expenses (-)	(480,507)	(462,801)
Marketing Expenses (-)	(11,119)	(13,352)
Other Operating Income	644,229	265,448
Other Operating Expenses (-)	(262,779)	(23,943)
Share of Profit of Equity-Accounted Investees	62,682	100,624
OPERATING PROFIT	1,307,469	963,743
Income From Investing Activities	27,883	35,793
OPERATING PROFIT BEFORE FINANCE COSTS	1,335,352	999,536
Finance Income	-	58,692
Finance Costs (-)	(489,680)	(285,317)
PROFIT BEFORE TAX	845,672	772,911
Tax Expense	(240,940)	(152,297)
Current Year Tax Expense	(217,924)	(177,542)
Deferred Tax (Expense) / Benefit	(23,016)	25,245
PROFIT FOR THE YEAR	604,732	620,614
Profit Attributable to:		
Non-Controlling Interest	(28,180)	(13,614)
Owners of the Company	632,912	634,228
Profit for the Year	604,732	620,614
Basic and diluted earnings per share (full TRL)	1.74	1.75

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2015

Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish

(Amounts expressed in thousands of TRL unless otherwise stated. Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Audited	
	2015	2014
PROFIT FOR THE YEAR	604,732	620,614
OTHER COMPREHENSIVE INCOME :		
Items that will not be reclassified to profit or loss:		
Translation Reserves	279,853	(71,926)
Defined benefit obligation actuarial differences	(5,533)	(3,050)
Defined benefit obligation actuarial differences from equity accounted investees	1,080	(3,410)
Tax Benefit Related to Other Comprehensive Income that will not be Reclassified to Profit or Loss		
- Deferred Tax Benefit	1,107	610
- Deferred Tax Benefit from equity accounted investees	(216)	682
	276,291	(77,094)
Items that will be reclassified subsequently to profit or loss:		
Translation Reserves	(20,976)	7,202
Translation Reserves from equity accounted investees	(15,235)	8,256
Effective portion of changes in fair value of cash flow hedges	39,892	(110,087)
Effective portion of changes in fair value of cash flow hedges from equity accounted investees	7,296	(7,509)
Portion of cash flow hedges charged to profit or loss	66,025	54,217
Tax Benefit / (Expense) Related to Other Comprehensive Income that are or may be Reclassified Subsequently to Profit or Loss:		
- Deferred Tax Expense	(29,487)	(21,111)
- Deferred Tax (Expense) / Benefit from equity accounted investees	(474)	496
	47,041	(68,536)
OTHER COMPREHENSIVE INCOME	323,332	(145,630)
TOTAL COMPREHENSIVE INCOME	928,064	474,984
Total Comprehensive Income Attributable to:		
Non-Controlling Interest	(25,489)	(35,154)
Owners of the Company	953,553	510,138
Total Comprehensive Income	928,064	474,984

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Changes in Equity For the Year ended 31 December 2015

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(Amounts expressed in thousands of TRL unless otherwise stated. Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Items that will not be Reclassified to Profit or Loss						Items that are or may be Reclassified subsequently to Profit or Loss			Retained Earnings		Total Equity Attributable to Equity Holders of the Company	Non-Controlling Interests	Equity
	Share Capital	Purchase of Shares of Entities Under Common Control	Share Premium	Revaluation Surplus	Losses on Defined Benefit Obligation Actuarial differences	Translation Reserves	Cash Flow Hedge Reserve	Translation Reserves	Legal Reserves	Retained Earnings	Profit for the Year			
PREVIOUS PERIOD														
Balance at 1 January 2014	363,281	76,811	362,750	333	(19,951)	493,926	(133,575)	(44,369)	164,145	144,380	336,088	1,743,819	95,214	1,839,033
Total comprehensive income for the year														
Profit / (Expenses) for the year	-	-	-	-	-	-	-	-	-	-	634,228	634,228	(13,614)	620,614
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of intangible assets	-	-	-	(333)	-	(67)	-	-	-	400	-	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(65,471)	-	-	-	-	(65,471)	(18,523)	(83,994)
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	(5,145)	-	-	-	-	-	-	(5,145)	(23)	(5,168)
Foreign currency translation differences	-	-	-	-	-	(71,926)	-	18,452	-	-	-	(53,474)	(2,994)	(56,468)
Total other comprehensive income	-	-	-	(333)	(5,145)	(71,993)	(65,471)	18,452	-	400	-	(124,090)	(21,540)	(145,630)
Total comprehensive income for the year	-	-	-	(333)	(5,145)	(71,993)	(65,471)	18,452	-	400	634,228	510,138	(35,154)	474,984
Dividend distributions	-	-	-	-	-	-	-	-	-	(199,009)	-	(199,009)	(11,605)	(210,614)
Transfers	-	-	-	-	-	(196)	-	-	20,256	316,028	(336,088)	-	-	-
Balance at 31 December 2014	363,281	76,811	362,750	-	(25,096)	421,737	(199,046)	(25,917)	184,401	261,799	634,228	2,054,948	48,455	2,103,403
CURRENT PERIOD														
Balance at 1 January 2015	363,281	76,811	362,750	-	(25,096)	421,737	(199,046)	(25,917)	184,401	261,799	634,228	2,054,948	48,455	2,103,403
Total comprehensive income for the year														
Profit / (Expenses) for the year	-	-	-	-	-	-	-	-	-	-	632,912	632,912	(28,180)	604,732
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	79,677	-	-	-	-	79,677	3,575	83,252
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	(3,828)	-	-	-	-	-	-	(3,828)	266	(3,562)
Foreign currency translation differences	-	-	-	-	-	279,853	-	(35,061)	-	-	-	244,792	(1,150)	243,642
Total other comprehensive income	-	-	-	-	(3,828)	279,853	79,677	(35,061)	-	-	-	320,641	2,691	323,332
Total comprehensive income for the year	-	-	-	-	(3,828)	279,853	79,677	(35,061)	-	-	632,912	953,553	(25,489)	928,064
Changes in capital of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(19,290)	(19,290)
Acquisition of non-controlling interest	-	-	(11,094)	-	-	-	-	-	-	-	-	(11,094)	(1,791)	(12,885)
Dividend distributions	-	-	-	-	-	-	-	-	-	(306,053)	-	(306,053)	(10,560)	(316,613)
Change in non-controlling interest	-	-	(125,201)	-	-	-	-	-	-	-	-	(125,201)	27,322	(97,879)
Transfers	-	-	-	-	-	1,407	-	-	86,760	546,061	(634,228)	-	-	-
Balance at 31 December 2015	363,281	76,811	226,455	-	(28,924)	702,997	(119,369)	(60,978)	271,161	501,807	632,912	2,566,153	18,647	2,584,800

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Statement of Cash Flows

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	Audited	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	604,732	620,614
Adjustments for Profit for the year		
- Adjustments regarding amortisation of airport operation right	152,902	126,507
- Adjustments regarding depreciation of property and equipment	90,793	76,091
- Adjustments regarding amortisation of intangible assets	13,817	12,536
- Adjustments regarding concession and rent expenses	400,534	394,367
- Adjustments regarding impairment of goodwill	-	897
- Adjustments regarding provision for defined benefit obligation	23,750	11,607
- Adjustments regarding provision for doubtful receivables	10,541	2,805
- Adjustments regarding discount on receivables and payables	(275)	(22)
- Adjustments regarding gain on sale of property and equipment	(197)	(5,239)
- Adjustments regarding provision set for unused vacation	1,030	2,956
- Adjustments regarding interest income	(27,686)	(30,554)
- Adjustments regarding discount interest income affected by IFRIC12	38,369	(49,294)
- Adjustments regarding interest expense on financial liabilities	279,785	261,033
- Adjustments regarding tax expense	240,940	152,297
- Adjustments regarding share of profit of equity-accounted investees	(62,682)	(100,624)
- Adjustments regarding unrealised foreign exchange differences	(117,001)	24,238
Cash flows from operating activities	1,649,352	1,500,215
Adjustments regarding (decrease) / increase in current trade receivables	24,206	(74,417)
- Adjustments regarding decrease in non-current trade receivables	61,234	102,236
- Adjustments regarding increase in inventories	(3,149)	(6,186)
- Adjustments regarding increase in due from related parties	(24,937)	(36,794)
- Adjustments regarding decrease / (increase) in other receivables and current assets	492,344	(283,129)
- Adjustments regarding increase in restricted bank balances in other receivables and current assets	(95,312)	(53,704)
- Adjustments regarding increase in trade payables	17,687	3,305
- Adjustments regarding decrease in due to related parties	(25,545)	(17,488)
- Adjustments regarding increase in other payables and other current liabilities	1,592,546	226,540
Cash provided from operations	3,688,426	1,360,578
- Income taxes paid	(222,077)	(161,371)
- Interest paid	(197,964)	(294,941)
- Defined benefits paid	(11,384)	(11,883)
- Additions to prepaid concession and rent expenses	(354,333)	(289,960)
- Dividends from equity-accounted investees	71,182	62,299
Net cash provided from operating activities	2,973,850	664,722

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CASH FLOWS FROM INVESTING ACTIVITIES		
- Interest received	17,678	26,424
- Decrease in capital interest of subsidiary	(19,290)	-
- Proceeds from sale of property, equipment and intangible assets	(26,312)	-
- Cash and cash equivalents acquired on acquisition of subsidiary	334	-
- Proceeds from sale of property, equipment and intangible assets	10,059	22,124
- Additions to airport operation right	(2,090,915)	(443,149)
- Acquisition of property, plant and equipment and intangible assets	(189,689)	(154,617)
- Acquisition of intangible assets	(6,766)	(5,822)
Net cash used in investing activities	(2,304,901)	(555,040)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Cash inflows regarding borrowings	736,356	726,159
- Cash outflows regarding repayment of borrowings	(517,313)	(633,004)
- Cash outflows regarding increase in restricted bank balances	(12,885)	-
- Cash outflows from derivative financial instruments	(66,026)	(104,754)
- Dividends paid	(316,613)	(210,614)
- Cash inflows / (outflows) related with repayments of finance lease liabilities	43,969	(2,976)
Net cash used in financing activities	(132,512)	(225,189)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	536,437	(115,507)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	155,885	282,534
Foreign currency translation difference on cash and cash equivalents at the beginning of the period	(19,724)	(11,142)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	672,598	155,885