ÇELEBİ
50 YEARS

2008 Annual Report
Çelebi Ground Handling Inc.

SERVICES THAT BRING THE WORLD CULTURES TOGETHER

CONTENTS

COMPANY PROFILE

HAVING PROUDLY LEFT BEHIND ITS 50TH YEAR IN OPERATION, ÇELEBİ GROUND HANDLING MAINTAINS ITS EXISTENCE AS AN ORGANIZATION THAT IS INTEGRATED WITH ITS CUSTOMERS AND THAT SET ITS COURSE TOWARDS THE FUTURE.

Çelebi Ground Handling Inc. was founded by Ali Cavit Çelebioğlu in 1958 as Turkey's first privately-owned ground handling company.

Standing out for robust corporate experience, background and discipline, Çelebi Ground Handling secured leadership in the national sector by virtue of its flexibility and ability to act nimbly as well as for the importance it attaches to investing in new technology and people, and thus, succeeded in taking place among the top companies in the industry in Europe.

For fifty years, Çelebi Ground Handling has been providing passenger traffic, load control and communication, ramp, cargo and mail, warehouse and terminal operations, aircraft security services, and executive aviation services to superior standards of quality and reliability.

Çelebi Ground Handling is at the service of more than 250 customers, the majority of which are international airlines flying in and out of Turkey.

Employing equipment with the most advanced technology available and more than 3,500 expert personnel, the Company provides all its ground handling services at international standards of quality and in keeping with the principle of absolute customer satisfaction.

When supplying the needs for ground handling services at all of our country's international airports, Çelebi Ground Handling is active in 24 airports of Turkey which account for 93% of all of the country's air traffic.

The strategic goal of Çelebi Ground Handling is to be an "international company". Çelebi Ground Handling edged one step closer to this goal in 2006 and earned the contract for airport ground handling services in Hungary. Çelebi Ground Handling Hungary, in which the Company participated via the company incorporated in Hungary, has been carrying out its activities since October 2006 at the Budapest Ferihegy International Airport.

Another major step towards its goal of becoming a global player, Çelebi initiated intense efforts to penetrate the Indian market that it had been closely monitoring since 2005. Winning the contract for Mumbai Chhatrapati Shivaji International Airport in 2008 marks the first fruit borne by these efforts invested by Çelebi.

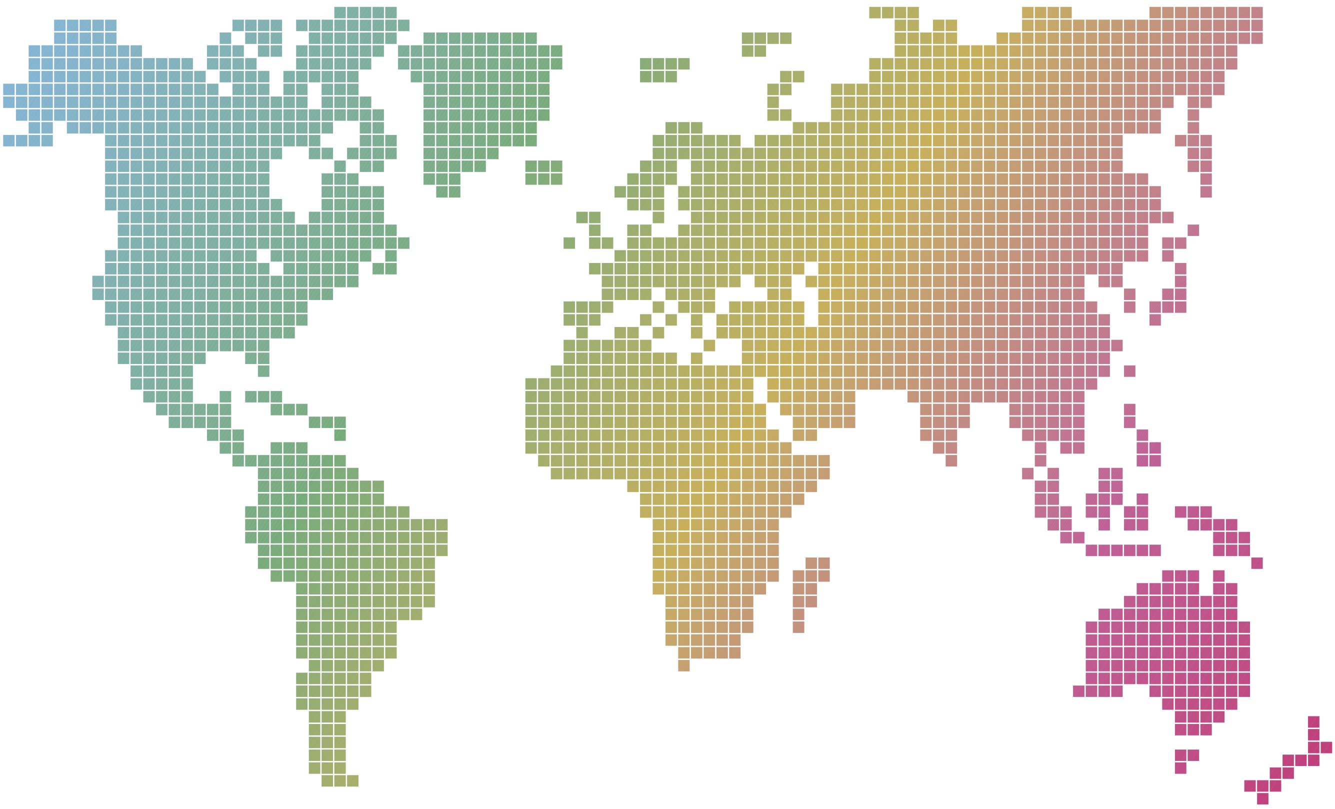
Focused on delivering services that are at internationally recognized standards of effectiveness and quality and with the goal of expanding the range of products and services that it offers customers, in 2003 Çelebi Ground Handling launched Çelebi Cargo & Warehouse, a company based at İstanbul's Atatürk International Airport.

Recognizing that its growing business volume and the rapid rise in air cargo traffic in İstanbul would require new undertakings, in 2005 a new 5,000 m^2 storage facility was opened on the apron at Atatürk International Airport. In response to the growth in its import business volume, in March 2006 Çelebi Ground Handling opened a new 6,850 m^2 warehouse in Bağcılar, 9 kms from the airport. Also targeting to expand its service network, Çelebi Ground Handling started to service its customers in the 2,550 m^2. A type general warehouse opened in 2008 at İzmir.

At the international level, Çelebi Ground Handling is a member of the International Air Transport Association (IATA), the International Aviation Handlers' Association (IAHA), the Airports Council International (ACI), and the International Air Cargo Association (TIACA) and it is also a founding member of AVIANCE. In its home market, it is a member of the Turkish Private Aviation Enterprises Association (TÖSHİD).

Çelebi Ground Handling made its initial public offering in 1996 and its shares are traded on the İstanbul Stock Exchange under the symbol CLEBI.

SERVICES THAT BRING THE WORLD CULTURES TOGETHER



We offer our services to hundreds of thousands of people from five continents 365 days a year...

We respond to the expectations of passengers from different cultural backgrounds, who share the same goal of arriving at their destinations safely, comfortably and happily, with our team that has espoused professional, friendly, candid and meticulous service.

We are privileged in that we posses a human resource equipped with the knowledge, skills and competencies to produce a solution for any problem under any circumstance and is good in interpersonal skills so as to deal successfully with people from different cultures and having different characters.

While the strategy we pursue for becoming a global company bestows upon us the competence to operate in any geography in the world, deeply-rooted and prestigious Çelebi brand name that we have built in our history of half a century constitutes our key strength.

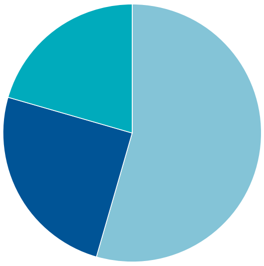
Drawing on its world-class corporate organization, solid financial structure and the growth strategy unyieldingly adhered to, Çelebi Ground Handling looks at the future with confidence and determination, and exports its services to new geographies.

KEY FINANCIAL AND OPERATIONAL INDICATORS

ÇELEBI GROUND HANDLING UNDERSIGNED A SOLID PERFORMANCE IN 2008 AS A RESULT OF THE ACTIVITIES CARRIED OUT IN KEEPING WITH ITS GOAL OF PRODUCTIVE AND SUSTAINABLE GROWTH.

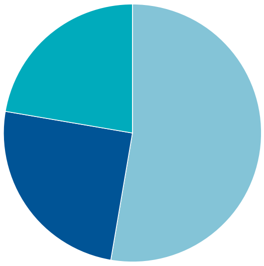
Shareholder Structure

2008



Çelebi Holding Inc.	54.47%
Çelebioğlu Family	25%
Publicly Held and Others	20.53%

2007



Çelebi Holding Inc.	52.69%
Çelebioğlu Family	25%
Publicly Held and Others	22.31%

Shareholders	31 December 2008 (TRY)	31 December 2007 (TRY)
Çelebi Holding Inc.	13,235,383	12,802,050
Engin Çelebioğlu	2,432,430	2,432,430
Can Çelebioğlu	1,822,770	1,822,770
Canan Çelebioğlu Tokgöz	1,820,970	1,820,970
Others	4,988,447	5,421,780
	24,300,000	**24,300,000**

Identities of Ultimate Non-corporate Controlling Shareholders

Shareholders	31 December 2008 (%)	31 December 2007 (%)
Engin Çelebioğlu	28.16	27.57
Can Çelebioğlu	25.65	25.06
Canan Çelebioğlu Tokgöz	25.65	25.05
Others	20.54	22.31
	100.00	**100.00**

(TRY)	2008	2007
Total Assets	268,104,101	250,408,795
Total Liabilities	137,772,721	127,315,651
Equity	130,331,380	123,093,144
Sales (net)	301,974,245	276,308,641
Net Income	35,044,734	26,141,069
Earnings Per Share (Ykr)	1.44	1.08

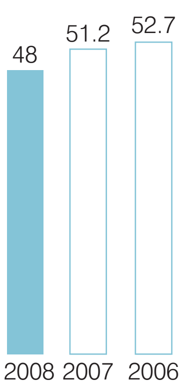
Basic Ratios	2008	2007
Current Ratio (Current Assets/Current Liabilities)	1.89	1.28
Cash Ratio (Cash Assets/Current Liabilities)	0.88	0.79
Average Collection Time	20.91	22.01
Current Liabilities/Total Liabilities	44.43%	45.58%
External Resources/Shareholder's Equity	105.71%	103.43%
Gross Profit Margin	28.75%	28.81%
Operating Profit (Loss)/Net Sales Proceeds	15.42%	13.25%
Operating Profit (Loss)/Total Assets	17.37%	14.62%

Current Ratio: There was a significant rise in the current ratio resulting from the increase that remained limited to 5.47% in total short-term liabilities due to the effect of the remarkable decrease in short-term financial obligations despite 55.51% expansion in total current assets in the twelve months to 31 December 2008.

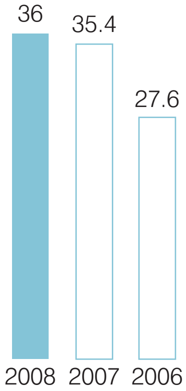
Operating Profit/Net Sales Proceeds: There was a significant rise in the Operating Profit/Net Sales Proceeds ratio resulting from the increase that remained limited to 1.40% in the general administration expenses despite 9.05% increase in gross profit with the effect of 9.29% upward move in net sales revenues.

Number of Aircraft Served	2008	2007	2006	2008-2007 %
Turkey				
International	63,932	61,025	54,300	5
Domestic	81,675	83,029	81,099	(2)
TurkeyTotal	145,606	144,054	135,399	1
Hungary	22,063	22,293	2,640	(1)
Total	**167,669**	**166,347**	**138,039**	**1**

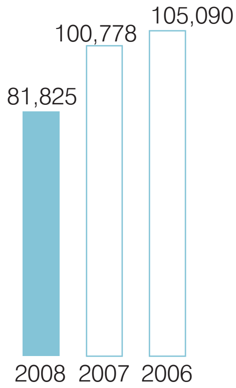
Market Share - Turkey (%)



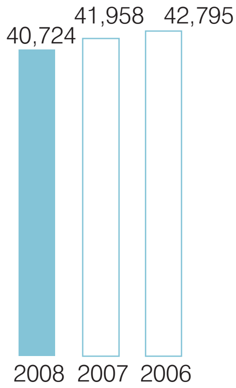
Market Share - Hungary (%)



Cargo Services (ton)



Warehouse Services (ton)



MISSION, VISION, STRATEGIC OBJECTIVES

ÇELEBİ GROUND HANDLING'S UNWAVERING GOAL IS TO CREATE INCREASINGLY MORE ADDED VALUE FOR ALL ITS SHAREHOLDERS. THE COMPANY ADHERES STRICTLY TO CORPORATE GOVERNANCE PRINCIPLES AND ETHICAL VALUES IN THE CONDUCT OF ALL ITS ACTIVITIES.

Mission
Çelebi Ground Handling exists in order to make its expanding line of products and services available to larger groups while always remaining faithful to the Çelebi principles of quality, reliability, and business ethics.

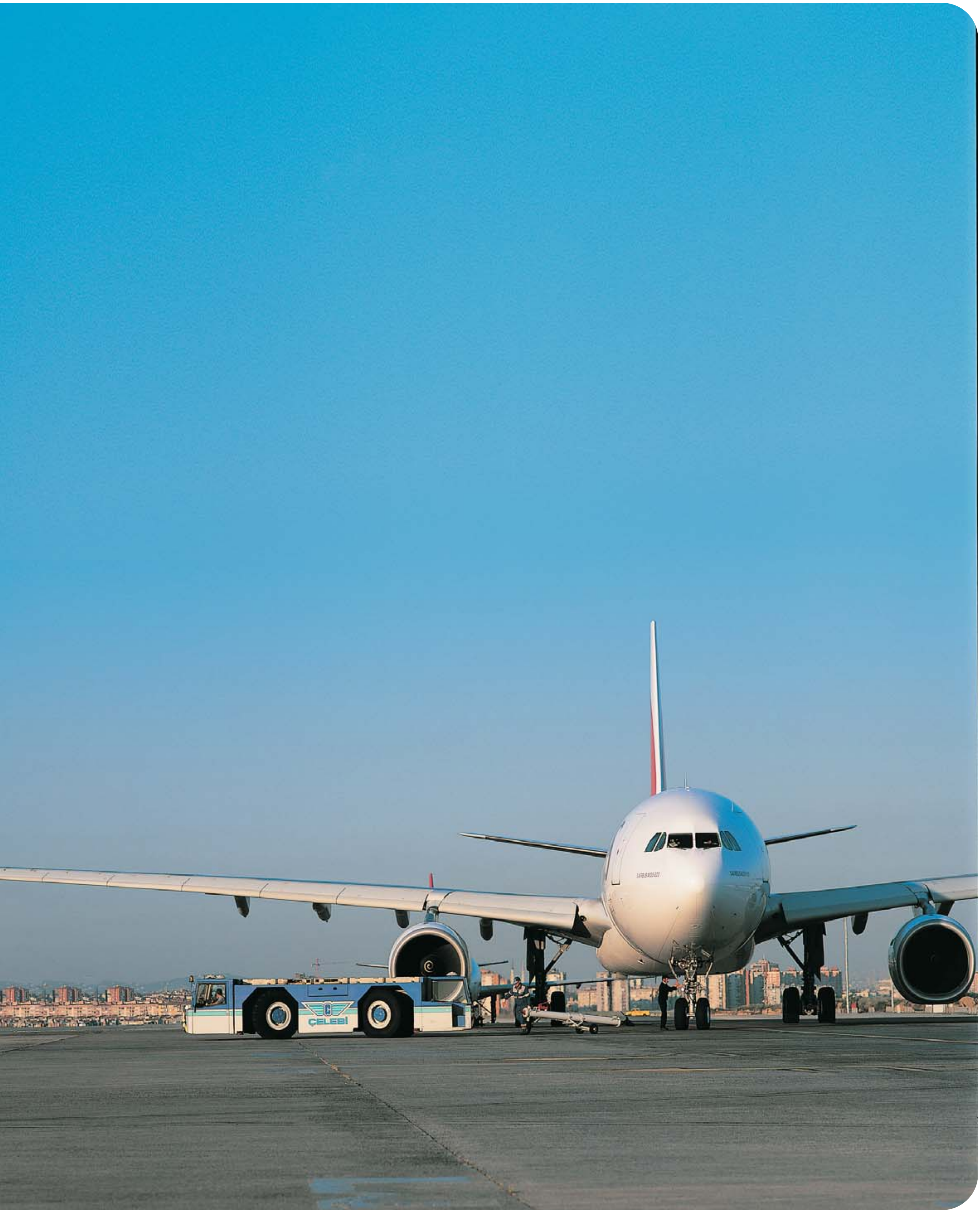
Vision
With a team fully identified with the collective "Çelebi spirit", being an internationally leading and trustworthy company that creates changes in its sector and produces value for all stakeholders.

Strategic Objectives
The strategic objectives of Çelebi Ground Handling are to maintain its position as leader of the ground handling services sector in Turkey and Hungary, to take part in ventures in ground handling services and terminal management and operations outside Turkey, and consequently to become the biggest ground handling company of the Mediterranean basin.

The priority growth and development strategies identified by Çelebi for achievement and implementation of the objectives spelled out above are as follows:
- Diversification of its services,
- Greater emphasis placed on cost control,
- Constant review of organizational structure in line with evolving conditions and needs, keeping in mind that businesses are living organisms,
- Optimum execution of cash management and solid fund management,
- Ensuring that employees work more productively and efficiently,
- Shift to target-oriented working principle in all levels of management,
- Establishment of necessary substructures and superstructures to export the Company's services to the international market.

Our Values
- Respect for the individual
- Commitment to the rules of ethics
- Development
- Teamwork
- Success and result focus

Our Responsibilities
- To our team
- To our investors
- To our sector
- To society


ÇELEBİ

ÇELEBI HOLDİNG INC. IN BRIEF

THE LEADING CORPORATE IDENTITY AND FORWARD-LOOKING LONG-TERM VISION THAT IT HAS HAD SINCE THE DAY IT WAS FOUNDED HAVE MADE ÇELEBİ HOLDİNG A RESPECTED AND TRUSTED BUSINESS PARTNER NOT JUST IN ITS NATIONAL MARKET BUT IN THE INTERNATIONAL ARENA AS WELL.

The foundations of the Çelebi Group were laid in 1958 with the inception of Çelebi Ground Handling. Since the formation of a holding company structure in 1995, the collective dynamism of the group has continued to infuse its members' efforts in their individual business lines.

Çelebi Holding's primary objectives and responsibilities consist of coordinating all of the financial and administrative functions of the companies operating under its umbrella, directing investments, developing and implementing standards in the areas of practices and costs, and defining corporate strategies and policies and ensuring that they are abided by throughout the group.

Çelebi Holding companies each rank among the strong names of their respective sectors and are active in a wide range of activities from aviation ground handling services to terminal and port management, from private security services to foods, and from travel agency to personnel transport and vehicle fleet leasing.

Aviation

Ground Handling

Turkey's first privately-owned ground handling services company, Çelebi Ground Handling commenced operations at Ankara Esenboğa Airport on 1 February 1958.

Cargo & Warehouse Operations

Set up to expand the scope of the mail & cargo services offered to Çelebi customers, Çelebi Cargo & Warehouse has been in operation since 2003.

Terminal Operations

Antalya 2nd International Terminal of which Çelebi is 50 per cent shareholder, realized under the build-operate-transfer (BOT) model, opened its doors for the service of its first passengers on 7 April 2005.

Executive Aviation Services

Çelebi Ground Handling provides an extensive array of services ranging from private aircraft ground handling services to private airplane and helicopter rentals and from providing VIP vehicles to passenger arrival, departure, and escort services at airports.

Marine

Seaport Management

Ortadoğu Antalya Seaport Management Inc., a joint venture of Çelebi Investment Consultancy & Management Corporation Inc. (a Çelebi Holding investment, consultancy, and operations subsidiary), Global Liman İşletmeleri Inc. (a Global Yatırım Holding subsidiary), and Antmarin İnşaat Turizm ve Ticaret A.Ş., acquired the rights to operate the Antalya seaport for 22 years through an auction.

Marina Management

Located within the commercial port of Antalya (Port Akdeniz), the marina is operated since May 2007 by Çelebi Marina and Yacht Management Inc., a subsidiary of Çelebi Holding.

Tourism and Transportation

Çe-Tur Çelebi Tourism

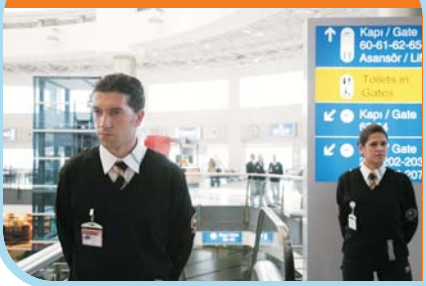
Founded in 1973, Çe-Tur Çelebi Tourism is active in the areas of fleet vehicle renting, personnel and crew transport, operation of car parking at the airports and travel agency.

Çe-Tur Platinum Service

Founded by Çe-Tur in 2007, Platinum Service is a private travel planning service, specially designed for customer needs in airport transportation and airport terminals.

Security

Çelebi Security



Çelebi Security was founded in 1997. In addition to the terminal, aircraft, passenger and cargo security services that it provides at airports, the Company is active in the business of industrial security and VIP security as well.

Food

Little Caesars

Under Çelebi management since 1996, Little Caesars has been growing solidly and strongly ever since, steadily increasing its market share as a pizza brand that first comes to consumers' minds in Turkey.

Arby's

Having introduced roast beef as well as many other unusual flavors to the fast food sector globally, Arby's has been flourishing under Çelebi management in Turkey since 1996.

YOMA

Çelebi Holding has launched YOMA, the first link in what is to be Çelebi's chain of à la carte eateries and YOMA Restaurant & Bar opened its doors for service in September 2008.

DEEPLY-ROOTED AND PRESTIGIOUS

Our history of half a century and our deeply-rooted and prestigious brand name lend us the energy we need for drawing our roadmap to growth...

ÇELEBİ GROUND HANDLING MILESTONES

REALIZING INITIATIVES THAT REINFORCE ITS VISION TO BECOME A REPUTABLE GLOBAL COMPANY, ÇELEBİ GROUND HANDLING CONSTANTLY REMOLDS ITS CORPORATE PLANS, STRATEGIES AND GOALS IN KEEPING WITH THIS PERSPECTIVE.

1958

Çelebi Ground Handling is founded at Ankara Esenboğa Airport as the first privately-owned ground handling services company in Turkey. Its first customers are Iran Air and Sabena Belgian Airlines.

1966

The Company starts offering service to USAF (United States Air Force), its longest-lived customer. Service offering to USAF is still ongoing.

1969

Çelebi Ground Handling opens a branch operation in İstanbul. The same year it begins serving Swissair at Ankara Esenboğa Airport.

1975

Çelebi Ground Handling's headquarters are relocated to İstanbul. The Company begins providing ramp and traffic services to Austrian Airlines and to British Airways.

1984

The Company begins serving Lufthansa in İstanbul. This contract is an important turning-point in the Company's history because it serves as a major reference for other carriers.

1990

The Antalya station is opened and its first customer is Lufthansa. With İzmir Çiğli Airport Branch opened in 1986, Çelebi now serves in four big cities of Turkey.

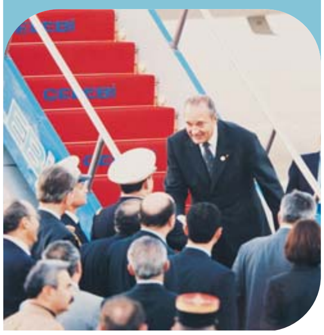
1991

As a result of changes in Turkey's Ground Handling Services Regulations, Çelebi begins serving charter and cargo flights in addition to the regularly scheduled flights that it has been serving so far. The Dalaman station is opened and the Company begins serving the Hapag Lloyd, Martinair, and Britannia charter carriers there.

1997

Çelebi Security is founded to provide aircraft security services and surveillance-consultancy services in airports. The Milas/Bodrum airport station is opened and the Company begins serving European and domestic carriers' charter flights in and out of that airport.

1999



At the OSCE summit held in İstanbul this year, Çelebi Ground Handling is contracted to provide VIP service for attending head of state and their delegations.

2000

Çelebi Ground Handling becomes a founding member of AVIANCE, an international organization of independent handling companies. The AHS1000 quality system, the one most preferred in the aviation industry, is installed at the İstanbul station. Dalaman, Bodrum, İzmir, Ankara, and Antalya stations began to use the system in 2001.

2003

Çelebi Ground Handling is awarded its ISO 9001 Quality Management System certificate after undergoing an audit by TÜV-Rheinland. The Çelebi Cargo Warehouse goes into service at İstanbul Atatürk Airport. Operations begin at the Diyarbakır, Erzurum, Kayseri, Samsun and Trabzon airports. Çelebi Ground Handling is awarded the contract to build DHMİ's second international terminal at Antalya airport under the "build-operate-transfer" model.

2005

Construction of the 2nd international terminal at Antalya airport is completed and the terminal opens for service on April 7th. A new warehouse went into service, and construction of a third one has started. With the award of four new contracts, the Company is now serving Turkish Airlines in 11 provinces.

2007

Çelebi Ground Handling started to provide ground handling services in Budapest Ferihegy International Airport. Environmental and Occupational Health & Safety Management Systems are established in Çelebi stations in Turkey.

2008

Celebi NAS India consortium, in which Çelebi Ground Handling holds controlling interest, won the license to operate ground handling services at the Mumbai Chhatrapati Shivaji International Airport, the largest airport in India, for 10 years. The total number of Çelebi stations in Turkey rose to 24.

CORPORATE AND ETHICAL

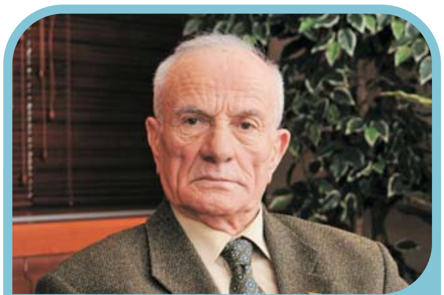
Our identity as an exemplary corporate citizen is backed by our professional attitude, world-class organizational structure and our commitment to ethical and commercial values...

BOARD OF DIRECTORS

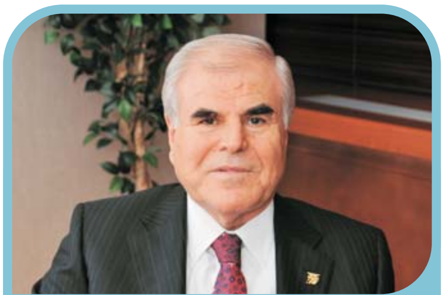
Can ÇELEBİOĞLU
Chairman

Canan ÇELEBİOĞLU TOKGÖZ
Vice Chairperson

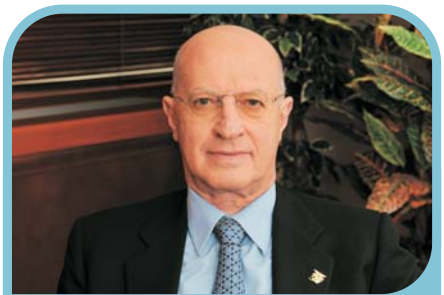
Engin ÇELEBİOĞLU
Member



Necmi YERGÖK
Member



Mehmet KAYA
Member



Aydın GÜNTER
Member

TOP MANAGEMENT

S. Samim AYDIN
Chief Executive Officer

Talha GÖKSEL
Chief Operations Officer

Osman YILMAZ
Operations Director

Yavuz SAMUR
Corporate Relations Director

H. Tanzer GÜCÜMEN
Financial Affairs Director

M. Sanlı ŞEKERCİOĞLU
Sales and Marketing Director

Serhat ERTEN
Human Resources Director

Ahmet H. ARIKAN
Technical and Logistics Director

Murat BAŞ
Cargo and Warehouse Director

MESSAGE FROM THE BOARD OF DIRECTORS

Canan ÇELEBİOĞLU TOKGÖZ
Vice Chairperson

Can ÇELEBİOĞLU
Chairman

OWING TO ITS STRONG PREDICTION ABILITY COUPLED WITH ITS ACCURATE STRATEGIES, ÇELEBI GROUND HANDLING WAS ABLE TO MINIMIZE THE INDUSTRIAL IMPACT OF THE CRISIS.

ÇELEBI GROUND HANDLING HAS MADE IT A PRIMARY PRINCIPLE TO CREATE DEMAND RATHER THAN FULFILLING IT AND TO REMAIN THE PIONEER OF THE MARKET IT HAS FORMED EVER SINCE ITS INCEPTION IN 1958.

Distinguished customers, shareholders and employees,

2008 went down in our corporate history as a highly remarkable year for us all with the happiness and pride of celebrating the fiftieth anniversary of our incorporation. We are encouraged, excited and guided for the years ahead by the experience we gained and the trust we built in our history of half a century.

Having made it a primary principle to create demand rather than fulfilling it and to remain the pioneer of the market it has formed ever since its inception in 1958, Çelebi Ground Handling succeeded in maintaining its leadership in the industry over the course of these years.

The ingredients of the formula that brought this achievement include the dynamic corporate culture able to rapidly take necessary action in line with the changing market conditions, constant monitoring of the innovations in the industry, power to internalize, and proactive customer relations developed in the light of a customer-focused approach to service.

Before addressing the Company's performance and results in 2008, we would like to briefly touch upon the economic environment that dominated the year.

A period of harsh impact of global economic crisis

2008 has been a year during which the effects of the global economic crisis that started in the USA in 2007 were felt more and more strongly. The crisis that originated in the financial services sector started to be influential on the real economy worldwide from the second half of 2008, and developed countries that had embarked upon a rapid growth process since the 1990s were confronted with a remarkable economic contraction in the reporting period.

From the last quarter of 2008, developments in financial markets started to reflect pronouncedly on the macroeconomic parameters relating to the real economy. Growth rates lost pace in all economies and unemployment climbed. 5% in 2007, global growth rate fell to 3.9% in 2008. Growth rates with respect to the same periods declined from 2.6% to 1.5% in developed countries and from 8.1% to 6.9% in emerging countries.

The effects of the global economic crisis upon economic indicators and financial markets in Turkey intensified from the second quarter of the year. Following a course that depended more on the domestic political developments than on the volatilities in international markets in the first half of the year, economic indicators then acted in parallel with the plunges in international markets.

Having captured a growth performance of 6.6% in the first quarter of 2008 despite the US-originated financial crisis, the Turkish economy grew 1.9% in the second quarter that saw increased interest and exchange rates as well as political uncertainty, and 0.5% in the third quarter, but shrank 6.2% in the last three months. Thus, Turkey experienced the first shrinkage since the fourth quarter of 2001, and the growth in economy on the basis of full year stood at 1.1%.

Effective process management

Owing to its strong prediction ability coupled with its accurate strategies, Çelebi Ground Handling was able to minimize the industrial impact of the crisis. Effective process management incorporating also international operations unquestionably played an equally important part in this achievement, as did the development of good projects.

MESSAGE FROM THE BOARD OF DIRECTORS

In this period when winning new customers has become more difficult, the Company's strategy and practices focused on enhancing customer satisfaction, further upgrading the quality of our services in terms of continuity and productivity, and working more efficiently in every aspect.

We are confident that our Company has the capability to proficiently capitalize on the valuable experiences gained in the past to convert the adverse economic conditions into advantage, and to sure-footedly progress in its journey to the future.

Continued leadership in the industry

In 2008, Çelebi Ground Handling succeeded in sustaining the industrial leadership it has captured by combining its fifty years of experience with the advanced technology at its disposal.

Targeting growth and profitability since the first day of operations, Çelebi Ground Handling registered 1% increase in the number of aircraft served in Turkey and preserved its position in the industry with 48% share secured in the accessible market.

Second giant step in the international arena

Çelebi Ground Handling has proven itself geared up for global partnerships in keeping with the rapidly changing conditions of today. We continued to reap the fruits of deeply-rooted international relations built over the course of years and took one more step towards becoming a global player.

Celebi NAS India consortium, in which Çelebi Ground Handling is the majority shareholder, was awarded with the contract for the license to provide ground handling services at Mumbai (Bombay) Chhatrapati Shivaji International Airport, the largest airport in India, and succeeded in being one of the two international ground handling services providers entitled to offer service at the airport.

Upon the airport operator MIAL's assessment of 01 November 2008, Celebi NAS India consortium, in which Çelebi Ground Handing and NAS Aviation Services Pvt Ltd. hold 51% and 49% stake respectively, was announced by MIAL to have submitted the best bid in the tender.

We regard this achievement as the first step of our activities targeting the Indian market and aim to maintain Çelebi Ground Handling's interest in this market on a growing scale.

We believe that five decades of experience and expertise, in conjunction with the service quality of Çelebi Ground Handling will be successfully reflected on the Indian market by Celebi NAS, which will start rendering services in 2009 upon completion of necessary legal procedures.

Expanding our cargo operations

Guided by its half a century of experience, expertise and achievements in ground handling services industry, Çelebi Ground Handling continues to perform successfully in cargo handling and warehousing that make up two important branches of aviation.

For over five years, Çelebi Ground Handling has been successfully carrying out its warehousing business launched for the purpose of expanding the product range offered to its customers in cargo services, adding new customers to its portfolio each year.

IN 2008 THAT MARKED OUR FIFTIETH ANNIVERSARY, MAJOR DISTANCE WAS COVERED TOWARDS THE REALIZATION OF OUR TARGETS.

Furnishing air cargo handling services from the warehouse and facility having a covered area of 5,000 square meters and established in Atatürk Airport (T11), Çelebi Ground Handling provides Class A General Warehouse operation out of the warehouse and facilities with an area of 6,850 square meters located in Bağcılar, İstanbul. Opened in İzmir for expanding the service network, Class A General Warehouse with an area of 2,550 square meters also started serving its customers.

Our achievements in Hungary keep growing

Representing our first step into the international arena, Çelebi Ground Handling Hungary managed to maintain its market share in Budapest to a large extent despite the stagnation in the aviation industry and increased competition resulting from the volatilities in the world economy. The greatest contributor to this achievement has been the enhanced service quality, a result of the reorganization efforts and personnel training carried out.

Our primary target is to attain an expanded customer portfolio in 2009 and thereafter combined with sustained successful performance by Çelebi Ground Handling Hungary by providing the highest quality service to its customers.

The first step on the ground of a safe flightı

A subsidiary of Çelebi Ground Handling, Çelebi Security and Surveillance Consultancy Inc. continued to demonstrate positive performance also in 2008. Possessing a specially trained expert team at its disposal, Çelebi Security diversified its portfolio and added facility security services provided at Antalya port and marina to security services furnished at airports.

Ensuring that the “first step on the ground of a safe flight” is taken more securely by reflecting its service quality to its customers, Çelebi Security is highly appreciated by the airlines it serves.

Outlook

It is the primary goal of Çelebi Ground Handling to be a company that creates demand by pioneering new practices in its industry, transports its achievements to the international platform, and furthers and steers the lines of business in which it is active.

We regard it as our top priority to export our expertise to the international arena, and to expand our international presence by cooperating in world-class projects particularly with our international partners, in addition to developing new areas of activity.

In 2008 that marked our fiftieth anniversary, major distance was covered towards the realization of our targets. We would like to thank all our employees who contributed to these developments and successful results.

Lately, Çelebi Ground Handling has become a global organization offering service to a wide geography extending from Europe to Asia. The target now is to put into life the investments that will extend our reach to the westernmost Europe and to the north of Asia.

We are happy to express our grateful thanks to our distinguished shareholders, customers and employees who support us in this journey.

So long as your support and preference remain with us, we will keep enjoying the privilege of bringing you more Çelebi services focused on quality, security and satisfaction across different locations in the world.

CHIEF EXECUTIVE OFFICER'S ASSESSMENT

S. Samim AYDIN
Chief Executive Officer

IN THE PRESENT DAY WHEN PRODUCTIVITY, SCALE AND MOST IMPORTANTLY "HIGH QUALITY SERVICE" ARE OF CARDINAL SIGNIFICANCE, THE ACCURACY OF THE STRATEGY WE IMPLEMENT IS CLEARLY EVIDENCED IN ALL MEASURABLE RESULTS ATTAINED BY ÇELEBİ GROUND HANDLING.

TAKING INTO CONSIDERATION ALL OF THE FORESEEABLE FACTORS IN THE FACE OF THE EXTRAORDINARY ECONOMIC CIRCUMSTANCES OF 2008, ÇELEBI GROUND HANDLING SUCCESSFULLY IMPLEMENTED ITS STRATEGIES.

The effects of the global financial crisis became gradually aggravated.

The financial crisis having its roots in the financial services sector that broke out in the USA by mid-2007 started to be influential worldwide from the second half of 2008. Having undergone a rapid growth process in the recent yeas, developed countries were confronted with economic shrinkage in 2008, and volatilities were observed in the financial markets of all developed and emerging countries. As a result of the crisis that deeply impacted the global economy, unemployment grew, foreign trade lost pace, the shock declines in spendings pushed down consumption, and the global financial crisis extended its reach to the real economy.

Global growth rate dropped from 4.9% in 2007 to below 4% in 2008. The global financial crisis is expected to constitute the primary agenda item in 2009 and to have a lingering impact until the last quarter of the year. Global growth rate for 2009 is predicted to materialize in the region of 1%.

The effects of the global crisis upon economic indicators and financial markets in Turkey grew from the second quarter of the year. Year-end growth rate of 1.1% represents the lowest of the past six years. The key drivers behind this growth were the insufficient domestic and foreign demand, combined with declined investment outlays of the private sector resulting from the narrowing down in borrowing facilities.

We maintained our stable performance.

One of the most deeply-rooted privately-owned companies of the Republic era that sustained its activities uninterruptedly in the national service sector since its incorporation, Çelebi Ground Handling undersigned successful results once again in 2008 that marked its fiftieth anniversary.

Taking into consideration all of the foreseeable factors in the face of the extraordinary economic circumstances of 2008, Çelebi Ground Handling successfully implemented its strategies and maintained its stable performance. Our Company attained very satisfactory turnover and profit figures on the basis of its effective management, marketing and sales activities carried out during a period when the global economic crisis proceeded at full swing.

TRY 250.4 million in 2007, the Company's total assets went up 7.07% to TRY 268.1 million by year-end 2008, while there was 5.85% increase year-on in shareholders' equity, bringing it from TRY 123.1 million to TRY 130.3 million.

Total turnover was also up by 9.3% in 2008 and stood at TRY 302 million, while net profit after-tax reached TRY 35 million, significantly up by 34.06%.

We have sharpened our competitive edge.

The Company's 2008 performance outlined above is an outcome of the long-established business culture of Çelebi Ground Handling. Throughout its corporate history, Çelebi has been an organization that successfully survived and created value in times of shrinkage and crisis, as well as in periods of growth.

CHIEF EXECUTIVE OFFICER'S ASSESSMENT

In the recent years, our ability to predict and our capability to timely and accurately set ourselves ready for the changes in the business environment have been crucial, and the implementations in our business processes geared us up for the current economic environment and sharpened our competitive edge.

We have fortified our highly-regarded status in the international market.

Being a highly regarded and preferred company both in the national and international markets has always been a source of great pride for the entire Çelebi family through our corporate history of half a century.

The strategic cooperations we have established are remarkable in that they exhibit the Company's standing, power and development potential. In 2008, we have reaped the results of one of our major initiatives in airport and terminal investment and operation, and ground handling services in foreign markets.

Çelebi Ground Handling was awarded with the contract for ground handling services for Mumbai (Bombay) Chhatrapati Shivaji International Airport, thereby reinforcing its claim to become a global player in this department. The winner of the tender put out for the license to offer ground handling services at Mumbai (Bombay) Chhatrapati Shivaji International Airport, the largest airport in India, Celebi NAS India consortium in which our Company and our partner NAS Aviation Services Pvt Ltd. (NAS India) control respective shares of 51% and 49%, earned the right to provide ground handling services at this airport for 10 years.

Mumbai (Bombay) Airport is India's key hub of transportation with an annual capacity for 22.3 million passengers, 500,000 tons of cargo and an average growth rate of 12%.

We have preserved our market share in our first international investment.

Representing the first step we have taken in keeping with our international growth strategy, our operation in Hungary moves ahead successfully. Having undertaken the ground handling services for Budapest Ferihegy International Airport, our subsidiary Çelebi Ground Handling Hungary maintained its market share in 2008.

The number of flights furnished with ground handling services went down 1% year-on to 22,063 in 2008. The key factor behind this downward change has been the number of flights reduced down by airlines due to the worldwide economic crisis. Despite the decreased number of flights, there was a marked improvement in operating profit owing to our enhanced service quality through reorganization and training activities, coupled with the changes made to the workforce planning.

We possess a broad domestic service network.

Our Company broadened its service network after the privately-owned national airlines which are our customers obtained license for making scheduled domestic flights. We provide service at a total of 24

THE GREATEST SUPPORT IN ENABLING SUSTAINABLE GROWTH IS LENT TO US BY OUR EXPERIENCE AND KNOWLEDGE IN THE MARKET.

stations handling 60 million passengers, 600,000 aircraft and 93% of the countrywide traffic. Despite the rapid growth in our market share that stood at 48% in 2008, our Company successfully carried out its activities, remaining always loyal to service quality, and flight safety, the element of the utmost importance to the aviation industry.

The number of passengers served by our Company in 2008 was up 4.21% compared with 2007. Turkish Airlines, the national airline, started receiving service also in Denizli, Erzincan, Kahramanmaraş and Hatay in addition to the existing 11 stations.

Our sustainable growth continues.

With its employees numbering nearly 3,500, its organization at 24 airports in Turkey where it provides ground handling services, its customer portfolio populated by more than 250 national and international airlines, and its investments in warehouse and terminal operation, Çelebi Ground Handling has become one of the top independent ground handling services providers in Europe.

Ever since its inception, our Company has been an organization that targeted sustainable growth, taking on measurable and manageable risks, and steering its investments optimally.

The greatest support in enabling sustainable growth is lent to us by our experience and knowledge in the market. In different countries and business lines we operate today, we are guided by this experience and knowledge so as to correctly manage risks, increase our shareholders' equity and remain unyielding from ethical values.

In the period coming, we target to realize several concrete projects in line with our growth strategy. Taking the top places among them are penetrating MENA, GCC, CIS and Indian markets in ground handling services, achieving organic growth in these geographies, and attaining inorganic growth through acquisition of companies engaged in ground handling services in Southern and Central European countries.

Furthermore, our short-term plans include participating in airport privatization or new investment tenders in Central and Eastern European countries, and expanding the scope of ground handling services offered to Turkish Airlines to cover ramp and passenger services at airports where these are not currently provided.

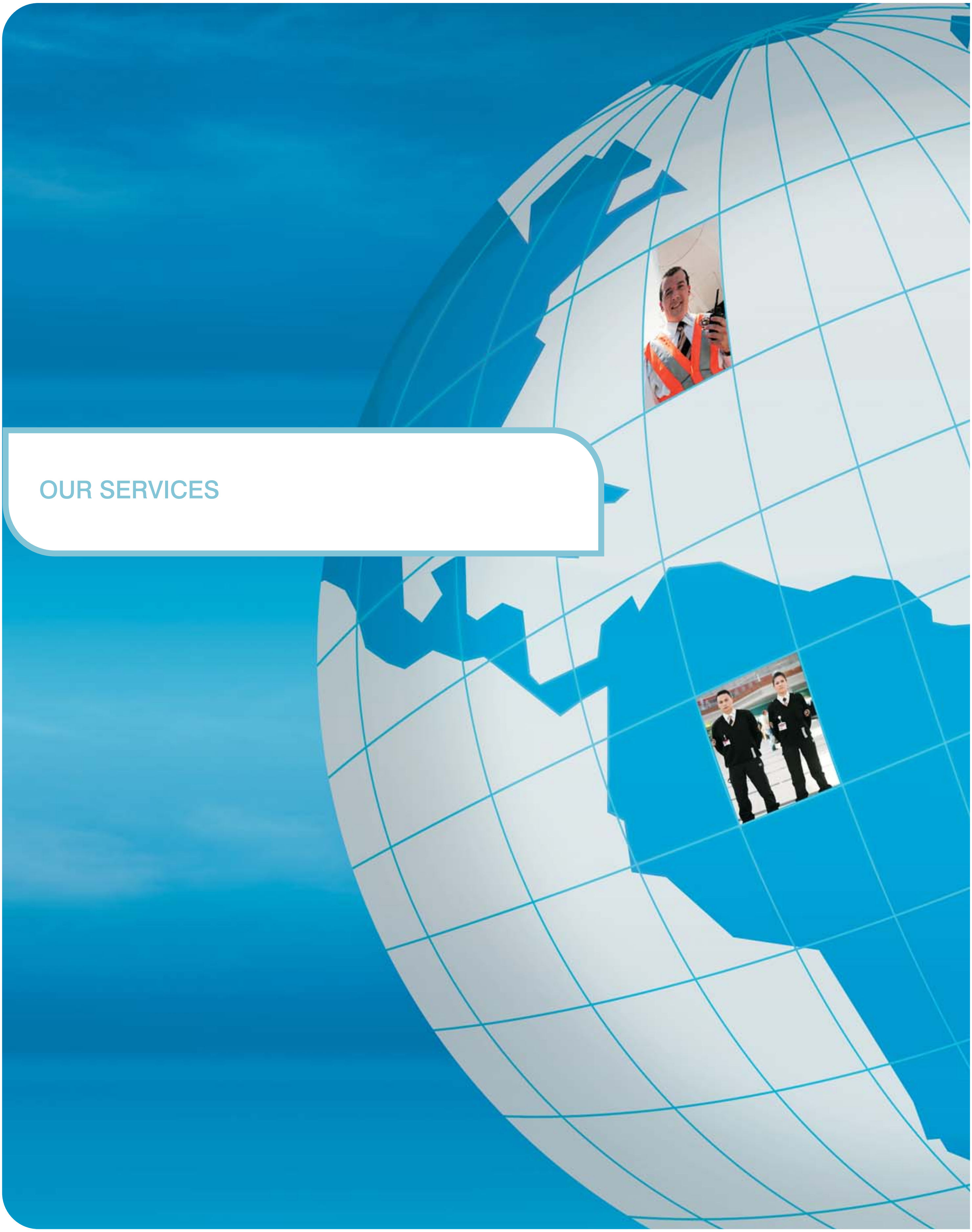
We thank all our stakeholders.

Our Company holds a vision that targets rendering change continuous and managing change. Our priority and primary targets are to be a strategy-focused organization, to create a business excellence model based on total quality management concept, and to ensure that this model is customer-driven.

I owe a debt of gratitude to public institutions for their unrelenting support and assistance in our effort to achieve our targets, to our customers for their contribution and trust at every phase of five decades, and to our thousands of employees working at any level in the Company for standing by us in all our campaigns.

HIGH-QUALITY AND SAFE

Our competencies such as quality, safety, technological superiority and integrated service capability put us far ahead of the competition…



OUR SERVICES

PASSENGER SERVICES
RAMP SERVICES
OPERATIONS SERVICES
CARGO & WAREHOUSE SERVICES
EXECUTIVE AVIATION SERVICES
AIRCRAFT SECURITY SERVICES

PASSENGER SERVICES

In the conduct of passenger services, Çelebi Ground Handling is first and foremost mindful of passengers' safety and it makes every effort to ensure that they travel in comfort, well-being, and peace of mind. Cheerful attentiveness is the watchword of our experienced and skilled personnel in the conduct of passenger services, which include:

- Passenger check-in and baggage procedures,
- Embarking passengers aboard the aircraft,
- Meeting passengers on their arrival and guiding them out of the terminal,
- Baggage transfers and lost or damaged baggage procedures,
- Service for VIP, unaccompanied children, and special circumstance passengers,
- Specially-trained personnel to help handicapped passengers.

RAMP SERVICES

In its ramp services, Çelebi Ground Handling makes use of state-of-the-art equipment and advanced technology when:

- Meeting and parking aircraft,
- Unloading and loading aircraft,
- Transporting passengers and crew between aircraft and terminal,
- Aircraft towing,
- Cleaning cabin interiors and exteriors,
- Providing cabin heating/cooling services,
- Providing aircraft toilet and water services,
- De-icing aircraft and taking anti-icing measures when weather conditions require.

OPERATIONS SERVICES

Operations services place the greatest demands on teamwork and coordination. The operations services provided by Çelebi personnel include:

- Coordinating aircraft services,
- Informing flight crews about weather conditions and flight plans,
- Air and ground slot coordination,
- Overseeing loading, calculation of weight and balance,
- Providing after-service flight-related communication,
- Overseeing refueling operations,
- Storing and inventorying airline-owned loading equipment,
- Coordination with fuel and catering companies.

CARGO & WAREHOUSE SERVICES

Çelebi Ground Handling's half a century of experience, expertise, and success in the ground handling services industry enable it to surpass international standards in the provision of cargo handling and warehouse services, one of the key branches of the aviation industry.

Cargo handling and warehouse services consist of:

- Accepting incoming cargoes and determining their dimensions and weights,
- Documentation procedures,
- Loading outgoing cargoes on appropriate loading equipment,
- Dispatching outgoing cargoes to aircraft and overseeing their being loaded on board,
- Physically checking incoming cargoes and delivering them to the import warehouse,
- Notifying recipients,
- Conducting perishable goods, hazardous materials, and safe-custody services under the supervision of expert personnel.

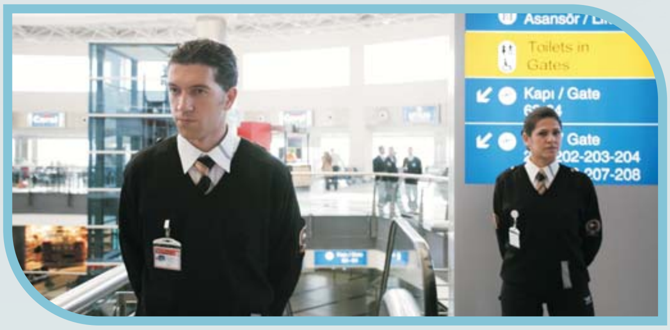
EXECUTIVE AVIATION SERVICES

Taking a customer-focused approach to service in business and private air transport, Çelebi Ground Handling delivers its high-quality services with a specially-trained staff of expert personnel at İstanbul and 23 other airports in Turkey.

Executive aviation services include:

- Air taxi services,
- Private airplane rentals,
- Helicopter rentals,
- Aerial photography & filming,
- Air ambulance services,
- Ground handling services,
- Flight monitoring services,
- Aircraft fueling services,
- Landing and overflight permits,
- Flight plans/weather forecasts/NOTAMs,
- Hotel reservations,
- Representation & supervision,
- Passenger meet & greet services,
- VIP vehicle and limousine services.

AIRCRAFT SECURITY SERVICES



Private security services are provided by Çelebi Ground Handling's subsidiary, Çelebi Security Systems and Consultancy. The services provided by Çelebi Security's expert personnel are:

- Conducting preflight and postflight passenger interviews,
- Checking passengers' travel documents and accompanying baggage,
- X-raying baggage and cargoes before they are taken out to an aircraft,
- Baggage reconciliation,
- Carrying out detailed searches and surveillance aboard aircraft and in air cargo warehouses,
- Conducting detailed inspections of aircraft undercarriages,
- Keeping all the personnel, vehicles, and equipment and supplies of all ground handling service organizations servicing aircraft under continuous surveillance.

AN ASSESSMENT OF 2008

ÇELEBI GROUND HANDLING IS A COMPANY THAT CONSTANTLY TAPS OPPORTUNITIES IN EMERGING MARKETS ACROSS THE WORLD AND AIMS TO MAXIMIZE EARNINGS FOR ITS SHAREHOLDERS BY INVESTING IN THESE GEOGRAPHIES.

Rising performance in financial and operational results

On the back of solid performance results attained in 2008, Çelebi Ground Handling fortified its strong position in the market, and successfully completed its activities carried out with the goal of being one of the major ground handling services companies in Turkey and abroad.

Highlights from 2008 financial and operational results achieved by Çelebi Ground Handling:

- The year was closed with 48% market share, thus preserving its position in the industry
- Total revenues amounted to TRY 302 million
- Net profit reached TRY 35 million, up 34.06% year-on
- Number of passengers served increased 4.21% as compared with 2007
- Up 5%, number of international aircraft served reached 63,932, while total Turkey was up 1% despite the decline in domestic flights
- Total investments in 2008 were worth TRY 6.4 million

First international expansion: Hungary

Çelebi Ground Handling is a company that constantly taps opportunities in emerging markets across the world and aims to maximize earnings for its shareholders by investing in these geographies. It is a well-known and trusted organization in the aviation industry for its broad-minded, creative and permanently result-oriented approach, as well as for its dynamism and technical know-how.

Continually following-up international tenders deemed fit for its strategic investment criteria and risk understanding, Çelebi Ground Handling targets to grow also in foreign countries in ground handling services and airport/terminal investment and operation that make up its core businesses.

Çelebi Ground Handling took an important step in keeping with this target and was awarded with the contract in the tender put out in 2006, thereby undertaking ground handling services for Budapest Ferihegy International Airport.

Having started offering ground handling services under the company name Celebi GH Hungary as a result of the tender won by outdoing many strong international rivals, the company quickly increased its market share based on its successful performance. Furthering its activities not only in ground handling services but also in warehousing and cargo handling with the IT and operational know-how support to be extended by the Çelebi Group is incorporated in the medium-term growth strategy of Celebi GH Hungary.

Çelebi is at India's largest airport

Working intensely to penetrate the Indian market that it had been keeping a close eye on since 2005, Çelebi Ground Handling took its first step into this market by participating

in the tender put out for the license to offer ground handling services at Mumbai (Bombay) Chhatrapati Shivaji International Airport, the largest airport in India.

Out of eight applicants to the tender put out by the airport's operator MIAL, Çelebi Ground Handling was named one of the five companies that qualified for submitting a proposal. Upon its assessment of 01 November 2008, MIAL declared Celebi NAS India consortium as the best bidder, in which Çelebi Ground Handing and NAS Aviation Services Pvt Ltd. held 51% and 49% stake respectively.

Based on the outcome of the tender proceedings, Celebi NAS earned the license to offer ground handling services at India Bombay Airport for a period of 10 years.

Bombay Airport is India's primary airport in terms of flight traffic and it has grown more than 60% in the past five years. Having commenced offering services at this airport from January 2009, Celebi NAS India is anticipated to take a high share from this growth in the years coming.

Not sufficing with its 50 years of history in Turkey and with being one of the leading ground handling services companies in Europe, Çelebi Ground Handling targets to become an even stronger actor in the world markets. Taking concrete steps along this line, the Company initiated attempts and preliminary work for offering ground handling services in other major airports in India, as well as in some European countries. These efforts will be carried on with speed in the upcoming periods as well.

International standards in cargo handling and warehousing services

Çelebi Ground Handling operates at a level that more than meets the international competence and quality standards also in cargo handling and warehousing that make up two of the key branches of aviation. This integrated structure bestows upon Çelebi Ground Handling the ability to provide its customers with full-scale service from a single source, in addition to significant advantages in terms of timing and costs.

In 2008, Class A General Warehouse with an area of 2,550 square meters opened in İzmir Adnan Menderes Airport was added to the 5,000 square meter warehouse (T11) put into service in Atatürk Airport apron in 2005 and Class A General Warehouse with an area of 6,850 square meters established in 2006 in Güneşli, 9 kms from the airport. The plans for the upcoming fiscal include opening a new bonded warehouse at the Ankara Esenboğa Airport.

In 2008, Çelebi Cargo and Warehousing handled a total of 81,825 tons of cargo breaking down as 41,758 tons of import cargo and 40,067 tons of export cargo. On the warehousing front, a total of 40,724 tons was handled, splitting as 14,775 tons in imports and 25,949 tons in exports.

A pioneer in security

Incorporated in 1997 to offer security services to private aircraft and airlines, Çelebi Security and Surveillance Consultancy, a subsidiary of Çelebi Ground Handling, possesses a pioneering identity erected on its distinctive and successful approach to general aviation and representation.

Çelebi Security diversified its service range by blending its experience in civil aviation with airport terminal security, seaport and marina security, facility and industrial security, surveillance and consultancy services.

In view of the legislation governing civil aviation and ground handling services, law no 5188 on private security services and other relevant legislation, Çelebi Security is one of the two companies organized both in aviation security and facility security in Turkey.

In private aircraft security, Çelebi Security serves a total of 28 companies including some of the airlines accountable for the greatest number of flights to/from Turkish airports.

AN ASSESSMENT OF 2008

Working towards increasing the share of non-Group companies in its customer portfolio, the Company's customers include Çelebi-IC in airport terminal security, Çelebi Holding and Atlasjet Airlines in facility security, Ortadoğu Antalya Seaport Management and Çelebi Marina in marine and marina security.

Antalya Airport 2nd International Terminal

Çelebi Ground Handling Services successfully carried out its activities relating to the operation of Antalya Airport 2nd International Terminal also in 2008, which it has taken on via Çelebi-IC that the Company set up in partnership with İçtaş İnşaat Sanayi ve Ticaret A.Ş.

The company served 9.9 million passengers and attained nearly 10% growth in aircraft traffic to reach 63,181 in 2008 in terminal management. Growth in this field is projected to be ongoing also in 2009 with the contribution of the positive performance expected in tourism. The increased exchange rates are also anticipated to lead to a rise in the Company's sales revenues and profitability.

Increased operational productivity

Çelebi Ground Handling started using a “Resource Planning, Rostering and Real-Time Control System” (Inform-Groundstar) to help increase productivity and plan operations with minimum errors. The system has been installed with all of its modules and went live in 2008 in İzmir and Ankara stations that have a significant share in the Company's operations.

In addition, Resource Planning and Rostering modules of the system were installed in Bodrum and Dalaman stations which do not present the same operational magnitude due to seasonality.

Furthermore, a centralized system is started to be used for obtaining the weight and balance forms of aircraft served in İstanbul station. Enabling electronic delivery of these forms to the vehicles used in the field for personnel and document shipment and printing thereof, and bringing about significant decline in document-based delays in flights, this system has also been launched.

Another activity for increasing operational productivity was electronic issuance of “Service Charge Forms” on which records of services provided are entered using PDAs. The purpose of the initiative is to avoid unnecessary consumption of documents as well as defects in service records, and necessary infrastructure work for 2009 was commenced during 2008.

Constantly improved quality system

The quality policy at Çelebi Ground Handling is built on constantly improving the services rendered in line with international norms so as to maintain a presence in the market by creating new demands and expand the existing customer portfolio. A modern working environment, highly satisfied human resource and environmental sensitivity make up the other elements of the quality concept at Çelebi.

Çelebi Ground Handling boasts a quality management system under which all services and administrative processes are defined, measurable, traceable, analyzable and improvable. The system has been certified with ISO 9001:2000 by Bureau Veritas at 21 stations and the Company's headquarters.

Çelebi Ground Handling possesses an environmental management system designed to systematically reduce, and totally eliminate, if possible, any actual or potential harm caused to the environment as a result of its activities. The system aims to identify environmental factors in every stage from the design up to delivery of the service, to minimize any harm to the environment by taking these factors under control, and to constantly improve environmental performance.

The environmental Management System has been awarded with ISO 14001:2004 certificate at İzmir (ADB) station and the headquarters by Bureau Veritas.

At Çelebi Ground Handling, a management system is in place which provides a safe and healthy working

environment for the employees, identifies threats and risks the employees may be exposed to, and undertakes risk assessment that will reduce the threat/risk levels by the measures to be adopted. The system is in compliance with the labor law, and serves to realize OHS targets on the basis of management programs. It also constantly monitors OHS performance.

Occupational Health and Safety Management System has been certified with OHSAS 18001:2007 certificate at 21 stations and the headquarters by Bureau Veritas.

The National Quality Movement and the "European Excellence Journey" Program

Our Company is a member of the "National Quality Movement" that was launched in 2005 by KalDer (Turkish Quality Association) under the slogan "Quality in every aspect of life". Like the many other companies and organizations that have joined this movement to raise the quality of national life, ÇGH signed KalDer's "Pact". The areas in which the company is strong and those needing improvement using the self-evaluation methods based on the "EFQM Excellence Model" developed by the European Foundation for Quality Management were identified and improvements were made in line with the findings of these self-assessments.

As a result of these efforts, our Company received the EFQM Competency in Excellence 4★ award in November 2008. We strongly believe that ÇGH will be successful in its path to receiving the National Quality Award and the European Quality Award.

Importance attached to customer satisfaction

Regarded among the world's top ground handling services providers, Çelebi Ground Handling built its quality policy on the primary principle of creating sustainable customer satisfaction. The Company closely follows-up the trends to be able to quickly and properly respond to the changing demands of the market and customers, watches the novelties in the aviation industry across the world, and constantly works to improve its service quality.

Çelebi Ground Handling has a broad customer portfolio and multi-dimensional and strong business relationships in international markets. Continually working to add new customers to its existing portfolio, Çelebi Ground Handling established new business contacts also in 2008.

Having broadened its portfolio with additional companies including Air Atlanta, Bulgaria Air, First Choice, Turan Air, Jettran, Silkway, Mistral Air, Kuzu Airlines, Sky Express and Air Company Scat, the Company increased the number of total international flights by 1.06% in 2008 on an annual basis. Mergers among major European airlines and tour operators such as Air Berlin-LTU, TUI-First Choice and Thomas Cook-My Travel contributed positively toward the total number of flights served last year.

2008 saw the extension of ongoing agreements with Sunexpress Airlines, Emirates, KLM Royal Dutch, Air Astana, Air Berlin, Air France, Turkish Airlines (Trabzon, Van, Diyarbakır, Erzurum, Malatya, Samsun, Mardin, Erzincan, Kahramanmaraş Hatay and Denizli Stations), JAT Airlines, Aurela, Niki Luftfahrt, Nordic Airlink, Lux Air, Eurofly, Best Air, Buraq Air, Neos SPA, Arkia, Turan Air, Czech Airlines, Caspian, United States Air Force, El-Al, Sun D'or, Pan Aviation, Nord Wind and Belair.

The years coming...

For 50 years, Çelebi Ground Handling has always striven to offer nothing but the best to its customers, investors and employees drawing on its values, corporate culture and experience.

Committed to undersigning numerous new investments and sector-leading practices in the years coming with its dynamic identity, Çelebi Ground Handling deems sustainability as the key to long-term profitability and success while moving forward. So long as each and every employee of the Company has this mindset, Çelebi Ground Handling will keep edging closer to the position of a "world-class service provider" with determined and permanent steps.

CORPORATE SOCIAL RESPONSIBILITY

ÇELEBI GROUND HANDLING CONTINUES TO INVEST IN THE FUTURE OF TURKEY ON THE BASIS OF ITS COMPREHENSIVE SOCIAL RESPONSIBILITY PROJECTS TO WHICH IT GAVE MOMENTUM IN ITS 50TH YEAR.

Çelebi Ground Handling formulates its approach to social responsibility and related projects within the frame of the principle of sharing its winnings back with the society, and extends support directly or indirectly to a variety of activities, particularly in the fields of education and healthcare.

Continuing to invest in the future of Turkey on the basis of its comprehensive social responsibility projects to which the Company gave momentum in its 50th year, Çelebi Ground Handling constantly increases the value it adds to the society particularly with the activities initiated in educational arena in 2008.

Support to civil aviation industry

Çelebi places special emphasis on supporting the industry so that civil aviation, which is insufficiently recognized in Turkey, becomes widely known across the country and is equipped with the necessary qualified human resource. The civil aviation industry requires advanced technology and qualified personnel; in this context, Çelebi established cooperation with the Ministry of Transport and Erzincan University and commenced a project for having built a School of Civil Aviation under the university organization to be donated upon completion.

The project entails construction of a school building with a floor area of 4,000 square meters and a covered area of 16,000 square meters and equipping thereof with necessary tools and equipment for commencement of education and training by 2010.

"50 Çelebi Homes in the 50th year"

Another major and significant social responsibility effort authored by Çelebi in 2008 is the project "I am Home" introduced with the slogan "50 Çelebi Homes in the 50th Year". Setting its hands on a task concerning education that had never been addressed in its 50th anniversary, Çelebi will provide access to improved conditions for teachers working particularly in the countryside under tough physical conditions.

Within the scope of the cooperation with TOÇEV (Tüvana Educational Support Foundation), Ministry of National Education and Ministry of Transport, the Company initiated work to renovate the lodging allocated to the teachers of 50 village schools identified in cities located in the eastern part of the country, and to equip them with basic furniture and appliances. Planned in 2008 and slated for execution in 2009, the project is intended to be brought to completion by year-end 2013.


ÇELEBİ
50 YIL

CORPORATE SOCIAL RESPONSIBILITY

"Change One Thing, Change Everything"
Working with the hope of a bright and powerful Turkey, Çelebi authored yet another special initiative in its 50th anniversary to support education.

Under the campaign launched in 2006 by TOÇEV with the slogan "Change One Thing, Change Everything", Çelebi gave away boots and overcoats to underprivileged children attending school despite financial hardships. As of December 2008, the number of children reached under the campaign numbered 1000.

Çelebi's support will be unrelenting with a view to helping children grow up to be come healthy, confident individuals holding a positive look for the future.

Environmentally-friendly service production
Acting on the awareness that people have the duty and responsibility to use the natural resources they need to maintain their lives at a good level in a reusable manner, Çelebi Ground Handling works towards optimum use of natural resources and minimization of environmental pollution.

Efforts in this vein are outlined below:

- Having an accredited institution carry out the flue gas analyses regularly on an annual basis
- Purifying the water used as potable water and having periodical analysis performed on water samples
- Taking on waste classification across the Company to ensure efficient use of natural resources, regularly collecting recyclable elements such as paper, plastic, etc. and using photocell systems at certain stations to reduce water and electric consumption
- Shipping the waste oils such as hydraulic oil etc. produced in technical workshops to waste incineration facilities
- Shipping the hazardous wastes produced as a result of the activities to establishments licensed by the Ministry of Environment and Forestry
- Using equipment that does not act as emission sources (battery-operated forklifts, etc.)

Additionally, when buying new equipment, Çelebi Ground Handling purchases those that comply with the European Union's environmental norms, and strictly conforms to the EU standards for prevention of noise and environmental pollution.

Another effort of Çelebi for protecting the environment is the reforestation of part of the Dalaman Forest that was burnt down several years ago. With the efforts launched by year-end 2007 and brought to completion by early 2008 in Dalaman, more than 100,000 saplings were planted on an area of 50,000 square meters scorched by the fire.

Healthcare services
Çelebi Ground Handling has been extending support to Lokman Hekim Health Foundation established in 1986. Based in Beylikbağı, Gebze, the foundation aims to reach low-income people in need of healthcare service without any concern for material consideration.


ÇELEBİ
Mitfahren verboten

STRONG AND DETERMINED

Our solid financial structure plays a major part in the courageous and determined stance we display when implementing our future plans...

ÇELEBİ GROUND HANDLING INC.
BOARD OF DIRECTORS'
2008 ANNUAL REPORT

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ÇELEBİ GROUND HANDLING INC. BOARD OF DIRECTORS' 2008 ANNUAL REPORT

1. ACTIVITY STATEMENT

Çelebi Hava Servisi A.Ş. (Çelebi Ground Handling Inc, "the Company") was the first privately-owned ground handling services company in the Turkish aviation industry and has been in business since 1958. The Company's shares began trading in the Istanbul Stock Exchange (ISE) in 1996. The Company's principal business activity consists of providing domestic and foreign airlines and air cargo companies with ground handling services (representation, traffic, ramp, cargo, flight operations, and similar services) and refueling services. The Company's operations take place in Turkey at the 24 stations located in Adana, Ankara, Antalya, Bodrum, Bursa Yenişehir, Çorlu, Dalaman, Diyarbakır, Erzurum, Gaziantep, Istanbul, Izmir, Isparta, Kars, Kayseri, Malatya, Mardin, Samsun, Tokat, Trabzon, Van, Denizli, Hatay, Kahramanmaraş, and Erzincan airports.

The Company is registered with the Istanbul Trade Registry (192002-139527). Its address of record is:

Çelebi Hava Servisi A.Ş.
Atatürk Havalimanı, Yeşilköy, Bakırköy 34149
Istanbul, Turkey

Consolidated in the Company's accounts as of 30 September 2008 on the basis of 49.99% participation ratio in accordance with the joint venture consolidation method, Çelebi IC Antalya Havalimanı Terminal Yatırım İşletme A.Ş. ("Çelebi IC") has been incorporated on 23 March 2004 pursuant to the "Implementing Agreement for the Building, Operating and Transfer of Antalya Airport 2nd International Terminal Building ("Terminal")" of 24 February 2004 concluded by and between the Company and the General Directorate of State Airports Authority (DHMİ). According to the said agreement and the supplemental agreement thereto dated 10 November 2004, the construction of the Terminal has been completed and operations started on 04 April 2005. The Terminal will be operated for 54 months until September 2009, and will be transferred without cost to DHMİ upon expiration of the operating period. The other major shareholder in Çelebi IC is İçtaş İnşaat Sanayi ve Ticaret A.Ş. with a stake of 49.99%.

The Company also owns 94.8% (2007: 94.8%) of Çelebi Security and Surveillance Consultancy Inc. ("Çelebi Security"), a joint stock company active in airport terminal security and providing security services to airline companies.

The Company also controls 70% stake (HUF 700,000,000) in the capital of Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt FelelŒsségı Társaság ("CGHH") offering ground handling service at Budapest Airport. The shares representing the remaining 30% (HUF 300,000,000) of the capital is held by Çelebi Holding.

Within the frame of the procedures concerning the tender put out for the performance of ground handling services for a period of 10 years at the Mumbai Chhatrapati Shivaji International Airport in India, which has been contracted out to the consortium that also included the Company, a company by the name "Celebi Nas Airport Services India Private Limited ("Celebi Nas") has been incorporated on 12 December 2008 to provide ground handling services at the said airport. Based in the Maharashtra state in Mumbai, India, this company has a capital of INR 100,000,000, in which the Company controls 51% stake as a founding partner. Out of the capital subscribed during incorporation in the amount of INR 51,000,000, the portion in the sum of INR 25,714,447 has been paid-in as at 31 December 2008.

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2. BOARD OF DIRECTORS AND STATUTORY AUDITORS

The Company's Board of Directors consists of the following members:

Can Çelebioğlu	Chairman
Canan Çelebioğlu Tokgöz	Vice Chairperson
Engin Çelebioğlu	Board Member
Mehmet Kaya	Board Member
Necmi Yergök	Board Member
Aydın Günter	Board Member

Term of office for the members of the Board of Directors is one year, and the existing members have been re-elected for another year at the General Meeting convened on 28 March 2008. At the Meeting, it has also been decided unanimously by the participants to appoint Board members Mr. Can Çelebioğlu and Mrs. Canan Çelebioğlu Tokgöz as managing directors (executive members).

The Company's Board of Directors consists of people chosen from among designated candidates who satisfy the levels of knowledge and skills stipulated in the CMB's Corporate Governance Principles and who possess specific experience and backgrounds. In addition, all Board members are in possession of the essential knowledge needed to read and analyze financial statements and reports, are familiar with the legal framework governing the Company's day-to-day and long-term dealings and transactions, and are capable of and committed to taking part in all of the year's regularly scheduled board meetings.

According to article 8 ("Representing and Binding the Company") of our articles of incorporation, the Board of Directors is responsible for the administration of the Company and for representing it before outside parties. The Board of Directors may delegate some or all of its powers to represent and administer the Company to executive directors and/or to managers who are not members of the Board. The individuals with the power to represent and bind the Company and the ways they may do so are determined by the Board and duly registered and announced. In order for any documents issued by the Company or for any contracts that are entered into to be valid, they must be signed, below the Company's legal name, by an individual or by individuals authorized to do so by the Board of Directors.

The authorities and responsibilities of our Company's Board members and managers are stated in signature circular VI setting down the powers to represent and bind the Company that was registered by the İstanbul Trade Registry on 06 September 2006 and announced as having been registered in issue 6639 of the Turkish Trade Registry Gazette dated 11 September 2006.

As per the assignment of duties among the Board members elected at the Ordinary General Meeting of 28 March 2008, it has been decided by the unanimous votes of the participants to re-elect Mr. Can Çelebioğlu and Mrs. Canan Çelebioğlu Tokgöz as the Chairman and Vice Chairperson of the Board respectively.

Board of Auditors
At the General Meeting of 28 March 2008, Ramazan Özel, Uğur Doğan and Ümit Bozer have been re-elected as statutory auditors within the scope of the Turkish Commercial Code (TCC) and the Company's articles of association.

Statutory auditors serve one-year terms and hold office until the next annual general meeting.

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Audit Committee
On 05 May 2008, the Board of Directors decided to re-elect Engin Çelebioğlu and Mehmet Kaya as members of the audit committee from amongst the Board members elected at the 2007 Ordinary General Meeting of Shareholders convened on 28 March 2008, in line with the provisions of the relevant article of the CMB Communiqué X: 22 concerning Independent Audit Standards in the Capital Markets.

Senior Management
The names of the executives who served at the Company in the year ending on 31 December 2008 are presented below; no changes occurred in the management during the reporting period.

Name	Title	Effective from
Salih Samim Aydın	Chief Executive Officer	2006
Talha Göksel	Assistant General Manager - Operations	2003
Osman Yılmaz	Operations Director	2008
Yavuz Samur	Corporate Relations Director	1988
Hüsnü Tanzer Gücümen	Financial Affairs Director	2004
Mehmet Sanlı Şekercioğlu	Sales and Marketing Director	2006
Serhat Erten	Human Resources Director	2005
Ahmet Arıkan	Technical and Logistics Director	2007
Murat Baş	Cargo and Warehouse Director	2008

3. INFORMATION ABOUT THE SECTOR IN WHICH THE COMPANY OPERATES AND ITS ACTIVITIES AND PERFORMANCE IN 2008

Turkish and Global Economies in 2008

In the World...

The Financial Crisis and its Impact…
The issue of mortgage loans that started from mid-2007 in the USA led to a severe crisis in the US finance system toward the end of the third quarter of 2008. The US-originated financial crisis later progressed to take hold of the entire world, affecting the financial services markets of all developed and emerging countries and causing the crisis to be elevated to global-scale. The liquidity problem triggered by the crisis that began in the financial markets worsened the financial status of companies due to various reasons including non-renewal of existing loans, increased borrowing costs and inability to secure new loans. In addition, the shock declines on the spending side pushed down consumption trends, and the global financial crisis extended its reach to the real economy.

Historic Records in Oil Prices and the Aftermath...
Through the first three quarters of 2008, oil prices rose to record levels in the summertime due to the continued pressure exerted by demand for oil and the issues in oil supply. In the region of USD 90 a barrel in January, oil prices reached USD 147 in summer. The financial crisis that broke out in the fourth quarter of 2008 and the real economy subsequently infected by it resulted in a shock decline in the oil demand, which forced oil prices per barrel to below USD 40 by the end of 2008.

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Inflation… Before and After the Financial Crisis…

The rapid increase in global commodity prices in the first half of 2008 caused developed and emerging countries to exceed the targeted inflation rates. Increased energy prices coupled with the fragile financial structure resulting from the US housing sector created a pressure on global growth, and led to a fall both in commodity prices and consumables prices with the impact of the shockingly reduced demand that accompanied the global financial crisis that started in the last quarter of 2008. 4.9% in 2007, global growth rate fell below 4% in 2008. While the global financial crisis is expected to have a lingering impact until the last quarter of 2009, global growth rate for the year coming is predicted to materialize in the region of 1%.

In Turkey…

Inflation Before and After the Financial Crisis…

The high increases in food, energy and other commodity prices in the first three quarters of 2008 served as a significant pressure upon inflation, which reached 9.15% in the first three quarters. To counter these developments, the Central Bank of the Republic of Turkey tightened its monetary policy by increasing interest rates in an effort to prevent worsened expectations for inflation, and revised its inflation target for 2008 from 5.5% to 10.6%. The global financial crisis affected also the Turkish markets in the last quarter of 2008, leading reduced spending to push down prices, which in turn resulted in 0% inflation rate in the last quarter.

The monetary policy that had been tightened in the first three quarters of 2008 was replaced once again with interest rate cuts.

The Course of Exchange Rates...

The uncertainties in the Turkish politics coupled with the negative developments in foreign markets resulted in a remarkable fluctuation in foreign currency prices and the exchange rate for Euro that was around 1.7 in early January rose to 2.1 over the course of nine months and closed June on the order of 1.94. The elimination of the political uncertainty in July and the developments in favor of dollar in the euro/dollar parity once again caused euro to decline to 1.70. The financial crisis that broke out after September prevented the Turkish currency from gaining value against dollar and euro, and the dollar rose to 1.75 while euro went up to 2.1. The volatility in the financial markets has been ongoing in the last quarter of 2008 and the US dollar and euro closed the year at 1.52 and 2.15 respectively.

The Civil Aviation Industry

International

Despite the significant rise in oil prices that represents the key cost element for airline carriers, the passengers continued to opt for air transport owing to the increased competition in the aviation industry in 2008. On the basis of full-year actual figures, growth in international passenger transport that was 7.4% in 2007 stood at 1.6% in 2008. Cargo transport, on the other hand, suffered a year-on contraction of 4%. 77.3% in 2007, average seating capacity utilization rate was 75.9% in 2008, up 3.5% on an annual basis.

In the twelve months to December 2008, international cargo and passenger traffic sustained declines by 22.6% and 4.6% respectively around the globe. At 73.8%, occupancy ratio was down 3.2% year-on.

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22.6% shrinkage in international cargo transport observed in December 2008 went down in the history as an unprecedented ratio and as such, exhibits the dimension of the current global economic crisis. Though many airlines had stopped their flights on 11 September 2001, the contraction in the cargo transport had been 13.9% even then.

At 9.7%, Asia-Pacific carriers suffered from the highest narrowing-down in international passenger transport. Capacity utilization by Asia-Pacific region carriers went down 5.6%, while their occupancy ratios materialized as 72.6%. European region carriers, on the other hand, looked at 2.7% decline in passenger traffic and 1.5% in capacity utilization. The occupancy rates paralleled the industrial average and stood at 73.8%.

In December 2008, international passenger traffic decreased 4.3% for North America region carriers and 4.6% for Africa region carriers. In contrast, Latin America region carriers and Middle East region carriers registered respective increases of 1.1% and 3.9%. For Middle East region carriers, which had been undersigning two-digit growth rates in the past five years, 2008 has been the year they downgraded to single-digit growth rate. Having grown 18.1% in 2007, Middle East region carriers expanded 7% in 2008.

All regions saw major declines in cargo transport. 20 to 30% shrinkage in import and export volumes in Asia, North America and Europe regions brought along declines in cargo operations of the airline industry. As a result, international cargo traffic that expanded 4.3% in 2007 went down by 4% in 2008.

Representing 45% of international cargo traffic, airlines in the Asia–Pacific region suffered from a 26% decline in the twelve months to end 2008. The rates of reduction in cargo traffic were 23.7% for Latin America airlines, 22.2% for North America airlines, 21.2% for Europe airlines, 9.2% in Middle East airlines and 8% in Africa airlines.

Having launched electronic ticketing practice as of 01 June 2008, the aviation industry aims to save USD 3 billion a year.

In 2008, air carriers sustained USD 5 billion loss in revenues. The industry's loss for 2009 is predicted as USD 2.5 billion resulting from 3% reduction in passenger transport, 5% in cargo transport and 3% in productivity, provided that the fuel prices float on the order of USD 60.

Source: www.iata.org

In Turkey…
The most important factor that influences Turkey's flight traffic, tourism revenues increased 18.5% year-on to USD 21.9 billion in 2008. 30,929,192 people visited Turkey last year, up 13.2% year-on. Average spending per person rose from USD 679 to USD 708. Turkey's tourism expenditures in 2008 totaled USD 3.51 billion, 4.3% higher than in 2007. 72.1% of all foreign arrivals in Turkey last year were by air.

Despite the crisis experienced in international markets and in our country, Turkish civil aviation kept growing also in 2008. Actual figures for the overall year reveal that both the number of passengers and flights were up last year; number of passengers rose to 73.9 million, up 5.4% year-on. Compared with the 2007 figure of 31,949,341, number of passengers on domestic flights grew 4.1% to 33,251,514 in 2008, while the number of passengers on international flights was 40,659,869, 6.5% higher than the previous year's figure of 38,182,790 passengers.

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According to figures released by the General Directorate of State Airports Authority and by Sabiha Gökçen Airport (İstanbul), the total number of commercial flights in 2008 was 606,2254, a year-to-year rise of 5.65%. During the same twelve-month period, there were also increases of 2.3% in domestic commercial flights (281,473 vs. 287,996) and of 8.9% in international commercial flights (292,362 vs. 318,258).

Atatürk Airport ranked first in the number of passengers transported with 23,525,000 people in 2008. It was followed by Antalya Airport with 18,809,000 people, Esenboğa Airport with 5,550,000 people and Adnan Menderes Airport with 5,451,000 people. 72% of all passengers were transported from these four major airports.

2009 is expected to see continued increases in the number of domestic flights and of passengers using air transport by virtue of the work ongoing at our airports having a total passenger capacity of 105 million passengers as of early 2008, and some idle airports that will be reassigned for the use of civil aviation.

In terms of cargo transport, total amount of cargo transported increased 5.57% to 1,528,324 tons in 2008 from 1,447,636 tons in 2007. Of the total cargo carried last year, 74% was transported to international and the rest to domestic destinations.

The last few years saw a series of projects on airports put into life in parallel with the rapid developments in the Turkish civil aviation, whereby the passenger capacity of airports in our country rose from 60 million to 100 million passengers in the past four years. As a result of new arrangements, some airports that used to be closed were opened to service, thus bringing the number of airports open to civilian flights in Turkey up to 41. İzmir Adnan Menderes Airport International Terminal, Antalya Airport 2nd International Terminal, Dalaman Airport International Terminal, Esenboğa Airport Domestic and International Terminal buildings opened their doors on the basis of Build-Operate-Transfer model. Having reached a passenger capacity of 105 million as of early 2008 within the frame of all these activities, our airports are expected to see the total capacity go up to 130 million in 2010 on the basis of work going on at airports, as well as some idle airports which will be designated for civilian flights. On the basis of a bilateral treaty made with Russia in 2008, agreement has been reached to increase the numbers of destinations to which scheduled flights are made in both countries to 10, eliminate frequency restrictions in cargo areas and abolish royalty fees.

Including Russia, the number of countries with which Turkey carried out bilateral negotiations concerning aviation in 2008 rose to 16. Terminal Operation License has been granted to Sabiha Gökçen Airport by the Directorate General of Civil Aviation under Airport Terminal Operation Directive (SHT 14A.01). Audited by the Directorate General of Civil Aviation within the scope of standards on airports published by International Civil Aviation Organization (ICAO) and Airport Terminal Operation Directive in April 2008, Sabiha Gökçen Airport earned Terminal Operation License and became the first airport terminal to be licensed among those operated by the private sector.

Within the framework of the efforts spent by the Directorate General of Civil Aviation to propagate ground handling services to all airports, these services were started to be rendered in 18 additional airports in the last three years and the number of airports offering ground handling services rose to 32 in 2008 from 14 by end-2005.

During 2008, Anadolujet, a sub-brand of Turkish Airlines (THY), commenced Ankara-based domestic flights.

Source: www.tuik.gov.tr, www.dhmi.gov.tr, www.shgm.gov.tr

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Cargo Terminal Fire

The warehouse where the Company was conducting its cargo handling and warehousing activities in Terminal C of the Atatürk International Airport in İstanbul suffered damage as a result of a fire that broke out on 24 May 2006.

In the course of this fire, machinery, equipment, and installations belonging to the Company as well as goods in storage at the warehouse and belonging to others suffered damage. As of 31 December 2008, some of the owners of these goods and those concerned with the cargoes stored at the warehouse applied to the Company and to the Company's insurer on account of the losses that they had sustained. Others of them sought compensation for their losses by initiating legal proceedings and/or suits.

The İstanbul-Bakırköy district attorney's office initiated an investigation (file 2006/37927 E) on account of the fire and as a result the office found five persons (four DHMİ security personnel and one Atatürk Airport security personnel) responsible for the fire on account of acts committed by them. A criminal suit was initiated against these five individuals at the Bakırköy 3rd Justice and Criminal Court (file 2006/817 E). In the district attorney's office complaint submitted to the court, the Company was referred to as having suffered a loss as a result of criminal action. The Company submitted a petition to the court in which it stated that it should be allowed to take part in the hearings as an intervening party and that the plaintiffs be prosecuted and punished for the losses it had suffered as a result of their criminal action, reserving all of its rights to seek relief under the provisions of civil law.

Notwithstanding the disruption of service at the Atatürk Airport warehouse, the Company continues to provide class A (bonded) general cargo handling and warehousing services from its 3,740 mÇ warehouse and facilities in the Güneşli district of İstanbul and also T11 cargo handling and warehousing services from 5,000 mÇ of facilities held on lease from Turkish Airlines with the consent of the General Directorate of State Airports Authority.

4. CHANGES TO THE ARTICLES OF ASSOCIATION

No changes were made to the Company's articles of association in the period from 01 January 2008 to 31 December 2008.

On the other hand, necessary approvals were obtained from the Capital Markets Board of Turkey and the Ministry of Trade and Industry in relation to the amendment of Article 6 (Capital and Type of Share Certificates) of the Company's articles of incorporation to raise the Company's authorized capital from TRY 45,000,000 to TRY 100,000,000 based on the Board of Directors resolution adopted on 27 October 2008. The relevant amendment text will be laid down for the approval of shareholders at the next Ordinary General Meeting.

5. INFORMATION ABOUT FINANCIAL STATEMENTS AND REPORTS

Our independently audited consolidated financial statements for the year ending 31 December 2008, which were prepared in accordance with the formats required by laws and regulations and with IFRS within the frame of the CMB Communiqué XI: 29 concerning Principles of Financial Reporting in Capital Markets, which were not adjusted for inflation as per CMB resolutions 11/367 dated 17 March 2005 and 11/467 dated 17 April 2008, and which were examined and approved by our Company's Audit Committee on 24 February 2009, and this Board of Directors' Annual Report for the year ending 31 December 2008 which was examined and approved again by the Company's Audit Committee and which will be presented also to the Ordinary General Meeting of Shareholders, have been presented to the Company's Board of Directors on 24 February 2009.

As a result of the examination performed by the Company's Board of Directors on these financial statements, it has been decided by the unanimous votes of the participants on 24 February 2009;

- to agree and approve that the said consolidated financial statements and the Board of Directors' annual report, which were established not to contain any misrepresentations and no omissions whose absence could be

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misleading, present a fair and true view of the Company's financial standing and operating results;
- to subsequently incorporate the Board of Directors profit distribution proposal for the fiscal year 01 January 2008 – 31 December 2008, which will be laid down for approval before the Ordinary General Meeting of Shareholders, in the Board of Directors' Annual Report as of the date of such proposal as per the CMB legislation;
- to take necessary steps to promulgate and notify the said consolidated financial statements and the present Board of Directors' annual report in accordance with the CMB legislation.

On 24 February 2009, the Company's General Manager Samim Aydın and Financial Affairs Director provided a written representation that;
a- the necessary examination has been performed on the Company's independently audited consolidated financial statements for the year ending 31 December 2008, which have been approved by our company's Board of Directors decision no 07 dated 24 February 2009 and by the Audit Committee decision no. 01 dated 24 February 2009, which have been prepared in accordance with the Capital Markets Board of Turkey (CMB) Communiqué XI: 29 on Principles of Financial Reporting in Capital Markets, which have not been adjusted for inflation as per CMB resolutions 11/367 dated 17 March 2005 and 11/467 dated 17 April 2008 and which have been prepared in accordance with the formats required by laws and regulations and with IFRS, and the Board of Directors' Annual Report for the year ending 31 December 2008 to be presented to the Ordinary General Meeting with respect to their representation of a true and fair view of the Company's financial standing and operating results;

b- to the best of their knowledge they have with respect to their positions and responsibilities in the Company, these financial statements and annual report contain no misrepresentations on material issues and no omissions whose absence could be misleading as of the date on which the statement was made; and

c- to the best of their knowledge they have with respect to their positions and responsibilities in the Company, the financial statements drawn up in accordance with the financial reporting standards in force –inclusive of those subject to consolidation- represent a true and fair view of the Company's assets, liabilities, financial standing and profit/loss, and that the annual report represents a fair view of the development and performance of the business –inclusive of those subject to consolidation-, the Company's financial standing, and the key risks and uncertainties it is exposed to.

Work is currently in progress to bring the Company into compliance with CMB's corporate governance principles. This involves the introduction of such structural changes and principles as making essential changes in the articles of incorporation, setting up a number of Committees, achieving prescribed structures in Company organs, and developing the infrastructure for making public disclosures as required. Detailed explanations of the progress made in this direction are given in the Corporate Governance Compliance Report (Appendix I) accompanying this report.

The audited consolidated financial statements for the year ending 31 December 2008 which had been prepared in accordance with CMB communiqué XI, No: 29 concerning accounting standards in capital markets and IFRS, which had not been adjusted for inflation as per CMB resolutions 11/367dated 17 March 2005 and 11/467 dated 17 April 2008, and which had been prepared in accordance with the formats required by laws and regulations were independently audited by the independent auditing firm of Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PriceWaterhouseCoopers) and received the "favorable opinion" of that firm in its independent auditors' report dated 24 February 2009.

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There exist no values that have not been included in the Company's consolidated financial statements for the period between 01 January 2008-31 December 2008 which were prepared in accordance with CMB communiqué XI, No: 29 concerning accounting standards in capital markets and IFRS, which were not adjusted for inflation as per CMB resolutions 11/367dated 17 March 2005 and 11/467 dated 17 April 2008, and which were prepared in accordance with the formats required by laws and regulations.

All matters that will be beneficial for those intending to make use of these financial statements have been included in the financial statements or in the footnotes to them.

Our Company's sworn fiscal consultancy services are provided by Başaran Nas Yeminli Mali Müşavirlik A.Ş. (a member of PriceWaterhouseCoopers).

Impact of Warehouse Fire on the Consolidated Financial Statements Dated 31.12.2008

As a result of the fire that broke out in Atatürk Airport Terminal C on 24 May 2006 which is detailed in note 28 to the balance sheet, special costs amounting to TRY 3,932,522 of net book value, machinery, facilities and appliances of TRY 522,232 net book value and fixtures of TRY 29,851 net book value as of 31 December 2006, and machinery, facilities and appliances of TRY 1,579,944 net book value and fixtures of TRY 47,257 net book value as of 31 December 2007 have been deleted from the records as a result of termination of the lease agreement related to the depot by DHMİ and of partial damage thereof as the result of fire.

As of 31 December 2008, final expert and insurance survey reports on the extent of the damage to the machinery, facilities and equipment have been completed, and special costs, machinery, facilities, and equipment and fixtures with a total net book value of TRY 6,139,001, including those deleted in 2008 as a result of the fire, have been deleted from the records. Final reports of the court-appointed expert witness and insurance survey relating to the portion of facilities and equipment and fixtures that were damaged have been completed, and as at 31 December 2008, the Company collected a total compensation of USD 2,135,583 from the insurance company under the Company's comprehensive insurance policy including fire coverage that covers special costs, machinery, facilities and equipment, machinery breakdown, electronic appliances, fixtures and equipment pool.

Since it has been established by the relevant investigation that the Company did not cause the outbreak of the fire and no reasons were determined that would require to hold the Company responsible on account of the fire, the Company management, legal counsel and lawyers defend that the Company does not have any legal responsibility towards cargo owners or other parties who have sustained losses because of the cargo. The Company was in no way responsible for the outbreak of fire or for the acts of anyone who might be held responsible for the fire and that no action on the part of the Company implied that it had been negligent in taking measures to prevent fire damage. In other words, this fire was entirely beyond the control of the Company and could not have been prevented by the Company; neither could it has avoided the consequences of the fire. On this basis, the possibility of the Company's having to pay out any compensation on account of this fire seems remote.

Nevertheless against even this weak possibility our Company had an assessment made of the total damages that could be expected in light of existing petitions and suits made within the framework of the rules of air cargo transport and applicable laws and regulations and arrived at a figure of TRY 9,423,988. The Company itself has initiated suits and claims for legal action against other parties (DHMİ, other warehouse operators, insurers) on account of the fire amounting to TRY 58,939,425 of which TRY 50,331,996 represents actions in which it is a joint plaintiff and TRY 8,607,429 represents actions in which it is the sole plaintiff). As of 31 December 2008 the Company held a fully-paid insurance policy in the amount of USD 1,500,000 to cover the value of goods against the possibility that it might be held legally responsible for their damage by fire. It also holds another policy in the amount of USD 10,000,000 to cover the risk that it might be held responsible just for the fire.

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No provisions have been made on the consolidated financial statements dated 31 December 2007 and 2008, since the assessment on the damage on the commodities that were standing in the warehouse during the fire had not been completed and since it was seen as a weak possibility that the Company would be held responsible for paying damages.

Refundment of Contributions Paid to the Holding

Salaries and other remunerations paid to Çelebi Holding A.Ş. (the Holding) executives for the services and functions performed by the Holding for subsidiaries and affiliates including our Company from 2004 until 2008 have been charged to our Company as well as other subsidiaries and affiliates within the frame of a distribution key. In view of the fact that the Chairman and Vice Chairperson of the Company's Board of Directors are compensated also by the Company owing to the executive positions they hold in the Company, the Holding decided to refund the amounts paid by the Holding to these individuals, which have been collected from the Company under the distribution key, with legal interest thereon to the Company. The sum of TL 2.616.255 computed in this frame has been collected from the Holding and entered into accounts as income.

The Companies Incorporated into Consolidation in 2008

Çelebi Ground Handling's consolidated financial statements dated 31 December 2008 include those of the firm of Çelebi IC Antalya Havalimanı Terminal Yatırım İşletme A.Ş. ("Çelebi IC"), which are consolidated on the basis of its 49.99% stake in that company's management, as well as those of the firms of CGHH and Çelebi Security. Together these four companies are referred to as "the group".

Celebi Nas – Financial Investments

As of 31 December 2008, the Company controls 51% of total voting rights, direct or indirect, in Celebi Nas, the Company's associate residing in Mumbai, India. However, since this is insignificant with respect to consolidated financial statements, the cost has been reflected in the financial statements after deducting the loss in value, if any.

Upon commencement of its activities, this subsidiary will be consolidated on the basis of 51% participation according to joint venture consolidation method.

Comparative data and revision of financial statements from the prior period

In order to achieve alignment with the presentation of consolidated financial statements for the current period, comparative data have been reclassified when deemed necessary.

The Group's consolidated financial statements incorporate data for the prior period for comparison purposes so as to establish the financial standing and performance trends. The Group has drawn up its consolidated balance sheet as at 31 December 2008 in comparison with that as at 31 December 2007; its consolidated income statement for the period ending 31 December 2008 with that for the period ending 31 December 2007; its cash statement and statement of changes in equity for the period 01 January – 31 December 2008 with the relevant consolidated financial statements for the period 01 January – 31 December 2007.

The Group made the necessary reclassification in its consolidated balance sheet dated 31 December 2008 to achieve alignment with the presentation of the consolidated financial statements dated 31 December 2008. These revisions are explicated hereinbelow:

i) Capital reserves in the amount of TRY 28,137,614 classified under "extraordinary reserves" in the consolidated balance sheet dated 31 December 2007 were reclassified under "retained earnings" (Note 16).

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ii) Classified under "inflation adjustments to shareholders' equity" in the consolidated balance sheet dated 31 December 2007, "inflation adjustment differences" constituted by inflation adjustments to legal reserves and inflation adjustment to extraordinary reserves and amounting to TRY 985,483 were reclassified under "retained earnings" (Note 16).

iii) Classified under "trade receivables" in the consolidated balance sheet dated 31 December 2007, deposits and guarantees given in the amount of TRY 15,692 were reclassified under "other receivables", whereas reclaimed VAT of TRY 1,436,820, income accruals of TRY 150,383, advances to personnel in the amount of TRY 110,480, advances to sellers in the amount of TRY 175,523 which were entered under "other receivables" were reclassified under "other current assets", and advances for orders placed in the amount of TRY 21,146 classified under "inventories" were reclassified under "other current assets".

Contained under "advances received" in the consolidated balance sheet dated 31 December 2007, advances received for orders in the amount of TRY 204 were classified under "other short term liabilities".

Taking place under "provision for long-term loans" in the consolidated balance sheet dated 31 December 2007, employment termination benefits of TRY 3,543,901 were reclassified under "provision for employment termination benefits".

Deduction of Deferred Tax Receivables

Consisting of unbooked losses, tax receivable will be reflected in the records in the event when it is highly likely that sufficient financial profit will not be available in the future periods. Translation losses that might arise due to the possible devaluation risk of the forint (HUF) particularly against euro as a result of the economic crisis in the Hungarian and international markets gave rise to the possibility of being unable to capitalize on part or all of CGHH's financial loss in the amount of TRY 16,591,944 in a foreseeable future, despite forward exchanges carried by CGHH for obtaining protection against exchange risk in relation to the changes that will occur in the fair values of future cash flows. Although the Hungarian taxation system does not contain any time limitations concerning carrying over unbooked financial losses, deferred tax receivable of TRY 3,318,189 was not reflected in the records.

6. ISSUES THAT HAVE ARISEN SINCE THE BALANCE-SHEET DATE

Pursuant to Article 1 of the Law no. 5083 on the Currency Unit of the Republic of Turkey and as per the Council of Ministers Resolution 2007/11963 dated 04 April 2007, the word "Yeni" (new) in the phrases Yeni Türk Lirası (New Turkish Lira) and Yeni Kuruş (New Kurush) was eliminated effective 01 January 2009. Accordingly, the values in the former currency unit of New Turkish Lira were converted into TL and Kr, and 1 New Turkish Lira is equal to 1 TL and 1 New Kurush is equal to 1 Kr.

Any reference to the New Turkish Lira in any law, legislation, administrative and legal act, judgment, valuable paper and any and all documents with legal effect, as well as in payment and exchange instruments are deemed to be made in terms of TL on the basis of the conversion rate mentioned above. Consequently, as of 01 January 2009, TL has replaced the New Turkish Lira with respect to keeping and presenting financial statements and records.

As publicly disclosed with the material event disclosure made on 12 February 2008, the Company and Acciona SA Group decided to resume negotiations, within the frame of non-disclosure and exclusivity agreement concluded, for acquisition of 100% stake in the airport ground handling services companies active in Spain and Germany by the Company after elimination of some obstacles that caused the termination of the negotiations that were carried out by and among the parties and upon the emergence of the possibility to obtain necessary approvals within foreseeable periods of time.

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7. DEVELOPMENTS IN INVESTMENTS; INVESTMENT INCENTIVES USED

The amount of the investments the Company has realized in 2008 has been TRY 6,468,361 (2007: TRY 15,957,614). 35% of the investments have been in machinery, equipment and appliances, and 45% in special costs. No investment incentives are available related to the investments realized by the Company in 2008.

Total consolidated investment of the Group in tangible and intangible assets in 2008 amounted to TRY 7,541,063.

8. BASIC FINANCIAL RISK AND RISK MANAGEMENT POLICIES

Due to the nature of its activities, the Group is focused on managing various financial risks including the effect of changes in exchange and interest rates. By its risk management program, the Group aims to minimize the potential negative effect to be caused by the volatilities in the markets.

Risk management is carried out within the frame of policies approved by the Board of Directors.

The tasks of planning risk management, overseeing its operations and effectiveness, and ensuring that the internal audit team carries out its activities within the framework of the risk management plan are the duty of the Audit Committee, which has been set up by a Board of Directors resolution pursuant to CMB regulations. The Audit Committee formulates a risk management and internal audit system capable of minimizing the risks that the Company could be confronted by and takes such measures as are needed to ensure that the system functions reliably.

Interest rate risk

Within the frame of its principle to manage risk with natural actions consisting of balancing the maturities of assets and liabilities sensitive to interest rates, the Company management utilizes its interest-bearing assets in short-term investments. In addition, the Company protects itself from the interest risk arising from floating-rate bank loans through limited use of interest rate swap agreements that take place among derivative instruments as and when deemed necessary.

Liquidity and funding risk

The cash flow, made up of repayment times and amounts of loans, is managed in view of the amount of free cash flow to be generated by the Group on its activities. Therefore, while the option of debt repayment with the cash generated on activities when necessary is kept available on one hand, sufficient number of reliable and high-quality lending resources are kept accessible on the other.

Credit risk

Credit risk consists of cash and cash equivalents, deposits held with banks, and customers exposed to credit risk that cover uncollected receivables.

With respect to the management of the credit risk concerning its receivables from customers, the Company identifies a risk limit individually for each customer (excluding related parties) using bank and other guarantees, and the customer carries out its business transactions so as not to exceed this risk limit. In the absence of these guarantees or in cases where they are required to be exceeded, transactions are carried out within internal limits set by procedures.

Exchange rate risk

Taking into consideration the significantly volatile course adopted in the past by the New Turkish Lira against major foreign currencies and its over-valuation, the Group espoused a conservative monetary position and financial risk

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management policy. The Group is exposed to exchange rate risk due to its operations conducted in numerous currency units. Efforts are spent to keep the ratio of the amount of positions of these currencies among themselves or against New Turkish Lira to total shareholders' equity within certain limits. To this end, foreign currency position is continually analyzed, and the exchange rate risk is managed using balance sheet transactions, or when necessary, off-balance sheet derivative instruments.

9. INFORMATION ABOUT PERSONNEL AND HUMAN RESOURCES POLICY

As of 31 December 2008, our Company had a total of 3,248 employees on its payroll. (3,153 on 31 December 2007.) The average numbers of employees working for the Company in 2008 and 2007 were 3,475 and 3,562, respectively.

The numbers of employees of the Group in 2008 and 2007 were 4,383 and 4,200, respectively.

Group (Consolidated)	31.12.2008 Number of Employees	31.12.2007 Number of Employees
Çelebi Ground Handling Inc. ("Company")	3,248	3,153
Çelebi IC Antalya Airport Terminal Investment and Management Inc.	46	53
Çelebi Security and Surveillance Consultancy Inc.	465	473
Celebi Ground Handling Hungary (Indirect Subsidiary) (Hungary)	624	521
Total	4,383	4,200

Our Company has entered into no collective bargaining agreements. The Company provides employees' salary, overtime, meal, health insurance, and service award benefits as well as all legal rights and entitlements due to them under the Labor Law and associated applicable.

Human Resources Policy

All Company human resources (HR) policies and practices were reviewed and revised as part of a two-year corporate identity and communication project that was undertaken in 2000-2001. Areas in which improvements were needed were identified and changes were made where necessary. HR practices were also supported with the introduction of new systems which make it possible to keep track of all HR-related documentation and processes. As a result of these systems and activities and of the training programs that are planned and conducted and the monitoring and review of feedback, a distinctively Çelebi HR culture has grown up within the Company. The Human Resources Committee is responsible for overseeing and developing all matters related to human resources.

Our station managers are responsible for ensuring that Company-established HR policies are adhered to in all areas of their individual accountability without regard for language, race, religion, creed, or sex. Station managers also act as employee representatives and among their basic responsibilities are keeping employees informed about Company decisions and developments that may affect them.

There has never been a single instance of a complaint from anyone about discrimination among employees at our Company, which takes all due care to ensure that its personnel are not subjected to any kind of physical, mental, or emotional abuse whatsoever.

Making our Company a preferred employer in Turkey and ensuring that it remains one big family of happy and loyal employees by supporting involvement, teamwork, enterprise, creativity, and productivity are the foundations on which Çelebi Ground Handling's human resources policy is erected.

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The elements that underlie human resources policies
Supporting participation, teamwork, enterprise, creativity, and productivity, making our Company an employer which people prefer to work for and which treats its personnel like one big happy family and strives to keep it that way are the foundation stones of the Çelebi HR policy.

Human Resources Systems

- **Recruitment and Placement**
  - Recruitment Process
  - Orientation
- **Performance Management**
  - Objectives and Competency Management
  - Compensation
- **Training and Career Planning**
  - Coaching
  - Çelebi Academy
  - Career Planning
  - Personal Development Training
- **Compensation Management**
- **Corporate Development Activities**
  - Corporate Culture, Vision, Mission
  - Regulation Studies
  - Organization & Operations Studies
  - Data-processing Infrastructure

Recruitment and Placement/Creation of a Group-wide Pool of Candidates
The main principle in recruitment and placement is obtaining the human resource needs in a most efficient and most rapid way with the principle of "the right person for the right job". In this context the personnel needs are determined in accordance with the Company's goals and strategies in the frame of human resources planning, and the profile that the position needs is stated on the ground of the job definition and competencies. Human Resources personnel control whether the vacancy is placed in the budget when the request for a new employee comes. The position planning has to be conducted carefully, with special attention to efficiency. The Human Resources Department and Division Managers should share the responsibility of recruiting personnel who are suitable for Çelebi mission and vision, who can perform the responsibilities of the job, who can adapt to the work conditions, who have the required competencies, and who at the least have the qualifications the job necessitates. Giving the opportunities primarily to all Çelebi employees for the jobs at the Company and Group companies suitable for their career development and potential is our recruiting policy. In the frame of this policy, a candidate information bank has been constituted in our Group companies and each day this bank becomes a databank all our Group companies can use. The program used in this purpose in the Holding structure is planned to turn into an integrated program connected to the other human resources processes.

Candidate Databank
The candidate databank includes the applications of the potential candidates that Çelebi employees suggest, candidates directly applying by sending CVs or filling the application form, people responding to an advertisement or announcement, applications collected during career days at various universities, applications from private training courses and education establishments with whom we plan to develop cooperation, and digital applications via electronic environment. The priority sequence to be followed in recruitment and selecting employees should be:
- The employees apply to internal announcement,
- Potential employees suggested by Çelebi personnel,

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- Candidates who has applied directly or to an advertisement before,
- Candidates called by advertisement,
- Candidates directed to the Group by outsourcing consultancy firms.

All recruitment processes are performed in accordance of the recruitment and placement regulations by the human resources departments of the connected companies. Also foreign languages, general skills tests and personality profiles prepared by the professional organizations for candidate selection are used. Reference control is conducted for the candidates who are found suitable for the job and who have former experience.

Orientation
Newly-hired employees are put through an orientation program in which they are informed about the Company's mission, vision, principles, and policies as well as about Çelebi Group companies, their areas of activity, and their working conditions.

Training
Çelebi sets different levels of studies related to training and development programs. These parameters are intended to help determine and improve the areas to be developed, especially related to knowledge, skills and behavioral characteristics which all Çelebi jobs necessitate, and in order to prepare the employees for future responsibilities. Along with the application of a performance evaluation system, stations' and departments' training needs are determined on the basis of the results each year. The comments of CRM (Customer Relations Management) are taken into consideration in training planning. Training has been realized as 7.67 day/employee in 2008.

All training reports are accessible via the SAP system. Training budget planning and reporting are performed periodically by the HR on the basis of these records.

Çelebi uses Lotus Notes as its communication tool. Stations are provided with access to all training documents, technical training modules, exams, company guidelines/procedures and regulations via Lotus Notes.

All technical training programs are given by internal trainers. Çelebi also makes agreements with external training companies for specific training programs (Presentation Techniques, Teamwork, Improving Management Skills, etc.). Technical training modules are prepared in cooperation with the HR and trainers, and revised annually. In 2008, the training module addressing the Ramp Department more heavily populated by blue-collar employees has been revised with a different perspective. The module has been simplified into a language that is easier to be understood by blue-collar workers, while visuality has been taken to the forefront with the films produced and animations designed, thereby creating an unmatched training module.

Employee Satisfaction Survey
In 2007, consultancy service has been obtained from Synovate to establish employee satisfaction level. In this frame, an employee satisfaction survey was administered covering all employees on permanent staff with the Company, which was concluded with a participation ratio of 81%. To allow for the analysis of survey results, the outcomes were shared with all stations, inputs were consolidated, and an action plan was developed. With a view to encouraging efforts for improving the results revealed by the survey, targets in relation to the next year's survey were incorporated in the 2008 station manager PD system.

In the repeat of the employee satisfaction survey in 2008, the participation ratio was raised from 81% in 2007 to 92%. The ESS score improved by 50% in 2008 as compared with the previous year.

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Performance Evaluation

Once a year all our employees are given a performance evaluation by our Performance Evaluation System that has been designed to ensure that evaluations are made according to objective criteria defined according to required competencies. These evaluations are carried out in order to ensure the existence of an environment suitable for the attainment of Company goals; identify and improve competency levels and priorities; support promotion, rotation, and career planning functions; strengthen relationships between subordinate and superior; develop management competencies in managers; and speed up the flow of information at all levels provide through feedback. Objective-based evaluation criteria have been included in the performance evaluation system in addition to the performance-based evaluations to which is middle and senior managers are subject.

The 360-degree performance management system of which first performance evaluation was applied as a pilot study in 2006 was continued to be applied in 2008 and the work on turning into a more objective system by not only the subordinates evaluating the employees but also different channels evaluating each other was carried on.

Career Planning and Personal Development

The objective of career planning has been to create a candidate pool from internal sources and enable placement of candidates from that pool to vacant positions at Çelebi as well as synchronizing the employees' and the Company's expectations.

In this context in all our companies:
- Career maps will be designed in accordance with the competency and qualification scales drawn formerly and trainings and rotations at each career step will be continuously followed.
- For critical positions a back-up strategy is being developed
- Parallel to the criteria for internal appointments, promotion/rotation opportunities are offered to the employees.

The position needs are primarily announced to Çelebi employees and the priority is given to our personnel. The internal managers' promotion rate has been 75% in 2008.

In former years studies similar to "Managers Development Program" were conducted but the program has started to be applied actively since 2006-2007. The candidate pool will be formed with the candidates from inside and outside the Group. The selected candidates are trained in orientation and training programs for twelve months and are evaluated as specialists in headquarters departments and Holding company.

Company Regulations

Existing HR and training regulations that are currently in use are regularly reviewed and revised to ensure that they satisfy needs. In addition, joint projects are also carried out to develop new regulations for operational or other issues as circumstances dictate.

Organization

Organizational structures are reviewed, revised, and standardized to maximize their effectiveness and ability to satisfy needs. Particular attention is given to ensuring that any organizational changes are tracked and made known throughout the Company. Determining hierarchical levels and revising roles in light of existing conditions is a prime consideration in all HR policies.

During 2008, three new departments (Cargo, Western and Anatolia stations) were set up, the vacant Marketing Manager position was filled, and the scope of the Budget Department was expanded into Budget and Financing Department within the frame of the organizational efforts at the Head Office.

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2008 also saw some changes at the stations; the Company started operating at four new stations as a result of the THY tender, while Gaziantep station was closed down. (The new stations opened are Erzincan, Hatay, Denizli, and Kahramanmaraş.)

Communication

For the purposes of fostering a participatory style of management and providing all employees secure and safe working conditions, personnel are kept informed about issues concerning the Company's financial standing, compensation, career development, training, health, and similar at meetings on every occasion where it is possible to convey such messages. Feedback from personnel in the form of attitudes, opinions, suggestions, and complaints are used as input in subsequent activities.

Furthermore, a suggestion development system was established in 2008 which targets participation of all employees so as to make more effective use of employees' opinions.

Employee Safety

Our Company has a management system which provides employees with a safe and healthy working environment, which carries out risk assessments that identify the threats and risks to which employees may be exposed and engaged in activities to reduce risk/threat levels through measures that are to be taken, which complies with the requirements of applicable laws and regulations, which develops and implements programs to achieve occupational health and safety objectives, and continuously monitors occupational health and safety performance.

Our Company's occupational health and safety management system was awarded OHSAS 18001 Occupational Health & Safety Assessment Series certification at its headquarters and 18 stations.

Social Activities

Made up of a large number of employees from Çelebi Holding and its associates, Çelebi Film Team took part in the third edition of the Corporate Film Fest, organized by Patika Productions and participated by 11 companies last year. The competition was held in three categories. Çelebi Film Team competed in all three categories of fiction, advertising and documentary films.

The Team was awarded with the "Best Film" and "Best Actor" awards in the fiction film category.

10. GRANTS AND DONATIONS

In the year ending 31 December 2008, the Company's grants and donations totaled TRY 813,135. Out of the total donations, the portion of TRY 761.000 related to the "School of Civil Aviation" to be established under the Erzincan University organization.

11. PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY BOARD OF DIRECTORS

1. Our financial statements prepared on the basis of our legal books of account dated 31 December 2008 show a net current profit in the amount of TRY 41,550,817.05 remaining after the deduction of all taxes and other legal obligations.

After the deduction from net current profit of a first legal reserve in the amount of TRY 272,039.25 to be set aside as per the requirements of the Turkish Commercial Code, the net distributable profit that can be paid out as a dividend on the basis of our books of account is TRY 41,278,777.80.

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2. Net profit of the period after Tax and Legal Liabilities are deducted, in our consolidated financial statements as of 31 December 2008 that have been prepared in the accordance with CMB communiqué XI, No: 29 concerning accounting standards in capital markets (IFRS), and which have been audited by independent organizations, has amounted to TRY 35,044,734.00.

Within the frame of CMB legislation, net distributable profit for the period computed after setting aside First Legal Reserves in the amount of TL 272,039.25 from the net profit for the period stated in our consolidated financial statements pursuant to the TCC is TL 34,772,694.75.

3. According to CMB regulations, the sum of Net Distributable Profit for the Period and Extraordinary Reserves is TL 41,827,880.55, which is net distributable profit for the period in the amount of TL 34,772,694.75 plus Extraordinary Reserves in the amount of TL 7,055,185.80 as reported in our legal books and consolidated financial statements as of 31 December 2008 and which may be subject to distribution to our shareholders.

Accordingly; we hereby submit for the approval of the Ordinary General Meeting of Shareholders our proposal to distribute the Net Distributable Profit for the Period in the amount of TL 35,044,734.00 reported in the Company's Consolidated Financial Statements dated 31 December 2008 and Extraordinary Reserves in the amount of TL 7,055,185.80 reported in our legal records and consolidated financial statements as dividends that are to be paid out as shown below:

ÇELEBİ HAVA SERVİSİ A.Ş. PROFIT DISTRIBUTION TABLE FOR 2008(TRY)

	As required by CMB laws and regulations	As shown in the legal books of account
Net current profit	35,044,734.00	41,550,817.05
Extraordinary reserves	7,055,185.80	7,055,185.80
Total	42,099,919.80	48,606,002.85
1st legal reserve (-)	(272,039.25)	(272,039.25)
1st dividend (-)	(31,721,995.23)	(31,721,995.23)
From ordinary reserves (-)	(6,413,805.27)	(6,413,805.27)
2nd legal reserve (-)	(3,692,080.05)	(3,692,080.05)
Transferred to extraordinary reserves	0.00	6,506,083.05

And therefore;
- To pay to resident corporate entities and to non-resident corporate entities that earn dividends through an office or permanent representative in Turkey a gross/net cash dividend in the amount of TL 1.5694 for each share with a nominal value of TL 1.00, which corresponds to a dividend rate of 156.94%;
- To pay to other shareholders a gross cash dividend in the amount of TL 1.5694 for each share with a nominal value of TL 1.00 and corresponding to a dividend rate of 156.94% or a net cash dividend in the amount of TL 1.3340 for each share with a nominal value of TL 1.00 and corresponding to a dividend rate of 133.40%; and
- To set the date of dividend payout as 23 March 2009.

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(APP. I)

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CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

While full compliance and complete implementation of the corporate governance principles published by CMB could not be achieved by our Company in the fiscal year ending 31 December 2008, work required understanding these principles and achieving their compliance and implementation has begun and is in progress.

The issues on which compliance was not achieved and the reasons for this are explained in the appropriate sections of this report.

Activities will be continued to be carried out to bring about structural changes and adopt principles in 2008 such as amending the Company's articles of incorporation, setting up the Committees specified in the principles, restructuring Company organs as stipulated, developing the infrastructure needed so that announcements can be under conditions complying with the principles. We hereby declare that we will strive to bring ourselves into substantial compliance with these principles and implement them.

PART I: SHAREHOLDERS

2. SHAREHOLDER RELATIONS UNIT

Efforts are ongoing to set up a dedicated Investor Relations Unit within the Company in line with the modifications made to the CMB legislation during 2008.

Our Company's relations with its shareholders have been managed by the Çelebi Holding Operational Supervision and Corporate Communications Department until 28 March 2008. After the annual general meeting for 2007 that is held on 28 March 2008, the conduct of shareholder relations becomes the responsibility of the Çelebi Holding Business Development Directorate.

The names and contact information of the personnel of the Çelebi Holding Operational Supervision and Corporate Communications Department that have managed relations with shareholders are presented below.

		Contact information	
Name	Position	Telephone	E-mail address
Çetin Özbey	Operational Supervision and Corporate Communications Coordinator	(+90 212) 473 55 73-5525	cetin.ozbey@celebi.com.tr
Canan Abdullahoğlu	Corporate Communications Specialist	(+90 212) 473 55 73-5530	canan.abdullahoglu@celebi.com.tr
Cansu Dizdar	Corporate Communications Specialist	(+90 212) 473 55 73-5529	cansu.dizdar@celebi.com.tr
Abdullah Kırımlı (Effective 28.03.2008)	Business Development Coordinator	(+90 212) 339 40 39 - 1902	abdullah.kirimli@celebi.com.tr

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Until the said unit shall have been established at the Company, shareholder relations will be carried out by managers/specialists who work at the Holding's Business Development Department and the Company's Financial Affairs Department. Possessing CMB Advanced Level Licenses, these individuals' contact details are provided hereinbelow.

		Contact information	
Name	Position	Telephone	E-mail address
Abdullah Kırımlı	Business Development Coordinator	(+90 212) 339 40 39-1902	abdullah.kirimli@celebi.com.tr
Özgür Eren	Specialist	(+90 212) 465 27 10 - 1523	ozgur.eren@celebi.com.tr

The activities of holding ordinary general meeting in accordance with the requirements of law and of our articles of incorporation and of preparing documents for the use of shareholders at the meeting were carried out in coordination with Çelebi Holding's legal affairs chief coordinator and the Company's financial affairs coordinator.

3. SHAREHOLDERS' EXERCISE OF THEIR RIGHT TO OBTAIN INFORMATION

During the reporting period there were a limited number of verbal requests made by our Company's shareholders and investors for information about the performance of our Company's shares on the ISE, about the amounts and timings of dividend payments and share capital increases, about investments in progress, and about publicly disclosed financial statements and their footnotes. These requests were responded to in light of any information that had previously been publicly disclosed by means of special circumstance announcements within the framework of CMB regulations and on the basis of information provided in the "Questions and Answers" section of the Company's corporate website.

Shareholders' electronic access to information concerning the exercise of their rights through the Company's corporate website at www.celebihandling.com was at the level stipulated in the corporate governance principles announced by the Capital Markets Board. At the same time, developments related to shareholders' exercise of their rights were also publicly disclosed by means of special circumstance announcements as required by CMB regulations and through newspaper announcements as required by law.

Moreover, in 2008 two informational meetings were held so as to keep brokers and analysts well informed on the Company's activities and financial performance.

A request to have a special auditor appointed is not an individual right provided for under our Company's articles of incorporation. There were no requests for the appointment of a special auditor in 2008.

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4. INFORMATION ABOUT GENERAL MEETINGS

General meetings held during the reporting period	Date	% of shares in attendance	Meeting announcements and invitations
Ordinary general meeting	28/03/2008	77,41%	Date, place, time and agenda were announced via: • Special circumstance announcement made to ISE on 11/03/2008 • Announcements published in the 12/03/2008 issues of T. Ticaret Sicil Gazetesi no: 7018 and Milliyet newspaper • Announcement in the Company's internet site • Letters sent to registered shareholders

Participation in general meetings
The Company's ordinary general meeting held on 28 March 2008 was attended by shareholders responding either in person or in proxy to invitations sent out as well as by four members of the Company's Board of Directors, all management-level personnel, personnel of the Çelebi Holding Corporate Communications Department responsible for managing shareholder relations, and representatives of a number of media organizations.

Entries in the shareholders' register
There is no period of time stipulated in the Company's articles of incorporation in which the holders of registered shares must have entries made in the shareholders' register in order to take part in general meetings. The provisions of the Turkish Commercial Law (TTK) governing such matters are complied with by the Company. Shares corresponding to more than 99% of our Company's capital have been duly registered as required by Capital Markets Board regulations. Shares belonging to our shareholders are retained in custody in the investor subaccounts of our Company as issuer and/or of brokerage concerns held by the Central Registry Agency.

Information announced to shareholders
Before the Company's ordinary general meeting held on 28 March 2008, the financial statements for the fiscal year ending 31 December 2007 and independent auditor's report prepared by the statutory auditors elected by the general assembly of shareholders in accordance with the provisions of TTK and the Company's articles of incorporation, the Board of Directors' profit distribution proposal, and Board of Directors annual report prepared within the framework of CMB regulations and containing the statements of Company managers responsible for annual financial statements and reports as well as information about Company activities in 2008 and the board's explanations about them were all made available for the examination of Company shareholders and other stakeholders at the Company's headquarters as of the date on which the general meeting was announced. The reports and other documents were also sent to media organizations and brokerages in order to better disseminate the information contained in them with the public and existing and potential investors.

Shareholders' exercise of their right to ask questions at general meetings
The shareholders exercised their right to ask questions at ordinary general meeting held on 28 March 2008 and these questions were answered by the Company board members and executives that attended the meeting.

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Motions made by shareholders at general meetings

At the ordinary general meeting held on 28 March 2008, the following five motions were made by shareholders on the subjects indicated below and each motion was passed by a majority vote:

- The meeting's presiding committee is formed and authorized to sign the meeting minutes and documents on behalf of the general assembly of shareholders.
- Whereas the balance sheet and income statement included in the annual report were made available for shareholders to examine before the general meeting and both were handed out to those present at the meeting, the general meeting agrees that it suffices to read the main headings of both balance sheet and income statement for the discussion of item 3 on the agenda.
- Whereas the balance sheet and income statement included in the annual report were made available for shareholders to examine before the general meeting and both were handed out to those present at the meeting, the general meeting agrees that a reading of the main headings of both balance sheet and income statement suffices for the discussion of item 3 on the agenda.
- The candidates designated within the framework of the provisions of our Company's articles of incorporation to replace members of the Board of Directors whose terms of office have expired are hereby elected; Mr. Can Çelebioğlu and Mrs. Canan Çelebioğlu Tokgöz from amongst Board members are to be appointed as managing directors, and managing directors are to be paid remuneration.
- The candidates designated within the framework of the provisions of our Company's articles of incorporation to replace statutory auditors whose terms of office have expired are hereby elected.

Inclusion of a provision in the articles of incorporation requiring decisions of a highly important nature to be taken at a general meeting

The Company's articles of incorporation contain no provisions requiring decisions of a highly important nature such as demergers or buying, selling, or leasing substantial amounts of assets and property to be taken at a general meeting. This failure to comply with the corporate governance principles published by CMB stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

Action taken to facilitation participation in general meetings

To facilitate participation in general meetings, a special circumstance announcement concerning them is made as required by CMB regulations while invitations announcing the meetings are published within the framework of the provisions of TCC and the articles of incorporation at least fifteen days before the meeting date in Türkiye Ticaret Sicili Gazetesi and one newspaper published in the place where our headquarters are located and announced in our Company's internet site. Media organizations are also contacted to have the meeting announced in the press and electronic media.

Availability of general meeting minutes for inspection by shareholders

After they have been registered in accordance with associated applicable laws, regulations, and administrative provisions, general meeting minutes are published in Türkiye Ticaret Sicili Gazetesi and are always available for the inspection of stakeholders at our Company's headquarters and on its corporate website.

5. VOTING RIGHTS AND MINORITY RIGHTS

According to our Company's articles of incorporation, none of our Company's shares incorporate special voting rights. Three categories ("A", "B", and "C") of shares have been issued representing the Company's capital.

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Of these, only the owners of “A” and “B” shares have the right to designate candidates to be elected as Company directors and statutory auditors.

There are no reciprocal shareholding interests between our Company and our corporate entity shareholders.

Minority shareholdings interests are not represented in the Company’s administration because there is are no minority shareholders who have been designated as candidates in elections for Company directors or statutory auditors and elected to such positions.

The Company’s articles of incorporation contain no provisions concerning the representation of minority shareholding interests on the Board of Directors or governing the accumulated voting method.

6. DIVIDEND PAYMENT POLICY AND TIMING

Special rights concerning participation in the Company’s profits
There are no special rights concerning anyone’s participation in the Company’s profits.

Dividend payment policy
With the decision of the Board of Directors on 4 April 2006 our Company defined a written Profit Distribution Policy constituting a groundwork for preparation of profit distribution for presentation to the General Council in the frame of the compliance studies with Corporate Governance Principles published by Capital Markets Board “CMB” and of the CMB decision number 4/67 and dated 27 January 2006. The decision was announced to the public through the material disclosure sent to ISE on 4 April 2006 and informed to the shareholders during the Ordinary General Meeting held on 28 April 2006.

According to the statement it was decided;
- To formulate a written dividend payment policy on the basis of which the dividend recommendations concerning the distribution of the Company’s profits that are to be submitted to general meetings are to be prepared; according to which policy, it is an accepted principle that at least 50% of the distributable profit available in 2006 and the years that follow will be paid out as a dividend each year insofar as this does not conflict with the rules and regulations of the Capital Markets Board;
- Depending on the Company’s needs for investment and financing to support its long-term growth, to make such distributions as cash payments or in the form of free shares of stock distributed to shareholders representing profits that have been capitalized, or partially in cash and partially as shares;
- To abide by the above-stated dividend payment policy unless the Company’s investment and/or financial circumstances or extraordinary developments in economic conditions make it necessary to do otherwise.

Dividend payment timing
Within the framework of the decision taken at the Ordinary General Meeting on 28 March 2008, for each TRY 1 nominal value share, 104.48% gross TRY 1.0448, 88.81% net TRY 0.8881 from the profit in 2007 and from extraordinary reserves a total gross TRY 25,389,453.37 cash dividends distribution would be made on 31 March 2008, it was decided by unanimous vote, and the dividend payment has been realized to the shareholders on this date.

7. TRANSFERRING SHARES
The Company’s articles of incorporation contain no provisions restricting the transfer of shareholding interests.

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PART II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. COMPANY DISCLOSURE POLICY
There is no Company disclosure policy that has been formulated and published as defined in CMB's corporate governance principles. This failure to comply with the corporate governance principles published by CMB stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue. Work is in progress to determine the names and positions of the individuals who will be responsible for formulating a policy as defined in CMB's corporate governance principles, announcing it to the public, and carrying it out.

9. SPECIAL CIRCUMSTANCE ANNOUNCEMENTS
Our Company made 26 special circumstance announcements in 2008 pursuant to CMB regulations. None of them required additional information by CMB.

All special circumstance announcements were made in due time.

10. THE INTERNET SITE AND ITS CONTENT
The address of our corporate website is www.celebihandling.com.

Presence on the corporate website of information stipulated in the corporate governance principles published by CMB

Information	Availability
Commercial registry information	Yes
Current partnership and management structure	Yes
Detailed information about preferential share rights	Yes
Current form of the Company's articles of incorporation together with dates and numbers of trade registry gazettes in which amendments were published	Yes
Special circumstance announcements	Yes
Annual reports	Yes
Periodic financial statements and reports	Yes
Prospectuses and public offering circulars	n/a
General meeting agendas	Yes
General meeting attendance rosters and minutes	Yes
Proxy form	Yes
Mandatory information forms prepared for proxy solicitation or tender offers	n/a
Minutes of Board of Directors meetings whose decisions might have a material impact on the capital market instruments issued by the Company	Yes
Frequently-asked questions / Requests for information, questions, and warnings made to the Company / The Company's responses to them	Yes

Stakeholders are presently able to access some information in electronic format on our Company's corporate website at www.celebihandling.com.

11. DISCLOSURE OF ULTIMATE NON-CORPORATE SHAREHOLDERS WHO HAVE A CONTROLLING INTEREST

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The identities of our Company's ultimate non-corporate controlling shareholders purged of all cross-shareholding interests are presented on page 4 of our Company's 2008 annual report.

12. PUBLIC DISCLOSURE OF THOSE WHO MAY HAVE ACCESS TO INSIDER INFORMATION
A list of individuals who have access to insider information about our Company besides the Company directors and statutory auditors identified in our annual report published each year and who have been revealed to the public is presented below.

Name	Position
Can Çelebioğlu	Chairman
Canan Çelebioğlu Tokgöz	Vice Chairperson
Engin Çelebioğlu	Board Member
Mehmet Kaya	Board Member
Necmi Yergök	Board Member
Aydın Günter	Board Member
Ramazan Özel	Statutory Auditor
Uğur Doğan	Statutory Auditor
Ümit Bozer	Statutory Auditor
Salih Samim Aydın	Chief Executive Officer
Talha Göksel	Assistant General Manager – Operations
Osman Yılmaz	Operations Director
Yavuz Samur	Corporate Communications Director
Hüsnü Tanzer Gücümen	Financial Affairs Director
Mehmet Sanlı Şekercioğlu	Sales and Marketing Director
Serhat Erten	Human Resources Director
Ahmet Arıkan	Technical and Logistics Director
Murat Baş	Cargo & Warehouse Director
Deniz Bal	Budget and Finance Manager
Çetin Özbey	Operational Supervision and Corporate Communications Coordinator (Holding Company)
Abdullah Kırımlı	Business Development Coordinator (Holding Company) (effective 28 March 2008)

PART III: STAKEHOLDERS

13. KEEPING STAKEHOLDERS INFORMED
As stated in "2. Shareholder Relations Unit" of this report, our Company's relations with its shareholders were managed by the Operational Supervision and Corporate Communications Department and Business Development Department of Çelebi Holding in 2008.

Work is in progress to restructure a separate unit within the Company organization to undertake all the duties specified in CMB-published corporate governance principles with respect to shareholder relations.

In 2008, for the purpose of informing stakeholders, our Company's executive director and other members of management gave interviews that appeared in the press and electronic media, took part in TV programs and discussions, and made press statements. Detailed information about the Company and its investments was provided in the course of such appearances and announcements.

14. STAKEHOLDER PARTICIPATION IN MANAGEMENT

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Airport ground handling services are a part of the civil aviation industry and as such they are a business that imposes stringent demands on specialization and expertise whose rules are specifically spelled out by international aviation agencies and organizations. Partaking in the management of a company engaged in this sector requires expertise in a variety of different areas and for that reason, no significant steps have been taken in the direction of involving the Company's employees, the majority of which are blue-collar workers, in the Company's management.

In matters involving non-technical issues such as employee rights and human resources policies on the other hand, individual workplace meetings are held regularly and at least once a year during which employees' views on the conduct of work and Company practices are solicited. Changes are made where necessary in light of such views and feedback is provided.

15. HUMAN RESOURCES POLICY

Our Company's HR policy is presented in section 9 ("9. Information about personnel; human resources policy") of our Company's annual report for 2008.

16. RELATIONS WITH CUSTOMERS AND SUPPLIERS

Customer satisfaction

Because it is our Company's principle to provide service wherever our customers may be, and with the domestic civil aviation market being deregulated and opened to privately-owned carriers our services continued in a total of 24 stations in 2008.

In order to provide better service to airlines in the growing ground handling services market, our Company became the first ground handling services company in Turkey using GroundStar Inform software system prepared by German technology firm Inform to support the control of ground handling services resources and processes on automation. The system is used successfully in Istanbul and Antalya. GroundStar Inform's Planning Control, Real-Time Task Management, and Real-Time Control modules make it possible to plan and allocate resources efficiently and productively. GroundStar is currently being used in more than 90 airports around the world by airlines (including British Airways, Lufthansa, and ServisAir) as well as by catering and ground handling services companies.

Two new IT projects initiated in 2005 have successfully gone into operation in our Headquarters and stations. "Celebris" collects Flight Information System, Agreements Follow-up and Pricing, Customer Invoicing and Quality Management under one system. The other project, "CRM" is an effective Customer Relations Management model and application infrastructure with the purpose of increasing the business perfection and hence customer satisfaction.

The quality management systems that our Company employs are the ones most preferred in the world of civil aviation: AHS 1000 and IATA AHM 804 These systems make it possible to identify and report measurable quality criteria and contribute significantly to airline and ground handling services companies' ability to function more productively and improve their operational performance. By means of these systems, it is possible to observe at what step of the service process problems are being experienced and to take corrective action accordingly. Any customer dissatisfaction arising in the conduct of service can be monitored at all stations. Complaints received from customers can be dealt with quickly by taking measures needed to make improvements. For the purpose of preventing any possible customer dissatisfaction in advance, all our stations are audited regularly twice a year by the Quality Department and stations take immediate corrective action to eliminate any divergences that are

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identified as a result of these audits.

The "Çelebi School Report Card" program that our Company launched in 2005 within the framework of its project to continuously increase customer satisfaction was further developed and continued in 2008. "Çelebi School Report Cards" are a method of polling customer satisfaction. In 2008, the project was run in cooperation with an internationally recognized research company and the cards were sent out to our customers online over the internet.

The "Smiling Service Project" that was identified as being concerned with the quality service that our Company seeks to deliver to customers and erected on "Seven Basic Principles", continued during 2008.

The primary goal of this project is to provide the personnel of Passenger Services Department with encouragement and support to deliver high-quality personalized service by making it possible for them to adopt participatory and positive attitudes in their personal and working lives. On the basis of monthly and annual evaluations, successful personnel are rewarded in a variety of ways.

Another service that our Company provides to enhance customer satisfaction consists of specialized training for personnel in assisting physically handicapped passengers. This training program, which was prepared jointly with the Darüşşafaka Foundation, continued all year long in 2008. Station personnel who deal directly with disabled and physically handicapped passengers at airports before and after flights and who provide such passengers with transfer services received certificates showing their successful completion of the course.

Trade secrets

Under the heading of trade secrets, our Company gives the utmost attention to protecting the confidentiality of any information in comes into possession of about its customers and suppliers. The non-disclosure of customer-related information without the customer's knowledge is guaranteed as a separate clause in contractual agreements with customers.

Compliance with the sector's international rules

Our Company takes all necessary measures to ensure that it establishes good relations with customers in which neither party has an unjustified advantage over the other and to comply strictly with the terms of its agreements with them. For this purpose, our Company uses the "Standard Ground Handling Services Contract" prepared and recommended by IATA as its reference.

17. SOCIAL RESPONSIBILITY

Compliance with European Union Environmental Norms

When procuring new equipment, our Company only purchases items that comply with EU environmental norms. Our Company fully complies with all EU standards governing the prevention of noise and pollution.

Sectoral responsibility projects

There is not as yet a particularly great public awareness of the civil aviation industry in our country and for this reason, our Company gives special importance to supporting its sector so that it becomes better known and appreciated and is thus able to attract high-quality human resources.

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To this end, the Company directly supports and sponsors:
• TV programs about civil aviation
• The "Career Days" event held each year at the Eskişehir College of Civil Aviation
• The congresses, seminars, and training projects of aviation industry professional organizations.

On another front, within the frame of the cooperation with Erzincan University and under the auspices of the Ministry of Transport, the Company carries out a project in relation to having built and donating a "School of Civil Aviation" to be established under Erzincan University organization. The project entails construction of a school building with a floor area of 4,000 square meters and a covered area of 16,000 square meters, and equipping thereof with necessary tools and equipment for commencement of education and training by 2010.

In addition, within the scope of the cooperation with the Ministry of National Education Directorate of Investments and Enterprises and TOÇEV (Tüvana Educational Support Foundation), the Company initiated work to build, repair and equip the annexes and additional facilities needed by a total of 50 primary schools in villages. Aiming to improve the infrastructures of primary schools located in villages, 5 schools each with a need for annexes and additional facilities will be identified in 10 cities. Planned in 2008 and slated for execution in 2009, the project is intended to be brought to completion by year-end 2013.

The environment and nature
Our Company has an environment management system (EMS) which has been developed in order to systematically reduce or eliminate the harm that is or may be caused to the environment. Our Company's EMS aims at identifying environmental factors and at controlling such factors in order to minimize their environmental impact and to improve environmental performance during all the stages from the design of services to their presentation to the customers.

The environment management system has been awarded ISO 14001:2004 certification at headquarters offices and at the İzmir station by the firm of Bureau Veritas. With this certification, we declare that we shall:
• Carry out programs to minimize our waste and achieve compliance with laws and regulations.
• Carry out programs to minimize resource use.
• Coordinate efforts aimed at more environment-friendly production.

Aware of the need and responsibility on the part of people to use the natural resources they require to maintain a good way of life in a renewable way, which is to say mindfully of future generations as well, our Company engages in the following activities to achieve optimum use of natural resources and to minimize pollution.

• Every year it has its exhaust gas emissions regularly analyzed by an accredited organization.
• It has drinking water treated and has periodic analyses performed on water samples.
• In order to achieve more effective use of natural resources, waste at our Company is sorted and the recyclable elements (paper, plastic, etc) are regularly collected. Photocell systems have been installed at some stations to reduce water and electricity consumption.
• Waste oil (hydraulic oil etc) from technical workshops is eliminated by sending it to facilities where it is specially burned.
• Hazardous wastes produced as a result of our activities are shipped to establishments licensed by the Ministry of Environment and Forestry for disposal.
• Specialized equipment (battery-powered forklifts etc) that does not cause emissions is used.

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Our Company's goal is to be an organization whose practices make it the most environmentally sensitive company in the aviation industry through an approach that safeguards and enhances the quality of life of its employees and customers.

Waste created at our Company's business units is surrendered to organizations licensed by the Ministry of Environment and Forestry for elimination/recycling. A waste inventory is conducted in order to determine the Company's environmental performance every year and the Company sends its "Environmental Performance Reports" to concerned agencies and organizations. The types and quantities of wasted surrendered to licensed organizations in 2008 are shown below.

- İstanbul Station: 9,350 liters/year of waste oil, 7,888 kilograms/year waste rubber, 655 kilograms/year waste filters, and 540 kilograms/year of contaminated waste
- Antalya Station: 5,200 liters/year of waste oil, 13,000 kilograms/year of waste batteries (tractor batteries), and 1,240 kilograms/year of waste fluorescent tubes.
- Esenboğa Station: 750 liters/year of waste oil, 50 kilograms/year of contaminated waste, and 30 waste filters/year.
- İzmir Station: 1,500 liters/year of waste oil, 600 kilograms/year of contaminated waste, 86 kilograms/year of waste painting boxes, 480 kilograms/year of waste accumulator, 8 kilograms/year of waste batteries, and 3 kilograms/year of medical waste.
- Bodrum Station: 1,100 liters/year of waste oil, 40 kilograms/year of electronic waste.

Our Company is not a defendant in any suit brought against it on account of harm caused to the environment.

General social responsibility projects

Health services: Our Company has been supporting the Lokman Hekim Health Foundation since 1986. Based in Gebze-Beylikbağı outside İstanbul, this foundation serves low-income people who are in need of health services without any concern for material gain.

PART IV: THE BOARD OF DIRECTORS

18. STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS; NON-EXECUTIVE DIRECTORS

According to article 7 ("Board of Directors") of our Company's articles of incorporation, the Company's affairs and administration are the responsibility of a six-member board of directors elected by the general assembly of shareholders from among candidates, at least four of which are put up by a majority of Class A shareholders and at least two of which are put up by a majority of Class B shareholders. Company directors are elected to maximum terms of three years. A director whose term of office expires may be reelected.

A director who represents a corporate-entity shareholder must notify the Company if his relationship with that entity terminates, whereupon his seat on the board is vacated.

If a vacancy occurs in the board's membership before a term of office expires, the remaining directors will chose a new member from among candidates designated by a majority of shareholders of the same class as put the departing member up as a candidate. This newly-elected director will be subject to the approval of the very next general assembly of shareholders that is held. A member elected to the board in this way will fill out the remaining term of the departing director.

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According to article 8 ("Representing and binding the company") of our articles of incorporation, the Board of Directors is responsible for the administration of the Company and for representing it before outside parties. The Board of Directors may delegate some or all of its powers to represent and administer the Company to executive directors and/or to managers who are not members of the board. The individuals with the power to represent and bind the Company and the ways they may do so are determined by the board and duly registered and announced. In order for any documents issued by the Company or for any contracts that are entered into to be valid, they must be signed, below the Company's legal name, by an individual or by individuals authorized to do so by the Board of Directors.

Within the framework of statements concerning this matter made in the corporate governance principles published by CMB, the members of our Company's Board of Directors have been divided into the categories of executive/non-executive directors in light of the duties they undertake in the conduct of the Company's affairs together with the Company general manager, and within the responsibilities defined in the Company's list of authorized signatures that is currently in circulation:

Name	Position	Status
Can Çelebioğlu	Chairman	Executive/Managing Director
Canan Çelebioğlu Tokgöz	Vice Chairperson	Executive/Managing Director
Engin Çelebioğlu	Board Member	Non-executive
Mehmet Kaya	Board Member	Non-executive
Necmi Yergök	Board Member	Non-executive
Aydın Günter	Board Member	Non-executive

There are no independent members on our Company's Board of Directors. Company directors are not subject to any specific rules and/or limitations concerning their undertaking another duty or other duties outside the Company. This failure to comply with the corporate governance principles published by CMB stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

19. QUALIFICATIONS OF COMPANY DIRECTORS

The Company's board of directors consists of people chosen from among designated candidates who satisfy the levels of knowledge and skills stipulated in the CMB's corporate governance principles and who possess specific experience and backgrounds.

None of the members of our Company's Board of Directors have ever been sentenced to penal servitude or imprisonment of more than five years (excluding negligible offenses, whether or not they were pardoned) for convictions on account of violations of laws and regulations governing capital markets, insurance, banking, money-laundering, lending money; have ever been convicted of infamous offenses such as embezzlement, aggravated embezzlement, extortion, bribery, theft, fraud, forgery, abuse of trust, or fraudulent bankruptcy; or of crimes of evasion, save for evasion of use or evasion of consumption; or of duplicity in government tenders or procurements; or of betraying state secrets; or of tax evasion or attempted tax evasion or involvement in tax evasion.

In addition, all Company directors are in possession of the essential knowledge needed to read and analyze financial statements and reports, are familiar with the legal framework governing the Company's day-to-day and long-term dealings and transactions, and are capable of and committed to taking part in all of the year's regularly scheduled board meetings.

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Principles concerning these qualifications are not specifically embodied in the Company's articles of incorporation. This failure to comply with the corporate governance principles published by CMB stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

20. MISSION, VISION, AND STRATEGIC GOALS OF THE COMPANY

Our Company's mission, vision, and strategic goals are presented in page 6 ("Company mission, vision, and strategic goals") of 2008 annual report.

21. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISMS

The planning, conduct, functioning, and oversight of the effectiveness of risk management and internal control and the conduct of the internal control team's activities within the framework of the plan are the responsibility of the Audit Committee that has been set up by a Board of Directors resolution and as per article 28/A added to CMB communiqué X: 16. The creates a risk management and internal audit system capable of minimizing the impact of the risks that the Company may be confronted by and takes such measures as needed to ensure that this system functions reliably.

While there is no separate unity responsible for risk management and control in the Company's organization, these functions are carried out by the Holding Company's Internal Control Unity under the guidance of the Audit Committee.

Information about basic financial risks and management policies are presented in section 8 ("8. Information about Basic Financial Risks and Management Policies" of our Company's annual report for 2008.

22. AUTHORITIES AND RESPONSIBILITIES OF COMPANY DIRECTORS AND EXECUTIVES

According to article 8 ("Representing and binding the company") of our articles of incorporation, the Board of Directors is responsible for the administration of the Company and for representing it before outside parties. The Board of Directors may delegate some or all of its powers to represent and administer the Company to executive directors and/or to managers who are not members of the board. The individuals with the power to represent and bind the Company and the ways they may do so are determined by the board and duly registered and announced. In order for any documents issued by the Company or for any contracts that are entered into to be valid, they must be signed, below the Company's legal name, by an individual or by individuals authorized to do so by the Board of Directors.

The authorities and responsibilities of our Company's directors and managers are spelled out in signature circular VI setting down the powers to represent and bind the Company that was registered by the İstanbul Commercial Registrar on 06 September 2006 and announced as having been registered in issue 6639 of Türkiye Ticaret Sicili Gazetesi dated 11 September 2006.

Statements concerning the authorities and responsibilities of the Company's directors and managers are not specifically embodied in the Company's articles of incorporation. This failure to comply with the corporate governance principles published by CMB stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

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23. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS

Determining the agenda for board meetings
Agendas for Board of Directors meetings may be determined in three different ways. The chairman may determine the agenda on the basis of suggestions received from board members; the Company's general manager may determine the agenda himself; the agenda for the next board meeting may be determined during a board meeting that is in progress.

Number of board meetings during the reporting period
The Company's Board of Directors convened 62 times during 2008.

Separate secretariat responsible for keeping Company directors informed and maintaining communication with and among them
The secretariat of the chairman of the Board of Directors carries out the duty of keeping members of the board informed and maintaining communication with and among them.

Meeting attendance and invitation methods and processes
The secretariat of the chairman of the Board of Directors keeps Company directors informed about meeting times and agendas by means of reports sent out regularly prior to the meeting. In 2008, 4 board members have attended in 31 board meetings, 5 members in 27 board meetings and 6 members (full number) in 2 board meetings.

The right of dissenting members to have their reasonable and detailed objects entered into the record and to convey them in writing to the Company's statutory auditors
All decisions taken at all Company board meetings held during 2008 were passed by unanimous vote of the attendants.

Public disclosure of the independent directors' reasons for their dissenting votes on issues they disagree with
There are no independent directors on the Company's Board of Directors

Compliance with the requirement of physical presence at board meetings at which issues enumerated in article 2.17.4 of section IV of CMB's corporate governance principles
At the board meetings of our Company on CMB Corporate Governance Principles 4th Part Article number 2.17.4, the full Board participated except 9 meetings which a single member did not attend and 13 meetings which two members did not attend in 2008.

Inclusion of questions raised by board members during Board of Directors meetings in resolution memoranda
No questions raised by members of the Company's Board of Directors during meetings were entered into resolution memoranda.

The ability of Company directors to exercise special voting rights or veto board decisions
Our Company's articles of incorporation do not invest any Company director with special voting rights or the ability to veto board decisions.

The failure of our Company to comply with some corporate governance principles published by CMB concerning the operating principles of the Board of Directors stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

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24. PROHIBITION ON DOING BUSINESS OR COMPETING WITH THE COMPANY

At the ordinary general meeting held on 28 March 2008 to discuss the Company's results in 2007, shareholders voted to authorize Company directors to personally engage in the businesses falling within the Company's object and scope, to perform them on behalf of others, and to become partners in and enter into other transactions with companies engaged in such businesses as per articles 334 and 335 of the Turkish Commercial Law. However no Company director engaged in any transaction or competed with the Company in 2008.

The failure to comply with the corporate governance principles published by CMB prohibitions on doing business or competing with the Company stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

25. RULES OF ETHICS

Two publications (Corporate Culture and Our Policies) have been put out by the Company. These publications contain not only the vision and mission statements that have been adopted by the Company and are included in its every publication, on its corporate website, and on the Company intranet, but also the principles that must apply and to which every employee must adhere in all dealings with Company personnel and outside parties. Copies of these publications are given to every newly hired employee during his orientation.

Every year Company meetings are held in which Company directors and the general manager take part for the purposes of informing senior, middle, and lower management about the Company's ethical values, and short, medium, and long-term strategy within the framework of the mission and vision statements and ensuring that such matters are conveyed through them to all lower-echelon employees.

26. NUMBERS, STRUCTURES, AND INDEPENDENCE OF COMMITTEES WITHIN THE BOARD OF DIRECTORS

An Audit Committee has been set up by a Board of Directors pursuant to article 28/A added to CMB communiqué X: 16 by communiqué X: 19. There are no other committees set up within the board other than this Audit Committee.

The Audit Committee consists of Engin Çelebioğlu and Mehmet Kaya, both of whom were chosen from the board's non-executive directors.

The Company's Audit Committee convened five times during 2008 at which times they queried Company managers and looked into whether or not our publicly disclosed financial statements accurately reflected the true standing of our operational results and whether or not the accounting principles adhered to by the Company were in compliance with CMB laws and regulations. They reached the conclusion that financial statements were correct and had been prepared in accordance with such requirements.

Moreover, they presented their thoughts and opinions to the Company Board of Directors, on the explanations made at the declaration and notification of the annual and interim financial statements within the context of 28/B decisions of communiqué on "Capital Markets Independent Audit" Serial: X No.16 of Capital Markets Board and on information transmission and coordination to ISE, relations with the partners, and CMB Serial: VIII No.39, on material disclosures covered by communiqué on Principles on material disclosure to public within the context of the principles in ISE quotation regulations article 18/A as well as on defining by which executives of the Company these disclosures are to be conducted.

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The Company's Audit Committee declared its opinion –to be laid down for approval at the next general meeting- to the Company's Board of Directors for concluding a two-year agreement with Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers), an audit firm, for independent auditing of our consolidated financial statements for fiscal years 2009 and 2010, which are subject to independent auditing and which will be publicly disclosed, in keeping with the legislation and regulations of the Capital Markets Board of Turkey.

The failure to comply with the corporate governance principles published by CMB concerning numbers, structures, and independence of committees within the Board of Directors stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning these issues.

27. FINANCIAL BENEFITS PROVIDED TO THE BOARD OF DIRECTORS

In the context of the decision taken at the Shareholders Ordinary General Meeting held on 28 March 2008, no session fee is paid to the board members. On the other hand, fees were paid on a monthly basis to those according to their knowledge, experience and specialization, to Vice Chairperson, Canan Çelebioğlu Tokgöz (executive board member/managing director), together with our General Manager; Chairman Can Çelebioğlu (executive board member/managing director); Board Member Mehmet Kaya, not an executive position however for the legal services on Tax Code and Fiscal Legislation; and to Board Member Necmi Yergök, again a non-executive position but for the responsibilities he undertook on technical and equipment maintenance in 2008.

At the 2007 Ordinary General Meeting convened on 28 March 2008, it has been resolved to appoint Can Çelebioğlu and Canan Çelebioğlu Tokgöz from amongst Board members as managing directors (executive members) and to pay a net monthly remuneration of EUR 30,000 to each managing director.

The Company's board members have no debts carried forward from 2007. Loans (advances on salaries) granted during 2008 totaled TRY 370,387 and a total of TRY 250,387 was collected on account of such advances during the reporting period. The board members owed the Company a total of TRY 120,000 as a result of advances on salary paid to them as of 31 December 2008. During 2008, a total of TRY 99,500 was extended to Company managers as advances on salary. A total of TRY 129,450 (including TRY 48,450 that had been carried forward from the 31 December 2007 balance sheet) was collected on account of such advances during 2008. As of 31 December 2008, Company managers owed the Company a total of TRY 18,500 as a result of advances on salary paid to them. The terms of these loans made to board members and managers were not prolonged nor were their conditions improved; no credit was extended to them under the rubric of personal loan nor were they provided with any guarantees such as surety through any third party.

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(APP. II)

Shareholders General Assembly,

Company Title	Çelebi Hava Servisi Anonim Şirketi
Head Office	Atatürk Havalimanı 34149-Yeşilköy/İstanbul
Capital	Registered Capital: TRY 45,000,000 Issued Capital: TRY 24,300,000
Activity	Airport Ground Handling Services
Auditor's/Auditor's Name/Names and duration of appointment, their relation to the company (employed/partners or not)	- Uğur DOĞAN (appointed for "1 year, for the period between between two ordinary meetings of General Assembly" - not employee nor partner) - Ümit BOZER (appointed for "1 year, for the period between between two ordinary meetings of General Assembly" - not employee nor partner) - Ramazan ÖZEL (appointed for "1 year, for the period between between two ordinary meetings of General Assembly" - not employee nor partner)
Numbers or Board of Directors meetings and the Board of Auditors meetings participated	Participation took place in all Board of Directors meetings held during the year. Our auditing team held four meetings.
Extent of inspection made on the Company's accounts, books and documents, inspection dates and conclusions reached	During inspections made several times on various dates within the period, books and registers have been controlled as to whether they had been completed in due time, correctly and in accordance with the law. It was observed that the decisions pertinent to the Company management had been transcribed to the exercise book, which was kept in accordance with the accepted practice.
Number or counts made at the Company treasury according to Clause No.3, Paragraph No. 1, Article No. 353 of the Turkish Commercial Law and their results	Şirket'in veznesinde iki ayda bir defa olmak üzere dönem içinde altı defa sayım yapılmış ve vezne fiili mevcudunun kayıtlarla mutabık bulunduğu görülmüştür.
Dates and results or inspections made according to Clause No. 4, Paragraph No. 1, Article No. 353 of the Turkish Commercial Law and their results	Counts were made in every two months at the Company's treasury, totaling six during the period. It was observed that the cash balance was in accordance with the actual records.
Denunciations or irregularities reported to the Board of Auditors and measures taken	Inspections made every month showed that entries correspond to actual materials and documents.

We have audited the accounts and the operations of Çelebi Hava Servisi A.Ş. for the period ending 31.12.2008 in accordance with the Turkish Law of Commerce, the Company's Articles or Association and other legislation, as well as according to the generally accepted accounting principles and standards.

In our opinion, the appended Balance Sheet, established on 31.12.2008, the contents of which we have approved, reflects the Company's real financial situation during the considered period. The Profit/Loss Statement for the period 01.01.2008-31.12.2008 reflects the real results of the activities for the considered period, and the proposals made by the Board of Directors concerning profit distribution is in accordance with the Law and with the Articles of Association of the Company.

We submit to your approval the Balance Sheet and the Profit/Loss Statement as well as the ratification of the Board of Directors.

24 February 2009

BOARD OF AUDITORS

Ramazan ÖZEL Ümit BOZER Uğur DOĞAN

ÇELEBİ GROUND HANDLING INC.
STATEMENT CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS AND REPORTS FOR THE PERIOD 1 JANUARY 2008 TO 31 DECEMBER 2008
(APP. III)

Subject: The presentations of the consolidated financial statements and reports of Çelebi Ground Handling Inc. for the twelve-month period ending 31 December 2008, which have been prepared in accordance with Capital Markets Board (CMB) communiqué XI, No: 29 concerning accounting standards in capital markets and International Financial Reporting Standards (IFRS).

We hereby represent that;
a- we have examined the attached independently audited consolidated financial statements for the year ending 31 December 2008, which have been approved by our company's Board of Directors decision no. 07 dated 24 February 2009 and by the Audit Committee decision no. 01 dated 24 February 2009, which have been prepared in accordance with the Capital Markets Board of Turkey (CMB) Communiqué XI:29 on Principles of Financial Reporting in Capital Markets, which have not been adjusted for inflation as per CMB resolutions 11/367 dated 17 March 2005 and 11/467 dated 17 April 2008 and which have been prepared in accordance with the formats required by laws and regulations and with IFRS, and the Board of Directors' Annual Report for the year ending 31 December 2008 to be presented to the Ordinary General Meeting, with respect to their representation of a true and fair view of the Company's financial standing and operating results;

b- to the best of our knowledge we have with respect to our positions and responsibilities in the Company, these financial statements and annual report contain no misrepresentations on material matters and no omissions whose absence could be misleading as of the date on which the statement was made; and

c- to the best of our knowledge we have with respect to our positions and responsibilities in the Company, the financial statements drawn up in accordance with the financial reporting standards in force –inclusive of those subject to consolidation- represent a true and fair view of the Company's assets, liabilities, financial status and profit/loss, and that the annual report represents a fair view of the development and performance of the business –inclusive of those subject to consolidation-, the Company's financial standing, and the key risks and uncertainties it is exposed to.

ÇELEBİ GROUND HANDLING INC.

H. Tanzer Gücümen	S. Samim AYDIN
Financial Affairs Director	Chief Executive Officer

ÇELEBİ GROUND HANDLING INC.
INDEPENDENT AUDITOR'S REPORT
(APP. IV)

CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Çelebi Hava Servisi A.Ş.

1. We have audited the accompanying consolidated financial statements of Çelebi Hava Servisi A.Ş., its Subsidiaries and Joint Venture (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2008 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards adopted by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing principles and standards issued by the CMB. Those principles require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PRICEWATERHOUSECOOPERS

ÇELEBİ GROUND HANDLING INC.
INDEPENDENT AUDITOR'S REPORT

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Çelebi Hava Servisi A.Ş. as of 31 December 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards adopted by the CMB (Note 2).

Emphasis of matter

Without qualifying our opinion we draw your attention to the following matter:

5. As explained in Note 28 to the consolidated financial statements, the cargo building of Çelebi Hava Servisi A.Ş. (the "Company") located in Atatürk Airport Terminal C in which the Company carries out its cargo-warehouse operations was damaged due to a fire that broke out on 24 May 2006. As a result of the fire, goods belonging to third parties located in the cargo building during the fire were damaged. Some of the owners of the goods, insurance companies and airline transportation companies have applied to the Company and its insurance company for the compensation of their losses by filing lawsuits against the Company and through enforcement proceedings. The Company foresees that the probability of being liable for the losses is remote because it was not found to be responsible for the fire and was therefore not considered legally responsible for the losses of the third parties. The ultimate result of compensation claims, enforcement proceedings and law suits against the Company could not be determined and no provision has been accounted for in the accompanying consolidated financial statements as of 31 December 2008.

Additional paragraph for convenience translation

6. The financial reporting standards adopted by the CMB as described in Note 2 to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Originally issued and signed in Turkish

Murat Sancar, SMMM
Partner

Istanbul, 24 February 2009

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH SEE NOTE 2.1.5

ÇELEBİ GROUND HANDLING INC. CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

(APP. V)

CONTENTS PAGE

ÇELEBİ GROUND HANDLING INC.
CONSOLIDATED BALANCE SHEETS AT
31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated.)

	Notes	31 December 2008	31 December 2007
ASSETS			
Current assets			
Cash and cash equivalents	5	53.638.275	45.968.249
Trade receivables (net)	8	16.894.322	18.166.289
Due from related parties	25	15.836.490	284.609
Other receivables	9	19.804.826	311.544
Inventories	10	4.440.852	4.359.374
Other current assets	16	4.884.497	5.177.901
Total current assets		**115.499.262**	**74.267.966**
Non-current assets			
Financial assets	6	805.255	-
Goodwill	13	18.890.624	15.830.639
Property, plant and equipment (net)	11	93.594.024	98.869.546
Intangible assets (net)	12	38.402.578	58.427.621
Deferred tax assets	23	707.173	2.960.914
Other non-current assets	16	205.185	52.109
Total non-current assets		**152.604.839**	**176.140.829**
TOTAL ASSETS		**268.104.101**	**250.408.795**

These consolidated financial statements as at and for the year ended 31 December 2008 have been approved for issue by the Board of Directors ("BOD") on 24 February 2009 and signed on behalf of BOD by S. Samim Aydın, General Manager and by H. Tanzer Gücümen, Finance Director.

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

ÇELEBİ GROUND HANDLING INC.
CONSOLIDATED BALANCE SHEETS AT
31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated.)

	Notes	31 December 2008	31 December 2007
LIABILITIES			
Current liabilities			
Financial liabilities	7	15.125.593	33.225.569
Trade payables	8	11.140.423	10.880.008
Due to related parties	25	6.466.762	1.740.927
Provisions	14	16.130.690	3.191.791
Other current liabilities	16	12.348.943	8.996.493
Total current liabilities		**61.212.411**	**58.034.788**
Non-current liabilities			
Financial liabilities	7	55.093.025	48.946.861
Other liabilities	9	71.668	2.329
Provisions	14	-	7.559.094
Deferred tax liability	23	4.448.235	5.098.855
Employee benefits	15	4.801.860	3.543.901
Other non-current liabilities	16	12.145.522	4.129.823
Total non-current liabilities		**76.560.310**	**69.280.863**
Total liabilities		**137.772.721**	**127.315.651**
EQUITY	17		
Attributable to equity holders of the parent			
Share capital		24.300.000	24.300.000
Cumulative translation differences		985.303	355.326
Restricted reserves		15.358.025	11.351.163
Retained earnings		54.526.957	57.782.206
Net income for the period		35.044.734	26.141.069
Minority Interest		116.361	3.163.380
Equity		**130.331.380**	**123.093.144**
TOTAL EQUITY AND LIABILITIES		**268.104.101**	**250.408.795**
Provisions, contingent assets and liabilities	14		

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

ÇELEBİ GROUND HANDLING INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated.)

CONTINUING OPERATIONS	Notes	31 December 2008	31 December 2007
Sales - net	18	301.974.245	276.308.641
Cost of sales (-)	18	(215.159.850)	(196.698.650)
GROSS PROFIT		86.814.395	79.609.991
Operating expenses (-)	19	(43.417.329)	(42.817.136)
Other operating income	20	4.825.339	1.774.868
Other operating expense (-)	20	(1.656.847)	(1.970.083)
OPERATING PROFIT		46.565.558	36.597.640
Financial income	21	40.244.876	17.287.988
Financial expenses (-)	22	(40.924.858)	(23.747.375)
INCOME BEFORE TAXATION		45.885.576	30.138.253
Income tax expense		(16.124.008)	(6.957.137)
Taxes on income	23	(14.231.605)	(9.897.678)
Deferred income tax	23	(1.892.403)	2.940.541
NET INCOME FOR THE YEAR		29.761.568	23.181.116
Attributable to:			
Minority interest		(5.283.166)	(2.959.953)
Equity holders of the parent		35.044.734	26.141.069
TOTAL		29.761.568	23.181.116
Earnings per share (YKr)	24	1,44	1,08

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

ÇELEBİ GROUND HANDLING INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated.)

	Share capital	Equity inflation restatement differences	Restricted reserves	Cumulative translation differences	Retained earnings	Net income for the year	Minority interest	Total equity
Balances at 1 January 2007	13.500.000	1.492.722	8.455.399	768.988	66.180.928	22.204.955	4.672.871	117.275.863
Capital increase	10.800.000	(1.492.722)	-	-	(9.307.278)	-	-	-
Transfers to retained earnings	-	-	-	-	22.204.955	(22.204.955)	-	-
Transfers to reserves	-	-	2.895.764	-	(2.895.764)	-	1.627.445	1.627.445
Dividends paid	-	-	-	-	(18.400.635)	-	-	(18.400.635)
Cumulative translation differences	-	-	-	(413.662)	-	-	(176.983)	(590.645)
Net income for the year	-	-	-	-	-	26.141.069	(2.959.953)	23.181.116
Balances at 31 December 2007	24.300.000	-	11.351.163	355.326	57.782.206	26.141.069	3.163.380	123.093.144
Balances at 1 January 2008	24.300.000	-	11.351.163	355.326	57.782.206	26.141.069	3.163.380	123.093.144
Capital increase	-	-	-	-	-	-	205.453	205.453
Transfers to retained earnings	-	-	-	-	26.141.069	(26.141.069)	-	-
Transfers to reserves	-	-	4.006.862	-	(4.006.862)	-	1.826.247	1.826.247
Dividends paid	-	-	-	-	(25.389.456)	-	(18.476)	(25.407.932)
Cumulative translation differences	-	-	-	629.977	-	-	222.923	852.900
Net income for the year	-	-	-	-	-	35.044.734	(5.283.166)	29.761.568
Balances at 31 December 2008	24.300.000	-	15.358.025	985.303	54.526.957	35.044.734	116.361	130.331.380

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

ÇELEBİ GROUND HANDLING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated.)

	Notes	31 December 2008	31 December 2007
Cash flow from operating activities			
Income before taxation		45.885.576	30.138.253
Adjustments to reconcile income before tax to net cash provided/used by operating activities:			
Depreciation and amortisation	11, 12	39.161.376	38.648.358
Provision for employment termination benefits	15	3.004.017	1.660.709
Interest income	21	(4.474.024)	(3.042.161)
Interest expense	22	5.914.777	7.745.953
Increase in provision for doubtful receivable	8	415.210	1.929
Cumulative translation differences		2.884.591	1.036.800
Cash flows from operating activities before changes in operating assets and liabilities		92.791.523	76.189.841
Trade receivables		856.757	(2.577.824)
Due from related parties		(15.551.881)	(14.157)
Inventories		(81.478)	(978.082)
Income taxes paid	23	(12.241.248)	(9.638.600)
Other receivables		(22.553.267)	4.354.649
Other current/non-current assets		2.394.070	3.389.078
Trade payables		260.415	(15.053.497)
Due to related parties		4.725.835	(526.584)
Short-term provisions		12.938.899	173.284
Other short-term liabilities		(1.180.930)	724.061
Other long-term liabilities		8.015.699	4.129.823
Long-term provisions		(7.489.755)	1.976.273
Advances taken		-	(61.686)
Employment termination benefits paid	15	(1.746.058)	(1.210.067)
Net cash provided by operating activities		61.138.581	60.876.512
Investing activities:			
Purchase of tangible assets	11	(9.430.305)	(16.269.082)
Purchase of intangible assets	12	(4.554.854)	348.275
Interest received		4.462.907	2.414.257
Acquisition of subsidiary		(805.256)	-
Proceeds from sale of tangible assets		124.348	132.856
Net cash used in investing activities		(10.203.160)	(13.373.694)
Financing activities:			
Change in borrowings		(12.091.017)	(42.225.295)
Change in short-term finance lease obligations		82.583	(97.245)
Change in long-term finance lease obligations		210.040	-
Dividends paid		(25.407.932)	(18.400.635)
Interest paid		(6.059.069)	(7.822.099)
Net cash used in financing activities		(43.265.395)	(68.545.274)
Net change in cash and cash equivalents		7.670.026	(21.042.456)
Cash and cash equivalents at the beginning of the period	5	45.968.249	67.010.705
Cash and cash equivalents at the end of the period	5	53.638.275	45.968.249

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

ÇELEBİ GROUND HANDLING INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Çelebi Hava Servisi A.Ş. (the "Company") established in 1958 was the first private ground handling service company in the Turkish aviation sector. The Company provides ground handling services (representation, traffic, ramp, cargo, flight operations and aircraft maintenance etc) and fuel supplies to domestic and foreign airline and private cargo companies. The Company operates in İstanbul, İzmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Tokat, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta and Erzincan airports, which are under the control of the State Airports Administration ("DHMI").

The address of the Company is as follows:

Atatürk Havalimanı, Yeşilköy
34149 Yeşilköy, İstanbul

The Company has consolidated Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. ("Çelebi IC") with 49,99% of shares using the joint-venture consolidation method as of 31 December 2008. Çelebi IC was established on 23 March 2004 based on the "Antalya Airport 2nd International Terminal (Terminal) construction, management and transfer agreement" between the Company and the DHMI on 24 February 2004. Based on this agreement and an additional contract prepared on 10 November 2004, the construction of the building was finished and operations started as of 4 April 2005. Çelebi IC will run this terminal for 54 months till September 2009 and then transfer it to the DHMI without any charge. The other main shareholder of Çelebi IC is İçtaş İnşaat Sanayi ve Ticaret A.Ş. with 49,99% of shares.

The Company has also consolidated Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. ("Çelebi Güvenlik") in which it holds 94,8% (2007: 94,8%) of shares. Çelebi Güvenlik maintains security at the Terminal and provides security services to the airline companies.

The Company has also participated in a tender offer as of 7 August 2006 called by the Budapest Airport Budapest Ferihegy Nemzetközi Repülöter Üzemeltetö Zartkörüen Müködö Reszvenytarsasag ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Feleössegü Tarsasag ("BAGH") company that provides ground handling services at Budapest Airport and in which ("Ba Zrt") has a 100% share. The Company was informed of winning the tender offer on 14 August 2006 and participates in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft.") company that was founded on 22 September 2006 as founding shareholder for the realisation of the abovementioned share transfer. Celebi Kft acquired all the shares of BAGH on 26 October 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt FelelŒsségı Társaság ("CGHH"). Celebi Kft has share capital of 2.700.000.000 Hungary Forint ("HUF") in which the Company has a share of HUF 1.890.000.000 (70%). The other shares belong to Çelebi Holding A.Ş which is also the shareholder of the Company. Celebi Kft has been taken over by CGHH with all assets and liabilities and merger transactions have been completed at 31 October 2007 after the completion of the registration, related changes in Articles of Association and General Assembly decisions carried out within the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital which is determined as HUF 900.000.000. The capital of CGHH has been increased to HUF 910.000.000 after the merger. The Capital of CGHH has been increased to HUF 1.000.000.000 from HUF 910.000.000 in 2008 and the Company has share capital of HUF 700.000.000 (70%) as of 31 December 2008. Remaining part amounted HUF 300.000.000 (30%) is owned by Çelebi Holding A.Ş.

ÇELEBİ GROUND HANDLING INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated.)

Within the framework of the tender relating to provide ground handing services for 10 years period in Mumbai Chhatrapati Shivaji International Airport in India which resulted in favor of the consortium in which the Company takes part, a joint venture company has been established on 12 December 2008 with a capital of 100.000.000 Indian Rupee (Indian Rupee: "INR") and the title of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai India to provide ground handling services. The Company, as co-founder, has a 51% stake in Celebi Nas. INR25.714.447 of capital commitment amounted to INR51.000.000 has been paid on 30 December 2008.

As of 31 December 2008, the consolidated financial statements of the Company include the Company, Çelebi IC, Çelebi Güvenlik and CGHH (collectively, referred to as the "Group").

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of the Presentation

2.1.1 Financial Reporting Standards

The Capital Markets Board ("CMB") regulated the principles and procedures of preparation and presentation of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods starting from 1 January 2008 and cancels the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, companies shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") accepted by the European Union. Until the differences of the IAS/IFRS as acknowledged by the European Union from the IAS/IFRS issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, the Company did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by the IASB in its financial statements for the accounting periods starting 1 January 2005.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated interim financial statements, the consolidated interim financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated interim financial statements and the related notes to them are presented in accordance with the formats required by the CMB including the compulsory disclosures. Accordingly, required reclassifications have been made in the comparative financial statements (See Note 2.4.28).

The consolidated financial statements are based on the statutory records with adjustments and reclassifications made for the purpose of fair presentation and measurement in accordance with the Communiqué No: 29

ÇELEBİ GROUND HANDLING INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish Lira ("YTL") unless otherwise indicated.)

"Principles of Financial Reporting in Capital Markets" issued by CMB. Consequently, the Company, its Subsidiaries and Affiliates (the "Group") that are resident in Turkey have conformed to the CMB, Turkish Commercial Code, Turkish Corporate Tax Law standards and regulations and the Uniform Chart of Accounts as defined by the Ministry of Finance in the preparation of the statutory financial statements and in the accounting principles adopted. Foreign affiliates are subject to rules and regulations defined in their countries.

The consolidated financial statements have been prepared in New Turkish lira ("YTL") based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

2.1.2 Amendments in International Financial Reporting Standards (IFRS)

a) Standards, amendments and interpretations effective in 2008 but not relevant to Group operations:

• IFRIC 11, "IFRS 2 - Group and Treasury Share Transactions"
• IFRIC 12, "Service concession arrangements"
• IFRIC 13, "Customer loyalty programmes"
• IFRIC 14, "IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction"

These changes are mandatory in 2008 but have not been applied in the consolidated financial statements at 31 December 2008 since they are not relevant to the Group's operations.

b) Standards, amendments and interpretations to existing standards that are not yet effective in 2008 and have not been early adopted by Group:

Effective from 1 January 2009:

• IFRS 8, "Operating segments"
• IFRIC 15, "Agreements for the Construction of Real Estate"
• IFRS 2, "Share based Payment"
• IAS 23 (Revised), "Borrowing costs", Comprehensive Amendments Prohibiting Immediately Expensing Borrowing Costs
• IAS 32, "Financial Instruments: Presentation" Amendment on Puttable Financial Instruments and Obligations Arising on Liquidation
• IAS 1 (Revised), "Presentation of Financial Statements" Comprehensive Amendments Regarding Necessity of Net Income Statement Accounted for Directly in Equity
• IAS 39, "Financial Instruments: Recognition and Measurement" Eligible Hedge Items
• IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"

Effective for accounting periods beginning on or after 1 July 2009:

• IFRS 3, "Business Combinations"
• IAS 27, "Consolidated and Separate Financial Statements"
• IAS 28, "Investments in Associates"
• IAS 31, "Interests in Joint Ventures " Comprehensive Changes on Application of Purchase Method

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The Group will evaluate the impact of these amendments to its operations and apply them starting from 1 January 2009. It is expected that the application of these amendments and interpretations will not have significant impact on the Group's financial statements in future.

2.1.3 Translation of Financial Statements of Foreign Subsidiaries

Financial statements of Subsidiaries operating in foreign countries are prepared according to the legislation of the country in which they operate and adjusted to the CMB Financial Reporting Standards to reflect the proper presentation and content. Foreign Subsidiaries' assets and liabilities are translated into YTL from the foreign exchange rate at the balance sheet date and income and expenses are translated into YTL at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "cumulative translation differences" under the equity.

2.1.4 Consolidation Principles

The consolidated financial statements have been prepared based on explanations mentioned in paragraphs (a) to (e) and the accounts of the Company, Çelebi Hava Servisi A.Ş, the Subsidiaries and Joint-venture (collectively referred as "Group"). The financial statements of the companies included in the scope of consolidation and prepared according to the historical cost method have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with CMB Financial Reporting Standards and the application of uniform accounting policies and presentation.

a) Subsidiaries are companies over which the Company has the power to control the financial and operating policies, either (a) through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of ownership interest owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the ownership interest, the power to exercise control over financial and operating policies.

The balance sheets and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries eliminated against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from shareholders' equity and income for the period, respectively.

Subsidiaries are consolidated beginning from the date control is transferred to the Group and are excluded from the consolidation beginning from the date control is ended. If required, accounting principles adopted by the Subsidiaries are altered to reflect the accounting principles adopted in the preparation of the Group's consolidated financial statements.

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The Subsidiaries and their ownership included in the consolidation as of 31 December 2008 and 31 December 2007 are as follows:

	Direct/indirect control of the Company (%) 31 December 2008	Direct/indirect control of the Company (%) 31 December 2007
Çelebi Güvenlik	94,8%	94,8%
CGHH (*)	70,0%	70,0%

(*) The Company, as disclosed in Note 1, participated in Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft") established on 22 September 2006 as a founding partner in order to realise the share transfer following the winning of the tender offer opened on 7 August 2006. The Company has a share of HUF 1.890.000.000 (70%) (YTL 13.182.399) in total equity capital of HUF 2.700.000.000 of Celebi Kft and Celebi Kft has been consolidated in the financial statements for the period ended 31 December 2006. As of 31 December 2007, CGHH has been included in the scope of consolidation following the merge of CGHH and Celebi Kft (Note 1).

Subsidiaries in which the Group has direct or indirect voting rights more 50% but which are immaterial, are carried at cost less any provision for impairment. The Subsidiary excluded from the scope of consolidation is disclosed in Note 6.

b) Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Çelebi Hava Servisi and one or more other parties. The Group's interest in joint ventures is accounted for by way of proportionate consolidation. According to this method, the Group includes its share of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements. Çelebi IC is a 49,99% participation of the Company jointly managed by the other shareholders of Çelebi IC.

c) The minority shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated balance sheets and statements of income as "minority interest".

d) In preparing the consolidated financial statements, all balances and unrealised revenues resulting from intercompany transactions have been eliminated. Unrealized revenue transactions with the joint ventures have been eliminated by the rate of the controlling power of the Group over the Affiliate. Dividends from the shares the Company owns have, also been eliminated from the related equity and income statement accounts.

e) The assets and liabilities of the foreign affiliates have been translated by using the foreign exchange rate at the balance sheet date. Revenues and expenses have been translated into New Turkish lira by using average foreign exchange rates. The foreign exchange differences resulting from the translation of net assets at the beginning period and utilization of average exchange rates, have been followed as cumulative translation adjustments under equity.

2.1.5 Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

The financial reporting standards issued by the CMB as described in Note 2.1.1 to these consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting

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Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, these consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

2.2. Changes in Accounting Policies
Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements. There is no change in accounting policies for the year ended 31 December 2008.

2.3. Changes and Errors in the Accounting Estimates
The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. There is no change in accounting estimates for the year ended 31 December 2008.

2.4. Summary of Significant Accounting Policies
The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.4.1 Cash and Cash Equivalents
Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, deposits at banks and highly liquid investments with maturity periods of less than three months (Note 5).

2.4.2 Revenue Recognition
Revenues are the invoiced values of trading goods sold and services given. Revenues are recognized on an accrual basis at the time the Group sells a product to the customer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of trading goods sold and services given less sales returns, discount and commissions (Note 18). Rent income is recorded on an accrual basis, while interest income is recorded on an effective interest yield method basis. Dividend income is recorded as income as of the collection right transfer date.

Passenger service income is recognized on an accrual basis, invoiced over amounts determined per traveler with reference to the service contracts to the airport firms or their representatives for the services rendered to the passengers going abroad from the terminal. In accordance with the "Antalya Airport 2nd International Terminal construction, management and transfer agreement" signed between Çelebi IC and DHMI and also with the conditions of the contract, the DHMI committed to the foreign lines service revenue from 2.416.171 (2007: 2.345.796) passengers and agreed USD15 per person as the foreign line passenger service price. After reaching the guaranteed passenger number in one operating year, the remainder of the passenger income will be transferred to the DHMI.

2.4.3 Property, Plant and Equipment
Property, plant and equipment are stated at cost less depreciation, restated to the equivalent purchasing power at 31 December 2004 for the items purchased before 1 January 2005 and stated at cost less depreciation for the items purchased after 1 January 2005. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets (Note 11).

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The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Machinery and equipment	5-20 years
Vehicles	5 years
Furniture and fixtures	5 years
Leasehold improvements	5-15 years
Software	5 years

Where the carrying amount of the asset is greater than its recoverable amount, it is written down immediately to its recoverable amount. Revenue and losses due to fixed asset disposals are calculated over restated fixed asset balances and recorded in profit and loss accounts.

Expenses for the repair and maintenance of property, plant and equipment are normally charged to the statement of income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets and amortised based on the remaining useful life of the fixed asset.

2.4.4 Intangible Assets
Intangible assets comprise computer programmers, information systems and rights. They are stated at cost less amortisation, restated to the equivalent purchasing power at 31 December 2004 for the items purchased before 1 January 2005 and stated at cost less amortisation for the items purchased after 1 January 2005. Amortisation is calculated using the straight-line method over a period not exceeding five years (Note 12).

Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

The amortisation of the leasehold improvements related with the construction of the terminal has been conducted using the straight-line method based on the operation of the terminal for 54 months.

Borrowing costs that are directly attributable to the build-operate-transfer investment are capitalised as part of the cost of that asset, if the amount of costs can be measured reliably and it is probable that the economic benefits associated with the qualifying asset will flow to the Group.

Customer relationship was recognized as an intangible asset during the acquisition of l00% of CGHH shares as a result of valuation studies performed by an independent valuation company on 26 October 2006. Amortisation is calculated on a straight-line basis over their estimated useful lives for a period not exceeding seven years from the date of acquisition.

2.4.5 Inventories
Inventories are valued at the lower of cost, or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories are cost of purchases, cost of conversion and other costs for maintenance. Stocks are valued with the moving average cost method (Note 10).

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2.4.6 Impairment of Assets
The Group assesses at each reporting date whether there is any indication that an asset, except for a deferred tax asset is impaired. If any such indication exists, the recoverable amount of the asset is estimated. Impairment is recognized in the income statement as expense.

An impairment loss recognized in prior periods for an asset is reversed, not exceeding the previously recognized impairment loss amount, if there is a subsequent increase in the recoverable amount due to an event occurring since the last impairment loss was recognized.

2.4.7 Borrowing Costs
Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. They are stated at amortised cost using the effective interest yield method; any difference between proceeds (except cost of operation) and the redemption value is recognised in the income statement over the period of the borrowings. Financial expenses related with borrowings are recorded in the consolidated income statement when realised (Note 22). The difference between the total amount of the borrowing (less the transaction fees) and that at the repayment date is recorded in the consolidated income statement during the period the borrowing is effective.

2.4.8 Financial Assets
Financial assets are classified based on the intent of the investment. Group management determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates such designations on a regular basis. The Group classifies its financial assets as below:

a) Borrowings and receivables
Credits and receivables comprise non-derivative financials assets which are not quoted in an active market, and which comprise of fixed or certain payments. Credits and receivables arise when they are not held-for-trading, and when the Group supplies money, goods and services to a debtor directly. If their maturities are 12 months shorter than the balance sheet date, they are recognised in current assets, if more than that, they are recognised in non-current assets. Credits and receivables are included in the trade receivables and other receivables in the balance sheet. Credits and receivables are recognised over values after deducting the transaction costs of the related amounts. Credits and receivables are recognised afterwards over the cost value discounted by the effective interest yield method.

b) Available-for-sale assets
Financial instruments held for an indefinite period, and which can be sold to meet liquidity requirements, or changes in the interest rates, and which are not subject to other classifications are classified as available-for-sale assets. These are included in non-current assets if management does not plan to hold the financial asset for a period of less than 12 months, and if no need will arise to increase operating capital (otherwise it is included in the current assets). Group management classifies these financial instruments when they are acquired, and reviews classifications regularly.

Unrealised gains and losses due to changes in the reasonable value of available for sale financial assets, are booked under equity and disclosed as "Financial assets revaluation fund" after the reflection of the deferred tax effect in line with the alterations made in IAS 39.

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All financial investments are recognised over the cost values including the reasonable value, and acquisition costs related to the investment. The Group values the available-for-sale assets at the balance sheet date over the reasonable value and accounts for the arising reasonable value differences under equity capital. The Group accounts for the losses and gains related to available-for-sale assets under equity capital directly until these assets are removed from the financial statements. Negative differences between the acquisition cost of available-for-sale assets, and their reasonable values are related to the consolidated financial statements if differences are permanent.

When affiliates are not quoted in stock exchange in which the Group has less than a 20% share, and other methods in determining the fair value of the financial asset are not applicable and therefore the fair value of the affiliate cannot be assessed, impairment losses (if they exist) are deducted from the acquiring cost of the financial asset.

2.4.9 Trade Payables
Trade payables are initially recognised at historical cost and subsequently carried at amortised cost using the effective yield method (Note 8).

2.4.10 Unincurred Financial Income/Expense Due to Credit Sales and Purchases
Deferred financial income/expense represents financial income and expenses on credit sales and purchases. These, income an expenses are recognized using the effective yield method during the due date of the credit sales and purchases and disclosed under financial income and expenses (Note 21, Note 22).

2.4.11 Mergers and Acquisitions
The accounting of mergers and acquisitions depends on the purchase method used. The cost of a business combination is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is recognised as an asset and is initially measured as the excess of the cost of the combination over the fair value of the acquiree's assets, liabilities and contingent liabilities. Goodwill arising due to business combinations is not amortized, rather the carrying value of goodwill is reviewed annually for permanent impairment and the impairment provision, if any, is immediately recognised in the income statement.

2.4.12 Foreign Exchange Rate Risk
Income and expenses arising in foreign currencies have been translated into YTL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into YTL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the statements of income. Foreign currency non-monetary items which are carried with costs are translated into YTL at the exchange rates prevailing at the purchase dates.

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2.4.13 Earnings per Share
Earnings per share disclosed in the consolidated statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned (Note 24).

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings in Turkey. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration.

2.4.14 Subsequent Events
Provisions are made when there is current legal or valid liability as a result of past transaction, it is probable that there will be outflow of cash, and a reliable estimate can be made of this amount (Note 27).

Possible assets or obligations arising at subsequent balance sheet dates that require the correction in the financial statements be corrected accordingly and assets and obligations arising subsequently which do not require correction to the financial statements but will possibly affect the economic decisions of the financial statement users will be disclosed under notes to the financial statements.

2.4.15 Provisions, Contingent Assets and Liabilities
The conditions which are required to be met in order to recognise a provision in the consolidated financial statements are that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Liabilities or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the entity should not be recognised as liabilities or assets, however they should be disclosed as contingent liabilities or assets (Note 14).

2.4.16 Leases

Finance Leases
Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset, net of grants and tax credits receivable, or at the present value of the lease payment, whichever is the lower. Principal lease payments are treated as comprising of capital and interest elements, the capital element is treated as reducing the capitalised obligation under the lease and the interest element is charged to the consolidated income statement as loss. Depreciation on the relevant asset is also charged to the statement of income over its useful life (Note 11).

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Operating Leases
Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.4.17 Related Parties
For the purpose of these financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, investments, associated companies and joint venture partners are considered and referred to as related parties (Note 25).

2.4.18 Trade Receivables and Provision for Doubtful Receivables
Trade receivables that are originated by the Group by way of providing goods or services directly to a debtor are carried at amortised cost using the effective yield method. Short-term trade receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 8).

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

2.4.19 Segment Reporting
Reportable segments are industrial or geographical segments in which segment information is compulsory to disclose. Industrial segments include operations or assets which are different to services or products served by other service areas of the Group from a risk and advantage view. Geographic segments include economic environments in which different services or products are served by other service areas of the Group from a risk and advantage view.

In order for an industrial or a geographic segment to be identified as a reportable segment, most of the segment revenue should be generated from the sales made out of the Group and each segment revenue should be at least 10% of all segments reported, segment assets should be at least 10% of total assets of segments reported or each segment result should be 10% of total of segment results making profit and making loss.

In Turkey, the Group operates in handling services, airport security services and airport construction and management and in Hungary operates in handling services. The first format type identified by the Group for segment reporting is industrial sections. Industrial sections include operations or assets which are different to services or products served by other service areas of the Group from a risk and advantage view. Geographic segment reporting was performed as a secondary format rather than a reportable segment since the Group delivers products and services in geographical areas that are affected by economic environments by risk and advantages of a similar nature (Note 4).

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2.4.20 Discontinued Operations
According to International Financial Reporting Standard 5 ("IFRS 5") "Non-current Assets Held for Sale and Discontinued Operations", the discontinued operation is the part of an entity which either is classified as held-for-sale or has been disposed of and whose activities and cash flows can be treated as separable from the entity's activities and cash flows. Discontinued operations represent separate business or geographical segments, which are part of a plan to sell or dispose, or is a subsidiary acquired for selling.

Net assets of discontinued operations are measured at fair value less cost to sell. An analysis of the revenue, expenses and pre-tax profit or loss of discontinued operations, income tax expense of discontinued operations and the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation are disclosed in the notes to the consolidated financial statements. Besides, the net cash flows attributable to the operating, investing and financing activities of discontinued operations are separately disclosed either in the notes or on the face of consolidated financial statements.

2.4.21 Government Grants and Incentives
Government grants, including non-monetary grants at fair value, are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received.

2.4.22 Investment Properties
Land and buildings held to earn rent or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies IAS 16, Property, Plant and Equipment. At that date, the property becomes investment property and thus it is transferred to investment property.

2.4.23 Taxes on Income
Taxes include current period income taxes and deferred taxes (Note 23). Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to previous years' tax liabilities.

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilised or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax asset is booked where there is a probability that a tax advantage can be gained in future periods. This asset is removed from the related asset where there is no probability of utilizing this asset.

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When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

2.4.24 Employment Termination Benefits
Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee whose employment is terminated without due cause, is called up for military service, or dies. Employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees calculated in accordance with the Turkish Labour Law (Note 15).

2.4.25 Reporting of Cash Flows
Cash flows related to the period are reported and classified according to operating, investment and financial activities.

Cash flows resulting from operating activities indicate cash flows resulting from the Group's handling and airport construction and management operations.

Cash flows from investment operations indicate cash flows acquired and used in the Group's investment activities (fixed investment and financial investment).

Cash flows from financial operations indicate sources used in the financial activities of the Group and the repayments thereof.

2.4.26 Share Capital and Dividends
Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared. Dividend receivables are accounted for income at the date dividend collection is eligible.

2.4.27 Accounting of Financial Derivatives and Hedging
The derivative instruments of the Group mainly consist of foreign exchange forward contracts and foreign currency and interest rate swap transactions. These derivative financial instruments, even though providing effective economic hedges under the Group risk management position, do not qualify for hedge accounting under the specific rules in IAS 39, "Financial Instruments: Recognition and Measurement", and are therefore accounted for as derivatives held-for-trading in the consolidated financial statements.

Held-for-trading derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently remeasured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income.

Forward foreign exchange contracts are valued at quoted market prices or discounted cash flow models as appropriate. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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2.4.28 Comparatives and Restatement of Prior Periods' Financial Statements
Comparative financial information is reclassified to enable conformity with the presentation of the current period financial statements where necessary.

In order to allow for the determination of the financial situation and performance trends, the Group's financial statements have been presented comparatively with the previous period. The balance sheet of the Group at 31 December 2008 includes the comparative financial information of 31 December 2007 and the consolidated statement of income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the period 1 January - 31 December 2008, including the comparative financial information of the period 1 January - 31 December 2007.

The Group has performed reclassifications in the consolidated interim balance sheet as of 31 December 2007 in order to conform to presentation of balance sheet as of 31 December 2008. Such reclassifications are explained as follows:

i) Capital reserves amounted YTL 28.137.614 classified in "extraordinary reserves" on the consolidated balance sheet of 31 December 2007 are reclassified under "retained earnings" (Note 17).

ii) Legal reserves inflation adjustment differences and extraordinary reserves inflation adjustment differences amounted YTL 985.483 classified in "equity inflation restatement differences" on the consolidated balance sheet at 31 December 2007 are reclassified under "retained earnings" (Note 17).

iii) Deposits and guarantees given amounted YTL 15.692 in "trade receivables" on the balance sheet of 31 December 2007 are reclassified into "other receivables". Value-added tax ("VAT") to be refunded amounted YTL 1.436.820, income accruals amounted YTL 150.383, advances given to personnel amounted YTL 110.480, advances given to suppliers amounted YTL 172.523 classified in "other receivables" on the balance sheet at 31 December 2007 are reclassified under "other current assets" and orders given amounted YTL 21.146 in inventories is reclassified into "other current assets".

iv) Order advances received amounted YTL 204 in "advances received" on the consolidated balance sheet of 31 December 2007 is reclassified into "other current liabilities". The provision for employment termination benefits amounted YTL 3.543.901 in "long-term liability provisions" on the consolidated balance sheet at 31 December 2007 is reclassified under "employee benefits".

2.4.29 Offsetting
Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

2.4.30 Share Premiums
Share premiums represent the difference between the nominal values and the fair values of the company shares issued or the difference between the sale price of shares of subsidiaries and their nominal values.

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2.4.31 Goodwill
Any excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill in consolidated financial statements.

The carrying value of goodwill is reviewed annually and adjusted for permanent impairment where it is considered necessary. Impairment losses on goodwill are not reversed. Goodwill is tested for impairment annually (at 31 December).

2.4.32 Fair Value of Financial Instruments
Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets
The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

The fair values of financial assets not quoted on the market are determined through the application of generally accepted valuation techniques or by their historical costs after impairment losses are deducted.

Monetary liabilities
The fair values of short-term bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are denominated in foreign currencies, are translated at period-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trading liabilities have been estimated at their fair values.

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2.5. Significant Accounting Estimates, Assumptions
The preparation of financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them.

Goodwill impairment tests:
As explained in Note 2.4, the Group performs impairment tests on goodwill annually, or more often under circumstances indicating impairment risk. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on specific expectations and assumptions (Note 13). As a result of these tests, the Group has not identified any impairment on the goodwill amount as of 31 December 2008.

Unused carry-forward tax losses
Deferred tax asset is booked where there is a probability that a tax advantage can be gained in future periods. Despite of currency forward contract which has been made to deal with risks related to changes in market value of future forecasted cash flows of CGHH (Note 14), foreign exchange losses caused by decrease in the value of Hungarian Forint against Euro due to ongoing financial crisis in Hungary and international markets has lead to the probability of inability to utilize carry-forward tax losses of CGHH amounted YTL 16.591.944 partly or completely in an identifiable period of time. Although there has been no expiry date for the utilization of carry-forward tax losses in the Hungarian Tax System, the Company has not accounted for deferred tax asset amounted to YTL 3.318.189.

NOTE 3 - JOINT VENTURES

Shares in Joint Ventures
Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. as described in Note 2 is the joint venture included in the consolidation by the way of proportionate consolidation. Financial information summary of the joint venture relating to balances included in the consolidated financial statements before the consolidation eliminations is as follows:

	31 December 2008	31 December 2007
Current assets	92.113.294	59.952.749
Non-current assets	31.870.315	70.870.400
Total assets	**123.983.609**	**130.823.149**
Current liabilities	42.886.210	44.110.273
Non-current liabilities	39.341	15.183.356
Shareholders' equity	81.058.058	71.529.520
Total liabilities and shareholders' equity	**123.983.609**	**130.823.149**

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	31 December 2008	31 December 2007
Sales - net	113.124.142	110.079.473
Gross profit	43.332.244	43.879.260
Operating profit	36.649.699	37.339.074
Net profit for the period	37.240.048	28.639.646

NOTE 4 - SEGMENT REPORTING

The Group management considers industrial segment as the primary format for reporting segment information in the consolidated financial statements at 31 December 2008 and 2007. Industrial segments represent assets or operations that have a different nature to the production of either services or goods or the risks and benefits. Geographical segments are presented as a secondary reporting format in the consolidated interim financial statements at 31 December 2008 and 2007. Geographical segments represent economic regions that are different to other regions in terms of risk and return.

a) Industrial Segments

1 January - 31 December 2008

	Reportable Segments				
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management	Inter Segment Adjustment	Consolidated
Sales income - net	239.541.137	10.905.352	56.555.284	(5.027.528)	301.974.245
Cost of sales	(177.347.376)	(8.015.547)	(34.891.761)	5.094.834	(215.159.850)
Gross profit	62.193.761	2.889.805	21.663.523	67.306	86.814.395
Operating expenses	(38.948.859)	(1.327.759)	(3.222.144)	81.433	(43.417.329)
Other operating income/ expense - net	17.778.975	36.085	(118.728)	(14.527.840)	3.168.492
Operating profit	41.023.877	1.598.131	18.322.651	(14.379.101)	46.565.558
Net profit	23.706.662	1.816.214	18.617.790	(14.379.101)	29.761.565

31 December 2008

Balance Sheet					
Total Assets	240.314.290	5.780.925	61.984.366	(39.975.480)	268.104.101
Equity	124.549.261	4.657.491	40.524.165	(39.399.537)	130.331.380

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1 January - 31 December 2007

	Reportable Segments				
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management	Inter Segment Adjustment	Consolidated
Sales income - net	216.339.540	9.508.782	55.033.132	(4.572.813)	276.308.641
Cost of sales	(161.052.002)	(7.221.525)	(33.096.134)	4.671.011	(196.698.650)
Gross profit	55.287.538	2.287.257	21.936.998	98.198	79.609.991
Operating expenses	(38.646.584)	(1.188.970)	(3.280.021)	298.439	(42.817.136)
Other operating income/ expense - net	13.497.674	18.126	10.321	(13.721.336)	(195.215)
Operating profit	30.138.628	1.116.413	18.667.298	(13.324.699)	36.597.640
Net profit	21.004.770	943.913	14.318.106	(13.085.673)	23.181.116
31 December 2007					
Balance Sheet					
Total Assets	216.570.931	4.314.468	65.403.724	(35.880.328)	250.408.795
Equity	118.716.647	3.196.593	35.760.468	(34.580.564)	123.093.144

b) Geographical segments

i) Geographical analysis for the period 1 January - 31 December 2008

	Turkey	Hungary	Total Combined	Inter Segment Adjustment	Total
Revenue	254.384.034	47.590.211	301.974.245	-	301.974.245
Cost of sales	(173.189.249)	(41.970.601)	(215.159.850)	-	(215.159.850)
Gross profit	81.194.785	5.619.610	86.814.395	-	86.814.395
Operating expenses	(35.023.993)	(8.393.336)	(43.417.329)	-	(43.417.329)
Other operating income/ expense - net	3.261.365	(92.873)	3.168.492	-	3.168.492
Operating profit	49.432.157	(2.866.599)	46.565.558	-	46.565.558

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Geographical analysis for the period 1 January - 31 December 2007

	Turkey	Hungary	Total Combined	Inter Segment Adjustment	Total
Revenue	233.543.897	42.764.744	276.308.641	-	276.308.641
Cost of sales	(158.620.221)	(38.078.429)	(196.698.650)	-	(196.698.650)
Gross profit	74.923.676	4.686.315	79.609.991	-	79.609.991
Operating expenses	(34.240.714)	(8.576.422)	(42.817.136)	-	(42.817.136)
Other operating income/ expense - net	(171.389)	(23.826)	(195.215)	-	(195.215)
Operating profit	40.511.573	(3.913.933)	36.597.640	-	36.597.640

ii) Total assets

	31 December 2008	31 December 2007
Turkey	190.302.207	177.216.789
Hungary	77.094.721	70.231.092
Unallocated assets	707.173	2.960.914
	268.104.101	250.408.795

iii) Capital expenditures, depreciation and amortization expenses

	31 December 2008	31 December 2007
Capital expenditures		
Turkey	6.796.058	16.648.155
Hungary	745.005	3.180.968
	7.541.063	19.829.123

	31 December 2008	31 December 2007
Depreciation and amortisation		
Turkey	32.101.549	31.807.629
Hungary	7.059.827	6.840.729
	39.161.376	38.648.358

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iv) Minority interest

	31 December 2008	31 December 2007
Turkey	242.189	166.222
Hungary	(125.828)	2.997.158
	116.361	3.163.380

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2008		31 December 2007	
Cash		74.222		84.423
Banks				
- time deposits		34.212.669		33.547.984
- US dollar	16.159.165		25.492.465	
- YTL	3.046.496		4.563.264	
- Euro	15.007.008		3.492.255	
- demand deposits		19.351.384		12.335.842
- Euro	9.143.207		5.333.626	
- Hungarian Forint ("HUF")	8.658.090		5.086.307	
- US dollar	1.063.697		1.205.436	
- YTL	301.514		630.005	
- GBP	184.876		80.468	
		53.638.275		45.968.249

As of 31 December 2008, effective interest rates for YTL, Euro and US dollar time deposits are 15,79%, 3,86% and 4,76%, respectively. (31 December 2007: YTL 18,11%, Euro 4,48% US dollar 4,97%). Maturities of time deposits as of 31 December 2008 are YTL 1-34 days, Euro 1-34 days and US dollar 1-32 days (31 December 2007: YTL 1-113 days, Euro 1-32 days, US dollar 1-36 days).

NOTE 6 - FINANCIAL ASSETS

Available-for-sale assets:

	2008		2007	
	%	YTL	%	YTL
Celebi Nas	51.00	805.255	-	-

As of 31 December 2008, although the Group has direct or indirect voting rights of 51% the Subsidiary has been carried at cost less any provision for impairment since it is not material to consolidated financial statements.

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NOTE 7 - FINANCIAL LIABILITIES

Short-term financial liabilities:

	31 December 2008		
	Effective interest rate (%)	Original amount	YTL
Short-term bank borrowings			
YTL borrowings	0,00%	19.948	19.948
Euro borrowings	3,84%	2.000.000	4.281.600
			4.301.548
Short-term portion of long-term borrowings			
Interest expense accrual - Euro		61.842	132.391
Interest expense accrual - US dollar		22.764	34.426
US dollar borrowings	5,50%	1.500.000	2.268.450
Euro borrowings	6,54%	3.879.950	8.306.195
			10.741.462
Short-term finance lease obligations - US Dollar		54.608	82.583
Short-term financial liabilities			**15.125.593**
Long-term financial liabilities:			
Euro borrowings	7,27%	25.636.671	54.882.985
Long-term bank borrowings			**54.882.985**
Long-term finance lease obligations - US dollar		138.888	210.040
Long-term financial liabilities			**55.093.025**
Total financial liabilities			**70.218.618**

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	31 December 2008		31 December 2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term financial liabilities	55.093.025	55.096.450	48.946.861	48.863.216

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 3,69% (31 December 2007: 6,38%). The fair values of short-term bank borrowings are considered to approximate their carrying values.

The redemption schedule of borrowings according to their contractual repricing dates is as follows:

	2008	2007
Less than 3 months	5.089.036	3.442.649
Between 3-12 months	10.036.557	29.782.920
Between 1-5 years	55.093.025	48.946.861
	70.218.618	82.172.430

Short-term financial liabilities:

		31 December 2007	
	Effective interest rate (%)	Original amount	YTL
Short-term bank borrowings			
YTL borrowings	0,00%	22.249	22.249
Euro borrowings	5,58%	2.000.000	3.420.400
			3.442.649
Short-term portion of long-term borrowings			
Interest expense accrual-Euro		150.172	256.824
Interest expense accrual-US dollar		124.703	145.242
US dollar borrowings	6,80%	6.933.334	8.075.254
Euro borrowings	7,45%	12.457.958	21.305.600
			29.782.920
Short-term financial liabilities			33.225.569

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Long-term financial liabilities:

US dollar borrowings	5,50%	1.500.000	1.747.050
Euro borrowings	6,96%	27.599.000	47.199.811
Long-term financial liabilities			**48.946.861**
Total financial liabilities			**82.172.430**

The redemption schedule of the long-term bank borrowings as of 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
2009	-	4.107.041
2010	4.701.461	3.766.546
2011	6.334.747	5.093.086
2013 and over	44.056.817	35.980.188
	55.093.025	**48.946.861**

The redemption schedule of the financial lease obligations as of 31 December 2008 and 2007 is as follows:

	31 December 2008			31 December 2007		
	Minimum lease payments	Interest	Total obligation	Minimum lease payments	Interest	Total obligation
Less than 1 year	108.305	(25.722)	82.583	22.202	(22.202)	-
1 to 2 years	108.305	(17.012)	91.293	249	(249)	-
2 to 3 years	108.305	(7.384)	100.921	564	(564)	-
4 years and over	18.051	(225)	17.826	-	-	-
	342.966	**(50.343)**	**292.623**	**23.015**	**(23.015)**	**-**

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 December 2008	31 December 2007
Short-term trade receivables		
Trade receivables	16.894.322	18.190.780
Doubtful receivables	2.873.453	2.458.243
	19.767.775	20.649.023
Less: Provision for doubtful receivables	(2.873.453)	(2.458.243)
Less: Unearned financial income from credit sales	-	(24.491)
	16.894.322	18.166.289

Yearly effective interest rates for trade receivables as of 31 December 2007 for the YTL, US dollar and Euro are 16,15%, 4,86% and 4,44%, respectively. The fair value of current trade receivables as of 31 December 2008 equals their carrying amount as the impact of discounting is not significant.

The Group's previous experience in the collection of receivables has been considered in the provisions booked. Therefore, the Group does not foresee any additional receivable risk for the possible collection losses.

Movements of the provision for doubtful receivables for the years ended 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
Opening balance	2.458.243	2.456.314
Additions	415.210	1.929
Ending balance	2.873.453	2.458.243

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Credit risks exposed by the Group for each financial instrument type as of 31 December 2008 and 2007 are shown below:

	Trade receivables		Other receivables		
31 December 2008	Related party	Other	Related party	Other	Bank deposits
The maximum of credit risk exposed at the reporting date	15.836.490	16.894.322	-	19.804.826	53.638.275
- Credit risk covered by guarantees	-	2.958.417	-	-	-
Net carrying value of financial assets either are not due or not impaired	15.490.093	13.159.614	-	19.458.429	53.638.275
Net carrying value of financial assets which are overdue but not impaired	346.397	3.734.708	-	346.397	-
- Amount of risk covered by guarantees	-	276.523	-	-	-
Net carrying value of impaired assets	-	2.873.453	-	-	-
- Overdue (gross carrying value)	-	2.873.453	-	-	-
- Impairment amount (-)	-	(2.873.453)	-	-	-
- Amount of risk covered by guarantees	-	(113.409)	-	-	-

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	Trade receivables		Other receivables		
31 December 2007	Related party	Other	Related party	Other	Bank deposits
The maximum of credit risk exposed at the reporting date	284.609	18.166.289	-	311.544	45.968.249
- Credit risk covered by guarantees	-	5.030.429	-	-	-
Net carrying value of financial assets either are not due or not impaired	283.806	13.115.460	-	311.544	45.968.249
Net carrying value of financial assets which are overdue but not impaired	803	5.050.829	-	-	-
- Amount of risk covered by guarantees	-	715.100	-	-	-
Net carrying value of impaired assets	-	2.458.243	-	-	-
- Overdue (gross carrying value)	-	2.458.243	-	-	-
- Impairment amount (-)	-	(2.458.243)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

Aging of overdue receivables that are not impaired including receivables from related parties as of 31 December 2008 and 2007 is as follows;

	2008	2007
Up to 1 month	1.837.539	3.806.725
1 to 3 months	1.550.867	1.103.500
3 to 12 months	640.199	125.600
1 to 5 years	52.500	15.807
	4.081.105	5.051.632

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Aging of overdue receivables that are not impaired as of 31 December 2008 and 2007 is as follows;

	Trade receivables	
31 December 2008	Related party	Other
Overdue 1-30 days	146.787	1.690.752
Overdue 1-3 months	6.745	1.544.122
Overdue 3-12 months	192.865	447.334
Overdue 1-5 years	-	52.500
Amount of risk covered by guarantees	-	276.523

	Trade receivables	
31 December 2007	Related party	Other
Overdue 1-30 days	-	3.806.725
Overdue 1-3 months	-	1.103.500
Overdue 3-12 months	803	124.797
Overdue 1-5 years	-	15.807
Amount of risk covered by guarantees	-	715.100

Short-term trade payables

	31 December 2008	31 December 2007
Trade payables	11.140.423	10.885.170
Notes payables	-	-
Less: Unearned credit finance charges	-	(5.162)
	11.140.423	10.880.008

Effective interest rates for unearned credit finance charges as of 31 December 2007 for US dollar, Euro and YTL are 4,86%, 4,44% and 15,96%, respectively. The fair value of short-term trade payables as of 31 December 2008 equals their carrying amount as the impact of discounting is not significant.

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 December 2008	31 December 2007
Other short-term receivables		
Receivables from Tax Office	329.550	276.800
Deposits and guarantees given	121.657	15.692
Other miscellaneous receivables	54.262	19.052
Other short-term receivables (*)	19.299.357	-
	19.804.826	**311.544**

(*) YTL 15.475.715 of related amount consists of advances amounting to YTL 14.998.200 paid by Celebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. to its shareholder IC İçtaş İnşaat San. Ve Tic. A.Ş. with a 49,99% stake, on 7 November 2008, 10 November 2008 and 24 November 2008 and accrued interest amounted YTL 477.515 calculated with the interest rate of 20,25% relating to these advances as of 31 December 2008.

(*) YTL 3.823.642 of related amount consist of payments amounting to total INR 122.175.702 comprised of cash guarantee payment (INR 102.000.000) and other various payments (INR 20.175.702) made to Mumbai International Airport Limited (MIAL) on behalf and account of Celebi Nas on November 2008 in accordance with tender specifications and concession agreement.

	31 December 2008	31 December 2007
Other long-term payables		
Deposits and guarantees received	71.668	2.329

NOTE 10 - INVENTORIES

	31 December 2008	31 December 2007
Trade goods	357.123	348.645
Other inventories	4.083.729	4.010.729
	4.440.852	**4.359.374**

Other inventories include fuel oil, baggage sticker, boarding passes, miscellaneous periodicals, clothes and spare parts.

The cost of inventories recognized as expense and included in "cost of sales" is amounted to YTL 465.972 (2007: YTL 477.157).

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended 31 December 2008 are as follows:

	Opening 1 January 2008	Additions	Disposals	Transfers (**)	Cumulative translation adjustments	Closing 31 December 2008
Cost						
Machinery and equipment	121.948.890	1.668.874	(794.901)	760.924	528.004	124.111.791
Vehicles	18.385.783	327.243	(605.089)	-	2.665.561	20.773.498
Furniture and fixtures	11.799.713	1.352.691	(104.525)	-	130.742	13.178.621
Leasehold improvements (*)	63.394.155	2.942.151	(2.361)	-	-	66.333.945
Advances given	87.649	713.030	(10.431)	(774.825)	-	15.423
	215.616.190	7.003.989	(1.517.307)	(13.901)	3.324.307	224.413.278
Accumulated depreciation						
Machinery and equipment	(79.281.217)	(6.774.174)	667.075	-	(91.145)	(85.479.461)
Vehicles	(5.685.326)	(2.695.699)	565.460	-	(666.273)	(8.481.838)
Furniture and fixtures	(10.099.557)	(818.958)	99.928	-	(66.228)	(10.884.815)
Leasehold improvements (*)	(21.680.544)	(4.292.648)	52	-	-	(25.973.140)
	(116.746.644)	(14.581.479)	1.332.515	-	(823.646)	(130.819.254)
Net book value	98.869.546					93.594.024

(*) The land plots where the stations were constructed by Çelebi Hava Servisi A.Ş in the airports within which it operates were rented from the DHMI. The station buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 December 2008 the net book value of these stations was YTL 37.432.818. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.
(**) Comprised of transfers to intangible assets.

As explained in Note 28, as a consequence of the fire that broke out on 24 May 2006 in the warehouse located at Atatürk Airport Terminal C in which the Company carries out cargo - warehouse operations; leasehold improvements, machinery and equipment and furniture and fixtures whose net book values were YTL 3.932.522, YTL 522.232 and YTL 29.851 respectively as of 31 December 2006 and machinery and equipment and furniture and fixtures whose net book values were YTL 1.579.944 and YTL 47.257 respectively as of 31 December 2007 were written off from accounting records since the DHMI cancelled the rent agreement related to the mentioned

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warehouse and the leasehold improvements were partially damaged. Leasehold improvements, machinery and equipment and furniture and fixtures whose net book values are totaled YTL 6.139.001 including those that written off in 2008 have been written off with the finalization of reports prepared by judicial experts and insurance specialists relating to damage conditions of fixed assets. Judicial experts and insurance specialists have completed their reports to determine the damage to the machinery and equipment and furniture and fixtures and the compensation amounting to USD2.135.583 has been made to the Company as of 31 December 2008 under the coverage of insurance policies comprising leasehold improvements, machinery and equipment and general content, broken machinery, electronic equipment, furniture and fixtures and fire risk coverage of machinery equipment.

The depreciation charges for the period ended 31 December 2008 in the amount of YTL 3.800.707 and YTL 10.780.772 are included in operating expenses and cost of sales, respectively. The net book value of financial lease assets that are included in machinery and equipment is YTL 659.795 as of 31 December 2008 (31 December 2007: YTL 845.085).

Movements in property, plant and equipment for the period ended 31 December 2007 are as follows:

	Opening 1 January 2007	Additions	Disposals	Transfers	Cumulative translation adjustments	Closing 31 December 2007
Cost						
Machinery and equipment	117.755.698	5.392.002	(1.449.216)	470.271	(219.865)	121.948.890
Vehicles	16.386.396	2.942.254	(63.065)	-	(879.802)	18.385.783
Furniture and fixtures	10.949.169	906.452	(10.670)	(2.248)	(42.990)	11.799.713
Leasehold improvements (*)	54.257.932	9.139.654	(3.431)	-	-	63.394.155
Advances given	1.167.366	577.208	-	(1.656.925)	-	87.649
	200.516.561	18.957.570	(1.526.382)	(1.188.902) (**)	(1.142.657)	215.616.190
Accumulated depreciation						
Machinery and equipment	(73.021.216)	(7.184.935)	920.403	-	4.531	(79.281.217)
Vehicles	(3.408.910)	(2.368.501)	60.474	-	31.611	(5.685.326)
Furniture and fixtures	(9.485.483)	(633.595)	9.313	-	10.208	(10.099.557)
Leasehold improvements (*)	(17.689.383)	(3.991.218)	57	-	-	(21.680.544)
	(103.604.992)	(14.178.249)	990.247	-	46.350	(116.746.644)
Net book value	96.911.569					98.869.546

(*) The land plots where the stations were constructed by Çelebi Hava Servisi A.Ş in the airports within which it operates were rented from the DHMI. The station buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 December 2007 the net

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book value of these stations was YTL 38.437.244. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

(**) Comprised of transfers to intangible assets.

The depreciation charges for the period ended 31 December 2007 in the amount of YTL 4.380.230 and YTL 9.798.019 are included in operating expenses and cost of sales, respectively.

NOTE 12 - INTANGIBLE ASSETS

Movements in intangible assets for the period ended 31 December 2008 are as follows:

	Opening 1 January 2008	Additions	Disposals	Transfers	Cumulative Translation Adjustments	Closing 31 December 2008
Cost						
Rights	545.219	10.739	-	-	-	555.958
Customer relations	27.017.944	-	-	-	5.222.433	32.240.377
Software	3.160.706	227.248	(82.274)	-	70.930	3.376.610
Build-operate-transfer investments (*)	87.533.504	309.518	-	13.901	-	87.856.923
	118.257.373	547.505	(82.274)	13.901	5.293.363	124.029.868
Accumulated depreciation						
Rights	(499.553)	(31.677)	-	-	-	(531.230)
Customer relations	(4.946.485)	(3.861.143)	-	-	(1.253.085)	(10.060.713)
Software	(2.013.063)	(402.037)	54.722	-	(19.278)	(2.379.656)
Build-operate-transfer investments (*)	(52.370.651)	(20.285.040)	-	-	-	(72.655.691)
	(59.829.752)	(24.579.897)	54.722	-	(1.272.363)	(85.627.290)
Net book value	58.427.621					38.402.578

(*) The build-operate-transfer investment the net book value of which is YTL 15.201.232 comprises of the advances and progress payments given to contracting firms which were capitalized as of 31 December 2008 related to the construction of Antalya Airport 2. International Terminal with respect to the terminal building operation and transfer processes between Çelebi IC and the DHMI. The Group will depreciate the leasehold improvements related to the terminal building within the operating period of 54 months.

Depreciation charges for the period ended 31 December 2008 in the amount of YTL 2.327.342 and YTL 22.252.555 are included in operating expenses and cost of sales.

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Movements in intangible assets for the period ended 31 December 2007 are as follows:

	Opening 1 January 2007	Additions	Disposals	Transfers	Cumulative Translation Adjustments	Closing 31 December 2007
Cost						
Rights	542.969	-	-	2.250	-	545.219
Customer relations	29.468.201	-	-	-	(2.450.257)	27.017.944
Software	2.705.348	475.197	-	-	(19.839)	3.160.706
Build-operate-transfer investments (*)	85.955.470	396.356	(4.974)	1.186.652	-	87.533.504
	118.671.988	871.553	(4.974)	1.188.902	(2.470.096)	118.257.373
Accumulated depreciation						
Rights	(447.513)	(52.040)	-	-	-	(499.553)
Customer relations	(761.216)	(4.248.565)	-	-	63.296	(4.946.485)
Software	(1.666.412)	(347.042)	-	-	391	(2.013.063)
Build-operate-transfer investments (*)	(32.550.842)	(19.822.462)	2.653	-	-	(52.370.651)
	(35.425.983)	(24.470.109)	2.653	-	63.687	(59.829.752)
Net book value	83.246.005					58.427.621

(*) The build-operate-transfer investment the net book value of which is YTL 35.162.855 comprises of the advances and progress payments given to contracting firms which were capitalized as of 31 December 2007 related to the construction of Antalya Airport 2. International Terminal with respect to the terminal building operation and transfer processes between Çelebi IC and the DHMI. The Group will depreciate the leasehold improvements related to the terminal building within the operating period of 54 months.

Depreciation charges for the period ended 31 December 2007 in the amount of YTL 2.842.497 and YTL 21.627.612 are included in operating expenses and cost of sales.

NOTE 13 - GOODWILL

Positive goodwill at 31 December 2008 and 31 December 2007 is as follows:

	31 December 2008	31 December 2007
Goodwill due to acquisition of CGHH	18.890.624	15.830.639

The Company participated in the tender offer on 7 August 2006 opened by the Budapest Airport Budapest Ferihegy Nemzetközi Repülöter Üzemeltetö Zartkörüen Müködö Reszvenytarsasag ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Feleössegü Tarsasag ("BAGH") company that provides ground handling services at Budapest Airport and in which

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("Ba Zrt") has a 100% share. The company was informed of winning the tender offer on 14 August 2006 and is participating in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft.") company founded on 22 September 2006 as a founding shareholder for the realization of the abovementioned share transfer. The trade name of the company BAGH was changed to Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt FelelŒsségı Társaság ("CGHH") after the acquisition dated 26 October 2006.

After the studies of the independent valuation company named American Appraisal Hungary Ltd., fair value of the net assets of CGHH was determined to be YTL 31.287.893 as of 26 October 2006 and acquired by Celebi Kft at a price of YTL 49.448.419 which is the YTL equivalent of 6.691.261 thousand Hungarian Forint (EUR 25.593.870). The acquisition has been accounted for according to the clauses of IFRS 3 "Business Combinations" and the goodwill amounting to YTL 18.160.526 projected after the acquisition has been reflected in the financial statements at 31 December 2006. At 31 December 2008, after finalizing the completion statements the final purchase price of the Company has been determined to be less than the amount paid by YTL 827.657.

The goodwill resulting from the acquisition of CGHH arises from the difference between the fair values and purchasing values at the purchase date of the identifiable assets, liabilities and contingent liabilities belonging to CGHH. It is assumed that there is no impairment as of 31 December 2007 related to the goodwill amount arising from this purchase since the transaction was realised at a time close to the balance sheet date, and the purchase price was determined through a sealed tender. As of 31 December 2008 an impairment test was performed by comparison of the book value of the goodwill with its recoverable value. The recoverable value was determined based on the value-in-use calculations. These calculations use pre-tax cash flow projections based on budgets approved by the management covering a ten-year period. Estimated net cash flows were discounted using the pre-tax rate of 11.8%. Goodwill details relating to the acquisition of the Subsidiary (CGHH) are below:

Acquisition amount	49.448.419
Less: Fair values of assets, liabilities and contingent liabilities	(31.287.893)
Final purchase price adjustment	(827.657)
Currency translation adjustment	1.557.755
Goodwill	**18.890.624**

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2008	31 December 2007
Short-term provisions		
DHMI agreement depreciation provision (*)	12.231.302	-
Provision for unused vacation rights	1.688.350	1.607.570
Accrued sales commissions	1.300.386	1.011.487
Provision for legal claims	432.447	312.735
Other provisions	478.205	259.999
	16.130.690	**3.191.791**

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	31 December 2008	31 December 2007
Long-term provisions		
DHMI agreement depreciation provision (*)	-	7.559.094

(*) The DHMI agreement depreciation provision is the amount that will be paid to the DHMI for the depreciation of the fixed assets in the Antalya terminal operated by Çelebi IC in the context of the build-operate-transfer investment when the terminal is delivered to the DHMI in 2009. Also according to the related agreement, a guarantee letter is to be given for the depreciation accrued from the ask rate of the USD declared by the Central Bank of Turkish Republic ("CBTR") no later than four months following the year-end. Since the Company's liabilities at period end are in terms of USD, foreign exchange gains or losses that have arisen from the valuation of the guarantee letter under consideration are included in the provision.

Contingent assets and liabilities

	31 December 2008	31 December 2007
Guarantees received:		
Guarantee letters	6.451.385	6.953.598
Guarantee notes	1.456.024	1.532.549
Guarantee cheque	1.056.195	2.003.816
	8.963.604	10.489.963
Guarantees given:		
Guarantee letters given	34.106.203	19.083.380

The Group has contingent assets amounting to YTL 2.114.730 due to the legal cases in favour of the Group and contingent liabilities amounting to YTL 60.144.933 due to the legal cases and enforcement proceedings against the Group as of 31 December 2008. YTL 59.333.490 portion of contingent liabilities are comprised of legal cases and enforcement proceedings related with the fire in warehouse (Note 28) in which Company is a sole defendant and co-defendant with the DHMI, other warehouse management companies and insurance companies.

Gain/(Losses) from derivative instruments

	2008		2007	
	Gain	Loss	Gain	Loss
Interest rate SWAP	-	2.390.999	-	370.181
Currency forward contracts	-	3.621.962	-	1.998.977
	-	6.012.961	-	2.369.158

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Movement of derivative financial instruments as of 31 December 2008 is as following (Note 16):

	1 January 2008	Profit (*)	Loss (*)	Foreign currency differences	31 December 2008
Interest rate SWAP	(370.181)	-	(2.390.999)	(255.439)	(3.016.619)
Currency forward contracts	(1.998.977)	-	(3.621.962)	(664.945)	(6.285.884)
	(2.369.158)	-	(6.012.961)	(920.384)	(9.302.503)

(*) Financial expense related to aforementioned agreements amount to YTL 6.012.961 (31 December 2007: YTL2.369.158) (Note 22).

a) Interest rate SWAP

Within the framework of the project finance agreement entered into with the related bank, CGHH has entered into a knock in radial swap transaction corresponding to the amount used for the project amounting to EUR28.600.000 as of 31 December 2008 in order to hedge interest rate risk. The mentioned amount will decrease parallel to the redemption schedule of the project borrowing. Details of the terms and conditions of the interest rate swap are as follows:

Termination date	31 December 2015	
Amount	EUR28.600.000	
Index - Bank	6 month Euribor	
Index - CGHH	First 6 months (1.semester)	4,00% (excluding spread)
	Thereafter each semester	previous coupon+ C * (Index - Strike)
	C = 1, If Index > Barrier	C = 0, If Index < Barrier
Previous Coupon	Coupon rate paid in the previous semester	
Barrier	5,40%	
Strike	5,15%	
Index	6 month Euribor	

As long as six-month Euribor is below 5,40%, the effective interest rate for CGHH is 4,00%. In circumstances where Euribor is equal or higher than 5,40%, the aforementioned formula will be put into service and for each semester a new formula will be calculated.

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b) Currency forward contracts

Within the framework of the project finance agreement entered into with the related bank, CGHH has entered into a risk reversal option transaction corresponding to the amount used for the project amounting to EUR28.600.000 as of 31 December 2008 in order to hedge foreign exchange risk. Taking into consideration the cash flow projection presented to the Bank, the Company has made a commitment to sell Euros and to buy Hungarian Forint each month until 31 December 2011. Details of the terms and conditions of related contract are as follows for the years 2009, 2010 and 2011:

Year	Put Strike (HUF/Euro)	Call Strike (HUF/Euro)	Amount Euro
2009	244,00	281,00	13.780.000
2010	239,50	281,00	14.928.000
2011	236,00	281,00	16.101.000
			44.809.000

As a consequence of project finance loan agreement amounting to EUR28.600.000 used by the subsidiary CGHH , the Company pledged 70% of its share of CGHH to related bank in accordance with this agreement.

NOTE 15 - EMPLOYEE BENEFITS

Long term employee benefits:

	31 December 2008	31 December 2007
Provision for employment termination benefits	4.801.860	3.543.901

Provision for employment termination benefits is booked according to the explanations below. There are no agreements for pension commitments other than the legal requirement as explained below.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service, who achieves the retirement age (58 for women and 60 for men), who has charged 25 years of services (20 years for women) and whose employment is terminated without due cause, is called up for military service or who dies. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 31 December 2008 consists of one month's salary limited to a maximum of YTL 2.173,18 (31 December 2007: YTL 2.030,19) for each year of service.

The liability is not funded, as there is no funding requirement.

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IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Employee termination benefit liability is calculated by estimating the present value of the future probable obligation to the employees of the group in its subsidiaries that are registered in Turkey arising from the retirement of the employees. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2008	31 December 2007
Discount rate (%)	6,26	5,71
Turnover rate to estimate the probability of retirement (%)	93,57	93,85

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of YTL 2.260,05 which is effective from 1 January 2009 (1 January 2008: YTL 2.087, 92) has been taken into consideration in the calculations.

	31 December 2008	31 December 2007
1 January	3.543.901	3.093.259
Paid during the year	(1.746.058)	(1.210.067)
Increase during the year	3.004.017	1.660.709
31 December	4.801.860	3.543.901

NOTE 16 - OTHER ASSETS AND LIABILITIES

	31 December 2008	31 December 2007
Other current assets		
Prepaid expenses	2.444.194	2.586.119
Value-added tax ("VAT") to be refunded	1.481.972	1.436.820
Income accruals	444.478	150.383
Advances given to personnel	347.114	110.480
Prepaid taxes and funds	30.614	684.302
Other	136.125	209.797
	4.884.497	5.177.901

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	31 December 2008	31 December 2007
Other non-current assets		
Prepaid expenses	202.798	6.215
Deposits and guarantees given	2.387	2.283
Other receivables	-	43.611
	205.185	52.109

	31 December 2008	31 December 2007
Other current liabilities		
Wages and salaries payable	4.135.402	3.589.990
Social security payables	2.159.826	1.949.335
Corporate taxes payable (Note 23)	1.990.357	259.078
Taxes and funds payable	1.718.268	1.512.726
Deferred income	861.100	378.237
Accrued bonus payable	649.498	364.425
Other miscellaneous liabilities	834.492	942.702
	12.348.943	8.996.493

	31 December 2008	31 December 2007
Other non-current liabilities		
SWAP agreements (Note 14)	9.302.503	2.369.158
Deferred insurance claim recovery (*)	2.268.450	1.747.050
Deferred other revenues	574.569	13.615
	12.145.522	4.129.823

(*) The deferred insurance claim recovery amount is comprised of the insurance policy related to the goods of third parties amounting to USD1.500.000 which has been fully collected as of 31 December 2008 and is planned to be utilized by the Company under the circumstances that the Company is found to be liable for the losses incurred during the fire that broke out in Atatürk Airport ("AHL") Terminal C (Note 28).

NOTE 17 - EQUITY

Share Capital

As of 31 December 2008, the authorized share capital of the Group is YTL 24.300.000 comprising of 2.430.000.000 registered shares with a face value each of 1 YKr (31 December 2007: 2.430.000.000 shares).

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At 31 December 2008 and 31 December 2007, the shareholding structure is stated below:

	31 December 2008		31 December 2007	
Shareholders	YTL	Share %	YTL	Share %
Çelebi Holding A.Ş.	13.235.383	54,47	12.802.050	52,69
Engin Çelebioğlu	2.432.430	10,01	2.432.430	10,01
Can Çelebioğlu	1.822.770	7,50	1.822.770	7,50
Canan Çelebioğlu Tokgöz	1.820.970	7,49	1.820.970	7,49
Other	4.988.447	20,53	5.421.780	22,31
	24.300.000	100,00	24.300.000	100,00

Restricted reserves
The Turkish Commercial code ("TCC") stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. In addition, according to Exemption for sale of Participation shares and property, a 75% portion of corporations' profits arising from such sales are not withdrawn within 5 years and are followed in special reserves.

As of 31 December 2008 and 31 December 2007, restricted reserves consist of legal reserves.

Retained earnings
In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

In addition, in accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

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In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";

- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

Dividend distribution

Quoted companies are subject to dividend requirements regulated by CMB as follows:

In accordance with the Capital Markets Board Decision dated 9 January 2009, concerning allocation basis of profit from operations of 2008, minimum profit distribution shall be applied as 20% (31 December 2007: 20%). According to the Board's decision and Communiqué No: IV-27 issued by CMB regarding allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realized as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from 2008 operations are required to distribute the first dividend in cash.

In addition, according to the aforementioned Board decision, the restrictions on the distributions of the profit derived from the subsidiaries, joint ventures and associates of entities who are required to prepare consolidated financial statements where no profit distribution decision is taken in the general assemblies of such subsidiaries joint ventures and associates is abolished. It is decided that as long as the entities can provide the necessary amount from their statutory reserves, the distributable profit can be calculated based on the net income declared at the publicly announced consolidated financial statements in the accordance with Communiqué XI No:29.

Accordingly, if the amount of dividend distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit shall be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit shall be distributed. It is stated that dividend distributions should not be made if there is a loss in either the consolidated financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

In addition, it was resolved with the same Board Decision that the total amount of the period profit remaining after deduction of previous years losses and Type 1 legal reserves and other resources that can be subject to profit distribution would be included in the financial statement footnotes to be prepared and announced to public in accordance with the Communiqué Serial: XI, No: 29; and this amount is YTL 41.278.778 for the Company. On the

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other hand, the Company has Extraordinary Legal Reserve in the amount of YTL 7.076.789, which could be subject to the profit distribution.

NOTE 18 - SALES AND COST OF SALES

	31 December 2008	31 December 2007
Ground handling services	229.467.779	207.605.892
Rent income not related to aviation (**)	25.773.033	24.252.215
Passenger service income (*)	22.269.945	23.087.411
Warehouse services income	16.291.871	14.080.188
Airport security services	5.910.764	4.937.558
Contribution income to general expenses (****)	5.109.558	4.655.584
Rent income related to aviation (***)	3.409.315	3.049.531
Aviation fuel sold and commission income	244.218	437.025
Less: Returns and discounts	(6.502.238)	(5.796.763)
Sales - net	301.974.245	276.308.641
Cost of service given	(214.953.455)	(196.312.533)
Cost of aviation fuel sold	(206.395)	(386.117)
Cost of sales	(215.159.850)	(196.698.650)
Gross profit	86.814.395	79.609.991

(*) In accordance with the "Antalya Airport 2nd International Terminal Building Construction, Management and Transfer Agreement" signed between Çelebi IC and DHMI and also with the conditions of the contract, the DHMI committed to foreign lines service revenue from 2.416.171 (2007: 2.345.796) passengers and agreed USD 15 per person as the foreign line passenger service price; in subsequent years this figure will be increased by 3% over the previous year. After reaching the guaranteed passenger number in one operating year, the entire passenger fare will be transferred to the DHMI. This mentioned passenger fare, which is belong to DHMI, is offset in the Group's interim period consolidated financial statements between sales and cost of sales which end on 31 December 2008 and 2007. As of 31 December 2008, the offsetting amount between sales and cost of sales is YTL 24.721.758 (31 December 2007 YTL 19.956.952).
(**) The rent income, which does not relate to aviation, consists of the rent of certain commercial places and offices.
(***) Rent income related to aviation comprises income from services such as bridges, desks, water, PCA and 400Hz that Çelebi IC obtained in the Second International Terminal Building.
(****) Contribution income comprises rent income from offices and locations leased to Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş. in accordance with the agreement and management plans and contributions to commonly used electricity, heating and other expenses incurred within the context of build-operate-transfer in the 2nd International Terminal.

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NOTE 19 - OPERATING EXPENSES

	31 December 2008	31 December 2007
Payroll expenses	14.451.515	12.951.546
Consultancy expenses	12.183.498	14.365.557
Depreciation and amortization	6.128.049	7.222.727
Repair, maintenance and security expenses	1.990.466	1.626.484
Travel and transportation expenses	1.690.244	975.308
Rent expenses	1.188.683	1.089.353
Advertising expenses	811.593	365.251
Insurance premiums	692.272	785.405
Taxes and other fees	395.945	464.571
Food, education and clothing expenses	374.318	306.087
Fuel expenses	200.467	169.806
Other	3.310.279	2.495.041
	43.417.329	42.817.136

NOTE 20 - OTHER OPERATING INCOME/EXPENSES

	31 December 2008	31 December 2007
Other operating income:		
Return income from contribution to holding expenses (*)	2.616.255	-
Income from insurance claims	963.772	201.728
Rent income	445.482	445.010
Fixed asset sales income	222.669	100.337
Income from scrap sales	11.845	23.898
Other	565.316	1.003.895
	4.825.339	1.774.868

(*) Çelebi Holding A.Ş. (Holding) has reflected the salaries and similar payments made to Holding administrators to subsidiaries and joint ventures for their services and functions in subsidiaries and joint-ventures in accordance with a distribution key between the years 2004 and 2008. Holding has decided to return amounts received from Çelebi Hava Servisi (the Company) with accrued interest by considering the payments made by Çelebi Hava Servisi to the Chairman of the Board of Directors and the Deputy Chairman of the Board for their administrative function in the Company. The amount calculated in this context has been collected from the Holding and accrued as income.

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Other operating expenses:

	31 December 2008	31 December 2007
Insurance expenses	(259.085)	(203.374)
Provision expenses	(452.335)	(15.323)
Other expenses	(945.427)	(1.751.386)
	(1.656.847)	(1.970.083)

NOTE 21 - FINANCIAL INCOME

	31 December 2008	31 December 2007
Foreign exchange gains	34.418.315	13.748.634
Interest income	4.474.024	3.042.161
Unearned financial income	1.352.537	497.193
	40.244.876	17.287.988

NOTE 22 - FINANCIAL EXPENSES

	31 December 2008	31 December 2007
Foreign exchange losses	(28.534.892)	(13.403.972)
Interest expenses	(5.914.777)	(7.745.953)
SWAP contracts valuation losses	(6.012.961)	(2.095.694)
Unincurred financial expenses	(223.555)	(276.138)
Other financial expenses	(238.673)	(225.618)
	(40.924.858)	(23.747.375)

NOTE 23 - TAX ASSETS AND LIABILITIES

	31 December 2008	31 December 2007
Corporate tax	14.231.605	9.897.678
Less: Prepaid taxes	(12.241.248)	(9.638.600)
Taxes liability/(receivable) - net (Note 16)	1.990.357	259.078

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	31 December 2008	31 December 2007
Deferred tax assets	707.173	2.960.914
Deferred tax liabilities	(4.448.235)	(5.098.855)
Deferred tax liability - net	**(3.741.062)**	**(2.137.941)**

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Turkey
The corporation tax rate for the fiscal year 2008 is 20% (2007: 20%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

Except for the dividends paid to non-resident corporations, which have a representative office in Turkey, or resident corporations, dividends are not subject to withholding tax. Dividends paid to other organizations or individuals are subject to withholding tax at the rate of 15% .Transfer of profit to capital is not accepted as a dividend distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2007: 20%). Advance tax is declared by the 10th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

There are numerous exemptions in the Corporation Tax Law concerning the corporations. Those related to the Company are as follows:

Domestic participation exemption
Dividend income earned from investments in another company's shares is excepted in the calculation of the corporate tax (dividend income gained related to the participation in investment funds and investment trust shares is excluded).

Preferential right certificate sales and issued premiums exemption
New share issue premiums, which represent the difference between the nominal and sale values of shares issued by joint-stock companies, are exempt from corporation tax.

Foreign company participation exemption
The participation income of corporations participating for at least one continuous year of 10% that does not have their legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) up until the date the income is generated and transferred to Turkey and until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike in their

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country of legal or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Real property, investment equity, preferential rights, usufruct shares, founding shares, sales exemption
A 75% portion of corporations' profits from the sale of participation shares, founding shares, pre-emptive rights and property, which have been in their assets for at least for two years is exempt from corporate tax provided that these profits are added to share capital and are not withdrawn within five years. Income from the sale is generated until the end of the second calendar year following the year in which sale was realized.

Investment allowance exemption
The investment allowance application of 40% for fixed asset purchases over a specified amount, which had been in force for a significant period of time, was abolished by Law No.5479 dated 30 March 2006. However, in accordance with temporary article 69 of the Income Tax Law, income and corporate taxpayers can also deduct the following as the investment allowances from their income related to the years 2006, 2007 and 2008 which were present as of 31 December 2005, in accordance with the legislation (including the provisions related to tax rates) in force as of 31 December 2005:

a) in the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the regulatory provisions; the ratio of investment tax credit is 19,8%.

b) in the scope of the abolished 19th article of Income Tax Law, the investment allowance amounts to be calculated in accordance with the legislation in force at 31 December 2005 for investments which were started before 1 January 2006 and which display an economic and technical integrity. The ratio of investment tax credit for this is 40%.

Investment allowances can be deducted from revenues for the years 2006, 2007 and 2008 in accordance with the legislation (including the provisions related to tax rates of the article of Income Tax Law No.5422) in force as of 31 December 2005.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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Corporations established abroad and controlled directly or indirectly by tax resident companies and real persons by means of separate or joint participation in the capital or dividends or voting rights at the rate of a minimum 50% are considered as Controlled Foreign Corporations "CFC" provided that the below conditions are fulfilled:

a) 25% or more of the gross revenue of the foreign subsidiary must be composed of passive income like interest, dividend, rent, license fee, or marketable securities sales income;

b) Controlled Foreign Corporations "CFC" must be subject to an effective income tax rate lower than 10% for its commercial profit in its home country; and,

c) Gross revenue of the CFC must exceed the equivalent of YTL 100 in a foreign currency in the related period.

CFC profit is included in the corporate income tax base of the controlling resident corporation, irrespective of whether it is distributed or not, at the rate of the shares controlled, in the fiscal period covering the month of closing of the fiscal period of the CFC. CFC profit that has already been taxed in Turkey as per this article will not be subject to additional tax in Turkey in the event of dividend distribution; whereas the portion of the profit distributed that has not been previously taxed in Turkey will be subject to taxation.

Hungary
In Hungary, the corporate tax rate is changed from 16% to 20% beginning on 1 September 2006. This additional tax increase is applicable to earnings before tax beginning from the last quarter of the fiscal year 2006 and the increased tax rate will be applicable thereafter.

The taxes on income for the periods ended 31 December 2008 and 2007 are summarized as follows:

	31 December 2008	31 December 2007
- Current period tax expense	(14.231.605)	(9.897.678)
- Deferred tax (expense)/income	(1.892.403)	2.940.541
	(16.124.008)	(6.957.137)

Deferred tax
Turkish Tax Legislation does not allow the main company to declare its tax return in the consolidated financial statements of all its affiliates and subsidiaries. For this purpose, tax provisions disclosed in consolidated financial statements are calculated separately for each company that is in the context of full consolidation.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for CMB Communiqué purposes and its statutory tax financial statements. Temporary differences generally arise due to the recording of incomes and expenses in different reporting periods according to Tax Laws and CMB Accounting Standards. Deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on the taxable income in the coming years under the liability method using a principal tax rate of 20% (31 December 2007: 20%). The related ratio for Hungary is 20%.

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The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) provided at 31 December 2008 and 31 December 2007 using the enacted future tax rates is as follows:

	Cumulative Taxable Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Non-deductible financial losses (*)	-	(11.905.332)	-	2.381.066
SWAP contracts foreign currency valuations (*)	-	(1.998.977)	-	399.796
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(3.361.351)	(676.019)	672.270	135.204
Provision for unused vacation rights	(149.017)	(201.367)	29.803	40.273
Provision for employment termination benefits	(25.499)	(22.874)	5.100	4.575
Net deferred tax asset			**707.173**	**2.960.914**
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	32.984.715	33.818.736	(6.596.943)	(6.763.747)
Provision for employment termination benefits	(4.776.361)	(3.521.027)	955.272	704.205
Deferred insurance claim recovery	(2.268.450)	(1.747.050)	453.690	349.410
Provision for unused vacation rights	(1.539.333)	(1.406.203)	307.867	281.241
Accrued sales commissions	(1.300.386)	(1.011.487)	260.077	202.297
Provision for legal claims	(432.447)	(312.735)	86.489	62.547
Personnel bonus accrual	(376.789)	(256.850)	75.357	51.370
Provision for doubtful receivables	(49.781)	(49.781)	9.956	9.956
Unincurred financial expenses	-	(24.491)	-	4.898
Unearned financial income	-	5.162	-	(1.032)
Net deferred tax liability			**(4.448.235)**	**(5.098.855)**

(*) A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. Despite of currency forward contract which has been made to deal with risks related to changes in market value of future forecasted cash flows of CGHH (Note 14), foreign exchange losses caused by decrease in the value of Hungarian Forint against Euro due to ongoing financial crisis in Hungary and international markets has lead to the probability of inability to utilize carry-forward tax losses of CGHH amounted YTL 16.591.944 partly or completely in an identifiable period of time. Although there has been no expiry date for the utilization of carry-forward tax losses in the Hungarian Tax System, the Company has not accounted for deferred tax asset amounted to YTL 3.318.189.

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Deferred tax movement table is indicated below:

	31 December 2008	31 December 2007
1 January	(2.137.941)	(4.900.035)
Cumulative translation difference	289.282	(178.447)
Current period deferred tax (expense)/income	(1.892.403)	2.940.541
31 December	(3.741.062)	(2.137.941)

NOTE 24 - EARNINGS PER SHARE

Earnings per share is determined by dividing net profit amounting to YTL 35.044.734 to that class of shares by the weighted average number of such shares outstanding during the year concerned (31 December 2008: 24.300.000 shares, 31 December 2007: 24.300.000 shares). The calculation is as follows:

	31 December 2008	31 December 2007
Net income attributable to the equity holders of the Company	35.044.734	26.141.069
Weighted average number of share		
Weighted average number of shares with YKr 1 face value each	24.300.000	24.300.000
Earnings per share	1,44	1,08

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Amounts due from and due to related parties during the periods and a summary of major transactions with related parties during the period are as follows:

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(i) Balances with related parties

	31 December 2008	31 December 2007
Due from related parties		
Çelebi Holding A.Ş. (*)	15.496.645	-
Ortadoğu Antalya Liman İşletmeleri A.Ş.	53.869	35.189
Çelebi Marina ve Yat İşletmeciliği	20.870	-
Other	-	23.507
	15.571.384	58.696

(*) YTL 15.475.715 of related amount consist of advances amounting to YTL 14.998.200 paid by Celebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. to Çelebi Holding A.Ş. on 7 November 2008, 10 November 2008 and 24 November 2008 and accrued interest amounted YTL 477.515 relating to these advances as of 31 December 2008.

Due from joint-ventures

	31 December 2008	31 December 2007
Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş.	265.106	225.913
Due from related parties - net	15.836.490	284.609

Due to related parties

	31 December 2008	31 December 2007
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	5.618.041	260.617
Çe-Tur Çelebi Turizm Ticaret A.Ş.	547.938	765.680
Çelebi Holding A.Ş. (*)	290.710	703.323
Payables to shareholders (Dividends payable)	1.100	1.309
Çelebi Hizmet Gıda İşletmeleri A.Ş.	1.008	9.998
Çelebi Denizcilik	7.965	-
	6.466.762	1.740.927

(*) As of 31 December 2007, YTL 506.838 portion of due to Çelebi Holding consists of invoices issued for the Company and Çelebi Güvenlik as contributions to holding expenses.

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ii) Transactions with related parties:

	31 December 2008	31 December 2007
Sales to related parties		
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	542.923	383.851
Ortadoğu Antalya Liman İşletmeleri A.Ş.	485.255	408.979
Çelebi Holding A.Ş.	377.099	235.500
Çelebi Marina ve Yat İşletmeciliği A.Ş.	265.493	124.691
Çe-Tur Çelebi Turizm Ticaret A.Ş.	226.071	224.215
Çelebi Hizmet Gıda İşletmeleri Turizm Sanayi ve Ticaret A.Ş.	579	5.155
Çelebi Hizmet Restorant İşletmeleri ve Gıda Turizm İnşaat Sanayi ve Ticaret A.Ş.	30	615
	1.897.450	1.383.006
Sales to joint-ventures		
Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş.	3.316.552	3.091.653
Rent income from related parties		
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	22.791.865	21.318.741

	31 December 2008	31 December 2007
Employee and transportation expenses payable to related parties		
Çe-Tur Çelebi Turizm Ticaret A.Ş.	5.014.728	4.540.360
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	3.017.299	2.938.931
	8.032.027	7.479.291
Contribution to holding expenses (**)		
Çelebi Holding A.Ş.	9.227.872	9.910.720
General expenses contribution income from related companies (***)		
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	4.558.373	4.263.748

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	31 December 2008	31 December 2007
Return income from contribution to Holding expenses		
Çelebi Holding A.Ş. (Note 20)	2.616.255	-
Other purchases from related parties (****)		
Çe-Tur Çelebi Turizm Ticaret A.Ş.	2.260.964	2.441.731
Çelebi Holding A.Ş.	1.947.560	2.112.714
Other	22.348	15.056
	4.230.872	**4.569.501**
Other purchases from Joint-ventures		
Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş.	186.830	303.360

(**) Contribution paid to Çelebi Holding A.Ş. for services (legal counseling, financial consultancy and human resource consultancy) provided to Çelebi Hava Servisi and Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. by Çelebi Holding A.Ş. These expenses have been consistently incurred between periods and participations in Çelebi Holding A.Ş., in the consideration of criteria such as staff number, company turnover and asset size (Note 20).

(***) Contribution income comprises of rental income from offices and locations leased to Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş. in accordance with the agreement and management plans and contributions to commonly used electricity, heating and other expenses incurred within the terminal.

(****) Other purchases include vehicle rent, organizational cost and other expenses. Purchases from Çelebi Holding A.Ş. that are classified under other purchases from related parties are comprised of expenses directly related to the Company that are business development projects and tenders executed and followed up Çelebi Holding A.Ş.

Guarantees given to related parties as of 31 December 2008 and 2007 are detailed below:

	31 December 2008		31 December 2007	
	US dollar	YTL	US dollar	YTL
Çelebi Holding A.Ş.	-	20.000.000	-	25.750.000
Çelebi IC (*)	45.154.000	-	45.154.000	-

(*) Çelebi IC signed an agreement for the borrowings amounting to USD 90.308.800 (2007: USD 90.308.800) and the Group gave a guarantee for 50% of these borrowings. Aforementioned borrowing has been totally paid as of 31 December 2008. Related bank has decided on discharging the Group from the credit agreement amounting to USD 90.308.800 made on 30 April 2004 with Çelebi IC and liabilities due to guarantee given to Bank within this credit agreement.

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Remuneration paid to top management:
The Group classifies the general manager, assistant general managers and the members of board of directors as executive management.

	31 December 2008	31 December 2007
Salaries	6.109.673	5.519.858
Employment termination benefits	168.432	85.880
	6.278.105	5.605.738

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management
The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out under policies approved by the Boards of Directors.

Interest rate risk
The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. The Group also manages these risks by offsetting interest bearing assets and liabilities and using derivative instruments for hedging purposes.

The Group's interest rate sensitive financial instruments are as follows:

	31 December 2008	31 December 2007
Fixed interest rate financial instruments		
Financial Assets		
- designated as fair value through profit or loss	34.212.669	33.547.984
Financial Liabilities	7.807.214	9.989.796
Floating interest rate financial instruments		
Financial Liabilities	62.118.780	72.182.634

If other variables are kept constant, interest income generated from time deposits would have been either YTL 5.396 higher or lower if the interest rates were 2% more or less at 31 December 2008 (31 December 2007: YTL 82.725).

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Credit risk
Credit risk consists of cash and cash equivalents, bank deposits and receivables from customers exposed to credit risk (Note 8).

Liquidity and funding risk
Cash flow generated through amount and term of borrowing back payments is managed by considering the amount of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities when necessary, and on the other hand sufficient and reliable sources of high quality loans are accessible. The Group has long-term financial liabilities amounted YTL 54.882.985 as of 31 December 2008 (31 December 2007: YTL 48.946.861) (Note 7).

The table below demonstrates the Group's liquidity risk arising from financial liabilities as of 31 December 2008 and 2007:

31 December 2008	Carrying Value	Total Contractual Cash Outflow	Less than 3 Months	3-12 Months	1-5 Years	Over 5 Years
Non derivative financial liabilities						
Financial liabilities	70.218.618	91.606.947	5.827.178	13.581.449	72.198.320	-
Trade payables						
- Related Party	6.466.762	6.466.762	6.466.762	-	-	-
- Other	11.140.423	11.140.423	11.140.423	-	-	-
Other liabilities						
- Related Party	-	-	-	-	-	-
- Other	71.668	71.668	71.668	-	-	-

31 December 2007	Carrying Value	Total Contractual Cash Outflow	Less than 3 Months	3-12 Months	1-5 Years	Over 5 Years
Non derivative financial liabilities						
Financial liabilities	82.172.430	102.801.105	3.446.887	34.394.669	64.959.549	-
Trade payables						
- Related Party	1.740.927	1.740.927	1.740.927	-	-	-
- Other	10.880.008	10.880.008	10.880.008	-	-	-
Other liabilities						
- Related Party	-	-	-	-	-	-
- Other	2.329	2.329	2.329	-	-	-

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Currency risk

The Group is exposed to foreign exchange rate risk through operations done using multiple currencies. The main principle in the management of this foreign currency risk is maintaining foreign exchange position in a way to be affected least by the fluctuations in foreign exchange rates, in other words, maintaining foreign exchange position close to zero.

For this reason, the proportion of the positions of these currencies among each other or against New Turkish Lira to shareholders' equity is aimed to be controlled under certain limits.

Derivative financial instruments are also used, when necessary. In this context, the Group's primary method is utilizing forward foreign currency transactions.

The Group is exposed to foreign exchange rate risk mainly for Euro, US Dollar and HUF.

As of 31 December 2008, other things being constant, if the YTL was to appreciate/depreciate by 10% against the USD, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by YTL 624.635 (31 December 2007: YTL 1.471.701).

As of 31 December 2008, other things being constant, if the YTL was to appreciate/depreciate by 10% against the Euro, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by YTL 3.523.637 (31 December 2007: YTL 5.313.718).

Foreign currency denominated assets and liabilities of the Group as of 31 December 2008 and 2007 are as follows:

	2008	2007
Assets denominated in foreign currency	57.158.437	56.230.719
Liabilities denominated in foreign currency (-)	(82.450.765)	(92.608.401)
Net balance sheet position	**(25.292.328)**	**(36.377.682)**
Net foreign currency position of derivative financial instruments (*)	-	-
Net foreign currency position	**(25.292.328)**	**(36.377.682)**

(*) Currency forward contract described in Note 14 has been made to deal with risks related to changes in market value of future forecasted cash flows of CGHH in accordance with IAS 39.

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The table below summarizes YTL equivalent of the Group’s foreign currency denominated assets and liabilities as of 31 December 2008 and 2007:

31 December 2008	US dollar	Euro	Other currencies	Total YTL
Assets:				
Cash and cash equivalents	17.229.796	24.181.746	190.189	41.601.731
Trade receivables	2.321.241	9.210.803	-	11.532.044
Due from related parties	3.763	21.177	-	24.940
Other	9.612	164.776	3.825.334	3.999.722
	19.564.412	33.578.502	4.015.523	57.158.437
Liabilities:				
Short term financial liabilities	(2.385.459)	(12.720.186)	-	(15.105.645)
Long-term financial liabilities	(210.040)	(54.882.985)	-	(55.093.025)
Trade payables	(1.029.913)	(715.656)	(317.824)	(2.063.393)
Due to related parties	(24.200)	(347)	-	(24.547)
Short-term provisions	(9.401.567)	-	-	(9.401.567)
Long-term provisions	-	-	-	-
Other	(266.888)	(495.700)	-	(762.588)
	(13.318.067)	(68.814.874)	(317.824)	(82.450.765)
Net balance sheet position	6.246.345	(35.236.372)	3.697.699	(25.292.328)

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31 December 2007	US dollar	Euro	Other Currencies	Total YTL
Assets:				
Cash and cash equivalents	26.709.008	8.837.830	5.222.586	40.769.424
Trade receivables	3.823.019	10.242.156	973.812	15.038.987
Due from related parties	97.637	244.306	6.822	348.765
Other	71.989	1.554	-	73.543
	30.701.653	19.325.846	6.203.220	56.230.719
Liabilities:				
Short term financial liabilities	(8.220.496)	(24.982.824)	-	(33.203.320)
Long-term financial liabilities	(1.747.050)	(47.199.810)	-	(48.946.860)
Trade payables	(1.175.233)	(252.229)	(4.120.649)	(5.548.111)
Due to related parties	(112.509)	(28.160)	(35.210)	(175.879)
Long-term provisions	(4.729.359)	-	-	(4.729.359)
Other	-	-	(4.872)	(4.872)
	(15.984.647)	(72.463.023)	(4.160.731)	(92.608.401)
Net balance sheet position	14.717.006	(53.137.177)	2.042.489	(36.377.682)

The table below summarizes YTL equivalent of export and import amounts for the years ended 31 December 2008 and 2007:

	31 December 2008	31 December 2007
Total export amount	192.031	219.730
Total import amount	1.300.073	3.305.416

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The shareholders' of the Company, in order to maintain or modify capital structure, can change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and sell assets to decrease financing needs consistent with the regulations of the CMB.

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Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (including borrowings and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents and deferred tax liability. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

Net debt/(Equity+net debt) ratio as of 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
Total liabilities	137.772.721	127.315.651
Cash and cash equivalents	(53.638.275)	(45.968.249)
Deferred tax liability	(4.448.235)	(5.098.855)
Net debt	79.686.211	76.248.547
Equity	130.331.380	123.093.144
Equity+net debt	210.017.591	199.341.691
Net debt/(Equity+net debt) ratio	38%	38%

NOTE 27 - SUBSEQUENT EVENTS

i) In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" will be removed as of January 1, 2009. When the prior currency, New Turkish lira ("YTL"), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

ii) With the removal of certain drawbacks causing the suspension of negotiations between the Company and Acciona SA Group and arising the probability of obtaining necessary permissions in an determinable period of time; within the framework of signed confidentiality and exclusivity agreement, both parties have decided to restart negotiations relating to the acquisition of 100% shares of ground handling companies operating in Spain and Germany.

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NOTE 28 - DISCLOSURE OF OTHER MATTERS, WITH A MATERIAL EFFECT ON FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE FINANCIAL STATEMENTS

The cargo building of the Company located at Atatürk Airport ("AHL") Terminal C in which the Company carries out cargo - warehouse operations has been damaged due to the fire that broke out on 24 May 2006.

As a result of the fire, goods belonging to third parties were also damaged in addition to the damage of the property, plant and equipment and leasehold improvements of the Company (as explained in Note 11). As of 31 December 2008; some of the owners of the goods have applied to the Company and its insurance company for the compensation of their losses by filing law suits against the Company and through enforcement proceedings.

Because of the aforementioned fire, judicial inquiry has been held with the inquiry file 2006/37927 E. at Bakırköy Office of the Directorate of Public Prosecutions and in accordance with the results of the judicial inquiry criminal prosecution has been initiated for the four security guards of the DHMI and a security guard of Atatürk Airport that have been found responsible concerning the fire for their acts with the inquiry number 2006/817 E. at Third Bakırköy Magistrate Criminal Court. The Company has been described as aggrieved party in the indictment prepared by the Bakırköy Office of the director of public prosecutions. The Company, with all rights related to private Law reserved, has submitted a petition to be a participant in court proceedings for the penalty of the perpetrators since it has been described as aggrieved party.

As a result of the inquiries; the management, the legal adviser and the lawyers of the Company believes that the Company is not found to be responsible for the fire and therefore is not considered to be legally responsible for the losses of the third parties. Consequently, since the Company that has not caused the fire by its own acts (or by the acts of the individuals under the responsibility of the Company) and any legal negligence of the Company has not been identified until now related with the prevention of the losses occurred in the fire, the probability of being liable for the losses of the fire is remote.

As of 31 December 2008, although the Company believes that the probability of being liable for the losses is remote, the indemnities related to the damaged goods of the third parties is estimated by the Company management as YTL 9.423.988. On the other hand, there are legal cases and enforcement proceedings amounting to YTL 59.333.490 comprised of legal cases and enforcement proceedings amounting to YTL 50.885.451 (Note 14) in which the Company is a co-defendant along with the DHMI, other warehouse management companies and insurance companies and legal cases and enforcement proceedings amounting to YTL 8.448.039 in which the Company is the sole defendant. The Company has an insurance policy related with the goods of third parties amounting to USD 1.500.000 which has been fully collected as of 31 December 2008 and is planned to be utilized by the Company under the circumstances that the Company is found to be liable for the losses incurred during the fire and additionally, there is another insurance policy amounting to USD 10.000.000 that will be effective if the Company is held legally liable for the losses.

The Company has not accounted for any provision in the consolidated financial statements at 31 December 2008 and 31 December 2007 because damage related with the goods belonging to third parties in the warehouse during the fire could not be determined precisely and the remote probability of being liable for the losses.

In addition, the Company is continuing its warehouse operations at Güneşli Antrepo and Atatürk Airport Terminal facilities rented from THY A.O. through the approval of the DHMI.

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