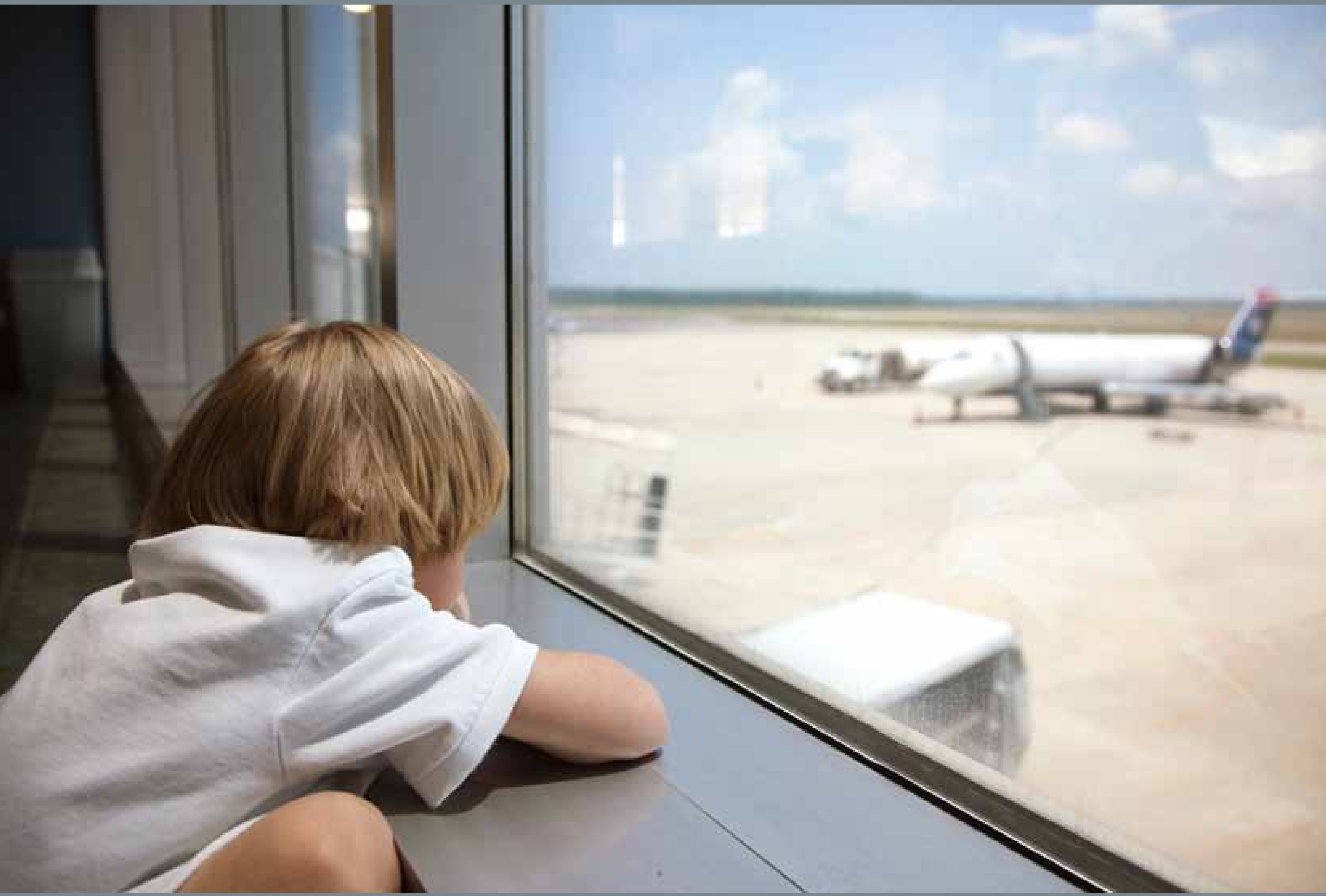

Çelebi Ground Handling Inc. **Annual Report 2011**

CONTENTS

Distinguished customers, shareholders and employees,

One of Turkey's most prestigious establishments today with its deep-rooted corporate culture and structure, Çelebi Ground Handling is a role model for sustainability in its industry with its business strategies implemented on a global perspective.

Our Company enjoys a robust capital structure, strong management and solid customer base. This triple structure incorporates the components that give us the ability to sustain our expansion, increase our productivity and maintain our profitable growth.

Authoring a successful performance in 2011, Çelebi Ground Handling devised and introduced its future moves, while continuing with its strong balance sheet growth. Before addressing the Company's performance and results in 2011, we would like to briefly share our opinions about the economic environment in the world in the reporting period.

Risks pertaining to global economy readopted an upward trend.

While post-crisis expansionary monetary and fiscal policies enforced in developed countries fell short of producing the expected effect in driving economic recovery, these countries suffered significant deterioration in their budget balances, as well, and risks pertaining to global economy readopted an upward trend. The increased macroeconomic risk was driven particularly by the concerns over the sustainability of high public debts in the euro area.

USA suffered from its first-ever downgraded rating.

The uncertainties that surfaced during the increase of the upper limit of public borrowing in the USA in 2011 led to increased negative assessments about the course of the economy and the USA suffered from its first-ever downgraded rating. In the USA that showed continued weak demand conditions, the policymakers announced that they will keep the interest rates at their current low levels for a prolonged period of time in view of the growing uncertainties concerning economic activity, and will continue to support the economy with additional measures in the period coming.

The euro area struggles with the public debt crisis.

In the euro area, issues arising from high public debt stocks and/or budget deficits in peripheral countries including Portugal, Ireland, Greece and Spain started spilling over to central countries like Italy and France via the banking channel. In line with the deteriorated economy, banks across the euro area are confronted with liquidity crunch in the fulfillment of short-term liabilities.

Actions taken against inflationist pressures restricted growth in emerging countries.

On the part of emerging countries that serve as the drivers of global growth, tightening measures adopted against inflationist pressures restricted economic activity in these countries in the first half of the year as compared with 2010. On the other hand, concerns about a "double dip" in global economy that dominated the rest of the year resulted in a suspension of tightening in monetary policies or in the enforcement of loosening policies in many emerging countries. The deteriorated economic outlook in developed countries began slowing down the economic activity also in emerging countries via foreign trade and financing channels.

Our financial and operational results in 2011 were realized in line with our targets.

Having made a leap forward since its establishment and become Turkey's leading ground handling services provider, Çelebi Ground Handling remained an enterprise that instills trust and kept displaying strong financial and operational performance also in 2011.

Çelebi Ground Handling combined the robust and extensive service organization at its disposal with contemporary practices and achieved its year-end targets. The company attained 17.7% growth in the number of aircraft serviced during the reporting period.

Major contributors to this rise have been our domestic flights traffic and the services rendered to Pegasus Airlines at Sabiha Gökçen Airport beginning from December. We believe that our cooperation that started at Sabiha Gökçen Airport with Pegasus Airlines, which is accountable for almost 40% of the air traffic at that airport, will bring about significant rise in our traffic also in 2012.

Other factors that supported our growth in 2011 included expanded customer portfolio, which now also covers more than 60% of the airlines that recently penetrated the market including Asiana, Sunexpress Deutschland, Afriqiyah, Air Arabia Egypt, China Southern, Holiday Czech Airlines, Yes Air, Iran Asseman Airlines, Thor Air, Utair Ukraine, Lufthansa Italy, Croatia, ATA Airlines, Kuwait Airways, Brussels Airlines, and Meridiana, and the increased number of flights by most of our existing customers.

The number of aircraft serviced via 3,495 employees was 132,763 in 2010; this figure rose to 156,321 serviced via 4,207 employees at year-end 2011.

This growth in our operational performance reflected on our financial performance as well, and Çelebi Ground Handling posted TL 472,753,336 in consolidated net sales as of year-end 2011. The Company booked an operating profit of TL 46,138,343 in the reporting period.

Çelebi Ground Handling is focused on upgrading its services to match international competence and quality standards.
In an effort to offer higher quality service to airlines in the constantly growing ground handling market, Çelebi Ground Handling has become the first ground handler in Turkey to use the GrandStar Inform software system developed by Inform, a German technology firm, which is designed to support automated control of ground handling resources and processes.

In 2011, Çelebi Ground Handling launched the Project Web SCF, which will allow its customers to electronically check and approve the services they receive. Upon its completion, the project will speed up SCF processes, deliver the records electronically to customers, reduce paper consumption, and alleviate existing workload.

The Vehicle Tracking Project is another project initiated during the reporting period. Slated for completion in 2012, the project will enable real-time tracking of the vehicles and equipment used on the apron. With this initiative, we are expecting to achieve improved performance in various aspects including operational security, timely service and efficient use of resources.

Introduced in 2005 for the purpose of enhancing business excellence and in turn, customer satisfaction, and for merging the Flight Information System, Agreements Follow-up and Pricing, Customer Billing and Quality Management modules into a single system, Celebris has been upgraded, finalized and renamed Ikarus within the frame of the process improvement efforts and has been successfully used during 2011.

Employed at the Company’s headquarters and stations since April 2011, the Customer Relationship Management (CRM) software is intended to be used also in our international operations owing to our rapidly growing investments, particularly in India, and to be integrated among all our enterprises; to this end, Microsoft Dynamics CRM software has been purchased and its installation has already been programmed.

As at 2011, Çelebi Ground Handling is the one and only company in Turkey holding ISAGO (IATA Safety Audit Program for Ground Operations) certification awarded by IATA at its headquarters and five stations.

Our first international venture continues to perform successfully.
Celebi Ground Handling Hungary, Çelebi Ground Handling’s subsidiary providing ground handling services at the Ferihegy International Airport in Budapest, the capital city of Hungary, performed successfully in 2011. The company increased the number of total flights serviced from 19,915 in 2010 to 20,224 in 2011 for an increase of 1.55% and maintained its strong position in the market.

The company expanded its customer portfolio on the back of ground handling agreements made with Iberworld, Sunexpress and Turkish Airlines, truck handling agreement made with the Kales company in cargo warehouse, and cargo and warehouse agreements made with Air Max and Agility companies during the reporting period.

Our investments in India are growing rapidly.
Celebi Delhi Cargo Terminal Management India Private Limited (Celebi Delhi Cargo), our subsidiary that started providing service at the New Delhi Indira Gandhi International Airport on 25 November 2009, sustained its planned performance. In 2011, the company renewed agreements with Jet Airways, Air India, Qatar Air, Iraqi Airways, Kingfisher Airlines, Japan Airlines, Ethiopian Airlines, East Air, Thai Air Asia, and China Eastern Airlines, and acquired Indigo Airlines as a new client, thereby strengthening its customer portfolio.

Established on 08 November 2009 upon winning the contract for the 10-year ground handling services license at the Delhi International Airport, Celebi Ground Handling Delhi Pvt. Ltd. attained a tremendous rise of 451.14% in the number of total flights serviced in the course of its continued rapid growth since its inception.

Having acquired big customers including British Airways, Turkmenistan Airlines, Ethiopian Airlines, Saudi Arabia Airlines, Martin Air, Unitop Airlines, Etihad Crystal Cargo, and Southern Air for its portfolio in 2011, the company determinedly moves ahead as one of the major players in the Indian market.

Representing another Çelebi initiative in India, Celebi NAS Mumbai Ground Handling further reinforced its superior standing in the market by adding Thai Airways, Turkish Airlines Cargo, Ethiopian Airlines, Bangkok Airways, Etihad Cargo, Singapore Cargo, South African Airlines, Druk Air, Iraqi Airways and Aerologic to its customer portfolio. The company reached 28.821 in the number of flights serviced in 2011, translating into a year-on rise by 14.32%.

Çelebi brand recognition across Europe increases by the day.
Following Hungary, India and Turkey, Germany is the fourth country where Çelebi started large-scale cargo services. Cargo and warehouse services rendered via 117 employees at our modern facility equipped with the latest technology opened in Frankfurt Cargo City Süd reached 40,588 tons at year-end 2011.

On the back of the agreements signed in 2011 with various customers including United Airlines, Grandstar, Turkish Airlines, Bulgaria Air, Continental, UPS, Air Moldova, and DFS, the company was able to build a significant customer portfolio very quickly.

Our future expectation is to render sustainable growth continued.
Recognizing that the sector it is engaged in moves forward every day, our Company's vision is aimed at rendering change continual and managing the change. Our primary objectives include being a strategy-focused organization, creating a business excellence model built on total quality management concept and ensuring that this model has a customer-driven structure, enhancing employee satisfaction and efficiency, and generating increased revenues.

We would like to express our gratitude to our shareholders, customers and business partners for their unrelenting support in realizing these targets, and extend our heartfelt thanks to all Çelebi employees for their commitment and contributions.

ÇELEBİ HAVA SERVİSİ A.Ş.

Canan Çelebioğlu Tokgöz Vice Chairperson	Can Çelebioğlu Chairman

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 total 26 stations located in Adana, Ankara, Antalya, Bodrum, Bursa Yenişehir, Çorlu, Dalaman, Diyarbakır, Erzurum, Istanbul, Izmir, Isparta, Kars, Kayseri, Malatya, Mardin, Samsun, Trabzon, Van, Denizli, Hatay, Kahramanmaraş, Erzincan, Balıkesir Edremit and Çanakkale airports which are under the control of State Airports Authority ("DHMI") and in Istanbul Sabiha Gökçen Airport which is under the control of Airport Administration and Aviation Industries ("HEAŞ").

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

Çelebi Hava Servisi A.Ş.
Anel İş Merkezi, Saray Mahallesi Site Yolu Sokak No: 5 Kat: 9
34768 Ümraniye-İstanbul/Turkey

The other major shareholder in Çelebi IC Antalya Havalimanı Terminal Yatırım İşletme A.Ş. ("Çelebi IC Yatırım"), a joint venture of the Company, is İçtaş İnşaat Sanayi ve Ticaret A.Ş. with a stake of 49.99%. Based on the General Assembly of Shareholders decision of 22 July 2010, the capital of Celebi IC Yatırım has been decreased from TL 44,004,280 to TL 50,000.

The Company also owns 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 100% stake (HUF 1,000,000,000) in the capital of Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH") offering ground handling service at Budapest Airport. 30% share (HUF 300,000,000) in the capital of CGHH has been taken over from Çelebi Havacılık Holding A.Ş. for TL 33,712,020 as of 08 December 2011.

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. Celebi Nas started the operations as of 01 July 2009. Based in the Maharashtra state in Mumbai, India, Celebi Nas has a capital of INR 100,000,000, in which the Company controls 51% stake as a founding partner. The paid-in capital of Celebi Nas is INR 400,000,000 as of 31 December 2011. In addition, INR 279,400,000, which has not been funded by the shareholders in Celebi Nas yet, has been paid as advance capital.

The Company established Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo") with an initial capital of INR 100,000, in which it controls a 74% share as a founding partner and which will be engaged in the brownfield development, modernization and financing of the existing cargo terminal in the airport in New Delhi, India, and in its operation for a period of 25 years. The paid-in capital of Celebi Delhi Cargo as of 31 December 2011 is INR 720,000,000.

Upon winning the contract for the execution of airport ground handling services for a period of 10 years at the Delhi International Airport, a total of INR 767,232,000 has been paid in premium share capital during 2011 to fulfill the funding need of Celebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), the Company's 74%-owned subsidiary founded on 18 November 2009 with a paid-in capital of INR 12,900,000, through premium capital increase as per the governing legislation in India in order to fulfill the obligations arising from the Concession Agreement concluded with the tender authority and to ensure realization of planned investments. The Company holds 74% stake in the capital of Celebi GH Delhi.

On 25 March 2010, the Company participated as the founding partner with 100% stake in the capital of the company set up with the company name Celebi Ground Handling Europe SL ("Celebi Europe") with a capital of EUR 10,000 in Madrid, Spain. The objective of this company is to take on initiatives abroad, with a particular focus on European Union countries.

On 20 August 2010, the Company took over the entirety of the shares with a nominal value of TL 144,000 held by Çelebi Holding A.Ş., a Çelebi Group company, in Çelebi Cargo Warehouse and Distribution Services Inc. ("Çelebi Cargo") with a paid-in capital of TL 150,000, for a cash price of TL 146,880 (at a price of TL 1.02 for a nominal value of TL 1.00). Çelebi Cargo has been founded on 20 November 2008 to be involved in transport, cargo shipment, cargo storage and distribution activities. Çelebi Cargo is engaged in air cargo storage and handling at the storage/warehouse facility with a covered area of 28,300 sqm Celebi Cargo GmbH rented in Frankfurt Cargo City Süd located in Frankfurt International Airport. Residing in Frankfurt, Germany, Celebi Cargo GmbH is a wholly owned subsidiary of the Company founded in November 2009, and has a paid-in capital of EUR 6,000,000. The capital of Çelebi Cargo is TL 14,500,000 as of 31 December 2011; TL 14,000,000 of the capital has been paid in.

Celebi GH Delhi participated in Delhi Aviation Services Private Limited ("DASL") by acquiring 16.67% stake in the company at the nominal value (INR 166,600); DASL resides in New Delhi, India, has a paid-in capital of INR 250,000,000 and was set up to ensure execution of air conditioning units installed on passenger bridges in the airport's passenger terminal, generator and utility water services in compliance with international standards.

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 29 April 2011. 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 VII setting down the powers to represent and bind the Company that was registered by the İstanbul Trade Registry on 04 November 2011 and announced as having been registered in issue 7939 of the Turkish Trade Registry Gazette dated 14 November 2011.

As per the assignment of duties among the Board Members elected at the Ordinary General Meeting of 29 April 2011, the Company's Board of Directors has been decided on 03 May 2011 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 29 April 2011, Ramazan Özel, Ümit Bozer and Seyhan Öztaylan Çelik have been 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.

Audit Committee
On 11 May 2011, 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 2010 Ordinary General Meeting of Shareholders convened on 29 April 2011, 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 for 12 months' period are presented below (as of 31 December 2011):

Name	Title	Effective from
Talha Göksel	Chief Executive Officer	2010
Ayfer Atlı	Financial Affairs Director	2011
Murat Nursel	Operations Director	2010
Mehmet Tunç Müstecaplıoğlu	Sales and Marketing Director	2009
Serhat Ziya Erten	Human Resources Director	2005

Ayfer Atlı has been appointed as the Financial Affairs Director effective 19 January 2011.

Investor Relations Unit and coordination of corporate governance practices
Pursuant to the provisions of Articles 7 and 8 of the CMB Communiqué Serial: IV, No: 41 on the Principles to be Complied with by Joint Stock Companies Subject to the Capital Market Law, and within the frame of efforts carried out to achieve full compliance with the Corporate Governance Principles published by the CMB, and to fully implement the same, the Company's Board of Directors;

- set up an Investor Relations Unit, which handles exercising of shareholding rights at our Company that is listed on the ISE, reports to the Board of Directors and maintains communication between the Board of Directors and shareholders. In this context, Deniz Bal, who is the Company's Budget and Finance Manager and who was entitled to receive a "Capital Market Activities Advanced Level License" served during the reporting period as the head of Investor Relations Unit. (Tel: +90-216-666 6767, e-mail: deniz.bal@celebi.com.tr)
- appointed a full-time manager responsible for the fulfillment of the Company's obligations arising from the capital market legislation, and coordination of corporate governance practices, who reports to the Board of Directors; thus, Özgür Eren, who currently works for our Company and holds a "Capital Market Activities Advanced Level License" and a "Corporate Governance Rating Expertise License", served as executive personnel. (Tel: +90-216-666 6767, e-mail: ozgur.eren@celebi.com.tr)

3. MISSION, VISION AND STRATEGIC OBJECTIVES

Mission
To be the global solution partner, adding value to its shareholders while correctly perceiving the needs of airport users and sustaining quality.

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, to take part in ventures in ground handling services and terminal management and operations inside/outside Turkey.

Our values

- **Respect for the individual:** We believe in the worth of each and every person and strive to make people feel that they are worthwhile. We accept individual differences and listen to and respect individual ideas. We give people opportunities to see the added value that they create and we support their efforts to develop themselves professionally.

- **Commitment to the rules of ethics:** Each one of us is a trustworthy, reputable, and self-respecting individual. For this reason, individually and as a company we are bound by ethical values in business and social life and we believe in the merits of fulfilling our promises in a timely manner, of producing high-quality results that are correct and reliable, and of acting in accordance with established beliefs, rules, and ways of thinking.

- **Development:** The development of our company lies in the development of the individuals who make it up. For this reason, we believe first of all that we need to identify our own limitations and then acknowledge our responsibility for developing ourselves individually in order to overcome those limitations. "Development" is not understood exclusively in the professional dimension: we believe in the necessity of developing ourselves so as to improve our social skills as well. Telling others what we know and have seen and sharing what we have with others makes us richer as well. We assume the duty of each other's development and guarantee our individual development through the people that we train to take our own places. Our commitment to development encourages us to constantly review how we do our work and perform our services and to strive to come up with methods that are more effective, productive, and straightforward.

- **Teamwork:** We believe in the need to complement each other in our efforts to maximize our individual successes and contributions. We strive in mutual assistance and solidarity with our shared goals, responsibilities, and sensitivities and with our rational and respectful professionalism. We are aware that the successes we achieve are the products of a team effort and with our collective "Çelebi spirit"; each of us feels the same sense of responsibility as individuals for the ensuing results.

- **Success and result focus:** As a team we strive to achieve our objectives without losing focus; make every necessary effort at every point to achieve results; maintain our discipline and determination to work until those results have been achieved. We take pleasure in work and in creating value. Each and every result and success we achieve is exciting for us.

Our responsibilities

- **To our team:** Each of us is responsible for building a company that every member of our team can take pride in working for, for achieving a degree of cooperation that extends over many years, for creating a pleasant and calm work environment as one big family.

- **To our investors:** We fulfill our responsibilities towards our investors by creating a company which possesses the financial strength to guarantee its continued existence and which successful domestic and foreign firms will undertake joint projects with and whose shares are sought after by the public.

- **To our sector:** We see ourselves as having a responsibility to take our sector forwards and contribute proactively towards raising the standards of its services.

- **To society:** We believe we have a responsibility to improve the levels of health and education and also to inculcate a sense of environmental awareness in the society in which we live and we engage in an effort to make a difference, starting with ourselves.

4. INFORMATION ABOUT THE SECTOR IN WHICH THE COMPANY OPERATES AND ITS ACTIVITIES AND PERFORMANCE IN 2011

Turkish and global economies in 2011

In the world...

Oil prices

While projections for global growth have been revised downwards, the oil prices are pushed up by the threat of Iran to close the Strait of Hormuz for oil trading in view of the issues about oil supply that recently became more pronounce, combined with the economic sanctions intended to be enforced by Europe. While oil prices averaged USD 80 a barrel in the twelve months to end-2010, the same stood at USD 95 in average in the same period of 2011. The oil price projections have been revised upwards to USD 110 for 2012 and USD 105 for 2013.

Inflation and growth...

While inflation rates followed a horizontal course in emerging countries in the fourth quarter of 2011, they declined in developed countries. Significantly decelerated economic activity resulting from the ongoing issues in developed countries and particularly in the euro area led to a marked decrease in inflation rates. While inflation compensation adopted a horizontal course in the last quarter of 2011 and allowed FED's policies supporting economic recovery, the inflation compensation in the euro area was observed to show a rise, even if a limited one. In keeping with the outlook of global growth, inflation rates are projected to decline across the globe in 2012. In the same period, inflation forecasts for emerging countries were revised to a limited extent. While projected inflation went up for Asia Pacific and Eastern Europe regions, it went down for Latin America.

In the last quarter of 2011, the growth rate of global economic activity lost remarkable pace; accordingly, global growth estimations for 2011 and 2012 were revised downward. It is noted that the drop in global growth projections substantially stems from developed countries, whereas the downward revisions in forecasts for emerging countries remain at a more limited level.

In Turkey...

Exchange rates

2011 has been the scene to various implementations with respect to monetary policy. The Central Bank of the Republic of Turkey (CBRT) heavily used required reserve ratios along with short-term policy rate as policy tools. Due to the high activity in exchange rates that went on from April 2011 until the end of the year, the CBRT carried out an FX selling tender worth USD 10.1 billion. From April 2011 until to date, the exchange rates in Turkey have adopted an upward trend, resulting in the devaluation of the Turkish lira. Averaging 1.51 in the 12 months to end 2010, the average of USD for 2011 rose to the order of 1.69. Similarly, the average Euro rate rose from the order of 2.00 in 2010 to 2.36 in the 12 months to end 2011. While the USD/EUR parity had averaged 1.34 for the duration of 2010, the same declined to an average of 1.29 in the twelve months to end-2011. Measuring the value of the Turkish currency against other currencies, the CBRT CPI-Based Real Effective Exchange Rate (2003=100) results showed that the index value that had stood at 125.72 as at end-December 2010 dropped down to 109.48 as at end-December 2011.

Inflation...

After standing at 7.65% for the duration of 2010, inflation went up to 11.90% in the same period of 2011. The inflation target could not be achieved due to the continued deterioration in the global risk appetite since August 2011, excessive devaluation of the Turkish lira and the adjustments to the administered prices in the last quarter of the year. According to the inflation report published by the CBRT, the inflation target for 2011 had been announced as 5.5%; however, the inflation rate for 2011 has been revised upwards to be in the range of 7.8% to 8.8% (with a mid-point of 8.3%) at year-end 2011 by a 70% probability. The inflation rate is projected to be in the range of 5.1% to 7.9% (with a mid-point of 6.5%) at year-end 2012 and of 3.3% to 6.9% at year-end 2012 (with a mid-point of 5.1%). The inflation is estimated to stabilize in the order of 5% in the medium term.

Civil aviation industry

In the world...

Based on the data released by the International Air Transport Association (IATA), international passenger traffic went up by 5.6% year-on in 2011, whereas cargo traffic slimmed by 0.7%. The capacity increases that stood at 6.4% in passenger traffic and 4.1% in cargo exerted a pressure on the capacity utilization rates. Therefore, the seating capacity utilization rate in passenger traffic materialized as 78.1%, down 0.2% year-on.

Overall, 2011 has been a year of contradictions in the worldwide air traffic. While the economic issues in Europe inhibited the growth in demand, the weak Euro increased business trip demands. While China registered growth, Europe and cargo traffic weakened. The European airlines were challenged by the policies of European governments that augmented tax burdens and reduced expenditures.

On the basis of regional developments, the passenger traffic in Europe showed a 9.5% rise, which resulted from the increased business trip demand in conjunction with the weak Euro, as mentioned above, combined with the industry's overall growth trend. Across the Middle East, the traffic grew by 8.9% and the capacity by 9.7%. Given that Europe and Middle East are the two regions that command the most significant share in Turkey's international passenger traffic, the positive tendencies in these regions reflected positively on Turkey's traffic, as well. The traffic went up by a mere 2.3% in the Africa region, mainly the result of the political chaos.

In Turkey...

The civil aviation industry in Turkey maintains its stable growth, as endorsed by the overall rise of 12.5% in the number of commercial flights in the twelve months to year-end 2011, split as 15.5% in domestic flights and 9.5% in international flights. Following suit, the passenger traffic rose by 15% and 13% in domestic and international flights, respectively, in the same period. The key drivers behind these increased figures include the continued growth of demand in the marketized domestic flights segment, the growth strategy pursued by the Turkish Airlines which also brings about increased traffic of transit passengers, combined with the grown demand for Turkey in the tourism industry in connection with the political chaos in the Middle East and the economic hardships in Europe. As a result of these indicators, the civil aviation industry in Turkey remained one of the fastest-growing markets on a global scale.

2011 activities and performance

In 2011, the number of flights serviced by Çelebi Ground Handling showed a 17.74% rise year-on. This growth was driven by the domestic flights traffic and the inception of service provision to Pegasus Airlines at Sabiha Gökçen Airport starting from December 2011. It is anticipated that the cooperation that started at Sabiha Gökçen Airport with Pegasus Airlines, which is accountable for almost 40% of the air traffic at that airport, will bring about significant rise in the passenger traffic also in 2012. Upon inception of services in Mumbai, India as of 1 July 2009, the number of aircraft serviced was 1,901 during 2009, 25,210 during 2010 and 28,821 during 2011. The Company's enterprise in Delhi, Celebi Ground Handling Delhi Private Limited serviced 659 aircraft in 2010, whereas this number went up to 3,632 in the reporting period.

In addition to that, two other factors that supported the rise in the number of aircraft serviced by our Company during 2011 were the expanded customer portfolio resulting from agreements concluded with more than 60% of the new market entries during the reporting period including Asiana, Sunexpress Deutschland, Afriqiyah, Air Arabia Egypt, China Southern, Holiday Czech Airlines, Yes Air, Iran Asseman Airlines, Thor Air, Utair Ukraine, Lufthansa Italy, Croatia, ATA Airlines, Kuwait Airways, Brussels Airlines, and Meridiana, and the increased number of flights by most of our existing clientele.

In 2011, Çelebi Delhi Cargo Terminal Management renewed agreements with Jet Airways, Air India, Qatar Air, Iraqi Airways, Kingfisher Airlines, Japan Airlines, Ethiopian Airlines, East Air, Thai Air Asia, and China Eastern Airlines, and acquired Indigo Airlines as a new client, thereby strengthening its customer portfolio.

Çelebi Ground Handling Delhi continued with its rapid growth that has been ongoing since inception of its operations in 2010 by broadening its customer portfolio with big customers including British Airways, Turkmenistan Airlines, Ethiopian Airlines, Saudi Arabia Airlines, Martin Air, Unitop Airlines, Etihad Crystal Cargo, and Southern Air in 2011.

Celebi NAS Mumbai Ground Handling, another Çelebi initiative in India, further reinforced its superior standing in the market by adding Thai Airways, Turkish Airlines Cargo, Ethiopian Airlines, Bangkok Airways, Etihad Cargo, Singapore Cargo, South African Airlines, Druk Air, Iraqi Airways and Aerologic to its customer portfolio. The company reached 28.821 in the number of flights serviced in 2011.

The first overseas initiative of Çelebi Ground Handling, Celebi Budapest Ground Handling made agreements with Iberwold, Sunexpress and Turkish Airlines in 2011 and preserved its strong position in the market. In the cargo warehouse department, the company made a truck handling agreement with the Kales company in Budapest, and cargo and warehouse agreements with Air Max and Agility companies, thus growing its customer portfolio.

Celebi Cargo Frankfurt, the Company's arm in Frankfurt, made agreements with various new customers including United Airlines, Grandstar, Turkish Airlines, Bulgaria Air, Continental, UPS, Air Moldova, and DFS in 2011, and succeeded in building a significant customer portfolio very quickly.

Celebi Cargo GmbH started operations on 10 January 2011 to provide air cargo storage and handling services at the storage/warehouse facility in Frankfurt Cargo City Süd located in Frankfurt International Airport. The cargo handled by the company amounted to 40,589 tons in the twelve months to end-2011.

In 2011, Çelebi Ground Handling serviced 208,998 aircraft in total in Turkey, India and Hungary. Total amount of cargo handled was 550,134 tons.

The Company's consolidated gross profit for 2011 was up 12.39% to TL 127,989,694 (2010: TL 113,877,977). In the twelve-month period, the Company's operating profit grew 2.09% and reached TL 46,138,343 (2010: TL 45,194,754).

As of end-2011 our Company has reached a consolidated net turnover of TL 472,753,336 (2010: TL 350,434,857).

Regarding company loyalty as one of the most important factors contributing to survival and success in the business world, Çelebi adheres to human resources policies and practices that have created a team of people whose levels of knowledge and skills are high, who can think creatively, have a strong sense of responsibility, and are self-confident.

Our company's vision seeks to make change permanent while also successfully managing it. Being a strategy-focused organization, developing a model of business perfectionism that is based on a total quality management approach and ensuring that this model is part of a proactive structure whose actions are inspired by customers expectations, increasing employee job satisfaction and productivity, creating resources of greater revenue, and developing a benchmarking/ measurement culture and taking continuous advantage of it all number among our fundamental objectives.

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. Recapturing EFQM Competency in Excellence 4 * award in 2011, Çelebi Ground Handling showed its commitment to its quest for excellence. We strongly believe that ÇGH will be successful in its path to receiving the National Quality Award and the European Quality Award.

Our Company has a quality management system whose processes are fully defined, quantified, and monitored and which seeks to achieve continuous improvement. Our company's quality management system is based on precisely defining all service and management processes and on ensuring that the results of those processes can be quantified, monitored, and analyzed so that they may be further developed. Çelebi Ground Handling's quality management system has been accredited by Bureau Veritas with ISO 9001:2008 certification which covers the headquarters and 26 of our stations.

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

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. The Occupational Health and Safety Management System has been awarded with ISO 18001:2007 certificate at the headquarters and 26 of our stations by Bureau Veritas.

For the purposes of increasing service quality, gaining access to important information about the sector, and keeping track of market and technological developments, our company takes part in international seminars, meetings, and conferences held all over the world. In 2011 Çelebi Ground Handling attended seminars and other events organized by IATA International Ground Handling Council, IAHA, Ground Handling International, ACI, TIACA, Aviance, and others.
In an attempt to eliminate ground accidents and safety violations, and to develop a universal safety audit program, the IATA, in collaboration with air carriers, ground handling companies, civil aviation authorities, airport operators and other entities involved in the aviation industry, designed ISAGO, a standardized safety audit program for ground handlers, which is performed by airlines on behalf of IATA. Having become the first ISAGO-certified ground handler in Turkey by successfully passing the ISAGO audit conducted in 2010 for the İstanbul Station and the Headquarters units without any findings, the Company authored yet another first in its industry by earning the same certification for its Antalya, Bodrum, İzmir and Dalaman Stations in 2011.

Operational productivity
The advanced resource planning and real-time control system (Inform-GroundStar) that was designed to achieve operational productivity in company operations has been successfully implemented and used in İstanbul, Antalya, İzmir and Sabiha Gökçen stations during 2011. Furthermore, the use of Plan Control and Roaster modules for the purpose of planning and work schedule preparation at our stations in Ankara, Bodrum, Dalaman, Adana, Trabzon, Diyarbakır and Samsun still continues.

Its installation completed during 2009, the E-SCF (Electronic Service Charge Form) project is started to be run on the test system, and activated at our İstanbul and Antalya stations during 2010 and continued to be used during 2011. The project is planned to be activated at İzmir, Sabiha Gökçen, Bodrum and Dalaman stations in 2012. After the project goes live, the workload of our operations department personnel will be alleviated, possible mistakes will be minimized, and time spent by staff for document preparation and forwarding will be reduced.

Relevant test work started in 2011, vehicle tracking system project is slated for introduction at İstanbul, Antalya and Sabiha Gökçen stations during 2012. The real-time vehicle tracking system aims to maximize the productivity of equipment, brings about saving in oil and maintenance costs, and ensures a more environmentally-sensitive operation through reduced release of exhaust gases. The system will also allow for easier control of distribution of equipment used in service production in the field through intensive operation periods.

The Company adopts quality systems that are preferred in the world of civil aviation and employs AHS 1000 and IATA AHM 804 measurement systems. These systems set out and report measurable quality criteria and are instrumental in helping airlines and ground handlers work more productively, while also enhancing operational performance. The systems allow identification of the step where a defect is being experienced along the process serviced, and execution of corrective action accordingly. Customer dissatisfaction arising during the service delivery, on the other hand, are monitored across all stations and precautions are adopted and improvement efforts are undertaken as soon as possible for complaints received from customers. In addition, the Quality Department conducts regular internal audits twice a year at all of the stations for preventing possible customer dissatisfaction, and the stations take corrective actions for any negative aspects established as a result of these audits.

Dividend policy and dividend distribution
By a decision passed on 04 April 2006, the Company's Board of Directors devised a written Profit Distribution Policy concerning the distribution of attributable profits for the period derived by the Company, within the frame of the efforts to achieve alignment with the Corporate Governance Principles published by the Capital Markets Board of Turkey (CMB) and the CMB resolution 4/67 dated 27 January 2006. The said decision has been publicly disclosed via the Material Event Disclosure dated 04 April 2006 submitted to the İstanbul Stock Exchange (ISE) and has also been presented for the information of shareholders at the Ordinary General Meeting held on 21 April 2006.

Accordingly, it has been decided as follows:

- Provided that CMB legislation and arrangements will not be contradicted, as a principle, at least 50% of the distributable profit each year will be paid out as dividends in profit distribution for 2006 and subsequent years.
- Such pay-out will be carried out in the form of free distribution of shares to be issued by addition of cash or dividends to the capital, or through distribution of a certain amount of cash and certain amount of bonus shares, taking into consideration the investment and financing needs required by the Company's long-term growth.
- This profit distribution policy will be adhered to, save for special circumstances that will be warranted by the Company's investments and financial position and extraordinary developments in economic conditions.

Within the frame of the decision passed at the Ordinary General Assembly Meeting held on 29 April 2011 in this context, it has been decided unanimously by all those in attendance to distribute TL 1.5362 gross at the ratio of 153.62% and TL 1.3058 net at the ratio of 130.58% for each share with a nominal value of TL 1, for cash dividends in the total gross amount of TL 37,329,460.21 from out of the 2010 profit and extraordinary reserves, and to make the distribution on 05 May 2011. The dividend pay-out to shareholders took place on the date so agreed.

5. CHANGES TO THE ARTICLES OF ASSOCIATION

Changes to the articles of association
No changes were made to the Company's Articles of Association in the period from 1 January 2011 until 31 December 2011.

Company policies
Pursuant to the provision of Article 23 of the CMB Communiqué Serial: VIII, No: 54 on the Principles of Public Disclosure of Material Events and within the frame of efforts carried out to achieve full compliance with the Corporate Governance Principles published by the CMB, and to fully implement the same, the Company's Board of Directors has decided on 30 April 2009 to post the Information Policy, drawn up by the Company's General Management for the purpose of public disclosure within the frame of the Capital Market legislation, ISE regulations, the Company's articles of association and the CMB's Corporate Governance Principles, on the corporate website and the policy has been presented for the information of shareholders at the ordinary general meeting on 21 April 2006. The policy aims at:

- communicating the Company's past performance and future expectations within the frame of generally accepted accounting principles and CMB provisions, on the principles of completeness, fairness, accuracy, timeliness and intelligibility, making them equally available to all "stakeholders" such as national/foreign shareholders, stakeholders, investors and capital market institutions, and maintaining an active and transparent communication at all times; and
- ensuring that necessary information and disclosures other than trade secrets are made available to all stakeholders including shareholders, investors, employees and customers in a timely, accurate, complete, and intelligible manner, easily accessible at low cost.

6. INFORMATION ABOUT FINANCIAL STATEMENTS AND REPORTS

Consolidated financial statements of Çelebi Ground Handling are compliant with the Capital Markets Board of Turkey (CMB) Communiqué Serial: XI, No: 29 on Financial Reporting Principles in the Capital Markets, which sets out the principles and procedures regarding financial reports to be drawn up by entities, their preparation and submission to related authorities. The said communiqué is effective for the financial statements pertaining to the first fiscal period starting from 01 January 2009 and the CMB Communiqué Serial: XI No: 25 on Accounting Standards in the Capital Markets has been revoked. Based on the communiqué, companies are required to draw up their financial statements in accordance with the International Financial Reporting Standards (IAS/IFRS) as accepted by the European Union. However, IAS/IFRS will be applied until the differences between the IAS/IFRS accepted by the European Union from those issued by the International Accounting Standards Board (IASB) are announced by the Turkish Accounting Standards Board (TASB). In the process, Turkish Accounting/Financial Reporting Standards (TAS/TFRS) issued by the TASB will be taken as the basis, which are in line with the aforementioned standards.

Based on a decision passed on 17 March 2005, the CMB has announced that, effective 01 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the accounting and reporting principles acknowledged by the CMB (the 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 01 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 the consolidated financial statements, the consolidated financial statements have been prepared within the framework of the CMB Communiqué Serial: XI, No: 29 and related promulgations clarifying this Communiqué as issued by the CMB in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in the formats recommended to be adhered to by the CMB in its weekly bulletins numbered 2008/16, 2008/18, 2009/2, 2009/4 and 2009/40, and incorporate the compulsory information. Pursuant to the CMB Communiqué Serial: XI, No: 29 and its promulgations clarifying the same, companies are obliged to present the hedging ratio of their total FX liabilities and the amounts of total exports and total imports in the notes to their financial statements.

When keeping its accounting records, the Company conforms to the Turkish Commercial Code (TCC), tax legislation, and the requirements of the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance (Ministry of Finance). Subsidiaries operating in foreign countries have their statutory financial statements drawn up in accordance with the laws and regulations applicable in the relevant countries. Consolidated financial statements are prepared according to legal records that are based on the historical cost principle, which reflect the necessary corrections and classifications for the purposes of correct representation as per the CMB Financial Reporting Standards.

The consolidated financial statements are prepared in Turkish lira ("TL"), which is the Group's functional currency, based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

There are no assets that are not included in the Company's consolidated financial statements for the year ended 31 December 2011. All matters that could be useful for those who will make use of these financial statements are contained in the financial statements and the footnotes thereto.

Impact of the fire in Celebi Delhi Cargo on the auditors' opinion about the Consolidated Financial Statements

A fire broke out on 5 January 2012 at the cargo terminal operated at the Delhi International Indira Gandhi Airport, which also houses the office of the Company's subsidiary Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo"), causing partial damage to the office equipment, fixtures and accounting records of Celebi Delhi Cargo. Although Celebi Delhi Cargo provided alternative documentation and copies of original documents for the majority of damaged accounting records as a result of the fire, the necessary audit procedures could not be applied on the assets worth TL 599,785, revenues worth TL 2,160,432 and expenses amounting to TL 6,426,514 contained in the financial statements dated 31 December 2011. No opinions could be formed about the impact of these accounts, for which necessary audit evidence could not be obtained, on the Celebi Delhi Cargo financial statements dated 31 December 2011.

Impact of warehouse fire on the consolidated financial statements

The Company has initiated suits and claims for legal action against other parties (DHMİ, other warehouse operators, insurers) on account of the fire amounting to TL 25,396,272 of which TL 20,400,738 represents actions in which it is a joint plaintiff and TL 4,995,534 represents actions in which it is the sole plaintiff.

As of 31 December 2011 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.

For covering the legal claims arising out of the cargo warehouse fire that broke out on 24 May 2006, the Company management decided to utilize its insurance policy with a cover of USD 10,000,000 under the funds set up with the State Airports Authority (in Turkish: DHMİ) and the other warehouse operator within the frame of the terms set out in the "Sharing Agreement" executed by and between the said parties. The said agreement has been set up to cover the joint claims in relation to losses arising as a result of the fire that occurred at the warehouse.

Although the Company, DHMİ and other warehouse operator that are parties to the agreement ("Fund Companies") maintain their defense that they should not be held liable in whatsoever manner for the fire in question and its consequences, the reinsurers of the Fund Companies decided to set up the fund in question in order to amicably settle pending or threatened suits against them. As of the disclosure date of the report, 171 suits, in which the Fund Companies are parties and which have a lawsuit value of TL 62,636,990 (USD 33,160,564) have been finalized through payment of TL 37,853,075 (USD 20,039,746) within the scope of settlement negotiations; talks are currently ongoing with claimants within the scope of the fund. The balance remaining in the fund after the settlements is expected to cover the settlement of all claims put forth against all Fund participants, for which negotiations are still in progress.

Along the same line, the Company management believes that all of the legal claims against it can be amicably settled within the scope of the collected insurance policy and the balance in the fund set up. Since no negative developments occurred in relation to the Company's possible liabilities that would change the points declared in the past period, no provisions have been set aside in the consolidated financial statements dated 31 December 2011.

The Company management envisages that the legal nature of its contractual liability it can assume by reason of the agreements with air carriers can be established restricted to the limits set out in international conventions against cargo owners; in this frame, the maximum amount of indemnification it can be held liable with respect to the existing claims and suits under the said international air transport and other legal rules will approximately amount to TL 10,914, 527, even if this is not considered a strong possibility, and the said amount can be covered within the frame of insurance limits.

The Companies incorporated into consolidation in 2011

The Company's consolidated financial statements for the period ending 31 December 2011 include the results of the Company, Çelebi IC Yatırım, CGHH, Çelebi Security, Celebi Nas, Celebi Delhi Cargo, Celebi GH Delhi, Çelebi Cargo, Celebi Cargo GmbH, and DASL which are jointly referred to as the "Group".

Revision of 31 December 2009 and 31 December 2010 financial statements

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 2011 in comparison with that as at 31 December 2010; its consolidated income statement for the period ending 31 December 2011 with that for the period ending 31 December 2010; its cash statement and statement of changes in equity for the period 01 January – 31 December 2011 with the relevant consolidated financial statements for the period 01 January – 31 December 2010.

The Group established various errors in its prior period consolidated financial statements, and retrospectively corrected the impact of those errors pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The (revised) IAS 1 "Presentation of Financial Statements" stipulates that if prior period financial statements are revised, then the balance sheets and related notes need to be presented for the past three fiscal years. Therefore, the consolidated balance sheet dated 31 December 2011 has been presented in comparison with the revised consolidated balance sheets dated 31 December 2010 and 2009.

The chart below shows the impacts of these corrections upon prior year profits, net profit for the period, currency translation gains/losses, and minority shares in the consolidated financial statements:

	Prior year profits	Net profit for the period	Currency translation gains/losses	Non-controlling interests
31 December 2009 (previously reported)	**47,471,772**	**27,782,633**	**915,353**	**304,637**
Under IFRIC 12, corrections concerning the recognition of concession arrangements (including the impact of deferred taxes)	-	(274,373)	(6,632)	(98,732)
Under IAS 17, corrections concerning the recognition of operating lease expenses on a straight-line basis (including the impact of deferred taxes)	-	(376,129)	(10,671)	(135,903)
31 December 2009 (revised)	**47,471,772**	**27,132,131**	**898,050**	**70,002**

	Prior year profits	Net profit for the period	Currency translation gains/losses	Non-controlling interests
31 December 2010 (previously reported)	**34,650,353**	**26,619,503**	**4,041,133**	**16,481,577**
Under IFRIC 12, corrections concerning the recognition of concession arrangements (including the impact of deferred taxes)	(274,373)	(3,482,442)	(196,873)	(1,389,134)
Under IAS 17, corrections concerning the recognition of operating lease expenses on a straight-line basis (including the impact of deferred taxes)	(376,129)	(4,053,820)	(279,315)	(1,654,606)
31 December 2010 (revised)	**33,999,851**	**19,083,241**	**3,564,945**	**13,437,837**

These errors have been corrected by way of making the necessary correction entries on the closing balance dated 31 December 2009 and opening balance dated 01 January 2010 in the consolidated financial statements drawn up in accordance with IFRS.

Corrections concerning the recognition of concession arrangements under IFRIC 12

Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo"), the Group's subsidiary residing in India, signed a concession agreement on 6 May 2009 with the Delhi International Airport Private Limited ("DIAL") to be engaged in the development, modernization, financing and operating for 25 years the existing cargo terminal in the airport in New Delhi, India.

The Group established an error in the recognition of the impact of expenses incurred by it within the frame of the said investment upon the consolidated financial statements for the years ended 31 December 2010 and 2009 within the frame of International Financial Reporting Interpretations Committee interpretation 12 (IFRIC 12) Service Concession Arrangements. The error stemmed from the difference of interpretation regarding the determination of concession rights in non-financial assets arising within the frame of the expenses incurred under the said concession arrangement, and from failure to finalize the technical analyses for the capacity increase and determination of revenues that will result from such capacity increase within the frame of the establishment of revenues for future periods.

The Group corrected the impacts of the said error retrospectively in accordance with IAS 8. The chart below shows the impacts of the relevant correction on the consolidated financial statements for the years ended 31 December 2010 and 2009:

Impact on consolidated balance sheet as at 31 December 2009:	Revision impact
Change in tangible fixed assets	(223,447)
Change in intangible fixed assets	56,901,044
Change in other current assets	47,129
Change in other liabilities	(57,312,095)
Change in deferred tax asset	207,632
Net change in shareholders' equity	**(379,737)**

Impact on consolidated balance sheet as at 31 December 2010:	Revision impact
Change in tangible fixed assets	(11,816,421)
Change in intangible fixed assets	58,404,268
Change in other current assets	8,192,241
Change in other liabilities	(62,904,134)
Change in deferred tax asset	2,781,224
Net change in shareholders' equity	**(5,342,822)**

Corrections concerning the recognition of operating lease expenses on straight-line basis under IAS 17

The Group established an error in the recognition of lease payments for the spaces rented by Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo"), its subsidiary residing in India, on operating lease basis for 25 years with an annual fixed increase rate of 7.5% under the concession agreement in the airport in New Delhi, India, due to difference of interpretation under IAS 17 Leases. Pursuant to IAS 17 Leases, the rates of increase in relevant lease payments are an integral part of minimum lease payments and must be descended in the income statement on a straight-line basis for the duration of the lease term.

The Group corrected the impacts of the said error retrospectively pursuant to IAS 8. The chart below shows the impacts of the relevant correction on the consolidated financial statements for the years ended 31 December 2010 and 2009:

Impact on consolidated balance sheet as at 31 December 2009:	Revision impact
Change in other liabilities	(779,589)
Change in deferred tax asset	256,886
Net change in shareholders' equity	**(522,703)**

Impact on consolidated balance sheet as at 31 December 2010:	Revision impact
Change in other liabilities	(9,456,805)
Change in deferred tax asset	3,092,935
Net change in shareholders' equity	**(6,363,870)**

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

Of Celebi Naas's registered authorized ceiling in the amount of INR 600,000,000, the amount of capital fully paid-in by the company's shareholders is INR 518,000,000. Since it has been decided to pay INR 85,000,000 in capital advance to provide the funds necessary for financing the equipments needed by Celebi Nas in the short term by Celebi Nas shareholders, it was resolved that INR 46,750,000 of this amount, which corresponds to 55% share held by Çelebi Ground Handling in the capital of Celebi Nas, and that this and any future capital and capital advances to be paid in relation to the industry in which Celebi Nas, which is a company in the foreign capital-backed company status, is engaged be considered as capital and/or as premium on capital stock and capitalized pro rata the shares of the company's shareholders within the frame of the computation to be made in accordance with the applicable legislation in India.

Some office spaces were damaged by the fire that broke out on 5 January 2012 at the cargo terminal operated by Celebi Delhi Cargo at Delhi International Indira Gandhi Airport, and the fire was completely extinguished by the responding fire department teams. No casualties or injuries were suffered during the fire, nor the customers' commodities, cargo and goods kept in the cargo terminal were damaged. It was established that only some office equipment, fixtures and accounting records were partially damaged by the fire; since all fixtures and commodities entered into the assets of Celebi Delhi Cargo are covered by insurance against all risks including fire, no losses to be assumed by Celebi Delhi Cargo are expected to result in relation to the compensation of the resulting loss.

Work is currently in progress by the experts appointed by related authorities and by insurance surveyors in relation to the loss amount and the amount to be compensated by insurance companies therefor.

On 2 January 2012, the company's Board of Directors decided that the equity in the amount of INR 79,222,000 needed by Celebi GH Delhi for the financing of its operation and realization of planned investments be met by way of premium capital increase subject to the applicable legislation in India, and that accordingly, INR 78,884,000 (approximately USD 1.5 million) in total be paid by Çelebi Ground Handling, and to preserve 74% share in the company, which is the maximum ratio of shareholding Çelebi Ground Handling is permitted to hold pursuant to the applicable legislation in India.

8. BASIC FINANCIAL RATIOS

The basic ratios showing our Company's financial structure, profitability, and debt-servicing were calculated on the basis of above mentioned consolidated financial statements dated 31 December 2011 and 31 December 2010.

	31 December 2011	31 December 2010
Current Ratio (Current Assets/Current Liabilities)	1.18	1.56
Cash Ratio (Cash Assets/Current Liabilities)	0.57	0.90
Current Liabilities/Total Liabilities	35.69%	27.36%
External Resources/Shareholders' Equity	963.31%	259.44%
Average Collection Time	23.44	25.12
Gross Profit Margin	27.07%	32.50%
Operating Profit (Loss)/Net Sales Proceeds	9.76%	12.90%
Operating Profit (Loss)/Total Assets	8.59%	10.76%
EBITDA/Net Sales Proceeds	19.20%	25.00%

Current Ratio and Cash Ratio: Current ratio declined from 1.56 to 1.18, stemming from the 109.49% hike in current liabilities despite the 58.62% increase in current assets. The downturn in cash ratio, on the other hand, resulted from the 109.49% hike in current liabilities in spite of the 33.80% rise in liquid assets as compared with 31 December 2010.

Current Liabilities/Total Liabilities: This ratio rose from 27.36% to 35.69% as a result of the 109.49% hike in current liabilities within total liabilities and of the rise in long-term liabilities, which stood at 73.51%.

External Resources/Shareholders' Equity: This ratio went up due to the 56.75% decline in shareholders' equity as compared with 31 December 2010 despite the 60.60% rise in external resources as compared with the same date. The decrease in shareholders' equity was a result of the fact that the Company's share in CGHH rose to 100% in 2011 by way of its acquiring the shares representing 30% of the share in CGHH from Çelebi Aviation Holding Inc. for TL 33,712,020, and therefore, of subjecting CGHH to full consolidation in the consolidated financial statements without allocating non-controlling shares and of this operation having been recognized under other reserves as an equity operation in the consolidated financial statements.

Gross Profit Margin: Gross profit margin went down from 32.50% to 27.07% due to the year-on rise by 34.90% in net sales revenues and year-on increase by 45.74% in the cost of sales as compared with 2010.

Operating Profit/Net Sales Proceeds: Operating Profit/Net Sales Proceeds went down from 12.90% to 9.76% as a result of the weak 2.09% rise in operating profit despite 34.90% increase in net sales revenues.

EBITDA/Net Sales Proceeds: The ratio of EBITDA/Net Sales Proceeds declined from 25% to 19.20% due to the increase in EBITDA that stood at a mere 3.65% despite the 34.90% rise in net sales proceeds. The downturn in this ratio stemmed from the negative effect of incorporation and operating expenses incurred because it was the first year of inception of activity at the cargo warehouse operations in Germany, as well as from the fact that EBITDA on cargo and warehouse services decreased from TL 41,444,591 to TL 15,705,265 as a result of the revisions made regarding the recognition of concession arrangements and the recognition of operating lease expenses on a straight-line basis in Celebi Delhi Cargo financial statements.

9. NATURE AND VALUE OF ISSUED CAPITAL MARKET INSTRUMENTS

As of 31 December 2011 our Company's issued capital amounted to TL 24,300,000. Our Company's capital structure on the dates of 31 December 2011 and 31 December 2010 was as follows:

Shareholders	(%)	31 December 2011	(%)	31 December 2010
Çelebi Aviation Holding Inc.	54.73	13,299,633	54.73	13,299,633
Engin Çelebioğlu	10.01	2,432,430	10.01	2,432,430
Can Çelebioğlu	7.50	1,822,770	7.50	1,822,770
Canan Çelebioğlu Tokgöz	5.11	1,242,720	5.11	1,242,720
Others	22.65	5,502,447	22.65	5,502,447
Total	**100.00**	**24,300,000**	**100.00**	**24,300,000**

Identities of ultimate non-corporate controlling shareholders
The identities of our Company's ultimate non-corporate controlling shareholders purged of all cross-shareholding interests are as follows:

Shareholders	31 December 2011 (%)	31 December 2010 (%)
Engin Çelebioğlu	19.97	28.25
Can Çelebioğlu	29.89	25.74
Canan Çelebioğlu Tokgöz	27.50	23.36
Others	22.65	22.65
	100.00	**100.00**

10. DEVELOPMENTS IN INVESTMENTS; INVESTMENT INCENTIVES USED

Tangible fixed asset investments realized by the group during the 12-month period that ended on 31 December 2011 amounted to TL 29,967,679 (31 December 2010: TL 50,893,360). 40% of this amount consisted of investments in machinery, equipment and appliances, 22% in investments in progress, and 25% in other investments. There are no incentives made available to the Company in relation to its investments in 2011.

Total consolidated investment outlays of the Group in tangible and intangible assets during the twelve months to 31 December 2011 were worth TL 53,836,674. (2010: TL 61,741,969)

11. INFORMATION ABOUT PRODUCTION AND SALES OF GOODS AND SERVICES

The number of aircraft that our Company provided services in a period of 12 months ending 31 December 2011 is stated below:

Number of aircraft served	2011	2010	2009	2011-2010 %	2010-2009 %
International flights	80,324	67,248	57,040	19,45	17,90
Domestic flights	75,997	65,516	83,406	16,00	-21,45
Turkey Total	**156,321**	**132,763**	**140,446**	**17,74**	**-5,47**
Hungary	20,224	19,915	18,767	1,55	6,12
India	32,453	25,869	1,901	25,45	-
Grand Total	**208,998**	**178,547**	**161,114**	**17,05**	**10,82**

Weight of cargo handled by the Company in the 12 months to 31 December 2011:

Group (Consolidated)	31 December 2011		31 December 2010	
	WT (IMPORT)	WT (EXPORT)	WT (IMPORT)	WT (EXPORT)
Çelebi Ground Handling Inc.	37,964	40,102	50,086	44,476
Celebi Delhi Cargo (India)	180,280	199,835	173,010	213,737
Celebi GHH (Hungary)	28,124	23,240	0	0
Celebi Cargo GmbH (Germany)	17,874	22,715	0	0
Total Ton	**264,242**	**285,892**	**223,097**	**258,213**

12. BASIC 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 Turkish Lira against major foreign currencies and its over-valuation, the Group espoused a conservative monetary position and financial risk 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 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.

13. INFORMATION ABOUT PERSONNEL AND HUMAN RESOURCES POLICY

As of 31 December 2011, our Company had a total of 4,207 employees on its payroll. (3,495 on 31 December 2010.) The average numbers of employees working for the Company in 2011 and 2010 were 3,850 and 3,513, respectively.

The numbers of employees of the Group in 2011 and 2010 were 10,318 and 9,623, respectively.

Group (Consolidated)	31.12.2011 Number of Employees	31.12.2010 Number of Employees
Çelebi Ground Handling Inc. ("Company")	4,207	3,495
Çelebi Security and Surveillance Consultancy Inc.	66	217
Celebi Ground Handling Hungary (Hungary)	573	672
Celebi Nas (India)	2,125	2,114
Celebi Delhi Cargo (India, including sub-contracted personnel)	2,552	2,798
Celebi Delhi Ground Handling (India)	678	327
Celebi Cargo GmbH (Germany, including sub-contracted personnel)	117	0
Total	**10,318**	**9,623**

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
With a view to rendering the Company's image before the society and its employees continuous, as well as its success, the Company's HR Committee oversees and develops all human resources practices that are supported by documentation and systems, and the resulting HR culture.

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.

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

Selection and placement
- Recruitment process
- Orientation

Performance management
- Objectives and competency management
- Compensation

Career management
Training
- Coaching
- Career planning
- Personal development training

Compensation management
Corporate development activities
- Corporate culture, vision, mission
- Employee satisfaction applications
- Regulation studies
- Organization studies
- Data-processing infrastructure

Selection and Placement

Recruitment process/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 share the responsibility of recruiting personnel who are suitable for company 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 followed in recruitment and selecting employees is:

- The employees apply to internal announcement,
- Candidates suggested by Çelebi personnel,
- 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.

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.

Performance management

Performance evaluation

Performance evaluation system is 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.

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. 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 2011 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.

During 2009, competencies used in the Human Resources processes have been reviewed and revised. Aiming to more clearly define the competencies expected of positions in a simpler and easier-to-understand manner, the project identified individual competencies for each position across Çelebi and established their weights.

"SAP Performance Appraisal System", which enables online handling of the Performance Appraisal application, represents another project that was conducted and brought to finalization during 2009. Theoretical and practical training sessions on the system and the Performance Management System were given to all managers subject to objective-based evaluation in 2010. "SAP Performance Appraisal System" is used for performance evaluation during the course of 2011.

Rewarding performance

Based on the results of the annual performance appraisal, employees with outstanding performances are rewarded also in 2011 as previous years, with bonuses corresponding to a certain ratio of their annual salaries.

Career management

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 Ground Handling as well as synchronizing the employees' and the Company's expectations. In 2009, a total of six senior executives were assigned for ground handling operation in Mumbai and cargo operations in Delhi. In 2010, three senior executives were trained and geared up within the frame of our ground handling operations in Delhi/India and in Hungary. These executives have been assigned to critical roles.

In this context in all our companies:

- Career maps are designed in accordance with the competency and qualification scales drawn formerly and trainings and rotations at each career step are continuously followed.
- For critical positions a back-up strategy is being developed.

With a view to giving a more systematic structure to the career management function, "Improvement Committees" were set up at the Headquarters and our stations in 2009. The project was successfully continued in 2011 as well. These committees hold annual meetings to:

- ensure a realistic succession plan,
- identify eligible employees for critical roles,
- determine, develop and follow-up employees with a high-potential,
- review and control employee profile.

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 which was 75% in 2008 has been increased to 83.70% in 2009, 82.76% in 2010 and 91% in 2011.

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.

The Human Resources Department develops annual plans for personal and professional development training programs that are determined on a need basis, as well as compulsory trainings identified by the Directorate General of Civil Aviation (DGCA).

Personal and professional development trainings are determined for staff members proposed at the Performance Appraisal Outcomes and Development Panel conducted annually across the Company, and then incorporated in the plan. During 2011, training per person was 1.91 days.

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.

Stations are provided with access to all training documents, technical training modules, exams, company guidelines/ procedures and regulations via Lotus Notes.

All operational technical training programs are given by internal trainers. All documents, training modules and tests used for training are updated and announced biennially in a refreshing session held with internal trainers.

In 2009, 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.

Agreements are made with professional training consultancy firms for personal and professional development training (Presentation Techniques, Teamwork, Management Skills, etc.)

Compensation management

Within the frame of the compensation system at Çelebi Ground Handling, a remuneration scale has been formulated in line with the Company's vision and objectives, based on the prevailing market conditions and the developments in the aviation industry, which is designed to ensure consistency across the Company and reflected the realities mentioned above. If two people are doing the same job, in other words, if there is no difference in the value of their work in terms of content, time, resources and position profile, etc., the value of the job done is the same even if the personal traits and skills of the two people are different.

Headquarters remuneration scale is formed periodically, by making a comparison with the data obtained from salary survey companies and by including the results from these surveys as well. These criteria are taken as basis also when determining the remunerations of senior executives taking place in the Headquarters remuneration scale.

Salaries are determined according to the titles in the organizational structure, but are based on a tariff in connection with the magnitudes of stations and restricted seniority. Salaries are updated annually making use of market surveys.

Performance bears an impact upon an employee's income in the form of a year-end bonus paid only in the case of performance above expectations.

An employee who gets a passing grade in the exam given for positions that compel knowledge of a foreign language receives a foreign language allowance in addition to the current base salary. Apart from foreign language allowance, drivers are paid vehicle bonuses depending on the type of vehicle they drive.

Corporate development activities

Employee satisfaction applications

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. In 2009, a consultancy firm was not engaged for the employee satisfaction measurements. Instead, these data were compiled in meetings and visits paid by the Human Resources Department to branches and units. Via the meetings held bi-annually, action plans were formulated to enhance employee satisfaction, under which necessary steps were taken. Synovate was engaged once again to conduct an employee loyalty survey in 2010; based on the results of the survey that secured a participation ratio of 88.85%, Company-wide loyalty index that stood at 69 in 2008 rose to 70 in 2010.

The Company's Human Resources Department continued to work towards enhancing employee satisfaction also in 2011. The Department's efforts to this end include visiting branches and units during which meetings are held and conducting employee satisfactions surveys since 2007.

Regulation studies

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 studies

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.

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. Along this line, development workshops were organized in 2010 broken down for employees and managers working at the Headquarters and the station management offices so as to ensure communication of employee opinions in a free platform, and the results were presented in a report to the senior management.

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. The suggestion development system has successfully been used during 2011.

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 26 stations.

Social activities

In 2011, a painting contest themed "My Holiday" was organized for the current employees' children aged 7-9 and 10-12, and the children that were placed in the top 5 ranks in both age groups were sent surprise gifts, while their paintings were exhibited at the station management offices. A second organization was a photography contest looking for the answer to the question "What is development" through photographs. The photographers that claimed the top three places were awarded, and the best five photographs were put on display at the station management offices.

14. DONATIONS

In the year ending 31 December 2011, the Group's grants and donations totaled TL 1,393,483.

As a significant part of the social responsibility projects carried out by our Company and within the frame of the protocol made with the Erzincan University Rectorship, expenses in the nature of donations incurred in relation to the construction works and ongoing activities of the School of Civil Aviation established under the Erzincan University organization totaled TL 16,710,115; of this amount, TL 761,100 was donated in 2008, TL 9,698,892 in 2009, TL 5,306,228 in 2010, and TL 943,895 in 2011.

In addition, the Company incurred expenses in the nature of donations worth TL 365,913 in total for ten village elementary schools that were repaired and furnished during 2011 within the frame of the "Support to Corporate Education Project Protocol" our Company executed with the Ministry of Education Directorate of Investments and Enterprises and TOÇEV (Tüvana Educational Support Foundation) under another important social responsibility project.

The Company's donations and grants to various foundations, associations, chambers, public institutions and organizations amounted to TL 61,000 in 2011.

15. 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 2011 show a net current profit in the amount of TL 28,476,915.56 remaining after the deduction of all taxes and other legal obligations.

Since there is no Prior Year Loss that needs to be deducted from the Net Profit for the Period and no first legal reserves that needs to be set aside pursuant to the Turkish Commercial Code (TCC), the net distributable profit that can be paid out as a dividend on the basis of our legal books of account is TL 28,476,915.56.

2. Net profit of the period after Tax and Legal Liabilities are deducted, in our consolidated financial statements as of 31 December 2011 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 TL 7,623,634.00.

Within the framework of the CMB legislation, no net distributable profit for the period arises when the negative net total of TL 23,472,276.00 resulting from setting off the negative amount of TL 34,297,074.00, "Equity Effect resulting from Acquisition" which takes place among Shareholders' Equity and which is regarded as an element of prior year profit/loss in the determination of the distributable net profit for the period with respect to dividend distribution, against "Prior Year Profits" in the amount of TL 10,824,798.00 which takes place again among Shareholders' Equity in the consolidated financial statements, is deducted from the net profit for the period as descended in our consolidated financial statements.

3. We hereby lay the following down for the approval of the General Assembly of Shareholders:
According to CMB regulations:

a) Since there is no First Legal Reserves that need to be set aside pursuant to the Turkish Commercial Code (TCC) following the setoff of "Prior Year Profits" taking place among Shareholders' Equity in our consolidated financial statements against the negative "Equity Effect resulting from Acquisition", which also takes place among Shareholders' Equity, net profit for the period in the amount of TL 7,623,634.00 that descends in our consolidated financial statements be set off against the arising negative net total of TL 23,472,276.00,

b) Net Profit for the Period in the amount of TL 28,476,915.56, which arises after Tax and Legal Liabilities are deducted in our financial statements drawn up based on our legal records ,be added to Extraordinary Reserves that take place among our Legal Records, since there are no First Legal Reserves that need to be set aside pursuant to the TCC,

ÇELEBİ HAVA SERVİSİ A.Ş. PROFIT DISTRIBUTION TABLE FOR 2011 (TL)

	As required by CMB laws and regulations	As shown in the legal books of account
NET PROFIT FOR THE PERIOD	7,623,634.00	28,476,915.56
PRIOR YEAR PROFITS	10,824,798.00	-
EQUITY EFFECT RESULTING FROM ACQUISITION	(34,297,074.00)	-
FIRST LEGAL RESERVES (-)	0	0
NET DISTRIBUTABLE PROFIT/(LOSS) FOR THE PERIOD	**(15,848,642.00)**	**28,476,915.56**
DIVIDENDS	0	0
SECOND LEGAL RESERVES (-)	0	0
TRANSFERRED TO EXTRAORDINARY RESERVES	**0**	**28,476,915.56**

That, in the framework given above, no profit distribution can be made in relation to the fiscal year 01 January 2011 – 31 December 2011 under the CMB provisions governing profit distribution.

ÇELEBİ GROUND HANDLING INC.
BOARD OF DIRECTORS

Table of Contents

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 2011, 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.

Pursuant to the CMB's Communiqué Serial: IV No: 56, dated 30.12.2011 regarding the establishment and implementation of Corporate Governance Principles, activities will be continued to be carried out to bring about structural changes and adopt principles in 2012 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

During 2011, relations with shareholders were carried out by the managers/specialists holding/entitled to receive CMB Advanced Level Licenses and who work at the Company's Financial Affairs Department, whose contact details are provided below:

		Contact information	
Name	**Position**	**Telephone**	**E-mail address**
Deniz Bal	Budget and Finance Manager	(+90 216) 666 6767 - 1550	deniz.bal@celebi.com.tr
Özgür Eren	Specialist	(+90 216) 666 6767 - 1517	ozgur.eren@celebi.com.tr

The Holding Legal Affairs Department and the Company's Financial Affairs Department worked in coordination to ensure that the Ordinary General Assembly meeting has been held in accordance with applicable legislation and the Company's articles of association, and to prepare the documents that will be made available to shareholders at this meeting.

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 verbally and/or 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 and investor relations website at www.celebiyatirimci.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 2011 one informational meeting was 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 2011.

4. INFORMATION ABOUT GENERAL MEETINGS

General meetings held during the reporting period	Date	% of shares in attendance	Meeting announcements and invitations
Ordinary general meeting	29/04/2011	77.44%	Date, place, time and agenda were announced via: • Special circumstance announcement made to ISE on 08/04/2011 • Announcements published in the 11/04/2011 issues of *Turkish Commercial Gazette* no: 7791 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 29 April 2011 was attended by shareholders responding either in person or in proxy to invitations sent out as well as by three members of the Company's Board of Directors, all senior managers, Company's personnel, 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 29 April 2011, the financial statements for the fiscal year ending 31 December 2010 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 2010 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 29 April 2011 and these questions were answered by the Company board members and executives that attended the meeting.

Motions made by shareholders at general meetings
At the ordinary general meeting held on 29 April 2011, 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 Statutory Auditors' Report and Opinion of the Independent Auditors' Report 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 Company's 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. 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 29 April 2011, for each TRY 1 nominal value share, 153.62% gross TL 1.5362, 130.58% net TL 1.3058 from the profit in 2010 and from extraordinary reserves a total gross TL 37,329,460.21 cash dividends distribution would be made on 05 May 2011, 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.

PART II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. COMPANY DISCLOSURE POLICY

Pursuant to the provision of Article 23 of the CMB Communiqué Serial: VIII, No: 54 on the Principles of Public Disclosure of Material Events and within the frame of efforts carried out to achieve full compliance with the Corporate Governance Principles published by the CMB, and to fully implement the same, the Company's Board of Directors resolved on 30 April 2009 to approve the Information Policy developed by the Company's General Management, to post it on the corporate website and present it for the information of shareholders at the immediately following general meeting. Enforced as of the same date, the Company Information Policy aims at communicating the Company's past performance and future expectations within the frame of generally accepted accounting principles and CMB provisions, on the principles of completeness, fairness, accuracy, timeliness and intelligibility, making them equally available to all "stakeholders" such as national/foreign shareholders, stakeholders, investors and capital market institutions, and targets to maintain an active and transparent communication and to ensure that necessary information and disclosures other than trade secrets are made available to all stakeholders including shareholders, investors, employees and customers in a timely, accurate, complete, and intelligible manner, easily accessible at low cost.

The Company "Information Policy" can be accessed at the corporate website at www.celebihandling.com under the main heading "Information".

9. SPECIAL CIRCUMSTANCE ANNOUNCEMENTS

Our Company made 32 special circumstance announcements in 2011 pursuant to CMB regulations. There was no additional information required by CMB and/or ISE.

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 and the address of Investor Relations is www.celebiyatirimci.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 and on Investor Relations website at www.celebiyatirimci.com.

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

The identities of our Company's ultimate non-corporate controlling shareholders purged of all cross-shareholding interests are presented in section 9 ("9. Nature and Value of Issued Capital Market Instruments") of our Company's 2011 annual report.

12. PUBLIC DISCLOSURE OF THOSE WHO MAY HAVE ACCESS TO INSIDER INFORMATION

Pursuant to the provision of Article 16 of the CMB Communiqué Serial: VIII, No: 54 on the Principles of Public Disclosure of Material Events and within the frame of efforts carried out to ensure achievement of full compliance by the Company with the Corporate Governance Principles published by the CMB, and to fully implement the same, the Company's Board of Directors resolved that a list of individuals having regular access to Company insider information be prepared and kept up-to-date by the Company Investor Relations Unit, and that the list be posted on the corporate website on 30 April 2009; in this frame, the list was made available on the Company internet site as of the said date.

PART III: STAKEHOLDERS

13. KEEPING STAKEHOLDERS INFORMED

Based on the Company 's Board of Directors decision passed on 19 March 2009, pursuant to the provision of Article 7 of the CMB Communiqué Serial: IV No: 41 on the Principles to be Complied with by Joint Stock Companies Subject to the Capital Market Law, and within the frame of efforts carried out to ensure achievement of full compliance by the Company with the Corporate Governance Principles published by the CMB and to fully implement the same, the Company set up an Investor Relations Unit, which will handle exercising of shareholding rights at our Company that is listed on the ISE, which reports to the Board of Directors, and which will maintain communication between the Board of Directors and shareholders. In this context, Abdullah Kırımlı, who serves as the Business Development Coordinator at Çelebi Havacılık Holding A.Ş., the majority shareholder in our Company, and who holds a "Capital Market Activities Advanced Level License" was appointed as the head of the Investor Relations Unit as a full-time manager responsible for the fulfillment of the Company's obligations arising from the capital market legislation, coordination of corporate governance practices and reporting thereon to the Board of Directors, and Özgür Eren, who works for our Company and holds a "Capital Market Activities Advanced Level License" and a "Corporate Governance Rating Expertise License", was assigned as executive personnel. Upon the reorganization that took place in the Company, Abdullah Kırımlı who served as the head of Investor Relations Unit has been appointed the Business Development Coordinator at Çelebi Aviation Holding Inc. ("the Holding"); thus, Deniz Bal has been assigned as the head of Investor Relations Unit as of 01 July 2010 and carried on the duty during 2011, who has earned the "Capital Market Activities Advanced Level License" and who presently functions as the Budget and Finance Manager at the Company.

In 2011, 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

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 HR policy is presented in section 13 ("13. Information about Personnel; Human Resources Policy") of our Company's annual report for 2011.

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 26 stations in 2011.

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 consisting of three modules. Real-Time Control module is used successfully in Istanbul, Antalya, Sabiha Gökçen and İzmir. Planning Control and Roaster modules are used in Ankara, Adana, Trabzon, Dalaman, Bodrum, Diyarbakır and Samsun Stations.

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.

In 2011, the Company launched Project Web SCF, which will allow our customers to electronically check and approve the services they receive. Upon its completion, the project will speed up SCF ("Service Charge Form") processes, electronically deliver the records to the customers, reduce paper consumption, and alleviate workload.

Designed to enable real-time tracking of the vehicles and equipment used on the apron, the Vehicle Tracking Project was initiated in 2011 and is slated for completion during 2012. With real-time tracking of vehicles, the Company targets to achieve improved performance in various aspects including operational security, timely service and efficient use of resources.

In the reporting period, hand-held terminals were started to be used at İstanbul and Antalya stations for the purpose of transferring the services rendered to the electronic system instantly, their approval by the customer during the service, preventing erroneous service entries, and reducing the rate of erroneous invoices.

The CELEBRIS projects initiated in 2005 with the purpose of increasing the business perfection and hence customer satisfaction, collects Flight Information System, Agreements Follow-up and Pricing, Customer Invoicing and Quality Management under one system. The CELEBRIS project has been modernized and renamed as IKARUS within the framework of process improvement studies and successfully used during 2011.

The other project, “CRM” is an effective Customer Relations Management model and application infrastructure and is successfully being used in our headquarters and stations since April 2011. On another wing, Microsoft Dynamics CRM was purchased to enable utilization of the CRM software also in foreign countries and to ensure integration among all our ventures due to our investments that grow rapidly particularly in India, and a project has been designed for its installation.

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 identified as a result of these audits.

As at 2011, our Company is the one and only company in Turkey holding ISAGO (IATA Safety Audit Program for Ground Operations) certification awarded by IATA at its headquarters and five stations.

Within the frame of its project to constantly enhance customer satisfaction, our Company carried on with “Çelebi Scorecard”, the customer loyalty and satisfaction survey started in 2005. In 2011, consultancy has been received from an independent and internationally recognized research company for the administration of “Çelebi Scorecard” survey, and the results were sent online to our customers.

During 2011, the Company started discussions with the consultant firm concerning the “Professional Service” project identified in relation to the quality service it is targeting to offer its customers.

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.

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 2011. 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.

To this end, the Company directly supports and sponsors:

- Sectoral movies 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 the other hand, the Company established cooperation with the Ministry of Transport and Erzincan University. Within the scope of the collaboration, the project has been launched to set up a School of Civil Aviation under the university.

Under the project, a school building is constructed with a floor area of 4,000 m^2 and a covered area of 15,000 m^2 holding 30 classrooms for a student body of 1,500.

Registrations for the 2010-2011 academic year at the Erzincan Ali Cavit Çelebioğlu Civil Aviation School, construction of which was completed as of September 2010, were accepted on August 31st and September 1st.

Students registering in the school's Civil Aviation Transportation Management Department will complete a five-year program consisting of a first year of English language prep followed by a four-year BA curriculum. Because students who have been accepted into the prep class will be studying English at a language school in Erzincan city, the official opening of the civil aviation school itself took place at the start of the 2011-2012 academic year.

Under the "I'm Home" project, which is being carried out in collaboration with TOÇEV (Tüvana Educational Support Foundation), the Ministry of National Education and the Ministry of Transportation, Çelebi initiated work in 2008 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.

Under the repairing and renovation works carried out, Çelebi Homes are recreated in a healthy structure from their foundations to their roofs. Improvements are made to the interiors as well and the homes are furnished and equipped with basic necessities and appliances from sofa beds to refrigerators, TV sets to stoves. Each Çelebi Home is thus converted into a cozy home enabling the teachers to move in just taking along their personal belongings and "feel at home".

Following the initial two homes in Kars completed during 2008 under "I'm Home" project, in 2009, eight more homes were built, of which two were in Diyarbakır, two in Erzurum, three in Erzincan, and one in Mardin, thus bringing the total number to ten. The number of homes completed and turned over reached twenty six with the addition of two in Hatay, two in Kahramanmaraş, three in Malatya, and three in Osmaniye during 2010 and three in Van and three in Erzurum during 2011. Plans are to complete fifty of these homes by end of 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.

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. During 2011, 12,905 liters of waste oil, 14,753 kilograms waste batteries, 2,377 kilograms waste filters were eliminated by surrendering to licensed organizations.

In 2009, Republic of Turkey Ministry of Transport Directorate General of Civil Aviation (DGCA) launched the project Green Airport in an effort to systematically reduce and eliminate the actual or potential damage caused to the environment by establishments operating in airports.

Çelebi Ground Handling İzmir Station filed an application with the DGCA for assessment of its operations according to the project criteria; as a result of the reviews carried out, it has been established that Çelebi Ground Handling İzmir Station meets the required conditions under the Project Green Airport, and certified as a Green Company. Along this line, Çelebi Ground Handling, with the title earned, was entitled to use the logo set out in the project, as well as 20% discount in the extension fees charged on various permits such as enterprise authorization certificate, licenses and certificates. Çelebi Ground Handling brought its efforts at Bodrum and Antalya stations to completion in 2011 and applied to DGCA for broadening the scope of its "Green Company" certification.

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.

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, Surname	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.

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 section 3 ("3.Company mission, vision, and strategic goals") of 2011 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 risks management policies are presented in section 12 ("12. Basic Risks Management Policies" of our Company's annual report for 2011.

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 VII setting down the powers to represent and bind the Company that was registered by the İstanbul Commercial Registrar on 04 November 2011 and announced as having been registered in issue 7939 of *Türkiye Ticaret Sicili Gazetesi* dated 14 November 2011.

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.

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 53 times during 2011.

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 2011, 4 board members have attended in 38 board meetings and 5 members in 15 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 2011 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 two members and 2 meeting which one member did not attend in 2011.

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.

24. PROHIBITION ON DOING BUSINESS OR COMPETING WITH THE COMPANY

At the ordinary general meeting held on 21 April 2010 to discuss the Company's results in 2009, 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 2011.

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 2011 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.54, 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.

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 29 April 2011, 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 2011.

At the 2010 Ordinary General Meeting convened on 29 April 2011, 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 2010 and there were no amounts due (advances on salaries) from the Board members as of 31 December 2011.

The amount due (advances on salaries) from the Company executives carried forward from 2010 is TL 27,000. During 2011, the Company lent money (advances on salaries) with a total worth of TL 64,500; out of this amount (advances on salaries), TL 71,500 has been collected. The amount due (advances on salaries) from the Company executives is TL 20,000 as of 31 December 2011.

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.

STATUTORY AUDITORS' REPORT **Shareholders General Assembly,**	
A- Company Title	Çelebi Hava Servisi Anonim Şirketi
B- Head Office	Anel İş Merkezi, Saray Mah. Site Yolu Sok. No: 5 Kat: 9 34768 Ümraniye / İstanbul-Turkey
C- Capital	Registered Capital: TL 100,000,000 Issued Capital: TL 24,300,000
D- Activity	Airport Ground Handling Services
Auditor's/Auditor's Name/Names and duration of appointment, their relation to the company (employed/partners or not)	- Ümit BOZER (duration of appointment "29 April 2011-04 October 2011" not employee nor partner) - Ramazan ÖZEL (duration of appointment "1 year - for the period between two ordinary meetings of General Assembly" - not employee nor partner) - Seyhan ÖZTAYLAN ÇELİK (duration of appointment "1 year - for the period between two ordinary meetings of General Assembly" - not employee nor partner) - Fatih ÖZÇANAK (duration of appointment "until the next ordinary general assembly meeting" – not employee nor partner)
Numbers or Board of Directors meetings and the Board of Auditors meetings participated	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.
Extent of inspection made on the Company's accounts, books and documents, inspection dates and conclusions reached	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.
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	Inspections made every month showed that entries correspond to actual materials and documents.
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	No complaints or denunciations of any kind have been made to the Board of Auditors.
Denunciations or irregularities reported to the Board of Auditors and measures take	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.

We have audited the accounts and the operations of Çelebi Hava Servisi A.Ş. for the period ending 31.12.2011 in accordance with the Turkish Law of Commerce, the Company's Articles of 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 31.12.2011, 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 01.01.2011-31.12.2011 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.

13/04/2012

BOARD OF AUDITORS

Ramazan Özel   Seyhan Öztaylan Çelik   Fatih Özçanak

STATEMENT CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS AND REPORTS FOR THE PERIOD 1 JANUARY 2011 TO 31 DECEMBER 2011

App.3

13.04.2012

Subject: The presentations of the consolidated financial statements and reports of Çelebi Ground Handling Inc. for the twelve-month period ending 31 December 2011, 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 consolidated financial statements which have been audited by independent audit company, which have been approved by our Company's Board of Directors decision no. 2011-12 dated 13 April 2011 and by the Audit Committee decision no. 2012-01 dated 13 April 2012, which have not been adjusted for inflation, which incorporate the compulsory data and based on recommended formats and drawn up in accordance with the International Financial Reporting Standards (IFRS) in accordance with the CMB Communiqué XI:29 on Principles of Financial Reporting in Capital Markets as per the CMB decision 11/367 dated 17 March 2005 and the announcements in the CMB's weekly bulletins numbered 2008/16, 2008/18, 2009/2, 2009/4 and 2009/40, and the Board of Directors' Annual Report for the year ended 31 December 2011, 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 or 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.

Ayfer Atlı
Financial Affairs Director

Talha Göksel
Chief Executive Officer

Qualified Opinion

5. In our opinion, except for the possible effects of the matter described in the "basis for qualified opinion" paragraph above, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Çelebi Hava Servisi A.Ş. as of 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

Emphasis of matter

Without further qualifying our opinion, we would like to draw your attention to the following matter:

6. As explained in Note 30 in the consolidated financial statements, the building where Çelebi Hava Servisi A.Ş. (the "Company") carried out its cargo-warehouse operations at Atatürk Airport's Terminal C 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 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 compensation for their losses by filing a lawsuit against the Company and through enforcement proceedings. Although the Company management 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 Company granted its approval for the utilisation of its insurance policy amounting to USD10,000,000 in the fund established by the Company, Devlet Hava Meydanları İşletmeleri ("DHMİ") and the other warehouse management company to settle the claims amicably within the terms defined in the "Sharing Agreement" that is signed between these same parties. In this context a significant portion of the compensation claims have been settled amicably, and the Company management foresees that remaining balance of the fund is sufficient to cover the compensation claims that could not be settled amicably, enforcement proceedings and lawsuits against the Company. Consequently, no provision has been accounted for in the accompanying consolidated financial statements as of 31 December 2011.

Additional paragraph for convenience translation into English

7. The accounting principles described in Note 2 in the 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 1 January - 31 December 2005. As such, the accompanying consolidated financial statements are not intended to present the Group's financial position and results of operations in accordance with IFRS.

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

Baki Erdal, SMMM
Partner

Istanbul, 13 April 2012

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2011

CONTENTS **PAGE**

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

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2011, 2010 AND 2009

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

	Notes	2011	*Restated (*)* 2010	*Restated (*)* 2009
ASSETS				
Current assets				
Cash and cash equivalents	5	99,412,758	74,299,694	94,601,180
Trade receivables	8	34,884,512	26,680,690	22,221,473
Due from related parties	27	818,897	1,921,067	10,522,877
Other receivables	9	5,348,745	3,343,009	2,475,756
Inventories	10	6,389,345	4,501,809	3,758,396
Other current assets	16	58,235,707	18,546,524	11,778,014
Total current assets		**205,089,964**	**129,292,793**	**145,357,696**
Non-current assets				
Financial investments	6	1,536,105	26,286	-
Other non-current receivables	9	14,615,540	10,952,105	3,920,651
Property, plant and equipment	11	144,261,128	136,008,283	102,107,964
Intangible assets	12	123,429,163	120,519,668	113,444,112
Goodwill	13	18,551,365	17,242,957	18,528,001
Deferred tax assets	24	13,311,495	5,776,171	671,976
Other non-current assets	16	16,368,684	19,831	754,870
Total non-current assets		**332,073,480**	**290,545,301**	**239,427,574**
Total assets		**537,163,444**	**419,838,094**	**384,785,270**

(*) See. Note 2.2

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

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

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2011, 2010 AND 2009

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

	Notes	2011	Restated (*) 2010	Restated (*) 2009
LIABILITIES				
Current liabilities				
Financial liabilities	7	105,191,130	28,666,079	35,855,662
Trade payables	8	17,963,107	15,960,633	14,421,523
Due to related parties	27	17,791,417	2,497,009	664,070
Other payables	9	2,327,466	7,493,141	8,137,545
Provisions	14	14,410,901	11,586,739	8,056,554
Provision for employee benefits	15	358,261	900,492	-
Current tax liabilities	24	-	1,507,408	155,439
Other current liabilities	16	15,632,273	14,292,844	17,908,270
Total current liabilities		**173,674,555**	**82,904,345**	**85,199,063**
Non-current liabilities				
Financial liabilities	7	231,022,474	129,425,555	102,446,246
Derivative financial instruments	28	-	4,555,792	7,080,848
Other non-current payables	9	1,055,879	977,029	332,121
Deferred income tax liabilities	24	4,341,550	3,852,667	3,824,770
Provision for employee benefits	15	7,517,332	6,610,155	6,080,473
Other non-current liabilities	16	69,069,432	74,710,075	60,627,650
Total non-current liabilities		**313,006,667**	**220,131,273**	**180,392,108**
Total liabilities		**486,681,222**	**303,035,618**	**265,591,171**
EQUITY				
Equity attributable to equity holders of the parent		**39,404,861**	**103,364,639**	**119,124,097**
Capital	17	24,300,000	24,300,000	24,300,000
Restricted reserves	17	26,573,456	22,962,009	19,322,144
Foreign currency translation differences		4,380,047	3,564,945	898,050
Additional contribution to shareholders' equity related to share purchase		(34,297,074)	(545,407)	-
Retained earnings	17	10,824,798	33,999,851	47,471,772
Net profit for the year	17	7,623,634	19,083,241	27,132,131
Non-controlling interest		**11,077,361**	**13,437,837**	**70,002**
Total equity		**50,482,222**	**116,802,476**	**119,194,099**
Total liabilities and equity		**537,163,444**	**419,838,094**	**384,785,270**
Contingent assets and liabilities	14			

(*) See. Note 2.2

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

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

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	2011	*Restated (*)* 2010
CONTINUING OPERATIONS			
Revenue - net	18	472,753,336	350,434,857
Cost of sales (-)	18	(344,763,642)	(236,556,880)
GROSS PROFIT	**18**	**127,989,694**	**113,877,977**
General administrative expenses (-)	20	(82,175,755)	(61,845,467)
Other operating income	21	8,710,188	7,224,698
Other operating expense (-)	21	(8,385,784)	(14,062,454)
OPERATING PROFIT		**46,138,343**	**45,194,754**
Financial income	22	9,807,233	12,795,102
Financial expenses (-)	23	(46,504,915)	(26,838,293)
PROFIT BEFORE TAXATION		**9,440,661**	**31,151,563**
Income tax expense		**(5,792,904)**	**(10,996,076)**
Current tax expense	24	(12,785,111)	(15,697,412)
Deferred tax income	24	6,992,207	4,701,336
NET PROFIT FOR THE YEAR		**3,647,757**	**20,155,487**
Attributable to:			
Non-controlling interest		(3,975,877)	1,072,246
Equity holders of the parent		7,623,634	19,083,241
		3,647,757	**20,155,487**
Earnings per share (Kr)	25	0.003	0.008

(*) See Note 2.2

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	2011	*Restated (*)* 2010
Net profit for the year	**3,647,757**	**20,155,487**
Other comprehensive income:		
Currency translation differences	1,069,901	3,513,253
Other comprehensive income for the year	**1,069,901**	**3,513,253**
Total comprehensive income for the year	**4,717,658**	**23,668,740**
Total comprehensive income attributable to:		
Non-controlling interest	(3,721,078)	1,918,604
Equity holders of the parent	8,438,736	21,750,136
	4,717,658	**23,668,740**

(*) See. Note 2.2

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	Capital	Restricted reserves	Foreign currency translation differences	Additional contribution to equity related to share purchase	Retained earnings	Net profit for the year	Non-controlling interest	Total equity
Balances at 1 January 2010 (previously reported)		**24,300,000**	**19,322,144**	**915,353**	**-**	**47,471,772**	**27,782,633**	**304,637**	**120,096,539**
Effects of restatements (Note 2.2)		**-**	**-**	**(17,303)**	**-**	**-**	**(650,502)**	**(234,635)**	**(902,440)**
Balances at 1 January 2010 (restated)	**17**	**24,300,000**	**19,322,144**	**898,050**	**-**	**47,471,772**	**27,132,131**	**70,002**	**119,194,099**
Transfers to retained earnings		-	-	-	-	27,132,131	(27,132,131)	-	-
Increase in non-controlling interest due to consolidation of subsidiary		-	-	-	-	-	-	91,497	91,497
Transfers to reserves		-	3,639,865	-	-	(3,639,865)	-	-	-
Dividends paid		-	-	-	-	(31,282,015)	-	(112,077)	(31,394,092)
Additional contribution to equity related to share purchase	2.1.3.b	-	-	-	(545,407)	-	-	-	(545,407)
Increase in non-controlling interest due to increase in capital		-	-	-	-	-	-	5,787,639	5,787,639
Transactions with non-controlling interest		-	-	-	-	(5,682,172)	-	5,682,172	-
Total comprehensive income		-	-	2,666,895	-	-	19,083,241	1,918,604	23,668,740
Balances at 31 December 2010 (restated)		**24,300,000**	**22,962,009**	**3,564,945**	**(545,407)**	**33,999,851**	**19,083,241**	**13,437,837**	**116,802,476**

	Notes	Capital	Restricted reserves	Foreign currency translation differences	Additional contribution to equity related to share purchase	Retained earnings	Net profit for the year	Non-controlling interest	Total equity
Balances at 1 January 2011 (previously reported)		**24,300,000**	**22,962,009**	**4,041,133**	**(545,407)**	**34,650,353**	**26,619,503**	**16,481,577**	**128,509,168**
Effects of restatements (Note 2.2)		**-**	**-**	**(476,188)**	**-**	**(650,502)**	**(7,536,262)**	**(3,043,740)**	**(11,706,692)**
Balances at 1 January 2011 (restated)	**17**	**24,300,000**	**22,962,009**	**3,564,945**	**(545,407)**	**33,999,851**	**19,083,241**	**13,437,837**	**116,802,476**
Transfers to retained earnings		-	-	-	-	19,083,241	(19,083,241)	-	-
Increase in non-controlling interest due to consolidation of subsidiary		-	-	-	-	-	-	3,568	3,568
Transfers to reserves	17	-	3,611,447	-	-	(3,611,447)	-	-	-
Dividends paid		-	-	-	-	(37,329,460)	-	-	(37,329,460)
Transactions with non-controlling interest	2.1.3.b	-	-	-	(33,751,667)	(1,317,387)	-	1,357,034	(33,712,020)
Total comprehensive income	17	-	-	815,102	-	-	7,623,634	(3,721,078)	4,717,658
Balances at 31 December 2011		**24,300,000**	**26,573,456**	**4,380,047**	**(34,297,074)**	**10,824,798**	**7,623,634**	**11,077,361**	**50,482,222**

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

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

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	2011	*Restated (*)* 2010
Cash flow provided from operating activities			
Profit before tax		9,440,661	31,151,563
Adjustments to reconcile income before tax to net cash provided by operating activities:			
Depreciation and amortization	11, 12	32,970,431	26,781,167
Provision for impairment of property, plant and equipment	11	(1,981,778)	-
Provision for employment termination benefits	15	3,790,522	3,854,016
Provision for investment consultancy	14	-	3,175,257
Provision for unused vacation	14	597,602	170,236
Provision for sales commissions	14	1,874,395	2,150,184
Provision for cargo subcontractor commission	14	821,590	-
Expense accrual for DHMI	14	24,304,019	16,579,718
Provision for litigation	14	231,664	458,300
Other provisions	14	7,596,230	3,940,905
Provision for doubtful receivable	8	386,687	844,259
Change in derivative financial instruments	28	(4,555,792)	(2,525,056)
Interest income	22	(3,255,884)	(3,268,416)
Interest expense	23	18,213,631	10,465,751
(Losses) / Gains from sales of property plant and equipment, net	21	(1,072,793)	(272,904)
Unrecognized foreign exchange differences (income) / expense		5,307,904	3,040,765
Net profit belongs to non-controlling interest		(3,975,877)	1,072,246
Capital increase in subsidiaries due to consolidation of subsidiary		3,567	91,497
Increase in minority		-	5,787,639
Cash flow provided before changes in assets and liabilities		**90,696,779**	**103,497,127**
Trade receivables		(8,590,509)	(5,303,476)
Due from related parties		1,102,170	8,601,810
Inventories		(1,887,536)	(743,413)
Income taxes paid	24	(14,292,519)	(14,345,443)
Other receivables		(5,669,171)	(7,901,092)
Other current assets		(39,689,183)	(6,768,510)
Other non-current assets		(29,462,766)	(15,235,578)
Trade payables		2,002,474	1,539,110
Due to related parties		15,294,408	1,832,939
Other payables		(5,086,825)	504
Other current liabilities		1,339,429	(3,615,426)
Other non-current liabilities		(5,640,643)	18,811,658
Provisions		(1,035,199)	-
Doubtful receivable collections	8	633,869	7,189
Employment termination benefits paid	15	(3,398,921)	(2,423,842)
Vacation benefits paid	14	(237,194)	(134,394)
Expense accrual paid to authorities	14	(22,213,440)	(15,749,824)
Borrowing commission expenses paid	14	(1,080,116)	(596,732)
Sales commission's provisions paid	14	(1,838,883)	(1,645,900)
Litigation provisions paid	14	(218,469)	(36,039)
Investment consultancy expenses paid	14	(996,420)	(3,678,382)
Other compensations paid	14	(4,981,141)	(1,103,144)
Net cash generated from operating activities		**(35,249,806)**	**55,009,142**
Investing activities			
Purchases of property, plant and equipment	11	(29,967,679)	(45,423,282)
Purchase of intangible assets	12	(9,344,587)	(10,789,473)
Interest received		3,253,088	3,249,085
Changes in financial assets	6	(1,509,819)	(26,286)
Proceeds from sale of property, plant and equipment		2,504,247	882,468
Net cash used in investing activities		**(35,064,750)**	**(52,107,488)**
Cash flow provided from financing activities			
Change in borrowings		169,020,207	19,311,358
Change in short-term finance lease obligations		1,163,560	22,394
Change in long-term finance lease obligations		7,467,605	(80,292)
Dividends paid	17	(37,329,460)	(31,394,092)
Interest paid		(17,779,997)	(9,929,485)
Transactions with non-controlling interest		(33,714,703)	(545,407)
Net cash (used in) / generated from financing activities		**88,827,212**	**(22,615,524)**
Cumulative translation adjustment	5	6,597,612	(606,947)
Decrease in restricted cash and cash equivalents		(23,071,912)	(83,155)
Net increase in cash and cash equivalents		**2,038,356**	**(20,403,972)**
Cash and cash equivalents at the beginning of the period	**5**	**66,688,989**	**87,092,961**
Cash and cash equivalents at the end of the period	**5**	**68,727,345**	**66,688,989**

(*) See. Note 2.2

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Çelebi Hava Servisi A.Ş. (collectively referred to as the "Company" or "Celebi Hava") 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 airlines and private cargo companies. The Company operates in Istanbul Ataturk, Izmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta, Erzincan, Çanakkale and Balıkesir Edremit airports, which are under the control of the State Airports Administration ("DHMİ") and Istanbul Sabiha Gökçen airport which is under the control of the Airport Administration and Aviation Industries A.S. ("HEAS"). The company is registered in Capital Markets Board "CMB" and has been listed in Istanbul Stock Exchange "ISE" since 18 November 1996.

The address of the Company is as follows:

Anel İş Merkezi Saray Mahallesi Site Yolu Sokak No: 5 Kat: 9
34768 Ümraniye / Istanbul

The Company has consolidated Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. ("Çelebi IC Yatırım") with 49.99% of shares using the joint-venture consolidation method as of 31 December 2011. The other main shareholder of Çelebi IC Yatırım is İçtaş İnşaat Sanayi ve Ticaret A.Ş. with 49.99% of shares. The capital of Çelebi IC Yatırım has been decreased from TL 44,004,280 to TL 50,000 according to the general assembly resolution dated 22 July 2010.

The Company has also consolidated Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. ("Çelebi Güvenlik") in which it holds 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 Nemzetkozi Repuloter Uzemelteto Zartkoruen Mukodo Reszvenytarsasag ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Feleossegu 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 realization 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 Foldi Kiszolgalo Korlatolt Felelossegu Tarsasag ("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 31 December 2009. As of 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding A.Ş. for TL 33,712,020. As a result shareholding percentage of the Company has increased to 100% and CGHH was fully consolidated to the financial statements and this transaction was accounted for as an equity transaction disclosed as "Additional contribution to shareholders equity related to share purchase" on the consolidated financial statements.

Within the framework of the tender relating to provide ground handling 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 and the capital of the company is amounting to INR 400,000,000. Also INR 279,400,000 has been paid as capital advance which has been registered by Celebi Nas' partners yet.

The Company participated as a co-founders in the company with capital of INR 100,000 under the title Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo") to carry out activities relating to the development, modernization and 25-year operation of the existing cargo terminal in the airport ("Brownfield") in New Delhi in India on 6 May 2009, and its capital share in Celebi Delhi Cargo is 74%.The paid capital of the Celebi Delhi Cargo is amounting to INR 720,000,000.

The equity needed to meet financial requirement of the investments planned and the fulfillment of the requirements arising from the Concession Agreement signed by Celebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), established in 18th November 2009, with a paid-in capital amounting to INR12,900,000 and in which the Company participated at 74%, with the tender authority upon winning the tender opened for the conduct of airport ground handling services in Delhi International Airport for 10 years, was met through a premium capital increase according to the legal legislation in India by paying INR767,232,000 and the Company has a 74% stake in Celebi GH Delhi.

As of 25 March 2010, the Company participated 100% of a company that was established in Madrid, Spain under the title "Celebi Ground Handling Europe" ('Celebi Europe') with the capital of EUR 10,000 as a founding partner for the purpose of investing business in foreign countries, especially those in the European Union but Celebi Europe has not started its operations yet.

The Company acquired shares of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş ("Çelebi Kargo"), owning TL 150,000 paid capital, having a nominal value of TL 144,000 from Çelebi Holding A.Ş, with cash amounted to TL 146,880 (1 TL nominal value: 1.02 TL) as of 20 August 2010. Çelebi Kargo was established on 20 November 2008 to provide transporting, freight, cargo storage, and distribution activities. Çelebi Kargo provides cargo storage and handling services in storage and warehouse facilities on rented area with 28,300 m2 closed land in Frankfurt Cargo City Süd by Celebi Cargo Gmbh which is subsidiary of Çelebi Kargo with 100% shares, amounting EUR 6,000,000 paid capital, established in November 2009 located in Frankfurt, Germany. As of 31 December 2011, the capital of Çelebi Cargo has been increased to TL 14,500,000 out of TL 14,000,000 was paid.

The Company participated 16.67% of company Delhi Aviation Services Private Limited ("DASL") with capital of INR 250,000,000 under the title Celebi GH Delhi to carry out activities relating to the development, modernization and standardization to the international standards of air-conditioning, power generators and water system on passenger bridges on the airport.

As of 31 December 2011, the consolidated financial statements of the Company include the Company, Çelebi IC Yatırım, CGHH, Çelebi Güvenlik, Celebi Nas, Celebi Delhi Cargo, Celebi GH Delhi, Çelebi Kargo, Celebi Cargo GmbH and DASL (collectively, referred to as the "Group").

These consolidated financial statements for the period 1 January - 31 December 2011 have been approved for issue by the Board of Directors on 13 April 2012 and signed by Talha Göksel (General Manager) and Ayfer Atlı (Accounting Director) on behalf of Board of Directors. The shareholders of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

Subsidiaries:

The Company has the following subsidiaries (the "Subsidiaries"). The nature of the business of the Subsidiaries and for the purpose of the consolidated financial statements, their respective geographical segments are as follows:

Subsidiary	Country of incorporation	Geographical segment	Nature of business
Çelebi Güvenlik	Turkey	Turkey	Aviation and other security services
CGHH	Hungary	Hungary	Ground handling services
Celebi Delhi Cargo	India	India	Warehouse and cargo services
Celebi GH Delhi	India	India	Ground handling services
Celebi Europe	Spain	Spain	Ground handling services (inactive)
Çelebi Kargo	Turkey	Turkey	Warehouse and cargo services
Celebi Cargo GmbH	Germany	Germany	Warehouse and cargo services

Joint ventures:

The Company has the following joint ventures (the "Joint ventures"). The nature of the business of the Joint ventures and for the purpose of the consolidated financial statements, their respective geographical segments are as follows:

Joint ventures	Country of incorporation	Geographical segment	Nature of business
Çelebi IC Yatırım	Turkey	Turkey	Airport terminal construction and operating (inactive)
Celebi Nas	India	India	Ground handling services

Financial investment:

The Company has the following financial investment. The nature of the business of the financial investment and for the purpose of the consolidated financial statements, their respective geographical segments are as follows:

Financial investment	Country of incorporation	Geographical segment	Nature of business
DASL	India	India	Ground handling services

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of the Presentation

2.1.1 Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting principles accepted by the Capital Markets Board ("CMB"), namely "CMB Financial Reporting Standards".

CMB regulated the principles and procedures of preparation, presentation and announcement 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 supersedes the Communiqué No: XI-25, "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones 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 Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

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 financial statements, the consolidated 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 financial statements and the related notes to them are presented in accordance with the formats required at the announcements of CMB those dated 14 April 2008, 9 January 2009 and 25 October 2010. As per CMB's Communiqué Serial XI, No:29 and its announcements clarifying this communiqué enterprises are obliged to present the hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements (Note 29).

Until the differences between the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") have not been declared as of the date of this report, the accompanying financial statements and notes are prepared in accordance with IAS/IFRS as declared in the Communiqué Serial: XI, No: 29 with the required formats announced by the CMB on 14 April 2008 and 9 January 2009.

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 interim consolidated financial statements, the consolidated 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 financial statements and the related notes to them are presented in accordance with CMB Financial Reporting Standards and IAS 34 (Interim Financial Reporting Standards The interim consolidated financial statements and the related notes to them are presented in accordance with the formats required at the announcements of CMB those numbered as 2008/16, 2008/18, 2009/2, 2009/4 and 2009/40. As per CMB's Communiqué Serial XI, No:29 and its announcements clarifying this communiqué enterprises are obliged to present the hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements.

The Company maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

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

Adjustments of the Financial Statements During High Inflation Periods

With a resolution passed on 17 March 2005, CMB has announced that inflation accounting will not apply for those companies operating in Turkey and that have drawn up the financial statements in accordance with CMB Accounting Standards as of 1 January 2005. Therefore, effective as of 1 January 2005, the standard number 29 "Financial Reporting in the Economies with High Inflation" (IAS 29) published by IASB have not been implemented.

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in TL, which are the functional currency of the Company and the presentation currency of the Group.

Going Concern

Group prepared consolidated financial statements in accordance with the going concern assumption.

Translation of Financial Statements of Foreign Subsidiaries and Joint Ventures Operating in Foreign Countries

Financial statements of Subsidiaries and Joint Ventures 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' and Joint Ventures' assets and liabilities are translated into TL from the foreign exchange rate at the balance sheet date and income and expenses are translated into TL 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.

Convenience translation into English of consolidated financial statements originally issued in Turkish

The accounting principles described in Note 2 to the consolidated financial statements (defined as CMB Financial Reporting Standards) 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 and 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.1.2 Amendments in International Financial Reporting Standards ("IFRS")

The Group has applied standards, amendments and interpretations to existing standards published by IASB and IFRIC that are effective as at 1 January 2011 and are relevant to the Group's operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2011 and in interim periods subsequent to 1 January 2011.

Standards, amendments and interpretations effective for the financial year beginning 1 January 2011

- IAS 32 (Amendment), "Financial Instruments: Presentation" applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.
- IFRIC 19, "Extinguishing financial liabilities with equity instruments" is effective from 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability.
- IFRS 1 (Amendment), "First-time adoption" are effective for annual periods beginning 1 July 2010. This amendment provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7, 'Financial instruments: Disclosures', regarding comparative information for the new three-level classification disclosures.
- IAS 24 (Revised), "Related party disclosures" supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for annual periods beginning on or after 1 January 2011. This amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It clarifies and simplifies the definition of a related party.
- IFRIC 14, "Prepayments of a minimum funding requirement" are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The amendments correct an unintended consequence of IFRIC 14 on IAS 19, "The limit on a defined benefit asset, minimum funding requirements and their interaction".

Standards, amendments and interpretations that are not yet effective

- IFRS 7 (Amendment), "Financial instruments: Disclosures" is effective for annual periods beginning on or after 1 July 2011. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.
- IFRS 1 (Amendment), "First time adoption" is effective for annual periods beginning on or after 1 July 2011. Amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
- IAS 12 (Amendment), "Income taxes" is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

- IAS 1 (Amendment), "Financial statement presentation" is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in Other comprehensive income (OCI)on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments).
- IAS 19 (Amendment), "Employee benefits" is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.
- IFRS 9, "Financial Instruments" is not applicable until 1 January 2015 but is available for early adoption. This standard is the first step in the process to replace IAS 39, "Financial instruments: recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets.
- IFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.
- IFRS 11, "Joint arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, "Disclosures of interests in other entities" is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, "Fair value measurement" is effective for annual periods beginning on or after 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.
- IAS 27, "Separate financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28, "Associates and joint ventures" is effective for annual periods beginning on or after 1 January 2013. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRIC 20, "Accounting for costs associated with waste removal in surface mining"

2.1.3 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company, Celebi Hava, its Subsidiaries and its Joint ventures (collectively referred to as the "Group") on the basis set out in sections (b), to (h) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries and Joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

b) Subsidiaries including special purpose entities are companies over which parent company has capability to control the financial and operating policies for the benefit of parent company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies. Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases. Where necessary, accounting policies for Subsidiaries have been changed to ensure consistency with the policies adopted by the Group. The result of operations of Subsidiaries and Joint Ventures are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively. The balance sheets and income statements of the Subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from equity and income for the period, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

The non-controlling shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. The non-controlling shareholders consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date. When the losses applicable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling are charged against the non-controlling interest.

The table below sets out all Subsidiaries and demonstrates their shareholding structures:

	Direct and indirect shareholding by Çelebi Hava and its Subsidiaries (%)	
Subsidiary	**31 December 2011**	**31 December 2010**
Çelebi Güvenlik	94.8	94.8
CGHH (1)	100.0	70.0
Celebi Delhi Cargo	74.0	74.0
Celebi GH Delhi (2)	74.0	74.0
Celebi Europe (3)	100.0	100.0
Çelebi Kargo (4)	99.9	99.9
Celebi Cargo GmbH (5)	100.0	100.0

(1) As of 2011, shares representing 30% of CGHH, based on valuation report of CMB license entitled valuation firm prepared as of 5 December 2011, were purchased from Çelebi Havacılık Holding A.Ş. for TL 33,712,020. On the mentioned valuation report, valuation of CGHH has been performed using discounted cash flow method. As a result share of the Company has increased to 100% and CGHH was fully consolidated and this transaction was accounted for as an equity transaction disclosed as "Additional contribution to shareholders equity related to share purchase" on the consolidated financial statements.

(2) Celebi GH Delhi has directly and indirectly 74% voting right. However, between 1 January 2010 and 31 March 2010 Celebi GH Delhi has not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements. Thus Celebi GH Delhi has been accounted in held for sale due to completion of the organization and by reason of taking into consideration increasing of total assets for the first time Celebi GH Delhi has been consolidated in consolidated financial statements as of 30 June 2010.

(3) As of 31 December 2011 Celebi Europe has directly and indirectly 100% voting right. However, Celebi Europe has not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements and the company operations has not started as of 31 December 2011. Thus Celebi Europe has been accounted in held for sale by using cost method (Note 6)

(4) As of 31 December 2011 Çelebi Kargo has directly and indirectly 99.9% voting right. However between 1 January 2010 and 30 September 2010 Çelebi Kargo has not been consolidated in consolidated financial statements but has been accounted in held for sale by using cost method since the company operations has not started as of 30 September 2010. By reason of taking into consideration increasing of total assets for the first time Çelebi Kargo has been consolidated in consolidated financial statements as of 31 December 2010.

Difference that occurs after this share transfer amounting of TL 545,407 since is not an obligatory line on financial statement presentation format of CMB, is disclosed under equity as "Equity effect due to acquisition".

(5) As of 31 December 2011 Celebi Cargo GmbH has directly and indirectly 100.0% voting right. However between 1 January 2010 and 30 September 2010 Celebi Cargo GmbH has not been consolidated in consolidated financial statements but has been accounted as financial asset held for sale by using cost method since the company's operations has not started as of 30 September 2010. Celebi Cargo GMBH was included to the scope of consolidation as of 31 December 2010 for the first time due to the increase of its total assets.

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

c) Foreign Subsidiaries' assets and liabilities are translated into TL from the foreign exchange rate at the balance sheet date and income and expenses are translated into TL 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.

d) The non-controlling shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. When the losses applicable to the non-controlling exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling interest are charged against the majority interest except to the extent that the non-controlling interest has a binding obligation to, and is able to make good the losses.

e) 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.

	Direct and indirect shareholding by Çelebi Hava (%)	
Joint Ventures	**31 December 2011**	**31 December 2010**
Çelebi IC Yatırım	49.99%	49.99%
Celebi Nas	51.00%	51.00%

f) For available for sale financial assets under 20% of voting rights or over 20% of voting rights and that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value.

g) In preparing the consolidated financial statements, all balances and unrealized 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.

h) Associates are companies in which the Group has the interest that is more than 20% and less than 50% of the ordinary share capital held for the long-term and over which a significant influence is exercised. Equity method is used for accounting of associates. Investments on associates are recorded at acquisition cost in financial statements and goodwill (after deduction of cumulative impairment) that raises during acquisition is included in purchase amount.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Group does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the caesura of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

2.2. Errors and Changes in the Accounting Policies

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the preceding financial period. The Group presented the consolidated balance sheet as of 31 December 2011 comparatively with the consolidated balance sheet prepared as of 31 December 2010 and presented the consolidated statements of comprehensive income, cash flows and changes in equity for the year ended 31 December 2011 comparatively with such financial statements for the year ended 31 December 2010.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period

The Group has detected errors in the previous year's consolidated financial statements and corrected them retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". In accordance with IAS 1 (Revised) "Presentation of Financial Statements", when the financial statements are subject to a restatement of prior year financial statements, an entity should present three years comparative balance sheets. Accordingly, the Group presented the consolidated balance sheet as of 31 December 2011 comparatively with the restated consolidated balance sheets as of 31 December 2010 and 2009. At 31 December 2011, the effect of these corrections on the retained earnings, net income for the period, currency translation differences and non-controlling interest in the accompanying consolidated financial statements are as follows:

	Retained earnings	Profit for the period	Currency translation differences	Non-controlling interests
31 December 2009 (previously reported)	**47,471,772**	**27,782,633**	**915,353**	**304,637**
Effect of restatement related with accounting of the concession agreements according to IFRIC 12 (deferred tax effect included)	-	(274,373)	(6,632)	(98,732)
Effect of restatement related with accounting of operational leasing costs according to IAS 17 (deferred tax effect included)	-	(376,129)	(10,671)	(135,903)
31 December 2009 (restated)	**47,471,772**	**27,132,131**	**898,050**	**70,002**

	Retained earnings	Profit for the period	Currency translation differences	Non-controlling interests
31 December 2010 (previously reported)	**34,650,353**	**26,619,503**	**4,041,133**	**16,481,577**
Effect of restatement related with accounting of the concession agreements according to IFRIC 12 (effect of deferred tax included)	(274,373)	(3,482,442)	(196,873)	(1,389,134)
Effect of restatement related with accounting of operational leasing costs according to IAS 17 (effect of deferred tax included)	(376,129)	(4,053,820)	(279,315)	(1,654,606)
31 December 2011 (restated)	**33,999,851**	**19,083,241**	**3,564,945**	**13,437,837**

Corrections in regards to the mentioned errors are made through correction necessary balances in the closing financial statements as of 31 December 2009 and opening financial statements as of 1 January 2010.

Restatements related with accounting of concession agreements within the scope of IFRIC 12;

Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo"), the subsidiary of the Group, established in New Delhi India, signed a concession agreement on 6 May 2009 with Delhi International Airport Private Limited ("DIAL") for development, modernization and operating of the cargo terminal at the airport in the city of New Delhi for 25 years.

The Group identified errors in the accounting of capital expenditures for the aforementioned investment in accordance with Service Concession Agreements "IFRIC 12" in its consolidated financial statements as of 31 December 2010 and 2009. Error identified by the Group is related with the interpretation difference of intangible assets' concession rights recognized within the context of expenditures incurred in accordance with the concession agreement and incomplete technical analysis of capacity increase and its effect on revenue that should be used during the determination of revenue in future periods.

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

The Group retrospectively corrected the effects of the errors in accordance with IAS 8. The effects of these restatements on the consolidated financial statements for the years ended 31 December 2009 and 2010 are as follows:

	Effects of restatements
Effects on the consolidated balance sheets at 31 December 2009:	
Change in property, plant and equipment	(223,447)
Change in intangible assets	56,901,044
Change in other assets	47,129
Change in other long term liabilities	(57,312,095)
Change in deferred tax assets / liabilities	207,632
Net change in equity	**(379,737)**

	Effects of restatement
Effects on the consolidated balance sheets at 31 December 2010:	
Change in property, plant and equipment	(11,816,421)
Change in intangible assets	58,404,268
Change in other assets	8,192,241
Change in other long term liabilities	(62,904,134)
Change in deferred tax assets / liabilities	2,781,224
Net change in equity	**(5,342,822)**

Restatements regarding straight-line accounting of operational leasing costs within the scope of IAS 17:

The Group identified errors mainly due to the interpretation difference in the accounting of rental payments of the areas that had been rented by Celebi Delhi Cargo for a period of 25 years with a fixed annual increase rate of 7.5% in the airport located in New Delhi, India.

In accordance with IAS 17, fixed annual increases in lease payments are part of lease payments and should be spread on a straight-line basis over the lease term.

The Group, retrospectively corrected the effects of the errors in accordance with IAS 8. The effects of these restatements on the consolidated financial statements for the years ended 31 December 2009 and 2010 are as follows:

	Effects of restatements
Effects on the consolidated balance sheets at 31 December 2009:	
Change in other liabilities	(779,589)
Change in deferred tax assets / liabilities	256,886
Net change in equity	**(522,703)**

	Effects of restatements
Effects on the consolidated balance sheets at 31 December 2010:	
Change in other liabilities	(9,456,805)
Change in deferred tax assets / liabilities	3,092,935
Net change in equity	**(6,363,870)**

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.

2.4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarized below. These accounting policies are applied on a consistent basis for the comparative balances and results, unless otherwise indicated.

2.4.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value.

2.4.2 Revenue

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. 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.

The fair value of the sales is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as financial income

According to the concession agreement signed by Celebi Delhi Cargo and Delhi International Airport Private Limited ("DIAL") on 24 August 2009, 36% of the income is generated from the operation of the cargo terminal in the airport in New Delhi for 25 years, belongs to DIAL and this amount is indicated in the consolidated financial statements by netting off against the sales income of Celebi Delhi Cargo (Note 18).

According to the concession agreement signed by Celebi Nas and Mumbai International Airport Private Limited ("MIAL") on 14 November 2008, 15% of the income is generated from the airport ground services provided in the airport in Mumbai for 11 years, belongs to MIAL and this amount is indicated in the consolidated financial statements by netting off against the sales income of Celebi Nas (Note 18).

According to concession agreement signed by Celebi GH Delhi and Delhi International Airport Private Limited ("DIAL") on 2 June 2010, comparatively higher amount among 15% of the income which is generated from the airport ground services provided in the airport in New Delhi for 10 years or 12.75% of income based on price ceiling determined by DIAL, belongs to DIAL and this amount is indicated in the consolidated financial statements by netting off against the sales income of Celebi Nas (Note 18).

Since the gross revenue of CGHH is not subject to concession fee payment to authorities, revenue of CGHH has not been netted off in the consolidated financial statements.

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.

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

	Useful Lives (Years)
Machinery and equipment	5-20
Motor vehicles	5
Furniture and fixtures	5
Leasehold improvements	15

Depreciation is provided for assets when they are ready for use. Depreciation continues to be provided on assets when they become idle.

Gains or losses on disposals of property, plant and equipment are determined by comparing the carrying amount at financial statements and collected amount and included in the related income or expense accounts, as appropriate.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. Repairs and maintenance are charged to the statements of income during the financial year in which they are incurred.

2.4.4 Intangible Assets

Intangible assets are comprised of trademark licenses, patents, Build-Operate-Transfer investments, customer relations and computer software (Note 12).

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included classified in 'intangible assets'.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

b) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life (7 Years) and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship. Where there is any indication that a contractual customer relationships may be impaired, the carrying value of asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

c) Computer software (Rights)

Rights arising on computer software are recognized at its acquisition cost. Computer software is amortized on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is 5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

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

d) Service Concession Arrangements

A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure. During the arrangement period, operator recognizes revenue in return for the services it provides. The grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls any significant residual interest in the assets at the end of the term of the arrangement. The operator is obliged to hand over the infrastructure to the party that grants the service arrangement.

Since the Group has a right to charge to users regarding usage of investment, determined with Service Concession Agreements, Group has applied an intangible asset model described in IFRIC 12 "Service Concession Agreements" for the agreements listed below.

Intangibles arising from service concession agreement classified as build- operate - transfer investment as intangible assets.

The operator shall account for revenue and costs relating to construction or upgrade services in accordance with Construction Contracts "IAS 11".

Operation or service income are recognized in the reporting period in which the services are rendered.

According to service concession agreements, maintenance and modernization within in the scope of the contractual obligations are accounted in accordance with IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets").

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 period of the terminal.

Celebi Nas	11 years
Celebi Delhi Cargo	25 years
Celebi GH Delhi	10 years

Borrowing costs that are directly attributable to the build-operate-transfer investment are capitalized 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.

Celebi Delhi Cargo

An Agreement regarding improvement, modernization, financing and 25 years finite operating rights of the airport located in Delhi city of India has been signed on 24 August 2009. INR 1,200,000,000 deposit had been paid.

Celebi Nas

Operating rights agreement regarding ground services of airport in Mumbai, India for 11 years had been signed on 14 November 2008. INR 200,000,000 had been paid as deposit. On 31 December 2011 INR 22,500,000 of the deposit amount had been paid back.

Celebi GH Delhi

Ground services agreement for 10 years regarding airport in Delhi city of India has been signed on 2 June 2010. INR 400,000,000 deposit has been paid.

According to these concession agreements, the Group has capitalized the differences between the paid deposit and its today's value as build-operate-transfer investment and amortized them during the periods of concession agreements (Note 12).

2.4.5 Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realizable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 10).

2.4.6 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that an asset other than deferred tax asset, intangible assets with indefinite useful lives, financial assets at fair value and goodwill may be impaired. When an indication of impairment exists, the Group estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognized immediately in profit or loss. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets

An impairment loss recognized in prior period for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment loss and shall not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized as income in the consolidated financial statements.

2.4.7 Financial Liabilities and Borrowing Costs

Borrowings are recognized initially at the proceeds received, net off transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement over the period of the borrowings.

International Accounting Standard 23 ("Borrowing Costs") was revised on 29 March 2007 by the IASB. Besides, the revised IAS 23 is effective at 1 January 2009. The Group opted for early adoption and changed its accounting policy, choosing the policy envisaged in IAS 23 related to borrowing costs since 1 January 2007. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sales

2.4.8 Financial Instruments

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortized cost (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 income.

Financial assets

Financial assets are initially recognized in the consolidated financial statements at their acquisition costs including the operational costs. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale in accordance with the requirements of IAS 39, "Financial Instruments". These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of the assets below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value- is removed from "Financial Assets Fair Value Reserve" in equity and the remained amount recognized as loss in the comprehensive income statement of the period.

The unrealized gains and losses arising from changes in the fair value of available-for-sale securities are recognized in "Financial Assets Fair Value Reserve" in equity. Gains and losses previously recognized in "Financial Assets Fair Value Reserve" are transferred to the statement of income when such available-for-sale financial assets are derecognized.

Available-for-sale assets that do not have a quoted market price in active markets and whose fair value cannot be measured reliably, the fair value of these assets are determined by using valuation techniques. These valuation techniques include taking as a basis the current transactions compatible with market conditions and other similar investment tools and the discount cash flow analyses considering the conditions specific for the company invested in.

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value.

2.4.9 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.4.10 Deferred Financial Income/Expense

Deferred financial income/expense represents financial income and expenses on credit sales and purchases. These, income and 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.

2.4.11 Business Combinations and Goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with IFRS 3.

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill has been recognized as an asset and has initially been measured as the excess of the cost of the combination over the fair value of the acquiree's assets, liabilities and contingent liabilities. In business combinations, the acquirer recognizes identifiable assets (such as deferred tax on carry forward losses), intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree's financial statements at their fair values in the consolidated financial statements. The goodwill previously recognized in the financial statements of the acquiree is not considered as an identifiable asset.

Goodwill recognized as a result of business combinations is not amortized and its carrying value is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Provisions for goodwill impairment loss are not cancelled at subsequent periods. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

In combinations involving entities under common control, assets and liabilities subject to a business combination are recognized at their carrying amounts in the consolidated financial statements. In addition, a statement of income contains the operations that take place after the business combination. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognized. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted as "effect of transactions under common control" under "Additional contribution to shareholders' equity related to take-over".

<u>Transactions with minority shareholders</u>

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. Regarding the purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded from equity. Gains or losses on disposals to minority interests are also accounted for in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also accounted for in equity.

2.4.12 Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated 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 consolidated statements of income.

2.4.13 Earnings per Share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

2.4.14 Subsequent events

The Group adjusts the amounts recognized in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.4.15 Provisions, contingent liabilities and contingent assets

The conditions which are required to be met in order to recognize a provision in the consolidated financial statements are those 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 recognized as liabilities or assets, however they should be disclosed as contingent liabilities or assets.

2.4.16 Leases

Financial leases

Assets acquired under finance lease agreements are capitalized 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. Lease payments are treated as comprising capital and interest elements, the capital element is treated as reducing the capitalized obligation under the lease and the interest element is charged as expense to the statement of income. Depreciation on the relevant asset is also charged to the statement of income over its useful life.

Operational 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 consolidated statement of income on a straight-line basis over the period of the lease.

2.4.17 Related Parties

Shareholders who have control or common control on the Group, the companies or affiliates controlled by or affiliated to the shareholders, key management personnel and members of the board of directors, their families, the companies or affiliates controlled by or affiliated to them are deemed elated parties in accordance with the aim of these consolidated financial statements (Note 27).

2.4.18 Segment Reporting

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorized to make decisions regarding the activities of the Group. The organs and persons authorized to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on activity basis such as; ground handling services, airport security services, airport terminal operating and cargo and warehouse services (Note 4).

2.4.19 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 recognized 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 cash flows.

2.4.20 Government Incentives and Grants

Government incentives, including non-monetary grants at fair value, are included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive.

2.4.21 Investment Property

Buildings held for rental yields 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". Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are depreciated with the straight-line depreciation method over their useful lives that until 50 years.

Investment properties are reviewed for impairment losses. Where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. The recoverable amount of the investment property is the higher of future net cash flows from the recognized of this investment property or fair value less cost to sell.

2.4.22 Taxes on Income

Current and deferred income tax

Taxes on income for the period comprise of current tax and the change in the deferred income taxes. Current taxes on income comprise tax payable calculated on the basis of expected taxable income for the period using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous periods.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 24).

Deferred income tax liabilities are recognized for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

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 (Note 24).

2.4.23 Employee Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the joint ventures operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using estimated liability method. All actuarial profits and losses are recognized in consolidated statements of income (Note 15).

2.4.24 Statement of Cash Flows

Cash flows during the period are classified and reported by main, investing and financing activities in the cash flow statements.

Cash flows from main activities represent the cash flows of the Group generated from airport ground handling services, airport construction and operating activities. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to definite amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 5).

2.4.25 Dividends

Dividends receivable are recognized as income in the period when they are declared. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

2.4.26 Paid-in Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.4.27 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently measured at their fair value. The derivative instruments of the Group mainly consist of interest rate exchange and foreign exchange forward contracts.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported inequity is immediately transferred to the income statement within related financial statements line.

Since the Group has not performed aforementioned documentation and activity analysis, financial derivative instruments are accounted as "financial derivative instruments held for trading" and reasonable changes in values are presented in the consolidated statements of income.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group is utilizing observable market data at the valuation process (Note 28).

2.4.28 Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The balance sheet of the Group at 31 December 2011 has been provided with the comparative financial information of 31 December 2010 and the statement of income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2011 have been provided with the comparative financial information, for the year ended 31 December 2010.

- Exchange gains amounting to TL 5,160,671which were previously presented in "Financial Income", respectively have been reclassified to "Other Income" on the consolidated statement of comprehensive income for the year ended 31 December 2010 (Note 21).
- Exchange losses amounting to TL 2,660,813 which were previously presented in "Financial Expenses", respectively have been reclassified to "Other Expenses" on the consolidated statement of comprehensive income for the year ended 31 December 2010 (Note 21).

2.4.29 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net provided that the nature of the transaction or the event will qualify for offsetting.

2.4.30 Share premium

Share premium represents differences resulting from the sale of the Company's Subsidiaries' and Joint Ventures shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies.

2.5. Critical Accounting Estimates and 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. The estimates and assumptions that may have a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

(a) Goodwill impairment tests

As explained in Note 2.4.11, the Group performs impairment tests on goodwill annually at 31 December or more frequently if events or changes in circumstances indicate that it might be impaired. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. These calculations include certained estimations and assumptions. As a result of the impairment tests performed with the use of the above assumptions, no impairment was detected in the goodwill amount as of 31 December 2011 (Note 13).

(b) Impairment of intangible assets

According to the accounting policy stated in Note 2.4.4., the intangible non-current assets are shown with their net value after the deduction of the accumulated depreciation, if any, and the value subtracted from the acquisition costs. As a result of the valuation studies performed at the purchase of 100% of CGHH shares, "Customer Relations" has been considered as an identifiable asset by the Group and shown under the intangible non-current assets. While the terms of the agreements signed by CGHH with its clients are either unlimited or for two to three years, it is seen that the clients continue the agreements for more than two to three years considering the average terms in the sector. The redemption and amortization are determined as seven years according to these estimates; all the important clients of CGHH have continued to work with CGHH since the year it started operations in Budapest and no important level of decrease is expected in the existing market share of CGHH. Thanks to the positive developments in the operations of CGHH, no indicator has been noted relating to whether or not there is a decrease in the registered net book value of the intangible non-current assets which are defined as "Customer Relations" and whose useful life is determined as seven years (Note 12).

(c) Provisions

As explained in Note 2.4.l5, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the law suits and court cases opened against it at 31 December 2011 and for the ones where the Group estimates more than 50% probability of losing them necessary provisions are accounted for in the consolidated financial statements (Note 14 and Note 31).

(d) Taxes on income

As explained in Note 2.4.22, a provision is recognized for the current year tax liability based on the period results of the Group at the balance sheet date. Tax legislations in the Group's subsidiaries' and joint ventures' operating countries are subject to different manners of interpretation and subject to be altered frequently. Accordingly, the interpretation of tax implications regarding the operations of subsidiaries and joint ventures in foreign countries by the tax authorities may differ from the interpretation of the management. Consequently, the Group may encounter additional taxes, penalties and interests.

As of 31 December 2011, the Group has evaluated the possibility of any tax exposure that may arise in foreign subsidiaries and joint ventures and has not identified any necessity to recognize a provision.

(e) Accounting of derivative financial instruments and hedging activities

Derivatives are initially recognized at acquisition cost including the transaction fees on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The derivative instruments of the Group mainly consist of interest rate exchange and foreign exchange forward contracts. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group is utilizing observable market data at the valuation process.

(f) 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.

As of 31 December 2011, since there has been no expiry date for the utilization of carry-forward tax losses in the Hungarian Tax System and CGHH has strength probability of ability to utilize carry-forward tax losses amounting to TL 14,272,680, the Company has accounted for deferred tax asset amounted as of 31 December 2011 to TL 1,427,268. In addition to, the Celebi Nas has not booked deferred tax amounted to TL 1,126,227 (31 December 2010: TL 1,389,931) to its financial statements as of 31 December 2011 which is arisen from the carry forward losses amounted to 3,471,189 TL due to the probability of inability to utilize carry-forward tax losses.

Same as above, the Celebi GH Delhi has not booked deferred tax amounted to TL 3,453,478 (31 December 2010: TL 1,272,735) to its financial statements as of 31 December 2011 which is arisen from the carry forward losses amounted to TL 10,644,099 due to the probability of inability to utilize carry-forward tax losses.

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

(g) Expenditures made within the scope of concession agreements according to IFRIC 12 application

Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo"), the subsidiary of the Group, established in New Delhi India, signed a concession agreement on 6 May 2009 with Delhi International Airport Private Limited ("DIAL") for development, modernization and operating of the cargo terminal at the airport in the city of New Delhi for 25 years.

Group, has accounted the capital expenditures related to the aforementioned investments in accordance with the with International Financial Reporting Interpretations Committee ("IFRIC 12") Service Concession Arrangements.

The estimates used by the Group in the application of IFRIC 12 are as follows:

i. TL 2,772,472 has been provided regarding the estimated future renovation obligations in the consolidated financial statements as at 31 December 2011 (2010:TL 601,796). The aforementioned provision was amortized by using average rate of 8.04%.

ii. Concession rights presented under intangible assets has been determined by including profit margin determined by using the similar construction services on top of the estimated costs of the development and modernization of cargo terminal in accordance with the aforementioned concession agreement. Aforementioned intangible assets has been carried at amortized costs. Profit margin and discount rate is 2% (2010:2%) and 7.25% (2010: 7.25%) as at 31 December 2011.

NOTE 3 - JOINT VENTURES

Shares in Joint Ventures

Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. and Celebi Nas as described in Note 2 are 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:

	2011	2010
Current assets	7,535,387	16,855,283
Non-current assets	36,420,630	29,360,015
Total assets	**43,956,017**	**46,215,298**
Current liabilities	14,784,409	16,779,550
Non-current liabilities	11,616,502	17,144,282
Shareholders' equity	17,555,106	12,291,466
Total liabilities and shareholders' equity	**43,956,017**	**46,215,298**

	2011	2010
Revenue - net	24,694,778	18,957,876
Gross profit	4,199,443	2,967,259
Operating profit	2,312,554	(772,678)
Net profit/ (loss) for the period	87,186	(1,862,364)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 4 - SEGMENT REPORTING

Management determines the operating segments based on the reports analyzed by the board of directors, and found effective in strategically decision taking.

The management considers the Group within the views named geographic and operational segments. They are assessing the Group's performance on an operating segment basis; Ground Handling Services, Security Services, Cargo and Warehouse Services, Terminal Construction and Management. Reportable operating segment revenues are Ground Handling Services, Security Services, Terminal Construction and Management and Cargo and Warehouse Services. The management assesses the performance of the operating segments based on a measure of EBITDA after IFRIC 12 effect and expense offsetting amount, that does not have any cash-flow effect, regarding to operating leasing are excluded.

The segment information provided to the board of directors as of 31 December 2011 is as follows:

1 January - 31 December 2011

	Reportable Segments					
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
Revenue - net	330,635,974	2,695,811	-	140,329,562	(908,011)	472,753,336
Cost of sales	(220,169,375)	(2,514,630)	-	(124,190,437)	2,110,800	(344,763,642)
Gross profit	**110,466,599**	**181,181**	**-**	**16,139,125**	**1,202,789**	**127,989,694**
General administrative expenses	(62,661,734)	(990,275)	(16,349)	(19,747,751)	1,240,354	(82,175,755)
Addition: Depreciation and amortization	25,333,514	16,983	-	7,619,934	-	32,970,431
Addition: Operating leasing costs equalization (*)	312,901	-	-	9,927,018	-	10,239,919
Addition: IFRIC 12 effect	-	-	-	1,766,939	-	1,766,939
EBITDA	**73,451,280**	**(792,111)**	**(16,349)**	**15,705,265**	**2,443,143**	**90,791,228**

(*) Operating leasing costs equalization, within the frame of IAS 17 "Leases", consists of the difference between lease amounts defined on service concession agreement and the amount calculated taking into consideration future constant lease increases and reflected on straight line basis on financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

The segment information provided to the board of directors as of 31 December 2010 is as follows:

1 January - 31 December 2010

	Reportable Segments					
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
Revenue - net	249,224,246	5,464,498	-	96,897,993	(1,151,880)	350,434,857
Cost of sales	(177,340,162)	(3,801,458)	-	(58,657,390)	3,242,130	(236,556,880)
Gross profit	**71,884,084**	**1,663,040**	**-**	**38,240,603**	**2,090,250**	**113,877,977**
General administrative expenses	(49,109,741)	(2,585,361)	(65,548)	(10,586,260)	501,443	(61,845,467)
Addition: Depreciation and amortization	21,731,106	39,180	-	5,010,881	-	26,781,167
Addition: Operating leasing costs equalization (*)	-	-	-	8,245,610	-	8,245,610
Addition: IFRIC 12 effect	-	-	-	533,757	-	533,757
EBITDA	**44,505,449**	**(883,141)**	**(65,548)**	**41,444,591**	**2,591,693**	**87,593,044**

(*) Operating leasing costs equalization, within the frame of IAS 17 "Leases", consists of the difference between lease amounts defined on service concession agreement and the amount calculated taking into consideration future constant lease increases and reflected on straight line basis on financial statements.

Reconciliation of EBITDA figure to income before tax is provided as follows:

	2011	2010
EBITDA for reported segments	90,791,228	87,593,044
Depreciation and amortization	(32,970,431)	(26,781,167)
Operating leasing equalization	(10,239,919)	(8,245,610)
IFRIC 12 effect	(1,766,939)	(533,757)
Other operating income	8,710,188	7,224,698
Other operating expenses (-)	(8,385,784)	(14,062,454)
Operating profit	**46,138,343**	**45,194,754**
Financial income	9,807,233	12,795,102
Financial expense (-)	(46,504,915)	(26,838,293)
Income before tax	**9,440,661**	**31,151,563**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

The figures provided to the board of directors with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

Total Assets	**2011**	**2010**
Turkey	283,281,605	199,309,641
India	218,296,448	193,026,111
Hungary	44,624,824	60,008,094
Germany	19,602,159	10,181,614
Segment Assets (*)	**565,805,036**	**462,525,460**
Unallocated assets	101,084,575	37,541,631
Less: Inter-segment elimination	(129,726,167)	(80,228,997)
Total assets as per consolidated financial statements	**537,163,444**	**419,838,094**

(*)Total combined assets are generally formed of assets that are related with operations and do not include deferred income tax assets, time deposits.

Total Liabilities	**2011**	**2010**
Turkey	55,882,152	39,563,519
India	82,891,265	91,201,096
Hungary	5,674,130	11,118,693
Germany	4,147,025	2,324,425
Segment liabilities (*)	**148,594,572**	**144,207,733**
Unallocated liabilities	340,555,154	161,944,301
Less: Inter-segment elimination	(2,468,504)	(3,116,416)
Total liabilities as per consolidated financial statements	**486,681,222**	**303,035,618**

(*) Total combined liabilities are generally formed of liabilities that are related with operations and do not include tax provision, deferred income tax liabilities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Geographical Segments

Geographical Analysis for the period 1 January - 31 December 2011

	Turkey	Hungary	India	Germany	Total Combined	Inter-segment Elimination	Total
Revenue	290,689,304	56,269,787	112,442,304	13,736,316	473,137,711	(384,375)	472,753,336
Cost of sales	(185,334,378)	(38,129,930)	(100,992,058)	(21,678,056)	(346,134,422)	1,370,780	(344,763,642)
Gross profit	105,354,926	18,139,857	11,450,246	(7,941,740)	127,003,289	986,405	127,989,694
General administrative expenses	(51,757,685)	(13,166,963)	(12,281,207)	(4,969,900)	(82,175,755)	-	(82,175,755)
Other operating income/ expense - net	1,649,581	184,944	73,883	(7,484)	1,900,924	(1,576,520)	324,404
Operating profit	**55,246,822**	**5,157,838**	**(757,078)**	**(12,919,124)**	**46,728,458**	**(590,115)**	**46,138,343**

Geographical Analysis for the period 1 January - 31 December 2010

	Turkey	Hungary	India	Germany	Total Combined	Inter-segment Elimination	Total
Revenue	226,360,070	48,356,132	75,719,794	-	350,435,996	(1,139)	350,434,857
Cost of sales	(150,141,858)	(32,078,808)	(54,336,214)	-	(236,556,880)	-	(236,556,880)
Gross profit	76,218,212	16,277,324	21,383,580	-	113,879,116	(1,139)	113,877,977
General administrative expenses	(40,170,177)	(10,899,118)	(10,979,244)	(1,963,421)	(64,011,960)	2,166,493	(61,845,467)
Other operating income/ expense - net	(4,949,905)	(98,041)	333,197	42,347	(4,672,402)	(2,165,354)	(6,837,756)
Operating profit	**31,098,130**	**5,280,165**	**10,737,533**	**(1,921,074)**	**45,194,754**	**-**	**45,194,754**

NOTE 5 - CASH AND CASH EQUIVALENTS

	2011	2010
Cash	136,945	78,073
Banks		
- time deposit	87,773,080	31,765,460
- demand deposit	11,502,733	42,456,161
	99,412,758	**74,299,694**

Effective interest rates on TL, Euro, USD and INR denominated time deposits at 31 December 2011 are 9.50%, 4.50%, 3.50% and 7.20% (31 December 2010: TL 6.84%, Euro 1.19%, USD 1.83%, Rupee 6.50%) respectively. The maturity days on TL, Euro and USD denominated time deposits as of 31 December 2011, 20-60 days for USD and Euro, 1-17 days for TL and INR (31 December 2010: Euro and USD 1-23 days, TL and INR 1-17 days).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 31 December 2011 and 2010 are as follows:

	2011	2010
Cash and banks	99,412,758	74,299,694
Less: Interest Accruals	(44,316)	(41,520)
Less: Restricted cash (*)	(30,641,097)	(7,569,185)
	68,727,345	**66,688,989**

(*) TL 10,489,085 of the mentioned amount represents the collections from the customers kept in mandatory restricted accounts according to the concession agreements signed for the operation of the terminals in New Delhi Airport in India. (31 December 2010: TL 4,898,791). As of 31 December 2010 restricted cash amounted TL 2,670,394 is kept in the bank as the provision against the bank guarantee given by Çelebi IC Yatırım to DHMI. Also, blocked deposit, amounted TL 20,009,849 regarding Delhi Cargo is included in restricted cash as explained in Note 7.

NOTE 6 - FINANCIAL INVESTMENTS

Available-for-sale assets:

	31 December 2011		31 December 2010	
	%	TL	%	TL
DASL (*)	16.7%	1,515,580	16.7%	5,761
Celebi Europe (**)	100.0%	20,525	100.0%	20,525
		1,536,105		**26,286**

(*) In 2011 the Group has participated to the capital increase in DASL at an equivalent rate to its shareholding rate.
(**) As of 31 December 2011, Celebi Europe has not been consolidated in the consolidated financial statements by reason of being immaterial for the consolidated financial statements and as Celebi Europe has not started its operations, it is accounted for as available for sale financial assets.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 7 - FINANCIAL LIABILITIES

Short-term financial liabilities:

	31 December 2011		
	Effective interest rate (%)	Original amount	TL
Short-term bank borrowings:			
Euro borrowings	7.85%	3,811,328	9,314,124
INR borrowings (*)	11.0%-12.0%	1,272,464,734	45,426,991
			54,741,115

(*) Celebi Delhi Cargo, subsidiary of the Group, has signed a credit agreement with a bank located in India as of 31 December 2011 for refinancing its borrowing amounting of INR 1,220,000,000 (TL 43,554,000). However, amount to be transferred to repay the borrowings as of the last day of the year, is seen as not paid on other bank's accounts due to value date differences. Deposit amounts, which are the provisions of credit balance, are disclosed under cash and cash equivalents account and current assets account on amounts of TL 20,009,849 and TL 23,544,151 respectively (Note 16).

Short-term portion of long-term borrowings:			
Interest expense accrual - US Dollar	-	23,185	43,795
Interest expense accrual - Euro	-	821,186	2,006,815
Interest expense accrual - INR	-	4,529,552	161,705
US Dollar borrowings	Libor+ 3.40%	2,000,000	3,777,800
Euro borrowings	4.50%-7.50%	13,532,620	33,071,016
INR borrowings	10.45%-15.90%	283,150,000	10,108,455
			49,169,586
Short-term finance lease obligations:			
Short-term finance lease obligations - Euro		523,950	1,280,429
Short-term financial liabilities			**105,191,130**
Long-term financial liabilities:			
US Dollar borrowings	Libor+ 3.40%	2,000,000	3,777,800
INR borrowings	10.45%-15.90%	1,845,572,577	65,886,941
Euro borrowings	Euro Libor+ 6.50%	62,951,518	153,840,920
			223,505,661
Long-term finance lease obligations			
Long-term finance lease obligations - Euro		3,075,871	7,516,813
Long-term financial liabilities			**231,022,474**
Total financial liabilities			**336,213,604**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	31 December 2011		31 December 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term financial liabilities	**223,505,661**	**219,773,588**	**129,376,347**	**122,046,301**

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant. The fair values of long-term bank borrowings are based on cash flows discounted using a rate based on the borrowing rate of 6.50% (31 December 2010: 6.88%). The fair values of short-term bank borrowings are considered to approximate their carrying values.

Short-term financial liabilities:

	31 December 2010		
	Effective interest rate (%)	Original amount	TL
Short-term bank borrowings:			
Euro borrowings	6.25%	1,000,000	2,049,100
			2,049,100
Short-term portion of long-term borrowings:			
Interest expense accrual - US Dollar	-	125,232	193,609
Interest expense accrual - Euro	-	327,286	670,641
Interest expense accrual - INR	-	25,382,326	877,467
US Dollar borrowings	4.49%	2,000,000	3,092,000
Euro borrowings	4.17%	8,852,342	18,139,335
INR borrowings	13.35%	102,026,555	3,527,058
			26,500,110
Short-term finance lease obligations:			
Short-term finance lease obligations - US Dollar		75,594	116,869
Short-term financial liabilities			**28,666,079**
Long-term financial liabilities:			
US Dollar borrowings	4.49%	4,000,000	6,184,000
INR borrowings	12.41%	1,545,511,600	53,428,336
Euro borrowings	3.75%	34,046,172	69,764,011
			129,376,347
Long-term finance lease obligations:			
Long-term finance lease obligations - US dollar		31,829	49,208
Long-term financial liabilities			**129,425,555**
Total financial liabilities			**158,091,634**

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

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

	2011	2010
Less than 3 months	47,072,900	1,224,875
Between 3-12 months	58,118,230	27,441,204
Between 1-5 years	213,431,947	129,425,555
More than 5 years	17,590,527	-
	336,213,604	**158,091,634**

The redemption schedules of long-term bank borrowings as of 31 December 2011 and 31 December 2010 are as follows

	2011	2010
Between 1-2 years	71,601,673	31,816,533
Between 2-3 years	50,684,417	41,564,436
Between 3-4 years	37,351,160	24,932,172
5 years and over	63,868,411	31,063,206
	223,505,661	**129,376,347**

The redemption schedules of financial lease obligations as of 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011			31 December 2010		
	Minimum lease payments	Interest	Total obligation	Minimum lease payments	Interest	Total obligation
Less than 1 year	1,807,500	(527,071)	1,280,429	127,526	(10,657)	116,869
1 to 2 years	1,775,184	(436,532)	1,338,652	35,261	(7,760)	27,501
2 to 3 years	1,775,184	(371,491)	1,403,693	14,916	(1,658)	13,258
4 years and over	5,221,852	(447,384)	4,774,468	2,033	6,416	8,449
	10,579,720	**(1,782,478)**	**8,797,242**	**179,736**	**(13,659)**	**166,077**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	2011	2010
Short-term trade receivables		
Trade receivables	37,825,586	29,887,826
Less: Provision for doubtful receivables	(2,941,074)	(3,207,136)
	34,884,512	**26,680,690**

The maturities of trade receivables are generally less than one month at 31 December 2011 (31 December 2010: less than one month). The fair value of current trade receivables as of 31 December 2011 and 2010 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Movement of provision for doubtful receivables is as follows:

	2011	2010
Opening balance	3,207,136	2,377,172
Current year charge	386,687	844,259
Cumulative translation differences	152,656	(7,106)
Collections and reversal of provisions	(633,869)	(7,189)
Write-off of uncollectible trade receivables	(171,536)	-
Closing balance	**2,941,074**	**3,207,136**

Credit risks exposed by the Group for each financial instrument type as of 31 December 2011 and 2010 are shown below:

	Trade receivables		Other receivables		
31 December 2011	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits (*)**
The maximum of credit risk exposed at the reporting date	782,878	34,884,512	36,019	5,348,745	99,275,813
- Credit risk covered by guarantees	-	*1,292,289*	-	-	-
Net carrying value of financial assets either are not due or not impaired	197,800	24,918,165	36,019	5,348,745	99,275,813
Net carrying value of financial assets which are overdue but not impaired	585,078	9,966,347	-	-	-
- Amount of risk covered by guarantees	-	1,292,289	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	2,941,074	-	-	-
- Impairment amount (-)	-	(2,941,074)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(*) Included restricted cash.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Trade receivables		Other receivables		
31 December 2010	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits**
The maximum of credit risk exposed at the reporting date	107,917	26,680,690	1,813,150	3,343,009	74,221,621
- Credit risk covered by guarantees	-	*1,974,248*	-	-	-
Net carrying value of financial assets either are not due or not impaired	105,499	17,253,064	1,813,150	3,343,009	74,221,621
Net carrying value of financial assets which are overdue but not impaired	2,418	9,427,626	-	-	-
- Amount of risk covered by guarantees	-	1,897,550	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	3,207,136	-	-	-
- Impairment amount (-)	-	(3,207,136)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(*) Included restricted cash.

The ageing analysis of receivables including related parties, that were past due but not impaired is as follows;

	2011	**2010**
Up to 1 month	6,648,037	6,426,305
1 to 3 months	2,831,508	1,607,351
3 to 12 months	1,071,880	1,086,431
1 to 5 years	-	309,957
	10,551,425	**9,430,044**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Aging of overdue receivables that are not impaired including receivables from related parties is as follows:

31 December 2011	Trade receivables Related party	Other
Overdue 1-30 days	101,901	6,546,136
Overdue 1-3 months	105,329	2,726,178
Overdue 3-12 months	377,848	694,033
Amount of risk covered by guarantees	**-**	**1,292,289**

31 December 2010	Trade receivables Related party	Other
Overdue 1-30 days	2,418	6,423,887
Overdue 1-3 months	-	1,607,351
Overdue 3-12 months	-	1,086,431
Overdue 1-5 years	-	309,957
Amount of risk covered by guarantees	**-**	**1,897,550**

Short-term trade payables

	2011	2010
Trade Payables	**17,963,107**	**15,960,633**

The fair value of short-term trade payables as of 31 December 2011 and 2010 equals their carrying amount as the impact of discounting is not significant.

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	2011	2010
Other short-term receivables		
Receivables from Tax Office	4,697,247	2,415,452
Deposits and guarantees given (*)	635,508	875,098
Other short-term receivables	15,990	52,459
	5,348,745	**3,343,009**

(*) As of 31 December 2011, TL 353,274 of deposits and guarantees given is comprised of guarantees given by Celebi Nas to leasing companies for equipment hires. (31 December 2010: TL 805,921).

	2011	2010
Other long-term receivables		
Deposits and guarantees given (*)	14,615,540	10,943,021
Other long-term receivables	-	9,084
	14,615,540	**10,952,105**

(*) As of 31 December 2011, TL 8,179,530 (31 December 2010: TL 5,957,156), TL 3,354,840 (31 December 2010: TL 3,028,176) and TL 3,081,170 (31 December 2010: TL 1,957,689) are paid respectively for Celebi GH Delhi, Celebi Delhi Cargo and Celebi Nas to local authorities, local firms and banks in terms of deposits and guarantees (blocked).The related blockage amount is TL 3,797,404 as of 31 December 2011 (31 December 2010: TL 545,366)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	2011	2010
Other short-term payables		
Other short-term payables (*)	2,029,129	7,350,277
Advances received	298,337	142,864
	2,327,466	**7,493,141**

(*) As of 31 December 2011, TL 1,994,320 of the related amount is resulted from payables from Celebi Delhi Cargo to DIAL in accordance with the concession agreement between firms (31 December 2010: TL 5,609,251). As of 31 December 2010, TL 1,705,181 if the related amount is resulted from payable to Çelebi IC to IC İçtaş.

	2011	2010
Other long-term payables		
Deposits and guarantees received (*)	**1,055,879**	**977,029**

(*) TL 856,597 of the deposits and guarantees received consists of the Company's subsidiary Celebi Delhi Cargo's tenants and its deposits received from customers in India (31 December 2010: TL 769,112).

NOTE 10 - INVENTORIES

	2011	2010
Trade goods	939,916	516,496
Other inventories	5,449,429	3,985,313
	6,389,345	**4,501,809**

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 TL 1,292,214 at 31 December 2011 (31 December 2010: TL 1,633,814).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended 31 December 2011 are as follows:

	Opening 1 January 2011	Additions	Disposals	Transfers	Impairment(**)	Cumulative translation adjustments	Closing 31 December 2011
Cost							
Plant, machinery and equipment	162,520,089	12,069,441	(2,016,093)	12,632,668	-	1,357,483	186,563,588
Motor vehicles	25,387,793	3,299,577	(156,546)	-	-	1,782,907	30,313,731
Furniture and fixtures	15,175,014	2,110,458	(167,526)	292,540	-	19,589	17,430,075
Leasehold improvements (*)	82,694,876	6,551,119	-	3,619,816	(2,808,013)	113,800	90,171,598
Construction in Progress	12,188,524	3,736,589	-	(15,123,379)	-	1,088,234	1,889,968
Advances given	55,181	2,200,495	(38,525)	(1,421,645)	-	(7,396)	788,110
	298,021,477	**29,967,679**	**(2,378,690)**	**-**	**(2,808,013)**	**4,354,617**	**327,157,070**
Accumulated depreciation							
Plant, machinery and equipment	(98,535,302)	(11,146,859)	635,432	-	-	(184,159)	(109,230,888)
Motor vehicles	(13,151,563)	(3,932,368)	137,914	-	-	(640,727)	(17,586,744)
Furniture and fixtures	(12,466,605)	(1,171,804)	135,365	-	-	(59,140)	(13,562,184)
Leasehold improvements (*)	(37,859,724)	(5,479,161)	-	-	826,235	(3,476)	(42,516,126)
	(162,013,194)	**(21,730,192)**	**908,711**	**-**	**826,235**	**(887,502)**	**(182,895,942)**
Net book value	**136,008,283**						**144,261,128**

(*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A.Ş in the airports within which it operates were rented from the DHMI and the other local authorities. The station and cargo 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 2011 the net book value of these buildings was TL 46,827,454. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed at the beginning of every year. The Group amortizes these station buildings within 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

(**) Impairment provision arises from the leasehold improvements of shutting down the Güneşli Warehouse in 2011 (Note 21).

Depreciation expense for the period ended 31 December 2011 in the amount of TL 3,008,105 and TL 18,722,087 are included in operating expenses and cost of sales.

There are net book value TL 9,365,456 worth of financial leasing assets in plant, machinery and equipment as of 31 December 2011.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Movements in property, plant and equipment for the period ended 31 December 2010 are as follows:

	Opening 1 January 2010	Additions due to merger of subsidiary (**)	Additions	Disposals	Transfers	Cumulative translation adjustments	Closing 31 December 2010
Cost							
Plant, machinery and equipment	136,626,491	-	24,692,956	(605,585)	356,355	1,449,872	162,520,089
Motor vehicles	21,253,687	-	5,377,531	(310,855)	-	(932,570)	25,387,793
Furniture and fixtures	13,652,338	-	1,602,312	(30,669)	-	(48,967)	15,175,014
Leasehold improvements (*)	74,325,711	-	6,607,683	(102,363)	1,863,845	-	82,694,876
Construction in Progress	127,947	5,470,078	7,100,500	-	(349,899)	(160,102)	12,188,524
Advances given	1,880,674	-	42,300	-	(1,870,301)	2,508	55,181
	247,866,848	**5,470,078**	**45,423,282**	**(1,049,472)**	**-**	**310,741**	**298,021,477**
Accumulated depreciation							
Plant, machinery and equipment	(90,586,895)	-	(8,267,534)	416,380	-	(97,253)	(98,535,302)
Motor vehicles	(10,877,028)	-	(2,886,909)	126,491	-	485,883	(13,151,563)
Furniture and fixtures	(11,631,432)	-	(912,986)	30,516	-	47,297	(12,466,605)
Leasehold improvements (*)	(32,663,529)	-	(5,197,330)	1,135	-	-	(37,859,724)
	(145,758,884)	**-**	**(17,264,759)**	**574,522**	**-**	**435,927**	**(162,013,194)**
Net book value	**102,107,964**						**136,008,283**

(*) The land plots where the stations were constructed by the Group 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 2010 the net book value of these stations was TL 44,747,973. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed at the beginning of every year. The Group amortizes these station buildings within 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.

Depreciation expense for the period ended 31 December 2010 in the amount of TL 4,490,081 and TL 12,774,678 are included in operating expenses and cost of sales.

There are net book value TL 564,197 worth of financial leasing assets in plant, machinery and equipment as of 31 December 2010.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 12 - INTANGIBLE ASSETS

Movements in intangible assets for the period ended 31 December 2011 are as follows:

	Opening 1 January 2011	Additions	Cumulative translation adjustments	Closing 31 December2011
Cost				
Rights	804,497	8,697,343	92,994	9,594,834
Customer relations	29,428,326	-	2,233,044	31,661,370
Software	5,881,974	647,244	83,096	6,612,314
Concession rights (**)	61,234,243	-	2,001,583	63,235,826
Build-operate-transfer investments (*)	50,374,861	-	1,646,618	52,021,479
	147,723,901	**9,344,587**	**6,057,335**	**163,125,823**
Accumulated depreciation				
Rights	(547,792)	(263,944)	(9,213)	(820,949)
Customer relations	(17,591,289)	(4,768,002)	(1,089,889)	(23,449,180)
Software	(3,314,082)	(755,617)	(21,030)	(4,090,729)
Concession rights (**)	(2,804,356)	(2,665,387)	(64,326)	(5,534,069)
Build-operate-transfer investments (*)	(2,946,714)	(2,787,289)	(67,730)	(5,801,733)
	(27,204,233)	**(11,240,239)**	**(1,252,188)**	**(39,696,660)**
Net book value	**120,519,668**			**123,429,163**

(*) TL 39,996,177 which is difference between discounted present value of deposit paid with interest rate,11.46%, and the deposit amounting to INR1,200,000,000 paid in accordance with the concession agreement on the development, modernisation, finance and 25-year of operation of the cargo terminal in the airport in New Delhi, India, has been capitalised as a Build-Operate-Transfer investment and it will be amortised in 25 years until operations end in Delhi International Airport. The deposit amounted to INR 200,000,000 which has paid within the framework of concession agreement signed for handling services at airport in Mumbai for 11 years, and the difference between discounted present value of deposit paid with interest rate 13.41% which is amounted to TL 1,610,145 has been capitalized as Build-Operate-Transfer investment and it will be amortised in 10 year until operations end in mentioned airport. In addition, TL 7,613,423 which is difference between discounted present value of deposit paid with interest rate,10.82%, and the deposit amounting to INR 400,000,000 paid in accordance with the concession agreement on the development, modernisation, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalised as a Build-Operate-Transfer investment and it will be amortised in 10 years until operations end in Delhi International Airport.
(**) Refers to fixed assets expenditures accounted for in accordance with IFRIC 12 within the frame of the concession agreement, which Celebi Delhi Cargo has signed with DIAL. (Note 2.5.g)

Amortization expense for the period ended 31 December 2011 in the amount of TL 5,127,034 and TL 6,113,205 are included in operating expenses and cost of sales.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Movements in intangible assets for the period ended 31 December 2010 are as follows:

	Opening 1 January 2010	Additions due to purchase of subsidiary (**)	Additions	Disposals	Transfers	Cumulative translation adjustments	Closing 31 December 2010
Cost							
Rights	558,605	-	238,858	-	-	7,034	804,497
Concession rights (**)	57,135,046	-	-	-		4,099,197	61,234,243
Customer relations	31,621,494	-	-	-	-	(2,193,168)	29,428,326
Software	3,946,531	59,136	1,902,508	-	-	(26,201)	5,881,974
Build-operate-transfer (*)	38,492,635	-	8,648,107	-	-	3,234,119	50,374,861
	131,754,311	**59,136**	**10,789,473**	**-**	**-**	**5,120,981**	**147,723,901**
Accumulated amortization							
Rights	(536,080)	-	(12,571)	-	-	859	(547,792)
Concession rights	(233,089)	-	(2,422,222)	-	-	(149,045)	(2,804,356)
Customer relations	(14,384,938)	-	(4,124,197)	-	-	917,846	(17,591,289)
Software	(2,827,524)	(5,676)	(497,243)	-	-	16,361	(3,314,082)
Build-operate-transfer	(328,568)	-	(2,460,175)	-	-	(157,971)	(2,946,714)
	(18,310,199)	**(5,676)**	**(9,516,408)**	**-**	**-**	**628,050**	**(27,204,233)**
Net book value	**113,444,112**						**120,519,668**

(*) TL 37,389,567 which is difference between discounted present value of deposits paid with interest rate,11.46%, and the deposit amounting to INR 1,200,000,000, paid in accordance with the concession agreement on the development, modernisation, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. The deposit amounted to INR 200,000,000 which has paid within the framework of concession agreement signed for handling services at airport in Mumbai for 11 years, and the difference between discounted present value of deposit paid with interest rate 13.41% which is amounted to TL 1,754,085 has been capitalized as Build-Operate-Transfer investment and it will be amortized in 10 year until operations end in mentioned airport. In addition, TL 8,284,494 which is difference between discounted present value of deposits paid with interest rate,10.82%, and the deposit amounting to INR400,000,000 paid in accordance with the concession agreement on the development modernisation, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

(**) Refers to fixed assets expenditures accounted for in accordance with IFRIC 12 within the frame of the concession agreement, which Celebi Delhi Cargo has signed with DIAL. (Note 2.5.g)

Amortization expense for the year ended 31 December 2010 in the amount of TL 1,824,609 and TL 7,691,799 are included in operating expenses and cost of sales.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 13 - GOODWILL

Positive goodwill at 31 December 2011 and 2010 is as follows:

	2011	2010
Goodwill due to acquisition of CGHH	18,551,365	17,242,957

The Company participated in the tender offer on 7 August 2006 opened by the Budapest Airport Budapest Ferihegy Nemzetkozi Repuloter Uzemelteto Zartkoruen Mukodo Reszvenytarsasag ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Feleossegu 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 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 Foldi Kiszolgalo Korlatolt Felelossegu Tarsasag ("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 TL 31,287,893 as of 26 October 2006 and acquired by Celebi Kft at a price of TL 49,448,419 which is the TL 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 TL 18,160,526 projected after the acquisition has been reflected in the financial statements at 31 December 2006.

The whole amount of goodwill is related to the acquisition of BAGH company by Celebi Kft at 26 October 2006. Due to this acquisition, all assets and liabilities of Celebi Kft have been taken over by CGHH. The Group management considers the synergy to be created by the important market position of CGHH at Hungary with Çelebi Hava as the main reason for the goodwill. Accordingly, the Group management allocated the said goodwill amount to CGHH, which is the only one cash generating unit. Goodwill details relating to the acquisition of CGHH are below as of 31 December 2011:

	2011
1 January	17,242,957
Currency translation adjustment	1,308,408
Goodwill	**18,551,365**

Impairment tests for goodwill

The whole amount of goodwill is related to the acquisition of BAGH Company by Celebi Kft at 26 October 2006. Due to this acquisition, all assets and liabilities of Celebi Kft have been taken over by CGHH. The Group management considers the synergy to be created by the important market position of CGHH at Hungary with Çelebi Hava as the main reason for the goodwill. Accordingly, the Group management allocated the said goodwill amount to CGHH, which is the only one cash generating unit.

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

In the impairment test, the company compares the actual EBITDA and the projected EBITDA as of 31 December 2011. The summarized table for goodwill of operation groups and geographic operating segments is as follows:

	2011
Ground handling services - Hungary	18,551,365

The recoverable value of the aforementioned cash generating unit, has been determined by taking the usage calculations as a basis. For the purposes of carrying out impairment tests, detailed forecasts for the next 7 years have been used which are based on approved annual budgets and strategic projections of the management representing the best estimate of future performance. Growth rate used in the projections to be realized after 7 years ensured to be 1%. The fair value of Euro amount is calculated in terms of Hungarian Forint which converted with the exchange rates at the balance sheet date. Therefore, the said fair value model is affected by the fluctuations in the foreign exchange market.

Other important assumptions in the fair value calculation model are as follows;

Discount rate	**12.2%**

The Group management determined the budgeted gross profit margin by taking into consideration for the previous performance of the Company and the market growth expectations. The weighted average growth rates used are in line with the estimation stated in industry reports. The discount rate used is the before tax discount rate and includes the Company specific risk factors.

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December 2011.

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	2011	2010
Short-term provisions		
Provision for investment consultancy (*)	2,455,570	2,937,400
Accrued sales commissions (**)	1,830,775	1,795,263
Provision for unused vacation	1,669,724	1,302,657
Provision for electricity	1,272,693	414,840
Provision for litigation	906,470	866,736
Cargo subcontractor commission provisions	813,162	1,035,199
Accrued expenses to authorities of airport (***)	410,322	33,646
Provision for consultancy	105,942	135,714
Other (****)	4,946,243	3,065,284
	14,410,901	**11,586,739**

(*) Provision for investment consultancy arise from the fees for the services received in the scope of the investment made via tenders participated in abroad by Çelebi Hava in 2009 and 2010.
(**) The provisions consists of the accruals related to the price discounts which are calculated based on the flight numbers and the excess on the tonnages according to the agreements made with the airlines companies.
(***) The provisions consist of services paid to State Airport Administration (DHMI) such as royalty, heating and ventilation.
(****) Other debt provisions contain the Group's received services such as custom, security and maintenance and repair.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Movements of short term provisions as of 31 December 2011 are as follows:

	Provision for investment consultancy	Provision for unused vacation	Accrued sales commissions	Provision for borrowing commission expense	Provision for electricity	Provision for litigation	Accrued expenses to authorities of airport	Provision for consultancy	Other provisions	Total
1 January 2011	**2,937,400**	**1,302,657**	**1,795,263**	**1,035,199**	**414,840**	**866,736**	**33,646**	**135,714**	**3,065,284**	**11,586,739**
Increase during the year	-	2,642,558	1,874,395	821,590	1,285,884	231,664	24,304,019	119,726	6,190,620	37,470,456
Payments during the year	(996,420)	(237,194)	(1,838,883)	(1,080,116)	(432,840)	(218,469)	(22,213,440)	(141,603)	(4,406,698)	(31,565,663)
Usage during the year	-	(2,044,956)	-	-	-	-	-	-	-	(2,044,956)
Exchange difference	514,590	6,659	-	36,489	4,809	26,539	(1,713,903)	(7,895)	97,037	(1,035,675)
31 December 2011	**2,455,570**	**1,669,724**	**1,830,775**	**813,162**	**1,272,693**	**906,470**	**410,322**	**105,942**	**4,946,243**	**14,410,901**

Contingent assets and liabilities of the Group

	2011	2010
Guarantees received:		
Guarantee letters	7,869,438	7,037,993
Guarantee notes	695,369	2,496,489
Guarantee check	1,287,125	1,264,304
	9,851,932	**10,798,786**
Guarantees given:		
Collateral	203,762,160	169,350,842
Guarantee letters	37,303,419	30,798,866
Share pledge	26,845,249	25,761,721
	267,910,828	**225,911,429**

The Company has contingent assets amounting to TL 1,621,387 (2010: TL 1,547,948) due to the legal cases in favor of the Company and contingent liabilities amounting to TL 28,127,834 due to the legal cases and enforcement proceedings against the Company as of 31 December 2011 (2010: TL 45,145,614). TL 25,396,272 portion of contingent liabilities are comprised of legal cases and enforcement proceedings related with the fire in warehouse (Note 31) in which Company is a sole defendant and co-defendant with the DHMI, other warehouse management companies and insurance companies (2010: TL 41,062,644).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

The details of collaterals, pledges and mortgages ("CPM") of the Company at 31 December 2011 and 2010 are as follows:

		31 December 2011		31 December 2010	
Collaterals, pledges and mortgages given by the Company	**Currency**	**Amount**	**TL equivalent**	**Amount**	**TL equivalent**
A. CPM given on behalf of the Company's legal personality			**24,558,640**		**20,474,406**
	TL	5,480,800	5,480,800	4,920,494	4,920,494
	Euro	1,769,100	4,323,328	1,949,070	3,993,840
	US Dollar	1,910,501	3,608,745	1,932,307	2,987,347
	INR	208,118,957	7,429,847	148,500,000	5,133,645
	Forint	468,000,000	3,715,920	466,000,000	3,439,080
B. CPM given on behalf of fully consolidated subsidiaries			**222,209,688**		**184,294,523**
	Euro	28,200,000	68,915,160	20,028,960	41,041,342
	US Dollar	6,747,196	12,744,779	6,678,176	10,324,460
	INR	3,781,281,494	134,991,749	3,695,768,600	127,762,721
	Forint	700,000,000	5,558,000	700,000,000	5,166,000
C. CPM given for continuation of its economic activities on behalf of third parties		**-**		**-**	
D. Total amount of other CPM			**21,142,500**		**21,142,500**
i. Total amount of CPM given on behalf of the majority shareholder	TL	21,142,500	21,142,500	21,142,500	21,142,500
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C		-	-	-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope of C		-	-	-	-
			267,910,828		**225,911,429**

The ratio of other collaterals, pledges and mortgages given by the Company to equity of the Company is 41.9% as of 31 December 2011 (31 December 2010: 16.5%).

The Company has no benefit from CPM given to third parties.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 15 - EMPLOYEE BENEFITS

	2011	2010
Short term provisions:		
Provision for employee termination benefits	358,261	900,492
Long term provisions:		
Provision for employee termination benefits	7,517,332	6,610,155

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 Labor 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 2011 consists of one month's salary limited to a maximum of TL 2,731.85 (31 December 2010: TL 2, 517.01) for each year of service.

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

According to regulations in India, the Company is required to pay termination benefits to each employee in its subsidiaries and joint ventures who has completed five year of service, who is called up for military service, who achieves the retirement age, who early retires, or who dies. Total employee termination benefit liability is calculated by 15 days per year of service for the current period ended at 31 December 2011 and the liability is limited to INR 350,000 per employee. 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. IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability.

	2011	2010
Discount rate (%)	4.66	4.66
Turnover rate to estimate the probability of retirement (%)	93.72	93.29

The principal assumption is that the liability ceiling 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 TL 2,805.14 which is effective from 1 January 2012 (1 January 2011: TL 2,623.23) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

	2011	2010
1 January	**7,505,176**	**6,080,473**
Paid during the year	(3,398,921)	(2,423,842)
Increase during the year	3,790,522	3,853,218
Cumulative translated in differences	(21,184)	798
31 December	**7,875,593**	**7,510,647**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

	2011	2010	2009
Other current assets			
Fixed asset advances given (*)	16,106,341	8,192,241	47,129
Prepaid expenses	6,507,409	5,527,093	3,945,133
Deferred VAT	5,328,039	1,849,145	34,157
Prepaid taxes and funds	2,611,382	38,786	316,981
Value-added tax ("VAT") receivables	1,029,625	1,703,460	1,728,927
Advances given to personnel	214,154	179,920	206,850
Advances given (**)	-	16,222	5,276,408
Other (***)	26,438,757	1,039,657	222,429
	58,235,707	**18,546,524**	**11,778,014**

(*) Fixed asset advances given are comprised of advances regarding modernization and development of current cargo terminal in New Delhi Airport, India, under scope of concession agreement of Çelebi Delhi Cargo, Group's subsidiary, located in India.

(**) As of 31 December 2009, advances amounting to TL 5,276,408 consist of payments and interest made by Çelebi IC Yatırım to IC İçtaş which is the shareholder of Çelebi IC Yatırım by 49.99%.

(***) As of 31 December 2011, TL 23,544,151 of the current assets includes blocked deposit sent to Çelebi Delhi Cargo, Group's subsidiary located in India regarding its loan payment.

	2011	2010
Other non-current assets		
Prepaid expenses (*)	15,103,839	19,831
Other	1,264,845	-
	16,368,684	**19,831**

(*) TL 14,683,995 of total prepaid expenses consists of payments made in advance in regards to long-term field allocated in an airport in which Çelebi Hava operates.

	2011	2010
Other current liabilities		
Wages and salaries payable	6,361,284	5,076,423
Social security payables	2,432,140	2,348,397
Order advances received	2,203,699	2,272,007
Accrued bonus payable	1,371,126	1,277,490
Taxes and funds payable	1,030,626	1,576,157
Provision for operational leasing equalization	668,468	-
Short term deferred revenues	465,544	237,380
VAT payable	128,370	-
Other miscellaneous payables and liabilities	971,016	1,504,990
	15,632,273	**14,292,844**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	2011	2010	2009
Other non-current liabilities			
Deferred revenues (**)	43,888,799	62,263,370	57,565,777
Provision for operating leasing equalization (***)	19,568,334	9,525,909	791,879
Deferred insurance claim recovery (*)	2,833,350	2,319,000	2,258,550
Other	2,778,949	601,796	11,444
	69,069,432	**74,710,075**	**60,627,650**

(*) The deferred insurance claim recovery amount is comprised of the insurance policy related to the goods of third parties amounting to USD 1,500,000 which has been fully collected as of 31 December 2011 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 Ataturk Airport ("AHL") Terminal C (Note 30).
(**) The balance is comprised of deferred revenue stems from intangible assets that are calculated in accordance with IFRIC 12 within the framework of service concession agreement, which Celebi Delhi Cargo has signed with DIAL.
(***) Operating leasing cost equalization, in accordance with of IAS 17 "Leases", consists the difference between lease amounts defined on service concession agreement and the amount calculated taking into consideration the future constant lease increases and reflected on straight line basis to the financial statements.

NOTE 17 - EQUITY

Share Capital

As of 31 December 2011, the authorized share capital of the Group is TL 24,300,000 comprising of 2,430,000,000 registered shares with a face value each of 1 Kr (31 December 2010: 2,430,000,000 shares).

At 31 December 2011 and 31 December 2010, the shareholding structure of the Group is stated below:

	31 December 2011		31 December 2010	
Shareholders	**Amount**	**Share %**	**Amount**	**Share %**
Çelebi Havacılık Holding A.Ş.	13,299,633	54.73	13,299,633	54.73
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	1,242,720	5.11	1,242,720	5.11
Other	5,502,447	22.65	5,502,447	22.65
	24,300,000	**100.00**	**24,300,000**	**100.00**

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The 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 Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

In accordance with the Communiqué Serial: XI, No: 29 according to the CMB's announcements clarifying the said Communiqué, "Share Capital", "Restricted Reserves Allocated from Profit" and "Share Premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- If the difference is arising from the valuation 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 arising from valuation of "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, 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 requirements regulated by CMB applicable to listed companies are as follows:

In accordance with the CMB Decision No. 02/51 and dated 27 January 2010, concerning allocation basis of profit from operations of 2009, minimum profit distribution will not be applied for the year 2009 (31 December 2010: 20%).

According to the Board's decision and Communiqué No. IV-27 issued by the CMB regarding the 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 operations are required to distribute the initial amount in cash. 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 accordance with the Board Decision dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué XI No: 29. In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 26,573,456 as of 31 December 2011 (31 December 2010: TL 22,962,009).

The equity schedules of the Group at 31 December 2011 and 31 December 2010 are as follows:

	2011	2010	2009
Capital	24,300,000	24,300,000	24,300,000
Restricted Reserves			
- Legal reserves	26,573,456	22,962,009	19,322,144
Cumulative translation differences	4,380,047	3,564,945	898,050
Additional contribution to shareholders' equity related to share purchase	(34,297,074)	(545,407)	-
Retained earnings	10,824,798	33,999,851	47,471,772
Net income for the period	7,623,634	19,083,241	27,132,131
Attributable to the equity holders	**39,404,861**	**103,364,639**	**119,124,097**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Profit distribution of the company for year 2011, according to CMB regulations and Statutory Record (Tax Procedural Law) are as follows:

	CMB	Statutory
Profit for the year	**7,623,634**	**28,476,915**
Grants during the year	1,371,993	-
Grants included net distributable income for calculation of first dividend payment	**8,995,627**	**28,476,915**

NOTE 18 - REVENUE AND COST OF SALES

	2011	2010
Ground handling services	338,495,718	256,278,990
Cargo and warehouse service income	113,583,762	94,625,584
Income related to concession service agreement (*)	26,179,450	3,429,378
Airport security services	2,696,295	4,314,140
Rent income not related to aviation	1,733,142	-
Less: Returns and discounts	(9,935,031)	(8,213,235)
Sales revenue - net	**472,753,336**	**350,434,857**
Cost of sales	**(344,763,642)**	**(236,556,880)**
Gross profit	**127,989,694**	**113,877,977**

(*) Mentioned income consists of income resulting from the recognition of intangible assets accounted for in accordance with IFRIC 12.

NOTE 19 - EXPENSES BY NATURE

	2011	2010
Personnel expenses	(150,909,013)	(122,217,091)
Payments to authorities and terminal managements (*)	(75,156,220)	(53,737,173)
Depreciation and amortization expenses	(32,970,431)	(26,781,167)
Equipment repair, maintenance, fuel and security expenses	(30,850,351)	(21,817,790)
Capital expenditures and provision expense for renewal in accordance with IFRIC 12	(27,946,439)	(3,963,135)
Consultancy expenses	(32,346,611)	(22,005,217)
Outsourced service expenses	(16,839,389)	(10,758,869)
Travel and transportation expenses	(11,524,403)	(7,983,681)
Taxes and other fees	(4,167,047)	(3,262,181)
Insurance premiums	(3,603,903)	(2,973,555)
Cost of goods sold (de-icing, spare parts, etc,) (**)	(1,292,214)	(1,633,814)
Other expenses	(39,333,376)	(21,215,056)
	(426,939,397)	**(298,348,729)**

(*)Various expenses paid to authorities are comprised of royalty, rental facilities and check-in desks within the airport area, work licenses, and similar expenses.

(**)Those expenses are comprised of spare parts and de-icing purchases of Çelebi Hava and Cargo GmbH, subsidiary of the Group within the period.

(***)Those mentioned expenses are comprised of construction costs calculated under scope of IFRIC 12 and provisions for other liabilities within the frame of concession agreement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES

	2011	2010
Consultancy expenses	(31,910,785)	(21,239,682)
Personnel expenses	(25,831,602)	(21,939,641)
Depreciation and amortization	(8,140,755)	(6,314,690)
Travel and transportation expenses	(2,816,689)	(1,683,704)
Payments to authorities and terminal managements	(1,894,975)	(2,009,935)
Equipment repair, maintenance, fuel and security expenses	(1,588,861)	(1,388,528)
Taxes and other fees	(725,440)	(282,929)
Insurance premiums	(570,906)	(397,964)
Other expenses	(8,695,742)	(6,588,394)
	(82,175,755)	**(61,845,467)**

NOTE 21 - OTHER OPERATING INCOME/EXPENSES

	2011	2010
Other operating income:		
Gain of foreign currency translation	6,017,594	5,160,671
Gain on sale of plant, property and equipment	1,107,841	365,559
Income from provision withdrawals	839,866	-
Income from insurance claims	25,088	110,929
Income from providing of equipments	24,265	321,912
Other income	695,534	1,265,627
	8,710,188	**7,224,698**

	2011	2010
Other operating expenses:		
Loss on foreign currency translation	(2,807,702)	(2,660,813)
Provision for impairment of PPE (Note 11)	(1,981,778)	-
Donation and aid expenses (*)	(1,393,483)	(5,847,669)
Provision for doubtful receivables	(386,687)	(844,259)
Insurance damage	(204,911)	(31,813)
Loss on sale of plant property and equipment	(35,048)	(92,655)
Investment consultancy expenses (**)	-	(3,182,164)
Other expenses	(1,576,175)	(1,403,081)
	(8,385,784)	**(14,062,454)**

(*) TL 1,393,483 which is the amount of donations and aid provided to the foundations established for various purposes, and other persons and institutions were recorded as expenses till 31 December 2011 by the Group. TL 943,895 of the mentioned amount consists of the expenditures made by the Company for the construction of the civil aviation school at Erzincan University.

(**) Related amounts consist of various investment consultancy expenses during investing in foreign countries through tenders in 2010.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 22 - FINANCIAL INCOME

	2011	2010
Foreign exchange gains	4,133,979	4,742,582
Interest income	3,255,884	3,268,416
SWAP contracts valuation income	1,468,826	4,467,150
Rediscount income	586,240	316,954
Other financial income	362,304	-
	9,807,233	**12,795,102**

NOTE 23 - FINANCIAL EXPENSES

	2011	2010
Foreign exchange losses	(21,804,301)	(8,074,614)
Interest expenses	(18,213,631)	(10,465,751)
Financial expenses incurred under scope of IFRIC 12	(4,760,182)	(4,221,686)
SWAP contracts valuation losses	(294,490)	(2,471,842)
Rediscount expenses	(814,223)	(514,689)
Other financial expenses	(618,088)	(1,089,711)
	(46,504,915)	**(26,838,293)**

NOTE 24 - TAX ASSETS AND LIABILITIES

	2011	2010	2009
Corporate and income taxes payable	12,785,111	15,697,412	11,007,573
Less: Prepaid current year corporate tax	(12,785,111)	(14,190,004)	(10,852,134)
Tax provision, net	**-**	**1,507,408**	**155,439**

	2011	2010	2009
Deferred tax assets	13,311,495	5,776,171	671,976
Deferred tax liabilities	(4,341,550)	(3,852,667)	(3,824,770)
Deferred tax liability - net	**8,969,945**	**1,923,504**	**(3,152,794)**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

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

In Turkey, the corporation tax rate for the fiscal year 2011 is 20% (2010 and 2009; 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 (2010 and 2009: 20%). Advance tax is declared by the 14th and paid by the 17th day 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.

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.

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 excluded in the calculation of the corporate tax (dividend income gained related to the participation in investment funds and investment trust shares is excluded).

Share 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

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 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 estate, investment equity, preferential rights, usufruct shares, founding shares, sales exemption

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.

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 was applicable till 2010 since the corporate tax rate is changed to 19% thereafter. The corporation tax rate has been changed as 19% up to fiscal profit HUF 500,000,000 and 10% for fiscal profit over HUF 500,000,000 with the regulation in Hungary in the fiscal year 2011.

In India, the corporate tax rate is 32.45% for fiscal year 2011 (2010: 33.99%). 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).

Tax expense for the periods end 31 December 2011 and 2010 is presented below:

	2011	2010
- Current year corporate tax	(12,785,111)	(15,697,412)
- Deferred tax income	6,992,207	4,701,336
	(5,792,904)	**(10,996,076)**

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

Reconciliation of tax expenses stated in consolidated statements of income of the periods ended at 31 December 2011 and 2010 is as follows:

	2011	2010
Profit before tax	**9,572,548**	**31,151,564**
Expected tax expense according to parent company (20%)	(1,914,510)	(6,230,313)
Differences in tax rates of subsidiaries	(3,684,255)	(2,445,455)
Expected tax expense of the Group	**(5,598,765)**	**(8,675,768)**
Reversal of the unrealisable deferred tax receivables (*)	-	(1,050,381)
Utilization of previous years losses	1,427,268	-
Tax effect of non deductible expenses	(163,686)	(1,209,239)
Discount stems from donations and aids	107,171	1,163,844
Tax payables even if loss declared on statutory records (**)	(1,280,718)	(1,137,467)
Other	(284,174)	(87,065)
Current period tax expense of the Group	**(5,792,904)**	**(10,996,076)**

(*) The relevant amount consists of the tax receivables accrued by Celebi Nas in previous years due to the possibility that Celebi Nas cannot benefit within an estimated period and which were not reflected to the records in 2010.
(**) According to Hungary's tax system the amount comprises of tax amount and is paid even if the companies declared loss before tax on statutory financial statements. The amount for CGHH is TL 1,280,718 as of 31 December 2011 (2010: TL 1,137,467).

Deferred Taxes

The Turkish tax regulation does not allow companies to declare tax declarations if the company consolidates its subsidiaries. For this reason, tax provisions presented in these financial statements are calculated separately for subsidiaries which are fully consolidate.

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for Deferred revenue asset and liabilities are 20%, 19% or 10%, 32.45% for Turkey, Hungary, India New Delhi and Mumbai respectively.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

The taxes on income for the years ended 31 December 2011 and 2010 are summarized as follows:

	Cumulative temporary differences			Deferred tax assets / (liabilities)		
	2011	2010	2009	2011	2010	2009
Deferred tax assets						
Non-deductible financial losses (*)	(28,387,968)	(21,186,799)	(20,238,911)	1,427,268	-	457,868
Personnel bonus accrual	(812,364)	(756,335)	(606,665)	162,473	151,267	121,333
Unaccrued financial income	(2,705,516)	(1,383,040)	-	877,805	459,411	-
Accrued sales commissions	(2,838,160)	(1,629,291)	(1,118,815)	567,632	325,858	223,762
Provision for employment termination benefits	(7,243,571)	(6,423,506)	(6,069,359)	1,448,714	1,284,701	1,213,871
Provision for operational leasing equalization	(18,382,800)	(9,525,909)	-	5,964,300	3,164,269	-
Provision for unused vacation	(1,496,469)	(1,226,524)	(1,266,815)	299,294	245,305	253,363
Provision for legal claims	(531,271)	(531,271)	(444,475)	106,254	106,254	88,895
Provision for investment consultancy expenses	(2,455,570)	(2,937,400)	-	491,114	587,480	-
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(17,995,217)	(7,966,018)	(629,915)	5,165,981	2,646,112	214,108
Deferred insurance claim recovery	(2,833,350)	(2,319,000)	(2,258,550)	566,670	463,800	451,710
Other	(340,944)	-	(795,288)	34,094	-	169,014
				17,111,599	**9,434,457**	**3,193,924**
Net off				3,800,104	3,658,286	2,521,948
Deferred tax assets				**13,311,495**	**5,776,171**	**671,976**

	Cumulative temporary differences			Deferred tax assets / (liabilities)		
	2011	2010	2009	2011	2010	2009
Deferred tax liabilities						
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	39,643,338	34,330,547	31,679,041	(7,589,440)	(7,017,332)	(6,346,718)
Unaccrued financial expenses	1,393,367	-	-	(139,337)	-	-
Other	2,307,020	1,374,539	-	(412,877)	(493,621)	-
				(8,141,654)	**(7,510,953)**	**(6,346,718)**
Netting				3,800,104	3,658,286	2,521,948
Deferred tax liabilities				**(4,341,550)**	**(3,852,667)**	**(3,824,770)**
Net deferred tax liability				**8,969,945**	**1,923,504**	**(3,152,794)**

(*) A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. Celebi Nas has not booked deferred tax amounted to TL 1,126,227 to its financial statements as of 31 December 2011 which is arisen from the carry forward losses amounted to TL 3,471,189 (31 December 2010: 4,089,236) due to the probability of inability to utilize carry-forward tax losses. Celebi GH Delhi has not booked deferred tax amounted to TL 3,453,478 to its financial statements as of 31 December 2011 which is arisen from the carry forward losses amounted to TL 10,644,099 (31 December 2010: 3,831,521) due to the probability of inability to utilize carry-forward tax losses.

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

Deferred tax movement table is as below:

	2011	2010
1 January	**1,923,504**	**(3,152,794)**
Foreign currency translation difference	54,234	374,962
Current period deferred tax income	6,992,207	4,701,336
31 December	**8,969,945**	**1,923,504**

NOTE 25 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income by the weighted average number of shares that have been outstanding during the year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares are regarded as issued shares. Accordingly, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year.

Basic earnings per share are determined by dividing net income attributable to shareholders by the weighted average number of issued ordinary shares as below:

	2011	2010
Net income attributable to the equity holders of the parent	7,623,634	19,083,241
Weighted average number of shares with 1 Kr face value each	2,430,000,000	2,430,000,000
Earning per share (Kr)	**0.003**	**0.008**

NOTE 26 - DIVIDEND DISTRIBUTION

ÇHS, distributed dividend in 2011, related with the year ended as of December 31, 2010, for a gross amount of full TL1.53 per share, amounting to a total of TL 37,329,460 including the payments to founders and members of board of directors (2010 – gross amount full TL 1.28 per share, total amount TL 31,282,015 including the payments to founders and member of board of directors).

NOTE 27 - 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:

i) Balances with related parties

	2011	2010
Due from related parties		
Çelebi Havacılık Holding A.Ş. ("ÇHH")	4,327	-
Çelebi Bandırma Uluslararası Limanı İşletmeciliği A.Ş. ("Çelebi Bandırma")	-	80,677
Other	156,906	24,432
	161,233	**105,109**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Due from Joint-ventures

	2011	2010
Celebi Nas (*)	621,645	2,808
Çelebi IC Yatırım (**)	36,019	1,813,150
	657,664	**1,815,958**
Due from related parties	**818,897**	**1,921,067**

(*) As of 31 December 2011, related amount consists of expense reimbursements and fixed asset sales to Celebi Nas, the Joint-Venture of the Company.
(**) As of 31December 2010, related amount consists of receivables due to the decrease in capital of Çelebi IC Yatırım to Çelebi Havacılık Holding A.Ş.

The maturities of due from related parties are generally shorter than a month (31 December 2010: shorter than a month). As of 31 December 2011 and 31 December 2010, the net book value and the fair value of short term due from related parties are taken equal, since the discounting transaction does not have a material effect,

Due to related parties

	2011	2010
ÇHH (*)	17,605,040	2,158,502
Çe-Tur Çelebi Turizm Ticaret A.Ş. ("Çe-Tur")	181,973	338,507
Other	4,404	-
	17,791,417	**2,497,009**

(*) As of 31 December 2011, TL 14,171,071 of the relevant amount stems from share transfer of CGHH, and the remaining amount is comprised of expense reimbursements of ÇHH regarding legal, financial, human resources and etc.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

ii) Transactions with related parties

	2011	2010
Miscellaneous sales to related parties		
ÇHH	651,777	349,955
Çelebi Bandırma	257,374	605,778
Çelebi Marina ve Yat İşletmeciliği A.Ş.	69,511	243,910
Ortadoğu Antalya (*)	-	516,736
Other	89,113	286,578
	1,067,775	**2,002,957**
Miscellaneous sales to Joint-ventures		
Çelebi Nas	659,540	144,236
	659,540	**144,236**
Employee and transportation expenses payable to related parties		
Çe-Tur	2,919,665	2,832,396
	2,919,665	**2,832,396**
Contribution to holding expenses (**)		
ÇHH	**26,120,206**	**15,155,729**

(*) Due to the transfer of shares hold by Çelebi Holding of Ortadoğu Antalya, the sales and purchase transactions with Ortadoğu Antalya is not classified as related party transactions.

(**) Contribution paid to Çelebi Havacılık Holding A.Ş. for services (legal counseling, financial consultancy and human resource consultancy) provided to Çelebi Hava Servisi A.Ş. and Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. by Çelebi Havacılık Holding A.Ş. These expenses have been consistently incurred between periods and participations in Çelebi Havacılık Holding A.Ş, in the consideration of criteria such as staff number, company turnover and asset size.

	2011	2010
Interest received from related parties		
Celebi Nas	18,704	37,143
ÇHH	-	135,981
	18,704	**173,124**
Other purchases from related parties (*)		
ÇHH	3,978,662	1,981,535
Çe-Tur	1,330,607	2,703,683
Other	225,377	154,246
	5,534,646	**4,839,464**

(*) Other purchases include vehicle rent, organizational cost and other expenses. Purchases ÇHH 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 ÇHH.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

Dividend paid	2011	2010
ÇHH	20,430,276	16,376,135
Engin Çelebioğlu	3,736,679	3,131,330
Can Çelebioğlu	2,800,124	2,346,499
Canan Çelebioğlu Tokgöz	1,909,056	2,344,181
Other	8,453,325	7,083,870
	37,329,460	**31,282,015**

Collaterals given in favor of related parties for borrowings as of 31 December 2011 and 2010 are as below:

31 December 2011	Euro	US Dollar	INR	Forint	TL	Total TL
ÇHH	-	-	-	-	21,142,500	21,142,500
CGHH (2)	24,200,000	-	-	700,000,000	-	64,697,960
Celebi Nas (1)	-	-	61,200,000	-	-	2,184,840
Celebi Delhi Cargo (3)	-	-	2,467,800,000	-	-	88,100,460
Celebi Delhi GH (4)	-	-	1,252,281,494	-	-	44,706,449
Celebi Cargo GmbH (5)	4,000,000	-	-	-	-	9,775,200

31 December 2010	Euro	US Dollar	INR	Forint	TL	Total TL
ÇHH	-	-	-	-	21,142,500	21,142,500
CGHH (2)	16,028,960	-	-	700,000,000	-	38,010,942
Celebi Nas (1)	-	-	61,200,000	-	-	2,115,684
Celebi Delhi Cargo (3)	-	-	2,382,800,000	-	-	82,373,396
Celebi Delhi GH (4)	-	-	1,251,768,600	-	-	43,273,641
Celebi Cargo GmbH (5)	4,000,000	-	-	-	-	8,196,400

(1) 15.3% shares of the Company in Celebi Nas, Joint-Venture of the Company, have been pledged in favor of the relevant bank for the financial obligations stipulated by the agreements, signed by the Celebi Nas and a bank, resident in India, comprise INR640,000,000 as cash credit and INR 130,000,000 as non-cash credit for the long-term project finance and INR100,000,000 as cash working capital credit.
(2) CCGH signed an agreement for project re-financing of its outstanding borrowings amounting to EUR 20,000,000 in cash and EUR 2,000,000 non cash. Fort he mentioned loan, the Group gave a guarantee amounting to EUR 24,200,000 and 70% of shares of the Company has putted in pledge in favor of related banks.
(3) Celebi Delhi Cargo signed an agreement for bridge loan amounting to INR1,250,000,000 and the Company gave a guarantee for full amount of borrowings to related banks. Also since the bridge loan which signed between Celebi Delhi Cargo, a subsidiary of the Company and a bank resident in India, amounting to INR 1,250,000,000 , was transformed into a long-term cash project loan amounting to INR1,850,000,000 has not been used yet, The Company gave corporate guarantee for full amount of the loan to fulfill the financial obligations stipulated in the agreements with relevant banks and all of the 74% shares of the Company (INR 532,800) in Celebi Delhi Cargo have been pledged in favor of these banks.
(4) The company has given guarantees for liabilities arised from the borrowing agreement signed for financing of long term projects with resident banks in India, which is amounted to INR750,000,000 as cash, and amounted to INR 500,000,000 as non-cash, the company will pledge the shares which is corresponding to 23.9% of the total shares of company in Celebi GH Delhi with 74% in favor of related banks.
(5) For borrowing agreements which are EUR 4,000,000 amounted, between Celebi Cargo GmbH and some banks in Germany, Celebi Cargo GmbH has given guarantees and deposits as same amount as the borrowing amount.

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

Key management compensation:

The Group has determined key management personnel as members of board of directors, general manager and vice general managers. Compensation amounts have been classified as below:

	2011	2010
Short-term benefits	11,342,643	7,145,236
Post-employment benefits	689,546	695,239
	12,032,189	**7,840,475**

NOTE 28 - DERIVATIVE FINANCIAL INSTRUMENTS

Long-term derivative financial instruments

	2011	2010
Interest rate swap	-	3,260,698
Forward currency exchange contracts	-	1,295,094
	-	**4,555,792**

The movement of derivative financial instruments as of 31 December 2011 is as follows:

	1 January 2011	Gain (*)	Loss (*)	Cumulative translation difference	31 December 2011
Interest rate swap	(3,260,698)	3,698,109	-	(437,411)	-
Forward currency exchange contracts	(1,295,094)	1,468,826	-	(173,732)	-
	(4,555,792)	**5,166,935**	**-**	**(611,143)**	**-**

(*) Net financial income recorded in the period according to these agreements is amounting to TL 1,763,316 (31 December 2010: TL 1,995,308 income).

a) Interest rate swap

Within the framework of the project finance agreement entered into with the banks, CGHH has entered into an interest rate swap (Knock In Radial Swap) corresponding to the amount used for the project amounting to EUR 28,600,000 in order to hedge interest rate risk, Interest rate swap has been made under the conditions mentioned below and the related amount will decrease in line with the payments of project borrowing. As of 31 December 2011 aforementioned loan is paid.

b) Forward currency exchange 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 EUR 28,600,000 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. As of 31 December 2011, there are no outstanding forward currency exchange contracts.

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

NOTE 29 - FINANCIAL RISK MANAGEMENT

Financial risk management

The Group focused to manage miscellaneous financial risks including foreign currency exchange rates and interest rates because of activities of the Group. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects.

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.

Interest rate positions of the Group at 31 December 2011 and 31 December 2010 are as follows:

	2011	2010
Fixed interest rate financial instruments		
Financial Assets		
- Cash and cash equivalents	87,773,080	31,765,460
Financial Liabilities	80,020,326	27,849,927
Floating interest rate financial instruments		
Financial liabilities	256,193,278	130,075,630
Derivative financial instruments	-	4,555,792

If other variables are kept constant, interest income generated from time deposits would have been either TL 65,118 higher or lower if the interest rates were 2% more or less at 31 December 2011
(31 December 2010: TL 26,487).

Expected repricing and maturity dates have not been presented with an additional statement due to agreement maturity dates of financial assets and liabilities excluding borrowings received are in line with the expected repricing and maturity dates. Maturity analysis of the bank borrowing based on repricing dates as of 31 December 2011 and 2010 are presented at Note 7.

Credit risk

Credit risk consists of cash and cash equivalents, bank deposits and receivables from customers exposed to credit risk. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk from any individual counterparty (except related parties).

Liquidity 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 TL 231,022,474 as of 31 December 2011 (31 December 2010: TL 129,425,555) (Note 7).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

The table below demonstrates the Group's liquidity risk arising from financial liabilities:

31 December 2011	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	**336,213,604**	**365,711,259**	**47,052,522**	**62,645,175**	**222,665,329**	**33,348,233**
Trade payables						
- Related party	17,791,417	17,791,417	17,791,417	-	-	-
- Other	17,963,107	17,963,107	17,963,107	-	-	-
Other liabilities	3,383,345	3,383,345	264,136	2,063,330	1,055,879	-

31 December 2011	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	**158,091,634**	**172,196,128**	**1,453,512**	**31,250,579**	**117,435,368**	**22,056,669**
Trade payables						
- Related party	2,497,009	2,497,009	2,497,009	-	-	-
- Other	15,960,633	15,960,633	15,960,633	-	-	-
Other liabilities	8,473,170	8,473,170	145,864	7,350,277	977,029	-

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 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 INR.

As of 31 December 2011, other things being constant, if the TL 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 TL 268,909 (31 December 2010: TL 397,537).

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

As of 31 December 2011, other things being constant, if the TL 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 TL 14,633,866 (31 December 2010: TL 6,576,918).

As of 31 December 2011, other things being constant, if the TL was to appreciate/depreciate by 10% against the INR, 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 TL 4,606,534 (31 December 2010: TL 2,024,835).

Foreign currency denominated assets and liabilities of the Group as of 31 December 2011 and 2010 are as follows:

	2011	**2010**
Assets denominated in foreign currency	173,404,519	114,490,907
Liabilities denominated in foreign currency (-)	(368,170,931)	(196,431,617)
Net balance sheet position	**(194,766,422)**	**(81,940,710)**
Net foreign currency position of derivative financial instruments (*)	**-**	**-**
Net foreign currency position	**(194,766,422)**	**(81,940,710)**

(*) Currency forward contract described in Note 28 has been made to deal with risks related to changes in market value of future forecasted cash flows of the Group in accordance with IAS 39.

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

The table below summarizes TL equivalent of the Group's foreign currency denominated assets and liabilities as of 31 December 2011 and 31 December 2010:

31 December 2011	US Dollar	Euro	Indian Rupee	Other currencies	Total TL
Assets:					
Cash and cash equivalents	6,706,296	46,694,591	35,102,043	8,587,606	97,090,536
Trade receivables	951,314	20,309,457	7,837,427	1,343,772	30,441,970
Due from related parties	-	621,645	87,172	-	708,817
Other	52,149	697,810	42,159,453	2,253,784	45,163,196
	7,709,759	**68,323,503**	**85,186,095**	**12,185,162**	**173,404,519**
Liabilities:					
Short term financial liabilities	(3,821,595)	(45,672,384)	(55,697,152)	-	(105,191,131)
Long-term financial liabilities	(3,777,800)	(161,357,733)	(65,886,941)	-	(231,022,474)
Trade payables	(2,378,656)	(4,921,284)	(2,515,881)	(1,804,289)	(11,620,110)
Due to related parties	(337,548)	(833,667)	(2,847,485)	-	(4,018,700)
Short-term provisions	(83,245)	(1,877,092)	(6,176,970)	-	(8,137,307)
Other	-	(400,692)	(4,857,780)	(2,922,737)	(8,181,209)
	(10,398,844)	**(215,062,852)**	**(137,982,209)**	**(4,727,026)**	**(368,170,931)**
Net balance sheet position	**(2,689,085)**	**(146,739,349)**	**(52,796,114)**	**7,458,136**	**(194,766,412)**

31 December 2010	US Dollar	Euro	Indian Rupee	Other currencies	Total TL
Assets:					
Cash and cash equivalents	9,849,046	22,704,932	30,256,932	9,788,503	72,599,413
Trade receivables	630,123	12,271,448	9,827,238	838,365	23,567,174
Due from related parties	-	-	2,808	-	2,808
Other	36,784	748,143	15,447,573	2,089,012	18,321,512
	10,515,953	**35,724,523**	**55,534,551**	**12,715,880**	**114,490,907**
Liabilities:					
Short term financial liabilities	(3,402,478)	(20,859,076)	(4,404,525)	-	(28,666,079)
Long-term financial liabilities	(6,233,208)	(69,764,011)	(53,428,336)	-	(129,425,555)
Derivative financial instruments	-	(4,555,792)	-	-	(4,555,792)
Trade payables	(1,712,522)	(4,166,080)	(1,029,535)	(1,832,770)	(8,740,907)
Due to related parties	(16,081)	(184,761)	-	-	(200,842)
Short-term provisions	(3,127,030)	(1,124,571)	(4,352,548)	(335,465)	(8,939,614)
Other	-	(839,410)	(12,567,952)	(2,495,466)	(15,902,828)
	(14,491,319)	**(101,493,701)**	**(75,782,896)**	**(4,663,701)**	**(196,431,617)**
Net balance sheet position	**(3,975,366)**	**(65,769,178)**	**(20,248,345)**	**8,052,179**	**(81,940,710)**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

The table below summarizes TL equivalent of export and import amounts for the years ended 31 December 2011 and 31 December 2010:

	2011	2010
Total export amount	2,044,346	2,740,727
Total import amount	16,150,176	25,724,864

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.

Consistent with others in the industry, the Group monitors capital on the basis of the debt / equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities 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.

The ratio of net debt/ (equity +net debt) at 31 December 2011 and 31 December 2010 is as follows:

	2011	2010
Total financial liabilities	336,213,604	158,091,634
Less: Cash and cash equivalents	(99,412,758)	(74,299,694)
Less: Current assets (*)	(23,544,151)	-
Less: Long term receivables (**)	(3,797,404)	(545,366)
Net debt	209,459,291	83,246,574
Equity	50,482,222	116,802,476
Equity + net debt	259,941,513	200,049,050
Net debt / (Equity + net debt) ratio	81%	42%

(*) Note 16

(**) Comprised of long-term blocked amount in banks regarding Celebi GH Delhi and Celebi Nas.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 30 - FINANCIAL INSTRUMENTS

Fair value estimation

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.

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Financial assets including cash and cash equivalents have been carried at cost and the Group foresees the historical cost of short term financial assets equal to its fair value. The carrying value of trade receivables less provision for doubtful receivables is equal to fair value of trade receivables. The Group foresees the historical cost of short term trade payables and other payables is equal to their fair value.

In the balance sheet, derivative financial instrument is the only item that is recognized at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2. Apart from that, for disclosure purposes, the borrowings carried at the amortized cost at the balance sheet are presented with their values in Note 7. The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate (Libor) that is available to the Group for similar financial instruments that can be classified as level 2. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

The Group's assets and liabilities quantified as fair values at 31 December 2011 and 2010 are as below:

31 December 2011	Level 1	Level 2	Level 3	Total
Assets				
Available for sale financial assets	-	-	1,536,105	1,536,105
Total assets	**-**	**-**	**1,536,105**	**1,536,105**

31 December 2010	Level 1	Level 2	Level 3	Total
Assets				
Available for sale financial assets	-	-	26,286	26,286
Derivative financial instruments	-	-	4,555,792	4,555,792
- Interest rate swap	-	-	3,260,698	3,260,698
- Forward currency exchange contracts	-	-	1,295,094	1,295,094
Total assets	**-**	**-**	**4,582,078**	**4,582,078**

NOTE 31 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS

The cargo building of the Company located at Ataturk Airport ("AHL") Terminal C in which the Company carries out cargo - warehouse operations was damaged by a 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 to property, plant and equipment and leasehold improvements of the Company. As of 31 December 2011 some of the owners of the goods have applied to the Company and its insurance company for compensation of their losses by filing lawsuits against the Company and via enforcement proceedings.

Because of the aforementioned fire, a judicial inquiry has been held with the inquiry file 2006/37927 E. at the Bakırköy Office of the Directorate of Public Prosecutions, and in accordance with the results of the judicial inquiry criminal prosecution proceedings - Criminal suit number 2006/817 E. at Third Bakırköy Third Magistrate Criminal Court - have been initiated against four DHMI security guards and an Ataturk Airport security guard for responsibility concerning the fire. The Company has been described as the aggrieved party in the indictment prepared by the Bakırköy Office of the Public Prosecutor. The Company, with all rights related to private law reserved, has submitted a petition to be a participant in the court proceedings for the penalizing of the perpetrators, since it has been described as aggrieved party. Since the reasons and responsible of fire could not identified, the court has decided to acquittal of the DHMI personnel.

There are legal cases and enforcement proceedings under way: this comprises legal cases and enforcement proceedings amounting to TL 20,400,738 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 TL 4,995,534 in which the Company is the sole defendant. Total legal cases and enforcement proceedings is TL 25,396,272 (Note 14) as of 31 December 2011.

In this context, the company management deems it likely that all the exposed legal claims of the Fund Companies can be eliminated through settlement in the context of the fund as a result of the ongoing negotiations. On the other hand and leaving aside the ongoing negotiations for settlement, the maximum limit which the Company may be held liable under the existing lawsuits and actions taken is approximately TL 10,914,527 despite being a remote probability bearing in mind the internationally established legal rules regarding the air transportation and so on since the same has a limited liability against the cargo owners based on the limitation of the liability regulated under the international conventions given the legal nature of the contractual liability that may be assumed due to the agreement executed with the carriers.

The Company has an insurance policy related to the goods of third parties amounting to USD 1,500,000 which has been fully collected as of 31 December 2011 and is planned to be utilized by the Company under the circumstances that the Company is held legally liable for the losses incurred during the fire.

For the purpose of compensating legal claims related to the fire that broke out on 24 May 2006, the company management has decided to use another insurance policy amounting to USD 10,000,000 in a special fund created in conjunction with the DHMI and other warehouse management company in accordance with the Sharing Agreement signed with same parties. The Sharing Agreement mentioned was established in order to deal with the consequences of legal cases and enforcement proceedings in which the Company is a co-defendant along with the DHMI and other warehouse management company.

Even though the contracting Company, DHMİ, and other warehouse operator ("Fund Companies") maintain their claim that they can in no way be held responsible for the fire and its consequences, they have decided that the fund in question be established by the reinsurers of the Fund Companies in order to resolve the cases in which they are and are likely to be a party. As of the announcement date of the report, 171 cases with a total value of TL 62,636,990 (USD 33,160,564) and to which the Fund Companies are a party, have been solved with conciliation; for TL 37,853,075 (USD 20,039,746) negotiations between the claimants and the fund are ongoing no conciliation has been achieved within the scope of the fund. It is foreseen that the balance amounts remaining in the fund as a result of liquidation will be sufficient for the liquidation of all claims made with all fund parties but for which reconciliation meetings have not been finalised.

In view of the foregoing, the Company believes that all legal claims faced may be settled as part of the insurance policy collected and the fund formed. Since there are no further development which adversely affects the matters disclosed in past, the Company has not booked any provision in consolidated financial statements as of 31 December 2011.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

NOTE 32 - SUBSEQUENT EVENTS

a) Paid in capital of Celebi Nas is INR 518,000,000 among registered capital ceiling amounting of INR 600,000,000. Since equipments needed in the short term for Çelebi Nas is decided to be funded by its shareholders and amount of INR 85,000,000 to be paid as share capital, the amount of INR 46,750,000 which is the 55% (share percent of Çelebi Hava on total equity of Nas) the pre-mentioned amount is decided to be paid to Çelebi Nas. This payment and payments herein after, within the framework of the local legislation and calculations done accordingly in India, at the rate of share are decided to accounted under equity after recognizing as share capital.

b) As of 5 January 2012 fire damaged offices in Cargo Terminal of Delhi International Indra Gandhi Airport, operated by Celebi Delhi Cargo and fire was extinguished. No casualties or injuries have existed due to fire. Neither were goods and belongings of customers stored at warehouse at cargo terminal damaged. After the fire, it has been noted that some office equipments, a proportion of accounting records and furnitures and fixtures of the offices were partly damaged. No loss is expected to be covered by Celebi Delhi Cargo for compensation of the damage since any kind of tangible assets of the company was insured against any risk. Monetary amount of the damage and amount to be compensated by insurance companies are still on investigation by insurance experts assigned by relevant authorities.

c) Board of directors of the Company has been decided cover INR 79,222,000 amounted equity, increasing the capital for financing the operations and investments of Çelebi GH Delhi with under the legislation in India. Accordingly, INR 78,884,000 (approximately 1.5 million USD) has been decided to pay and under legislation in India the maximum share percentage of 74 % has been decided to be kept constant.

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