Çelebi Ground Handling Inc. **Annual Report 2012**

CONTENTS

Distinguished customers, shareholders and employees,

The results we achieved in 2012 when we have further solidified our leadership in the Turkish aviation industry once again attested to the accuracy, productivity and efficiency of the corporate structure and processes of our Company, particularly in view of the wavering and challenging market conditions that marked the past four years in global economy.

Çelebi Ground Handling is characterized by its deep-established brand, superior service capability, sound financial structure, competent human resource, and strict commitment to high quality standards and business ethics. Aware of its position as a trendsetter for the industry, Çelebi Ground Handling devised and introduced its future strategies, and authored a successful performance in 2012.

Guided in its actions by the responsibility imposed by being the first privately-owned ground handling services company in the Turkish aviation industry and exhibiting its innovative character through constantly upgraded services, Çelebi Ground Handling completed 2012 as the industry's leader as it did in the previous years.

We would like to briefly touch upon the current developments in the world economy before proceeding with the 2012 fiscal year results of Çelebi Ground Handling.

The weak growth that inflicted particularly the EU and the USA in 2012 led to continued uncertainties in global economic activity.

During 2012, the environment of volatility that began affecting the whole world in the aftermath of the global crisis remained important. While the recovery in global economic activity fell short of the desired level, the issues in the public finance of developed countries, in particular, kept dogging the agenda, as they continued to be global risk elements due to their restricting nature on overall growth.

The negative events in developed countries have been influential on emerging countries, and growth adopted a downturn despite regional differences.

There are serious concerns hovering over the sustainability of economic improvement in the USA.

In 2012, growth in GDP surpassed the 1.3% ratio of the second quarter in the USA and went up to 2.0% in the third quarter. While the expansion in consumer spending and housing construction sectors was encouraging, the low exports of the country and weak performance of non-housing investments nurture the grim doubts about the sustainability of recovery in the fragile economy.

The budget bill passed in the Senate on the first day of 2013 precluded the risk of a fiscal cliff that would result from the regulation setting forth automatic tax hikes and spending cuts in the period coming, which would lead to a negative impact on growth. The bill was subsequently ratified by the House of Representatives, as well.

Europe contained the systemic liquidity risk despite weak growth.

The European Central Bank (ECB) was able to take under control the systemic liquidity risk that resulted from the financial crisis in the Eurozone. The ECB's powerful affirmation about buying the debts of peripheral economies significantly reduced the risks over public indebtedness.

The distressed economies of Europe have long been fighting stagnation: Spain for five quarters, Portugal seven and Greece nine. While the macroeconomic environment was deteriorated by the banking and debt crisis that broke out in Spain in the second half of 2012 on one hand and the increased oil and commodity prices on the other, economic activity slowed down even in Germany. Although the decisions adopted in an effort to solve the debt crisis introduced some improvement to the markets in the first quarter of 2012, the increased cost of borrowing for Spain and Italy and the concerns over the health of financial systems negatively impacted the markets. Embedded in all of these topics are question marks about the foundations and the architectural rigidity of the Eurozone.

The downturn in China's growth rate continued.

In the recovery period that followed the global crisis, third quarter of 2012 saw continued decline in the growth rate of China, the greatest contributor to the growth of emerging economies. Going on for the past 1.5 years, the slowdown was driven mainly by the extremely high investments in the past, the reduced return on invested capital, the declined consumption trend, and the slimmed-down competitive advantage of China versus other countries.

The decreased demand from Europe and the USA was another factor that adversely affected exports, one of the building blocks of the Chinese economy, and the country's domestic demand figures failed to offset this deficit.

A slow and fluctuating growth is expected for the world economy in 2013.

At the end of 2012, the global economy is yet to settle on solid grounds. Growth is expected to be slow and fluctuating. A limited improvement is anticipated in economic activity in the period coming along with the measures adopted by the policymakers in developed countries.

In the World Economic Outlook 2013, International Monetary Fund (IMF) revised downward its growth expectations for the global economy. The report underlined that the downside risks in global economy continued to exist, but that global growth might prove to be better than expected, provided that a crisis did not break out and provided further that the recovery in financial conditions continued.

In October 2012, the IMF revised its 2013 global growth forecast, decreasing it to 3.5%, and its 2014 forecast from 4.2% to 4.1%.

We have implemented all of our business plans and produced greater value for all our stakeholders in 2012.

The strategies we have implemented and the performance we have displayed in 2012 once again proved that we are headed in the right direction. Our company implemented all of its business plans without exception and fortified its leadership in the industry; realized initiatives that will play a key role in its future growth, and produced increased value for all of its stakeholders.

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 10.8% growth in the number of aircraft serviced in the Turkish market during the reporting period.

Major contributors to this rise have been our domestic flights traffic and the start of services to Pegasus Airlines at Sabiha Gökçen Airport beginning from December 2011. The cooperation that started at Sabiha Gökçen Airport with Pegasus Airlines, which is accountable for almost 40% of the air traffic at that airport, brought about significant increase in our traffic also in 2012.

Other factors that supported our growth in 2012 included expanded customer portfolio, which now also covers more than 50% of the airlines that recently penetrated the market, and the increased number of flights by most of our existing customers.

The number of aircraft serviced via 3,859 employees was 156,321 in 2011, which rose to 173,200 aircraft serviced via 4,374 employees at year-end 2012.

This growth in our operational performance reflected on our financial performance as well, and Çelebi Ground Handling posted TL 537,002,487 in consolidated net sales as of year-end 2012. The Company booked an operating profit of TL 43,593,306 in the reporting period.

Services of Çelebi Ground Handling match international quality standards.

Boasting a quality management system whose processes are fully defined, quantified, and monitored, Çelebi Ground Handling targets to achieve continuous improvement in this department. The quality management system of Çelebi Ground Handling is based on ensuring that its service and management processes are defined, quantified, monitored, and analyzed so that they may be further developed.

Adapting the systems required and preferred by the civil aviation industry across the world in its operations, Çelebi Ground Handling successfully passed the audit conducted by the IATA for the İstanbul Station and the Headquarters units without any findings under ISAGO, a standardized audit program for ground handlers. The Company has been endorsed as the first ground handler to receive the ISAGO certification in Turkey.

Conducted for the İstanbul Station and the Headquarters units in 2010 and for its Antalya, Bodrum, İzmir and Dalaman Stations in 2011, the ISAGO certification process continued at the same speed in 2012, as a result of which Adana and Trabzon stations also earned the same certification.

In addition, İstanbul Atatürk Airport Station successfully completed the renewal of the ISAGO certification, and Sabiha Gökçen Airport Station is in the phase of certification, for which ISAGO audit has been finalized.

In keeping with our target to increase the number of our ISAGO-certified units to 13 with the addition of Van, Diyarbakır, Kayseri, Samsun and Ankara Stations in 2013, we have started the necessary work to this end.

Çelebi Ground Handling Hungary, our first international venture, continues to expand its customer portfolio.

Celebi Ground Handling Hungary, Çelebi Ground Handling's subsidiary providing ground handling services at the Budapest Ferihegy International Airport performed successfully also in 2012. The company increased the number of total flights serviced from 20,224 in 2011 to 27,148 in the last quarter of 2012 for a year-on increase of 34.24%.

Celebi Ground Handling Hungary began cargo operations out of its new warehouse located outside the airport on 1 January 2011. The drivers of the successful performance of Celebi Ground Handling include the new agreement reached for the handling of truck and aircraft cargo with Air France-KLM, Alitalia and Martin Air, as well as the service provided for the cargo flights of Qatar Air and Turkish Airlines.

Our associates in India achieved results in parallel with our expectations.

Celebi Ground Handling Delhi Private Limited that started providing service at the Delhi Indira Gandhi International Airport on 2 June 2010 continues to build up its customer portfolio. Carrying out its activities in line with the quality concept of Çelebi, the company earned the ISO 14001 Environmental Management System and BS OHSAS Occupational Health and Safety System certifications in the first half of 2012 that re-endorsed its quality, following the ISO 9001 certification that was received in 2011.

In 2012, the Company grew its market share by reaching an agreement with two of the world's leading airlines, Air France-KLM and Kenya Airways, and renewed its agreement with Turkmenistan Airlines. While the number of aircraft serviced in January-December 2011 was 3,632, it increased to 4,759, up 31.03/% year-to-year.

Our subsidiary that started providing service at the Mumbai (Bombay) Chhatrapati Shivaji International Airport in India on 1 July 2009, Çelebi-NAS grew its portfolio in the first half of the year with the addition of new customers that included Air France-KLM, Air China, Druk Air, Iraqi Airways, Royal Jordanian, Martinair, Go Air, and Jet Airways, and renewed agreements with British Airways, Qatar Airways, Lufthansa, Air Arabia, Swiss Air, Turkish Airlines Cargo, and South African. During the reporting period, the company obtained the ISO 9001, ISO 14001 and OHSAS 18001 certifications, thus documenting its commitment to offering quality service. Having serviced 17,910 aircraft in the twelve months to end-2012, Çelebi-NAS continued with its healthy and sustainable growth.

The second representative of Çelebi brand name in Europe successfully moves forward.

Representing Çelebi's second venture in Europe following Hungary, Celebi Cargo GmbH started operations on 10 January 2011 to offer air cargo storage and handling services in the storage/warehouse facilities in the Frankfurt Airport Cargo City. The services rendered during January-December 2011 period had reached 40,588 tons, which went up to 69,799 tons in the twelve months to end-2012.

In 2012, Celebi Cargo GmbH registered significant growth in cargo traffic on the back of the collaborations with Turkish Airlines, FedEx, LAN, Bulgaria Air, Ethiopian Airlines and TAM Airlines. In the same period, the company also introduced CRM, the customer relationship management system, thereby increasing its integration with the group companies.

We possess the capability and the commitment to sustain our successful performance also in the years coming.

Çelebi Ground Handling maintains its existence as a service provider that has turned its course to the future and the global market. We will keep capitalizing on the dynamics and new business opportunities that will add to the growth momentum of our Company and our industry in the years coming, as well.

Innovation, change, vision and planning have an indisputable place in the corporate culture of Çelebi Ground Handling. Acting on this awareness, we further advance the technology and the service capabilities at our disposal by the year, and transform the strength we derive from development into competitive advantage.

Our deep-rooted, strong Company sure-footedly moves along its growth roadmap that is fully compliant with the industry's circumstances, and designed with a prudent and versatile approach. We would like to extend our heartfelt thanks to all of our employees, business partners and shareholders with whom we have taken these steps.

Yours sincerely,

ÇELEBİ GROUND HANDLING INC.

Can Çelebioğlu
Chairman

I- OVERVIEW

1. FIELD OF ACTIVITY

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 carries out its activities under the Çelebi Holding organization. The Company is registered with the Capital Markets Board of Turkey (CMB) and its shares began trading in the Istanbul Stock Exchange (ISE) on 18 November 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 28 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, Çanakkale, Iğdır and Kocaeli 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 Ground Handling Inc.

Anel İş Merkezi, Saray Mahallesi Site Yolu Sokak No: 5 Kat: 9

34768 Ümraniye/İstanbul, Turkey

The Company's website is located at the address www.celebihandling.com. The internet address for the Company's investor relations is www.celebiyatirimci.com.

2. BOARD OF DIRECTORS, BOARD OF AUDITORS, COMMITTEES AND SENIOR MANAGEMENT

The Company's Board of Directors is formed of the following members:

Name	Position	Executive/Non-executive	Independent Member or Not
Can Çelebioğlu	Chairman	Executive/Managing Director	Non-independent Member
Canan Çelebioğlu	Vice Chairperson	Executive/Managing Director	Non-independent Member
Memet Kaya	Board Member	Non-executive	Non-independent Member
Aydın Günter	Board Member	Non-executive	Non-independent Member
Salih Samim Aydın	Board Member	Non-executive	Non-independent Member
Turgay Kuttaş	Board Member	Non-executive	Non-independent Member
Feyzi Onur Koca	Board Member	Non-executive	Independent Member
Osman Cengiz Aktar	Board Member	Non-executive	Independent Member

Term of office for the members of the Board of Directors is one year and ends on the date of the immediately following ordinary general meeting.

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 24 May 2012. 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).

According to the provisions of Corporate Governance Principles and the amended Article 7 of the Company's articles of incorporation, Feyzi Onur Koca and Osman Cengiz Aktar, whose candidacy for independent membership on the Board of Directors has been deemed appropriate, have been elected as Independent Board Members to serve a term of office of 1 (one) year (for the period between the two ordinary general meetings).

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 24 May 2012, the Company's Board of Directors decided on 25 May 2012 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.

At the Ordinary General Meeting held on 24 May 2012, the shareholders having management control over the company, members of the Board of Directors, senior executives and their partners and relatives by blood and marriage up to second degree have been authorized, as per Articles 334 and 335 of the Turkish Commercial Code (TCC), to enter into transactions that are of a nature that might lead to conflict of interest with the Company or its subsidiaries, to compete with those associates, to perform the tasks that fall under the Company's scope personally or on behalf of others, and to become partners in companies that are engaged in similar activities, and to engage in other transactions; no transactions took place within the scope of the said authorization granted during the reporting period.

Board of Auditors

At the General Meeting of 24 May 2012, İbrahim Beydemir, Fatih Özçanak and Seyhan Öztaylan Çelik have been elected as statutory auditors within the scope of the TCC and the Company's articles of incorporation. Statutory auditors serve one-year terms and hold office until the next annual general meeting.

Corporate Governance and Audit Committee

On 25 May 2012, the Board of Directors decided to elect Feyzi Onur Koca and Osman Cengiz Aktar as members of the Audit Committee and Aydın Günter and Feyzi Onur Koca as members of the Corporate Governance Committee from amongst the Board Members elected at the 2011 Ordinary General Meeting of Shareholders convened on 24 May 2012, in line with the provisions of the relevant article of the CMB Communiqué Serial: X No: 22 concerning Independent Audit Standards in the Capital Markets and the CMB Communiqué Serial: IV No:56 on the Determination and Implementation of Corporate Governance Principles.

Senior Management

The names of the executives who served at the Company during 2012 are presented below:

Name	Title	Effective from
Talha Göksel	Chief Executive Officer	2010
Ayfer Atlı	Financial Affairs Director	2011
Murat Nursel	Operations Director	2010
Eric Willems	Commerce Director	2012
Gökhan Ahmet Üçel	Strategic Planning and Marketing Director	2012
Pınar Yenigün	Human Resources Director	2012

Following Serhat Ziya Erten's departure from the Company, who had been functioning as the Human Resources Director since 2005, Pınar Yenigün has been serving in this position effective 13 March 2012.

Having served in various positions at the Company since 2004, Gökhan Ahmet Üçel has been appointed as the Strategic Planning and Marketing Director as of 27 June 2012.

Upon Mehmet Tunç Müstecaplıoğlu's departure from the Company, who had been working as the Sales and Marketing Director since 2009, Eric Willems has taken over the position as Commerce Director effective 27 June 2012.

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;

- There is an Investor Relations Unit, which handles exercising of shareholding rights at our Company that is listed on the ISE. This unit 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" and "Corporate Governance Rating Expertise License", served during the reporting period as the head of Investor Relations Unit. (Tel: 216-666 6767, e-mail: deniz.bal@celebi.com.tr)
- There is 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 during the reporting period. (Tel: 216-666 6767, e-mail: ozgur.eren@celebi.com.tr)
- Özgür Eren, who was in charge of the fulfillment of obligation arising from the capital market legislation and coordination of corporate governance practices, who was serving as full-time executive personnel reporting to the Company's CEO and holding "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise License" resigned in October. Therefore, Deniz Bal, who has been serving as the head of Investor Relations Unit, and who holds "Capital Market Activities Advanced Level" and "Corporate Governance Rating Expertise License", became responsible for the fulfillment of obligations arising from the Capital Market Legislation and for coordination of Corporate Governance practices, in addition to her existing responsibilities.

Information on General Meeting

Information on the Company's General Meetings held in the 1 January 2012 and 31 January 2012 period is disclosed under "4 – General Meetings" of the Corporate Governance Principles Compliance Report.

Financial Rights Provided to the Members of the Governing Body and Senior Managers

The Company designated its consolidated senior management team as the members of the board of directors, the chief executive officer and deputy chief executive officers. The breakdown of the benefits provided to senior managers is presented in the table below:

	2012	2011
Short-term benefits to employees	12,153,826	11,342,643
Benefits after termination/end of employment	118,072	689,546
	12,271,898	**12,032,189**

3. NATURE AND VALUE OF ISSUED CAPITAL MARKET INSTRUMENTS

As of 31 December 2012, our Company's issued capital amounted to TL 24,300,000. Our Company's capital structure on 31 December 2012 and 31 December 2011 was as follows:

Shareholders	(%)	31 December 2012	(%)	31 December 2011
Çelebi Havacılık Holding A.Ş.	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	5.11	1,242,720	5.11	1,242,720
Others	22.65	5,502,447	22.65	5,502,447
	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 2012 (%)	31 December 2011 (%)
Engin Çelebioğlu	19.97	28.25
Can Çelebioğlu	29.89	25.74
Canan Çelebioğlu	27.50	23.36
Others	22.65	22.65
	100.00	100.00

There are no privileged votes under the provisions of the Company's articles of incorporation. From amongst the shares categorized under Classes A, B and C that represent the issued capital, holders of Class A and B shares have the privilege to nominate for the Board of Directors and the Board of Auditors.

The Company did not repurchase any own shares in the period from 1 January 2012 to 31 December 2012.

4. INFORMATION ON PERSONNEL AND HUMAN RESOURCES POLICY

The total number of personnel employed by the Company as at 31 December 2012 is 4,083 (31 December 2011: 4,207 people). The average number of employees on the Company's payroll was 4,374 and 3,859 people in 2012 and 2011, respectively.

The total number of personnel, including the subcontractor personnel was 10,269 and 10,318 people on 31 December 2012 and 31 December 2011, respectively.

Group (Consolidated)	31 December 2012 Number of Employees	31 December 2011 Number of Employees
Çelebi Hava Servisi A.Ş. ("Company")	4,083	4,207
Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.	45	66
Celebi Ground Handling Hungary	618	573
Celebi Nas (India)	1,801	2,125
Celebi Delhi Cargo (India, including subcontractor personnel)	2,655	2,552
Celebi Delhi Ground Handling (India)	914	678
Celebi Cargo GmbH (Germany, including subcontractor personnel)	153	117
Total	10,269	10,318

There is no collective bargaining agreement at our Company; our employees are provided with all legal social rights under the Labor Law and applicable current legislation, besides salaries, overtime payments, lunch and transportation service.

Human Resources ("HR") 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 in Turkey 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 to the recruitment and placement regulations by the human resources departments of the affiliated 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 2012 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 2012.

Rewarding performance

Based on the results of the annual performance appraisal, employees with outstanding performances are rewarded also in 2012 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. From 2009 through 2012, a total of 12 senior executives were trained and assigned for ground handling operation in Mumbai and Delhi in India, as well as in Hungary, Frankfurt and Austria. 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 2012 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.

Under the criteria for making appointments from within, promotion/rotation opportunities are offered to the employees via the Development Councils. The position needs are primarily announced to Çelebi employees and the priority is given to our personnel. In 2012, the "Development Councils" systematic has been revised and the "Talent Management" project has been launched, whereby potential along with competencies are identified and assessments are backed by more scientific work. The project created an opportunity for the assessment of all eligible employees Project work will be carried on also in 2013.

The rate of promotion from within, which was 75% in 2008, increased to 83.70% in 2009, 82.76% in 2010, 91% in 2011 and 77.03% in 2012.

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 2012, training per person was 5.48 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 2012. The Department's efforts to this end include visiting branches and units during which meetings are held and conducting employee satisfactions surveys since 2007.

During 2012, Employee Satisfaction was conducted in face-to-face contact with the employees through the "Open Door Meetings" carried out by the Human Resources Department. In these meetings, the employees' suggestions and opinions about the Company practices were sought, and various improvement activities were carried out via the project groups set up.

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 2012.

Employee safety

Our Company has a management system that provides employees with a safe and healthy working environment, and carries out risk assessments that identify the threats and risks to which employees may be exposed. The system is also engaged in activities to reduce risk/threat levels through measures that are to be taken, complies with the requirements of the labor law, develops and implements programs to achieve occupational health and safety objectives, and continuously monitors occupational health and safety performance. In addition, the Company's 26 stations and the headquarters have been certified with OHSAS 18001 certification.

Social activities

In 2012, a photography contest and a slogan contest themed "Teamwork" was organized among the employees and those that were placed in the top ranks were given gifts.

II- FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR MANAGEMENT

The financial rights provided to the members of the Company's governing body and its senior management are disclosed under "20. Financial Rights" section of the Corporate Governance Principles Compliance Report.

III- RESEARCH AND DEVELOPMENT ACTIVITIES

5. OPERATIONAL EFFICIENCY

Introduced at the Company to help achieve increased efficiency and zero-error planning of operations, the resource planning, work schedule generation and real-time control system (Inform-GroundStar) continued to be used successfully at İstanbul, Antalya, İzmir and Sabiha Gökçen stations during 2012. Furthermore, the Plan Control and Roaster modules, which allow the generation of planning and work schedules at our stations in Ankara, Bodrum, Dalaman, Adana, Diyarbakır and Samsun, have been upgraded. The Plan Control module was upgraded from version 5.5 to version 6.5, and the Roaster module from version 7.2 to version 11.0.

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 2012. In 2012, handheld terminals at the Antalya and İstanbul stations and their software have been renewed and the new terminals that are faster, smaller, more durable and practical than the old ones served to increase the usage rate of handheld terminals. This alleviated the workload of our operations department personnel, minimized possible mistakes, and reduced the time spent by staff for document preparation and forwarding.

In a bid to offer better service to our customers and to increase our productivity, the service standards at our stations in İstanbul, Sabiha Gökçen, Antalya, Dalaman, İzmir and Bodrum airports have been re-measured and updated in line with the changing conditions in 2012.

In view of the DGCA circular dated 28 September 2010, our Company began work on ISAGO in March 2010. Having furthered its Integrated Management Systems (ISO 9001, OHSAS 18001, ISO 14001) that have been in place from 2007 in line with ISAGO expectations, our Company has been the first Turkish ground handler to earn ISAGO certification. ISAGO audits at our Company were as follows: Çelebi Ground Handling Headquarters (August 2010), ÇGH İstanbul Station (October 2010), ÇGH Antalya Station (December 2011), ÇGH Bodrum Station (December 2011), ÇGH Dalaman Station (December 2011), ÇGH İzmir Station (December 2011), ÇGH Adana Station (April 2012), ÇGH Trabzon Station (April 2012). In addition, the ISAGO certification renewal audit at Atatürk Airport has been successfully completed and the certification was renewed in 2012.

Our Company adopts the quality systems preferred in the civil aviation world, and employs AHS 1000 and IATA AHM 804 measurement systems. These systems determine and report measurable quality criteria, and serve to enable more efficient operation and increased operational productivity of airliners and ground handlers. These systems allow identification of the problematic step along the service process and taking necessary corrective action accordingly. Customer dissatisfaction arising during the service is monitored at all stations and necessary action and improvement steps are taken immediately for the customer complaints received. In addition, regular internal audits are conducted semi-annually by the Quality Department at all of our stations in an effort to prevent possible customer dissatisfaction, and corrective actions in relation to negative aspects identified by these audits are carried out by the stations.

IV- THE COMPANY'S ACTIVITIES AND MATERIAL DEVELOPMENTS IN ACTIVITIES

6. THE RELEVANT SECTOR, 2012 ACTIVITIES AND PERFORMANCE

The World and Turkish Economy in 2012

In the World...

Oil prices...

In the last quarter of 2012, the developments both in supply and demand have been telling on the downturn of oil prices. The outlook of global growth was negatively affected by the labor indicators in relation to the US economy that still do not point at a permanent recovery, the contraction in the Eurozone and the concerns over the region that could not be fully eliminated despite the positive steps taken. These constituted an element of downward pressure on oil prices. Seemingly, there is no pressure on crude oil supply that will lead to an upward acceleration of prices depending on the highest levels the US crude oil stocks reached since the First Gulf War, combined with the maintained production levels at OPEC countries. Average oil price assumption for 2013 set at USD 107 in the October Inflation Report was revised upwards to USD 108, a quite limited rise in line with the forward quotations. While oil prices averaged USD 95.1 a barrel in the twelve months to end-2011, the same stood at USD 94.2 in average in the same period of 2012.

Inflation and growth...

In the last quarter of 2012, the increasing trend of the risk appetite observed since the middle of the year became evident upon the strengthened perception that the worst risks for global economy had been left behind. The major positive contributors to risk appetite included the concrete steps taken in the Eurozone for solving the issues and the positive developments concerning the US and Chinese economies. On the other hand, quantitative expansionary policies remained in place owing to the continued weak course of growth outlook in developed countries.

The outlook of global growth turned to negative in the third quarter of the year in connection with the regressed debt crisis in the Eurozone, and maintained the same course through the last quarter. The rate of increase of economic activity declined both in developed and emerging countries in the last quarter, and the growth rates of countries that take a significant share of Turkey's exports displayed a weak outlook.

The US economy, one of the key determinants of the course of global growth, registered 3.1% growth in the third quarter of the year as compared with the second quarter (annualized). Although the fastest growth has been achieved since the fourth quarter of 2011, an evident recovery did not start in the labor market, and the basic unemployment indicators are still far from pre-crisis levels.

In the last quarter of 2012, both the general and core consumer inflation rates continued to display a downward trend in developed and emerging countries. While the declined commodity prices in the said period supported the decrease in inflation rates, the relatively weak course of growth prevented the creation of a demand pressure on inflation.

In Turkey...

Exchange rates...

While the currencies of many emerging countries appreciated against the US dollar with the effect of the recently increased global risk appetite and the capital flow that turned its course to emerging countries, the appreciation of the Turkish lira has been relatively more restricted.

Averaging 1.69 in the 12 months to end 2011, the average of USD for 2012 rose to the order of 1.79 during the same period of 2012. Similarly, the average Euro rate rose from the order of 2.36 in 2011 to 2.31 in average in the twelve months to end 2012. While the USD/EUR parity had averaged 1.40 in the last quarter of 2011, the same declined to an average of 1.29 year-to-year. 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 109.52 as at end-December 2011 dropped to 118.08 as at end-December 2012.

Inflation...

As a result of the progressively diminished accumulated effects of last year's movements in currency rates and import prices and the continued deceleration in domestic demand, the annual rate of increase of basic commodity prices continued to decline. Service prices, on the other hand, maintained their moderate course. Within the frame of these developments, key inflation indicators sustained their downward trend. 11.90% in the twelve months to end 2011, inflation declined to 4.3% during the same period of 2012.

Civil Aviation Industry

In the World...

Based on the data released by the International Air Transport Association (IATA), international passenger traffic went up by 5.3% year-on in 2012, whereas cargo traffic slimmed by 1.5%. The capacity increase was 3.9% in passenger traffic and 0.2% in cargo. The seating capacity utilization rate in passenger traffic materialized as 79.1%.

On the basis of regional developments, the passenger traffic in Europe showed a year-on rise of 5.3%. This increase can be regarded as a result of the unsteadiness of the weak market conditions despite economic uncertainty that still lives on in Europe. The Middle East, on the other hand, showed a rise of 15.4% in demand and 12.5% in capacity, and as such displayed the most solid performance globally. Air transportation contracted by 2.1% in the Indian domestic market.

In Turkey...

In Turkey, there was an overall rise of 7.5% in the number of total commercial flights in 2012, split as 7.5% in domestic commercial flights and 7.5% in international commercial flights. Following suit, the passenger traffic rose by 10.8% and 10.2% in domestic and international flights, respectively, during the same period. The key drivers behind these increased figures include the continued growth of demand in the marketized domestic flights segment, and the growth strategy pursued by the Turkish Airlines which also brings about increased traffic of transit passengers. As a result of these indicators, the civil aviation industry in Turkey remained one of the fastest-growing markets on a global scale.

2012 Activities and Performance

In the 12 months to end 2012, the number of flights serviced in the Turkish market by our Company was 173,200 (2011 12-months: 156,321 flights) for a year-on rise by 10.8%. This growth was driven mainly by the domestic flights traffic and the inception of service provision to Pegasus Airlines at Sabiha Gökçen Airport starting from December 2011. The cooperation that started at Sabiha Gökçen Airport with Pegasus Airlines, which is accountable for almost 40% of the air traffic at that airport, brought about significant rise in our traffic also in 2012. Our growth in 2012 was backed also by our customer portfolio that was expanded with the addition of more than 50% of the airlines that penetrated the market in 2011, and the increased number of flights by the majority of our existing customers.

Having started ground handling operations at Delhi International Indira Gandhi Airport in India on 2 June 2010, Celebi Ground Handling Delhi Private Limited earned ISO 9001 certification in 2011. The company endorsed its quality with the ISO 14001 Environmental Management System and BS OHSAS Occupational Health and Safety certification that were received in the first half of 2012. Furthermore, the company kept increasing its market share with the agreements reached with two of the world's select airlines, Air France-KLM and Kenya Airways and renewed its agreements with Turkmenistan Airlines. Having serviced a total of 659 aircraft in 2010, this figure rose to 3,632 at end 2011, and to 4.759 at end 2012, up 31.03% year-to-year.

Celebi-NAS, our associate that began offering service at the Mumbai (Bombay) Chhatrapati Shivaji International Airport in India on 1 July 2009, continued to grow as it expanded its portfolio adding various customers that included Air France-KLM, Air China, Druk Air, Iraqi Airways, Royal Jordanian, Martinair, Go Air, and Jet Airways in the first half of the year, renewed agreements with British Airways, Qatar Airways, Lufthansa, Air Arabia, Swiss Air, Turkish Airlines Cargo, and South African, and obtained ISO 9001, ISO 14001 and OHSAS 18001 certifications. While the number of aircraft serviced in 2010 was 25,210 in total, the company provided service to 17,910 aircraft during 2012 (2011 12-months: 28,821 flights). The year-on decrease in the number of aircraft serviced resulted from the reduced number of domestic and international flights of Kingfisher.

During 2012, Celebi Delhi and Celebi Nas Ground Handling signed ground handling agreements with Royal Jordanian Delhi, Air China, KLM, British Airways and Indigo Airlines, and continued to expand their customer portfolios. Furthermore, Emirates and our Delhi Cargo associate signed a new, long-term agreement.

Celebi Ground Handling Hungary, the first international venture of Çelebi Ground Handling, increased its aircraft and cargo traffic upon the start of cargo flights by Qatar Airways and Turkish Airlines, and also added a major customer to its portfolio of warehouse customers by reaching an agreement with Air France-KLM regarding the provision of warehouse services. While the aircraft serviced by Celebi Ground Handling Hungary at the Ferihegy International Airport in Budapest numbered 19,915 in 2010, that increased to 27,148 aircraft in the last quarter of 2012 with a year-on rise of 34.24% (2011 12-months: 20,224 flights).

Upon initiation of operations at the new cargo warehouse located outside the airport on 1 January 2011, Celebi Ground Handling Hungary reached new agreements for the handling of truck and aircraft cargo with Air France–KLM, Alitalia and Martin Air. In the twelve months to end 2011, service had been provided for 51,364 tons of cargo, while this figure rose to 60,012 tons during the same period of 2012.

Celebi Cargo GmbH began operations on 10 January 2011 to furnish air cargo storage and handling services at the storage/warehouse facility located in International Frankfurt Airport Cargo City. While service was provided for 40,588 tons of cargo in the January-December 2011 period, the same went up to 69,799 tons during 2012. With the Turkish Airlines, FedEx, LAN, Bulgaria Air, Ethiopian Airlines and TAM Airlines acquired as customers during 2012, Celebi Cargo GmbH achieved significant growth in cargo traffic and also increased integration with the group companies by introducing CRM during the same period.

As at the 12-month period ended 31 December 2012, our Company reached a consolidated net turnover of TL 537,002,487 TL (2011 12-months: TL 472,753,336).

The Company's consolidated gross profit for 2012 was down 1.04% to TL 126,663,960 (2011 12-months: TL 127,989,694). In the twelve-month period, the Company posted an operating profit of TL 43,593,306 (2011 12-month: TL 46,138,343).

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

Our Company joined 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". In 2006, our Company's strengths and improvement areas were identified using the self-evaluation methods based on the "EFQM Excellence Model", and improvements were made in line with the findings of these self-assessments.

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 we will successfully pass the phases in the path to receiving the National Quality Award and the European Quality Award on the back of our committed efforts.

Çelebi Ground Handling has a quality management system whose processes are fully defined, quantified, and monitored and which seeks to achieve continuous improvement. The quality management system of ÇGH 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 30 of our stations.

Our Environmental Management System has been endorsed by ISO 14001:2004 certificate at İzmir station and the headquarters by Bureau Veritas.

Our Company has a management system, which provides employees with a safe and healthy working environment, and carries out risk assessments that identify the threats and risks to which employees may be exposed. The system is engaged in activities to reduce risk/threat levels through measures that are to be taken, which complies with the requirements of the labor law, which develops and implements programs to achieve occupational health and safety (OHS) objectives, and continuously monitors OHS performance. The Çelebi Ground Handling Quality Management System has been endorsed with ISO 18001:2007 certificate at the headquarters and 30 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 2012, 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. The Company successfully passed IATA's ISAGO audit conducted for the İstanbul Station and the Headquarters units without any findings, and has become the first ISAGO-certified ground handler in Turkey. 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.

2012 saw the continuance of ISAGO certification efforts at full speed, and Adana and Trabzon Stations also earned ISAGO certification. In addition, İstanbul Atatürk Airport Station successfully completed the renewal of the ISAGO certification, and Sabiha Gökçen Airport Station is in the phase of certification, for which ISAGO audit has been finalized.

It is targeted to increase the number of our ISAGO-certified units to 13 with the addition of Van, Diyarbakır, Kayseri, Samsun and Ankara Stations in 2013. Necessary work along these lines is being carried out as planned.

7. DEVELOPMENTS IN INVESTMENTS; INVESTMENT INCENTIVES USED

Tangible fixed asset investments realized by the group during the 12-month period that ended on 31 December 2012 amounted to TL 35,370,122 (31 December 2011: TL 29,967,679). 58% of this amount consisted of investments in machinery, equipment and appliances, 18% in investments in progress, 13% in vehicles and 10% in other investments. There are no incentives made available to the Company in relation to its investments in 2012.

Total consolidated investment outlays of the Group in tangible and intangible assets during the twelve months to 31 December 2012 were worth TL 45,000,521. (2011: TL 39,312,266)

8. DIRECT OR INDIRECT ASSOCIATES OF THE COMPANY AND INFORMATION ON SHAREHOLDING THEREIN

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

The Company also owns 94.8% of Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. ("Çelebi Security"), a joint stock company engaged in airport terminal security and providing security service 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. The Company's share in CGHH rose to 100%, and CGHH has been consolidated on a line-by-line basis without separating non-controlling shares. This transaction has been accounted for as a shareholders' equity transaction under the shareholders' equity effect resulting from acquisition in the consolidated financial statements. The paid-in capital of CGHH as at 31 December 2012 is HUF 200,000,000.

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 a 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 55% stake as a founding partner. The paid-in capital of Celebi Nas is INR 552,000,000 as of 31 December 2012. In addition, INR 228,000,000, 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 2012 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 911,088,000 has been paid in premium share capital 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 14,200,000, 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. Although it has not started operations yet, Celebi Europe holds 100% stake in the capital of the Poland-based company with the name Troy Airport Services ("Troy"), which has not started operations.

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 7,500,000. The capital of Çelebi Cargo is TL 18,000,000 as of 31 December 2012, which is fully 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; 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.

9. 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. 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 Public Oversight Accounting and Auditing Standards Authority (formerly called the Turkish Accounting Standards Board - TASB).

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 the Public Oversight Accounting and Auditing Standards Authority (formerly called the Turkish Accounting Standards Board - TASB) as of the date of preparation of the consolidated financial statements, the consolidated financial statements have been prepared in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS within the framework of the CMB Communiqué Serial: XI, No: 29 and related promulgations clarifying this Communiqué as issued by the CMB.

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 draw up their statutory financial statements 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.

Consolidated financial statements are prepared on the basis of historical cost conversion, save for financial assets and liabilities that are expressed with their fair values.

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 2012. 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 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.

The Company's consolidated financial statements for the year ended 31 December 2011 has been audited by another audit firm, which reported, in its report of 13 April 2012, a qualified opinion about the accounts for which adequate audit evidence could not be obtained as a result of the fire that took place in the cargo terminal operated at the Delhi International Indira Gandhi Airport that also houses the office of Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo"), the Company's subsidiary, regarding the fair and true presentation of the Group's consolidated financial position, consolidated financial performance and consolidated cash flows in the consolidated financial statements.

Impact of warehouse fire on the consolidated financial statements

There are lawsuits and enforcement proceedings initiated against the Company with a total worth of TL 12,848,434, under which the Company is a joint respondent with others (General Directorate of State Airports Authority (in Turkish: DHMİ), other warehouse operators, insurers) for an amount of TL 8,142,235 and under which it is the sole respondent for an amount of TL 4,706,199.

As of 31 December 2012, 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 (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, 201 lawsuits, in which the Fund Companies are parties and which have a lawsuit value of TL 71,810,405 (USD 40,284,082) have been finalized through payment of TL 44,164,888 (USD 24,775,546) 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 2012.

The Company management envisages that the legal nature of 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 7,627,411, 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

The Company's consolidated financial statements for the period ending 31 December 2012 include the results of the Company, Çelebi IC Investment in Liquidation, 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".

Goodwill arising from the acquisition of 4% share in Celebi Nas

On 26 January 2012, the Company acquired 4% share in Çelebi Nas, its joint venture where it had 51% stake, from the other shareholder Sovika Aviation Service Private Limited that had an 8% stake for a price of USD 1,000,000 (TL 1,820,300). The acquisition has been recognized in the accounts pursuant to the provisions of "IFRS 3 – Business Combinations", and the goodwill in the amount of TL 910,723, which is calculated after the acquisition, has been descended in the consolidated financial statements dated 31 December 2012.

Comparative information and restated financial statements from the prior period

In order to achieve alignment with the presentation of consolidated financial statements for the current period, comparative data have been reclassified when deemed necessary. The Group's consolidated financial statements incorporate data for the prior period for comparison purposes so as to establish the financial standing and performance trends. The Group has drawn up its consolidated balance sheet as at 31 December 2012 in comparison with that as at 31 December 2011; its consolidated income statement for the period ending 31 December 2012 with that for the period ending 31 December 2011; its cash statement and statement of changes in equity for the period 01 January – 31 December 2012 with the relevant consolidated financial statements for the period 01 January – 31 December 2011.

The Group made various reclassifications among its balance sheet accounts regarding the presentation of its consolidated financial statements dated 31 December 2011. The chart below shows the impacts of these reclassifications upon the consolidated financial statements for the period ended 31 December 2011:

Reclassified balance sheet accounts	31.12.2011 (Previously reported)	31.12.2011 (After reclassification)	Net effect of reclassification
Other current assets (*)	58,235,707	55,999,053	(2,236,654)
Other fixed assets (*)	16,368,684	18,605,338	2,236,654
Other short-term liabilities (**)	15,632,273	58,648,228	43,015,955
Other long-term liabilities (**)	69,069,432	26,053,477	(43,015,955)

(*) Prepaid taxes and funds as at 31 December 2011 are included in the "Other fixed assets" item.

(**) Future income calculated under IFRIC 12 as at 31 December 2011 is included in "Other short-term liabilities" item.

10. DONATIONS

In the year ending 31 December 2012, the Group's grants and donations totaled TL 897,025.

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 16,738,538.05; of this amount, TL 761,100 was donated in 2008, TL 9,698,892 in 2009, TL 5,306,228 in 2010, TL 943,895 in 2011 and TL 28,423.05 in 2012. In addition, the Company incurred expenses in the nature of donations worth TL 590,000 in total for ten village elementary schools that were repaired and furnished during 2012 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 278,212.37 in 2012.

V- FINANCIAL STANDING

11. KEY FINANCIAL RATIOS

The key ratios showing our Company's financial structure, profitability, and debt-servicing were calculated on the basis of the consolidated financial statements dated 31 December 2012 and 31 December 2011 mentioned above.

	31 December 2012	31 December 2011
Current Ratio (Current Assets/Current Liability)	0.79	0.94
Cash Ratio (Cash Assets/Current Liabilities)	0.26	0.46
Current Liabilities/Total Liabilities	43.27%	44.52%
External Resources/Shareholders' Equity	657.79%	964.06%

	31 December 2012	31 December 2011
Average Collection Time	27.09	23.44
Gross Profit Margin	23.59%	27.07%
Operating Profit (Loss)/Net Sales Proceeds	8.12%	9.76%
Operating Profit (Loss)/Total Assets	8.98%	8.59%
EBITDA/Net Sales Proceeds	17.22%	19.20%

Current Ratio and Cash Ratio: Current ratio went down from 0.94 to 0.79, due to the 15.84% decline in current liabilities despite the 28.85% decrease in current assets. The decline in cash ratio, from 0.46 to 0.26, on the other hand, resulted from the 15.84% decrease in current liabilities in spite of the 53.01% reduction in liquid assets as compared with 31 December 2011.

Current Liabilities/Total Liabilities: This ratio went down from 44.52% to 43.27% as a result of the mere decline of 13.40% in long-term liabilities, despite 15.84% decrease in current liabilities.

External Resources/Shareholders' Equity: This ratio went up due to the 26.92% rise in shareholders' equity as compared with 31 December 2011 despite the 13.40% decline in external resources during the same period.

Average Collection Time: Average collection time increased from 23.44 to 27.09 as a result of the increase that remained at 13.59% in net sales revenues, despite 31.26% rise in trade receivables.

Gross Profit Margin: Gross profit margin slid from 27.07% to 23.59%, a result stemming from 23.59% rise in net sales revenues and 19.02% in cost of sales as compared with 2011.

Operating Profit/Net Sales Proceeds: Operating Profit/Net Sales Proceeds went down from 9.76% to 8.12% as a result of the 5.52% decline in operating profit despite 13.59% increase in net sales revenues.

Operating Profit/Total Assets: Operating Profit/Total Assets rose from 8.59% to 8.98% due to the 9.61% decline in total assets despite 5.52% decrease in operating profit.

EBITDA/Net Sales Proceeds: The ratio of EBITDA/Net Sales Proceeds went down from 19.20% to 17.22% due to the EBITDA rise that remained at 1.85% although there was 13.59% in net sales revenues.

12. INFORMATION ABOUT PRODUCTION AND SALES OF GOODS AND SERVICES

The number of aircraft serviced by our Company in the year ended 31 December 2012 is stated below:

Number of aircraft serviced	2012	2011	2010	2012-2011 %	2011-2010 %
International Flights	84,840	80,324	67,248	5.62	19.45
Domestic Flights	88,360	75,997	65,516	16.27	16.00
Turkey Total	**173,200**	**156,321**	**132,763**	**10.80**	**17.74**
Hungary	**27,148**	**20,224**	**19,915**	**34.24**	**1.55**
India	**22,669**	**32,453**	**25,869**	**(30.15)**	**25.45**
Grand Total	**223,017**	**208,998**	**178,547**	**6.71**	**17.05**

Weight of cargo handled by the Company in the 12 months to 31 December 2012:

	31 December 2012		31 December 2011	
Group (Consolidated)	WT (IMPORT)	WT (EXPORT)	WT (IMPORT)	WT (EXPORT)
Çelebi Ground Handling Inc.	39,649	46,252	41,167	43,641
Celebi Delhi Cargo (India)	162,275	191,610	180,280	199,835
Celebi GHH (Hungary)	28,714	31,298	28,124	23,240
Celebi Cargo GmbH (Germany)	25,539	44,261	17,874	22,715
Total Ton	**256,178**	**313,420**	**267,445**	**289,430**

13. DIVIDEND POLICY AND TIMING

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.

Accordingly, it has been resolved 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.

In the financial statements dated 31.12.2011, the "Equity Effect resulting from Acquisition" item in the amount of TL -34,297,074 under shareholders' equity arose as follows:

- The acquisition of a portion of shares worth TL 144,000 of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş., a Çelebi Group company with a capital of TL 150,000, for TL 146,880 from Çelebi Holding A.Ş. on 20 August 2010 based on the company book value method, resulted in an amount of TL -545,407, and
- As a result of the acquisition of shares representing 30% of the capital of Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelõsségû Társaság ("CGHH"), a Hungary-based company in which we control 70% stake, for TL 33,712,020 on 08 December 2011 based on the amounts determined by a CMB-licensed valuation firm, our Company's share in CGHH went up to 100%. It is the sum with the difference of TL -33,751,667 between the purchase price and the value of net assets that corresponds to the share acquired in the company.

The said amount has been taken into account as an element of prior year profit/loss in the determination of net distributable profit for the period with respect to dividend distribution.

The net distributable profit for the period that descended in the legal financial statements of 31 December 2011 is TL 28,476,915.56. Under the CMB legislation, the net profit for the period in our consolidated financial statements of 31 December 2011 is TL 7,623,634.00. Net distributable profit for the period is the net total of TL -23,472,276.00, which results from setting off the "Profit for Previous Periods" in the amount of TL 10,824,798.00 under Shareholders' Equity in the consolidated financial statements and the "Equity Effect resulting from Acquisition" in the amount of TL -34,297,074.00 that takes place within the Shareholders' Equity and is regarded as an element of prior year profit/loss in the determination of the net distributable profit for the period with respect to dividend distribution from the net profit for the period.

Hence, on 16 May 2012, the Company's Board of Directors decided to inform the shareholders that no dividends will be distributed for the fiscal year 01.01.2011-31.12.2011 under the CMB's profit distribution regulations. This has been adopted in the Ordinary General Meeting held on 24 May 2012.

14. 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 the 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 working 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.

VI- RISKS AND AN ASSESSMENT BY THE GOVERNING BODY

15. 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 and of the Corporate Governance Committee pursuant to the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles. The Audit Committee formulates a risk management and internal audit system capable of minimizing the risks that the Company could be exposed to and takes such measures as are needed to ensure that the system functions reliably. The Corporate Governance Committee sets up the necessary mechanisms for the early detection of operational and financial risks, implementation of necessary actions in relation to identified risks, and management of risk, and takes the necessary steps for their healthy operation.

Interest rate risk

The Company is exposed to interest rate risk due to the effect of the changes in interest rates on interest-bearing assets and liabilities. This risk is managed through balancing assets and liabilities that are sensitive to interest rates. 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 matching-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 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.

Capital risk

The Company's goals in managing the capital is to be able to ensure the continuity of the Company's activities to sustain the optimum capital structure for the purpose of providing returns for its shareholders and benefits for its other stakeholders, and for minimizing the cost of capital. The Company's shareholders may, to the extent allowed by the CMB legislation, alter the amount of dividends paid to shareholders, return the capital to shareholders, issue new shares and sell its assets to decrease indebtedness in order to preserve or reformulate the capital structure. Along with the other companies in the sector, the Company monitors the capital by utilizing the debt/capital ratio, which is net indebtedness divided by total capital. Net debt is total debt less cash and cash-equivalent assets and deferred tax liabilities. Total capital is the shareholders' equity and net debt as shown in the balance sheet.

VII- OTHER MATTERS

16. CHANGES TO THE ARTICLES OF INCORPORATION AND COMPANY POLICIES

Changes to the Articles of Incorporation

Based on its decision passed on 17 April 2012, the Company's Board of Directors decided to amend "Article 7 – Board of Directors", "Article 10 – General Meeting", and "Article 12 – Announcements" of the articles of incorporation and to take necessary regulatory actions to achieve compliance with the CMB Corporate Governance Principles within the frame of the CMB Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles published in the Official Gazette issue 28158 dated 30 December 2011. The said amendments have been espoused in the Ordinary General Meeting held on 24 May 2012, which were registered on 04 June 2012 and published in the Trade Registry Gazette issue 8086 dated 08 June 2012.

Based on the decision passed on 12 September 2012, the Company's Board of Directors decided to amend Article 6 of the Company's articles of incorporation and to take necessary regulatory actions to ensure that the Company remains within the registered capital system. The said amendments were espoused in the Extraordinary General Meeting held on 31 October 2012, were registered on 05 November 2012 and published in the Turkish Trade Registry Gazette issue 8190 dated 09 November 2012.

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 on the corporate website (www.celebihandling.com). 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, the policy has also been presented for the information of shareholders at the ordinary general meeting on 28 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.

17. ISSUES THAT HAVE ARISEN SINCE THE FINANCIAL STATEMENT DATE

A "Share Purchase Agreement" has been signed on 5 February 2013 by and between the Çelebioğlu Family (the Family) and Holland-based Zeus Aviation Services Investments B.V. ("Zeus"), controlled by the Actera Group ("Actera") regarding the transfer of the entirety of the shares representing the nominal shares worth TL 5,497,920 (22.63%) held by the Family in the Company's fully paid-in capital of TL 24,300,000 for a total price of TL 90,000,000 to Çelebi Havacılık Holding A.Ş. (ÇHH), and concurrently with the aforementioned, the transfer of the entirety of shares representing the nominal shares worth TL 12,935,000 (50.00%) in the fully paid-in capital of TL 25,870,000 held in ÇHH by the Family for a total price of TL 82,121,836 and USD 96,828,216 to Zeus. The transfer price for the CGH shares held by the Family and that for the Holding shares held by the Family shall be paid in cash and in full by the Holding and by Zeus, respectively on the closing date.

The Company's material event disclosure of 31 May 2012 announced that the Company participated in the tender put out by Mumbai International Airport Private Limited ("MIAL"), the operator of the Chhatrapati Shivaji International Airport ("CSIA") based in Mumbai, India, for the expansion, modification, and improvement of the existing international cargo terminal in the CSIA Airport and for its operation and management for a period of 24 (twenty-four) years until 2 May 2036. However, MIAL notified the Company that it would revise the content of the tender, had thus cancelled the tender the Company participated in, decided to initiate a new tender proceeding, and demanded the tender participants including the Company to submit a declaration of intent in relation to the new proceeding to the tender authority. Within this frame, the Company submitted its declaration of intent to participate in the tender proceedings on 8 March 2013. The new tender concerns the operation and management of the existing international cargo terminal in the CSIA airport until 31 March 2016.

According to the disclosure made by Çelebi Havacılık Holding A.Ş. ("the Holding") and the Çelebioğlu Family (Can Çelebioğlu, Canan Çelebioğlu and Engin Çelebioğlu) ("the Family"), upon fulfillment of conditions precedent for the closing specified in the Share Purchase Agreement executed by and between the Family and the Holland-based Zeus Aviation Services Investments B.V. ("Zeus") controlled by the Actera Group ("Actera"), which is the subject matter of the material event disclosure of 05 February 2013, and upon obtaining the necessary permissions, the closing took place on 28 March 2013 and the share transfer has been consummated.

The table below presents pre-and post-transfer distribution of shares that constitute the capital of the Holding and Çelebi Hava Servisi A.Ş.

Çelebi Havacılık Holding A.Ş.

	Capital Before Share Transfer		Capital After Share Transfer	
Shareholders	Amount TL	%	Amount TL	%
Engin Çelebioğlu	4,708,314	18.20	0	0.00
Can Çelebioğlu	10,580,843	40.90	6,467,500	25.00
Canan Çelebioğlu	10,580,843	40.90	6,467,500	25.00
Family Total	25,870,000	100.00	12,935,000	50.00
Zeus	0	0.00	12,935,000	50.00
TOTAL	25,870,000	100.00	25,870,000	100.00

Çelebi Hava Servisi A.Ş.

	Capital Before Share Transfer		Capital After Share Transfer	
Shareholders	**Amount TL**	**%**	**Amount TL**	**%**
Çelebi Havacılık Holding A.Ş.	13,299,633	54.73	18,797,553	77.36
Engin Çelebioğlu	2,432,430	10.01	0	0.00
Can Çelebioğlu	1,822,770	7.50	0	0.00
Canan Çelebioğlu	1,242,720	5.11	0	0.00
Necmi Yergök	12,600	0.05	12,600	0.05
Publicly Held	5,489,847	22.59	5,489,847	22.59
TOTAL	**24,300,000**	**100.00**	**24,300,000**	**100.00**

Pursuant to Article 6-2(b) of the CMB Communiqué Serial: IV No: 44 on the Principles of Tender Offer, in the case of a company where control of management is held prior to share transfer, the obligation to make tender offers does not arise if the share transfer results in equal control over management. Since the share transfer mentioned above will result in equal control over management by the Family, which previously held the management control in the company, and the new shareholder Zeus, the obligation to make tender offers will not arise pursuant to Article 6-2(b) of the Communiqué on the Principles of Tender Offers.

Based on the Board of Directors decision passed on 28 March 2013, it was resolved as follows by the unanimous votes of attendants: to accept the resignation of Board members Salih Samim AYDIN, Turgay KUTTAŞ, Memet KAYA and to elect İsak ANTİKA, Mehmet Murat ÇAVUŞOĞLU and Mehmet Yağız ÇEKIN, respectively, to fill the seats vacated by the said resignations to be laid down for the approval of the next General Assembly to be held. It was also decided to revise the job distribution of the Board of Directors, to elect Board Member İsak ANTİKA as the Deputy Chairman of the Board, and to designate the position title of Canan ÇELEBİOĞLU, who previously served as Deputy Chairperson, as Board member.

18. PROFIT DISTRIBUTION PROPOSAL OF THE BOARD OF DIRECTORS

Our financial statements prepared on the basis of our legal books of account dated 31 December 2012 show a net current profit in the amount of TL 23,178,903.18 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 23,178,903.18.

Our independently audited consolidated financial statements as of 31 December 2012 that have been prepared in accordance with the CMB Communiqué Serial: XI No: 29 on the Principles of Financial Reporting in Capital Markets (IFRS) shows a net profit for the period after tax and legal liabilities are deducted, in the amount of TL 21,103,781.00.

Within the framework of the CMB legislation, net distributable profit for the period is TL 21,103,781.00 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 pursuant to the CMB legislation.

Accordingly, it is proposed to distribute as follows the Net Profit for the Period in the amount of TL 21,103,781.00 that descended in the Consolidated Financial Statements dated 31 December 2012 after setting aside TL 1,701,000 as Second Legal Reserves and TL 1,177,781.00 as Extraordinary Reserves:

ÇELEBİ HAVA SERVİSİ A.Ş. PROFIT DISTRIBUTION TABLE FOR 2012 (TL)

	Distribution as required by CMB legislation	As shown in the legal books of account
NET PROFIT FOR THE PERIOD	21,103,781.00	23,178,903.18
PRIOR YEAR PROFITS	0	0
FIRST LEGAL RESERVES (-)	0	0
NET DISTRIBUTABLE PROFIT/(LOSS) FOR THE PERIOD	**21,103,781.00**	**23,178,903.18**
DIVIDENDS	18,225,000.00	18,225,000.00
SECOND LEGAL RESERVES (-)	1,701,000.00	1,701,000.00
TRANSFERRED TO EXTRAORDINARY RESERVES	**1,177,781.00**	**3,252,903.18**

Now therefore, we hereby lay the following down for the approval of the General Assembly of Shareholders:

- For each share with a nominal value of TL 1.00 TL, 0.7500 (gross=net) (75.00%) be distributed as cash dividends to resident corporate entity shareholders and non-resident corporate entity shareholders,
- For each share with a nominal value of TL 1.00 TL, 0.7500 (gross) (75.00%) and for each share with a nominal value of TL 1.00, TL 0.6375 (63.75%) be distributed as cash dividends to other shareholders,
- The dividend distribution date to be set as 23 May 2013.

ÇELEBİ HAVA SERVİSİ A.Ş.

BOARD OF DIRECTORS

CONTENTS

1. Statement of Compliance with Corporate Governance Principles

In the fiscal year ending 31 December 2012, the Company worked as necessary to achieve full compliance and complete implementation of the Corporate Governance Principles published by CMB, and efforts continued to achieve compliance, understanding and implementation of these principles.

Pursuant to the CMB's Communiqué Serial: IV No: 56, dated 30.12.2011 on the Determination and Implementation of Corporate Governance Principles, all structural revisions and principles have been fully implemented that were stipulated as compulsory in the said Communiqué, including 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 are made subject to the principles.

We hereby declare that efforts will be persisted to achieve significant compliance with these principles.

Part I- Shareholders

2. Shareholder Relations Unit

Our Company carried out the following activities within the frame of the efforts to achieve full compliance and complete implementation of Corporate Governance Principles published by the CMB and the provisions of Articles 7 and 8 of the CMB Communiqué Serial: IV No: 41 on the Principles to be Followed by Firms under the Capital Market Law:

- An Investor Relations Unit is set up, which works for the exercise of shareholding rights at our Company whose shares are traded on the ISE. This Unit reports to the Board of Directors and maintains the communication between shareholders and the Board of Directors. During the reporting period, Deniz Bal, who functions as the Budget and Finance Manager at the company and who holds "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise" license served on this Unit. (Tel: 216-666 6767, e-mail: deniz.bal@celebi.com)
- The Company 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: 216-666 6767, e-mail: ozgur.eren@celebi.com.tr)
- Due to the resignation of Özgür Eren in October, who reported to the Board of Directors, worked as the head of the Company's Investor Relations Unit and held a "Capital Market Activities Advanced Level License" and a "Corporate Governance Rating Expertise License", Deniz Bal, who serves as the head of Investor Relations Unit and who holds "Capital Market Activities Advanced Level" and "Corporate Governance Rating Expertise" licenses was put in charge of the fulfillment of the Company's obligations arising from the capital market legislation, and coordination of corporate governance practices, in addition to her existing responsibilities.

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 2012, eighteen informational meetings and one analysts conference were held so as to keep brokers and analysts well informed on the Company's activities and financial performance.

A request to have a special auditor appointed is not an individual right provided for under our Company's articles of incorporation. There were no requests for the appointment of a special auditor in 2012.

4. General Meetings

General meetings held during the reporting period	Date	% of shares in attendance	Meeting announcements and invitations
Ordinary general meeting	24/05/2012	77.37%	Place, date, time and agenda were announced via: • Material event disclosure made to ISE on 27/04/2012 • Announcements published in the 02/05/2012 issues of the Turkish Trade Registry Gazette no: 8059 and Milliyet newspaper • Announcement on the Company's internet site • Letters sent to registered shareholders
Extraordinary General Meeting	31/10/2012	80.46%	Place, date, time and agenda were announced via: • Material event disclosure made to ISE on 28/09/2012 • Announcements published in the 03/10/2012 issue of the Turkish Trade Registry Gazette no: 8166 and Milliyet newspaper dated 29/09/2012 • Announcement on the Company's internet site • Letters sent to registered shareholders

Participation in general meetings

The Company's Ordinary General Meeting held on 24 May 2012 and the Extraordinary General Meeting held on 31 October 2012 were 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 (TCC) 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 24 May 2012, the financial statements for the fiscal year ending 31 December 2011 and independent auditor's report prepared by the statutory auditors elected by the general assembly of shareholders in accordance with the provisions of TCC 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 2011 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 the ordinary general meeting held on 24 May 2012 and at the extraordinary general meeting held on 31 October 2012, 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 24 May 2012, 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 4 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 and independent Board members 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.

At the extraordinary general meeting held on 31 October 2012, a motion was made by the shareholders regarding the formation of a Presiding Board and signing of the meeting minutes and documents by the presiding board on behalf of the General Assembly of Shareholders.

Action taken to facilitate participation in general meetings

To facilitate participation in general meetings, a material event disclosure 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 twenty-one days before the meeting date in the Turkish Trade Registry Gazette 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 applicable laws, regulations, and administrative provisions, general meeting minutes are published in the Turkish Trade Registry Gazette and are always available for the inspection of stakeholders at our Company's headquarters and on its corporate website.

Presentation of information to shareholders regarding the amount and recipients of grants and donations during the reporting period under a dedicated agenda item in the general meeting

At the Ordinary General Meeting held on 24 May 2012, information has been presented to shareholders under a dedicated agenda item about the donations and grants made and their recipients during the reporting period.

While there is no specific policy for donations and grants that is approved by the General Assembly of Shareholders, grants and donations are made subject to the provisions of Article 3.9 of the Company's articles of incorporation, which reads "Donations and grants may be made to social foundations, associations, universities and similar institutions and public institutions subject to the principles set forth in the CMB legislation, by providing information to the shareholders at the general meeting and by complying with the public disclosure obligation pursuant to the Capital Market Legislation.". The failure to achieve compliance in this matter with the Corporate Governance Principles published by the CMB stems from the fact that the Board of Directors has not completed its own assessment of developments and practices concerning these issues.

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. Entitlement to Dividends

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 devised a written Profit Distribution Policy constituting a groundwork for preparation of profit distribution for presentation to the General Assembly in the frame of compliance efforts with Corporate Governance Principles published by the 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 as follows;

- Provided that CMB legislation 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 made in cash or in bonus shares to be issued by addition of 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.

Information on the Profit Distribution Policy is made available on the corporate website at www.celebiyatirimci.com and in the Board of Directors Activity Report.

Profit distribution timing

In the financial statements dated 31.12.2011, the "Equity Effect resulting from Acquisition" item in the amount of TL -34,297,074 under shareholders' equity arose as follows:

- The acquisition of a portion of shares worth TL 144,000 of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş., a Çelebi Group company with a capital of TL 150,000, for TL 146,880 from Çelebi Holding A.Ş. on 20 August 2010 based on the company book value method resulted in an amount of TL -545,407, and
- As a result of the acquisition of shares representing 30% of the capital of Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelõsségû Társaság ("CGHH"), a Hungary-based company in which we control 70% stake, for TL 33,712,020 on 08 December 2011 based on the amounts determined by a CMB-licensed valuation firm, our Company's share in CGHH went up to 100%. It is the sum with the difference of TL -33,751,667 between the purchase price and the value of net assets that corresponds to the share acquired in the company.

The said amount has been taken into account as an element of prior year profit/loss in the determination of net distributable profit for the period with respect to dividend distribution.

The net distributable profit for the period that descended in the legal financial statements of 31 December 2011 is TL 28,476,915.56. Under the CMB legislation, the net profit for the period in our consolidated financial statements of 31 December 2011 is TL 7,623,634.00. Net distributable profit for the period is the net total of TL -23,472,276.00, which results from setting off the "Profit for Previous Periods" in the amount of TL 10,824,798.00 under the Shareholders' Equity in the consolidated financial statements and the "Equity Effect resulting from Acquisition" in the amount of TL -34,297,074.00 that takes place within the Shareholders' Equity and is regarded as an element of prior year profit/loss in the determination of the net distributable profit for the period with respect to dividend distribution from the net profit for the period.

Hence, on 16 May 2012, the Company's Board of Directors decided to inform the shareholders that no dividends will be distributed for the fiscal year 01.01.2011-31.12.2011 under the CMB's profit distribution regulations. This has been adopted in the Ordinary General Meeting held on 24 May 2012.

7. Transfer of Shares

The Company's articles of incorporation contain no provisions restricting the transfer of shareholding interests.

Part II: Public Disclosure and Transparency

8. 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.celebiyatirimci.com under the main heading "Information".

During 2012, Deniz Bal was responsible for the execution of the Information Policy, who functions as the head of the Investor Relations Unit at the Company and who holds "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Expertise License".

9. Company 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. There is an English version of the Company's website and efforts are underway to make the whole content available in English

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.

10. Annual Report

The Annual Report of the Company's Board of Directors covers the information specified in the CMB Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles.

Part III: Stakeholders

11. 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 2012, who has earned the "Capital Market Activities Advanced Level License" and who presently functions as the Budget and Finance Manager at the Company.

In 2012, 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.

The Company could not yet set up the mechanisms for the communication of the Company's illegitimate and unethical transactions by stakeholders to the Corporate Governance Committee or the Audit Committee; the failure to achieve compliance with the CMB's Corporate Governance Principles stems from the fact that the Company's Board of Directors has not completed its own assessment of relevant developments and implementations concerning these issues.

12. 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.

13. Human Resources Policy

Our Company Human Resources policy is presented in section 4 ("4. Information about Personnel; Human Resources Policy") of our Company's annual report for 2012.

14. Rules of Ethics and Social Responsibility

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.

The Company's code of ethics has been shared with the public via our website.

Compliance with the European Union ("EU") 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 to promote awareness and appreciation, and to help attract high-quality human resources to the industry.

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 "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 the project "I'm Home", 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, three in Van and three in Erzurum during 2011, and seven in Van and 3 in Malatya in 2013. Plans are to complete fifty more homes by end of 2013.

The environment and nature

Our Company has an environment management system (EMS) that 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.

Combat against Climate Change

- Voluntary calculation and disclosure of our carbon footprint under the Carbon Disclosure Project (CDP),
- Purchasing and using, to the extent possible, electric-powered vehicles (tractors, ladders, push-back, etc.) instead of fossil-fueled vehicles used for apron services,
- Having annual flue gas analysis conducted by accredited organizations and keeping sources of carbon emission under control.

Efficiency of Natural Resources

- Sorting at source the recyclable (paper, plastic, etc.) and recoverable (waste batteries, toners/cartridges, electronic waste, etc.) waste generated by our company and having them recycled/recovered via licensed facilities,
- Having high calorific value waste such as waste oil, end-of-life tires that result from activities disposed of at licensed incinerators and ensuring energy recovery,
- Reducing building electricity consumption by using photocell systems and high energy-efficient light bulbs for buildings,
- Reducing building water consumption by using photocell sanitary fittings in lavatories in buildings

Waste Management

- Having wastewater analyses regularly conducted by accredited organizations and keeping sources of wastewater under control,
- Having the hazardous waste resulting from our activities, which do not have an economic value, moved and disposed of by firms licensed by the Ministry of Environment and Urbanization, thus preventing damage to the environment thereby.

Being an "an environmentally-sensitive company in the aviation sector" with its implementations, our Company focused on an approach that will preserve and improve the quality of living of its employees and customers in its environment policy.

Waste generated by the business units of our Company is delivered to firms licensed by the Ministry of Environment and Urbanization for disposal/recovery.

Every year, our waste inventory is calculated for reviewing our environmental performance, which is then reported to third parties in the form of "Environmental Performance Reports".

The types of waste delivered in 2012 to licensed firms for ensuring safe disposal and their quantities are presented below:

Recycling:

- Waste paper – 28,500 kg
- Scrap metal – 13,252 kg
- Waste plastic and glass – 1,066 kg

Recovery:

- Waste accumulators – 21,537 kg
- Electronic waste - 567 kg
- Waste toners/cartridges - 358 kg
- Waste batteries - 160 kg

Energy Recovery:

- Waste oil – 16,900 liters
- End-of-life tires – 5,904 kg
- Contaminated fabric and packaging – 2,214 kg.
- Furthermore, the following have been delivered to licensed firms for safe disposal.
- Waste filters – 2,033 kg
- Fluorescent lamps - 227 kg
- Medical waste - 94 kg

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.

Having started the relevant work, Çelebi Ground Handling filed its first application with the DGCA for the İzmir Station. As a result of the reviews carried out, it has been established that our application fulfilled the required conditions under the Project Green Airport, and our İzmir Station became the first establishment to receive the "Green Company" certification in the Turkish Civil Aviation industry. 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.

Following the İzmir Station, applications were filed also for Bodrum and Antalya stations in 2011 and "Green Company" certification was received in 2012 for these two stations, as well.

It is targeted to win "Green Company" certification for four more stations (Dalaman, Adana, Trabzon, Ankara) by the end of 2013 to bring the number of our "Green Company" stations to 7. Efforts to this end are progressing as planned.

The goals for the following years include earning "Green Company" certification for four stations every year, ultimately for all of our existing stations that currently number 30.

There are no environment-related lawsuits filed against our Company in 2012, nor are there any fines imposed by legal institutions.

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

15. Structure and Formation of the Board of Directors

According to "Article 7 - Board of Directors" of our Company's articles of incorporation, the Company's affairs and administration are conducted by an eight-member Board of Directors; six of these members are elected by the General Assembly of Shareholders (four of them from among candidates nominated by a majority of Class A shareholders and two of them by a majority of Class B shareholders) and two independent members are elected by the General Assembly of Shareholders from amongst nominees satisfying the independence criteria. The number, qualifications, nomination and election of independent members who will serve on the Board of Directors are governed by the CMB requirements in relation to corporate governance. Company directors are elected for a maximum term of office 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. If the seat of an independent member is vacated, then new member will be elected within the frame of CMB requirements, which will be laid down for approval at the next General Meeting. A member elected to the Board in this way will complete the remaining term of the departing director.

The Board of Directors will set up the Audit Committee and Corporate Governance Committee, Nomination Committee, Early Detection of Risk Committee and Compensation Committee to ensure healthy performance of its duties and responsibilities, in line with the Company's current circumstances and needs. If separate Nomination Committee and Compensation Committee are not created due to the structure of the Board of Directors, then these functions will be fulfilled by the Corporate Governance Committee.

Formation, decision-making process, duties and operating principles of committees are defined in detail and publicly disclosed by the Board of Directors in accordance with the compulsory Corporate Governance Principles of the CMB and in view of the provisions of the articles of incorporation. The Board of Directors may, at any time, revise the duties and operating scopes of committees and it may also make the necessary replacements in their memberships.

According to "Article 8 - Representing and binding the company" of our articles of incorporation, the Company is administered and represented by the Board of Directors. 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.

Members of the Board of Directors elected by shareholders at the Ordinary General Meeting held on 24 May 2012 and their resumes are presented below.

Name	Position	Executive/Non-executive	Independent/Non-independent Board Member
Can Çelebioğlu	Chairman	Executive/Managing Director	Non-independent Member
Canan Çelebioğlu	Deputy Chairperson	Executive/Managing Director	Non-independent Member
Memet Kaya	Member	Non-executive	Non-independent Member
Aydın Günter	Member	Non-executive	Non-independent Member
Salih Samim Aydın	Member	Non-executive	Non-independent Member
Turgay Kuttaş	Member	Non-executive	Non-independent Member
Feyzi Onur Koca	Member	Non-executive	Independent Member
Osman Cengiz Aktar	Member	Non-executive	Independent Member

Can ÇELEBİOĞLU

Date of Birth		1963
Company/Title		Çelebi Hava Servisi - Chairman of the Board Çelebi Havacılık Holding - Chairman of the Board
Education:		Boğaziçi University / Business Administration
Experience	1982-	Çelebi Hava Servisi - Chairman of the Board
	1982-1996	Çelebi Hava Servisi - General Manager
	1995-	Çelebi Holding - Chairman of the Board
	1983-1995	Çe-Tur Çelebi Turizm Ticaret - Chairman of the Board
	2007-	Çelebi Marina ve Yat İşletmeciliği - Chairman of the Board
	1996-	Çelebi Hizmet Gıda İşletmeleri Turizm - Deputy Chairman of the Board
	1997-	Çelebi Güvenlik Sistemleri ve Danışmanlık - Deputy Chairman of the Board
	2005-	Çelebi Otelcilik ve Turizm İşletmeciliği - Deputy Chairman of the Board
	2004-	Çelebi Yatırım Danışmanlık - Chairman of the Board
	1996-	Çelebi Hizmet Restorant İşletmeleri - Chairman of the Board
Foreign Languages		English
Memberships/Awards		2010 - Ernst&Young, Entrepreneur of the Year
Marital Status		Married, 2 children
E-mail		can.celebioglu@celebi.com

Canan ÇELEBİOĞLU

Date of Birth		1966
Company/Position		Çelebi Hava Servisi – Deputy Chairperson of the Board Çelebi Havacılık Holding - Deputy Chairperson of the Board Çelebi Holding – Chief Executive Officer
Education		İstanbul University/Business Administration
Experience	2002-2003	Çelebi Hava Servisi - General Manager
	1996-	Çelebi Holding Deputy - Chairperson of the Board
	1982-	Çelebi Hava Servisi - Deputy Chairperson of the Board
Foreign Language		English
Memberships/Awards	2009	Economist Magazine, Woman Entrepreneur of the Year
	2010	Ernst&Young Entrepreneur of the Year
	2010	EGSİAD Businesswoman of the Year
	2010	Dünya Newspaper; Businessperson of the Year
Marital Status		Married, 2 children
E-mail		canan.celebioglu@celebi.com

Memet KAYA

Date of Birth		1945
Company/Position		Çelebi Hava Servisi – Member of the Board of Directors
Education		İstanbul University/Law
Experience	1962-1974	T.R. Ministry of Finance
	1974-2011	Self-employed Lawyer
	1982-1996	Çelebi Hava Servisi – Tax Consultant.
	1996-2011	Çelebi Hava Servisi - Member of the Board of Directors
	2011-2012	Çelebi Havacılık Holding - Member of the Board of Directors
Memberships/Awards		Member and Honorary President of the Alumni Association of the School of Public Finance, Head of the Disciplinary Board of the School of Public Finance Sports Club, Member of İstanbul Foundation for Culture and Arts
Marital Status		Married
E-mail		mehmet.kaya@celebi.com

İsmail Aydın GÜNTER

Date of Birth		1943
Company/Position		Çelebi Hava Servisi - Member of the Board of Directors
Education		Ankara University – Faculty of Political Sciences
Experience	2003/2012	Çelebi Hava Servisi- Member of the Board of Directors
		After working as a tax inspector at the Ministry of Finance for 7 years, he began serving as a Tax Consultant for Sabancı Holding, where he later functioned as Chief Financial Consultant and Financial Affairs Coordinator. He served as Chief Financial Officer for 8 years at Sabancı Holding, He held seats on the Boards of Directors of Akbank, Brisa, and I-Bimsa. He has been offering freelance service to companies since 1994. Currently he serves as a member on the Boards of Directors of Akın Holding, Akın Factoring Hizmetleri, Turkish Yatırım, Karel Elektronik, and Dilek Gayrimenkul.
Foreign Languages		English, Italian
Marital Status		Married
E-mail		a.gunter@gunter.com.tr

Salih Samim AYDIN

Date of Birth		1954
Company/Position		Çelebi Havacılık Holding - Member of the Board of Directors, International Aviation and Public Relations
Education		Boğaziçi University/Mechanical Engineering
Experience	2010-2012	Çelebi Havacılık Holding - President of Ground Handling - Europe
	2006-2010	Çelebi Hava Servisi - General Manager
	2005-2006	Çelebi Holding - Chief Operating Officer (COO)
	2000-2005	Fraport AG Frankfurt Airport Services Worldwide
	1997-2000	Bayındır Antalya Havalimanı Terminal İşletmesi - General Manager
Foreign Languages		English, French, German
Memberships/Awards		ASA-Airport Services Association, President
Marital Status		Married, 1 child
E-mail		samim.aydin@celebi.com

Turgay KUTTAŞ

Date of Birth		1957
Education		Boğaziçi University/Electrical Engineering
Experience	2005-	Parker İklim Kontrol Sistemleri AŞ - General Manager
	2004-2005	Touch Group Plc. (London) - Group Chief Operating Officer (COO)
	2002-2004	Lanark Resources Ltd.- Founding Partner
	2002-2004	Capex Industries Ltd. - International Sales Coordinator
	1991-2001	Jotun Boya Sanayi Ticaret AŞ, - Regional Director - Europe
Foreign Language		English

Onur KOCA

Date of Birth		1957
Company/Position		Boğaziçi University/Electrical Engineering
Education	2005-	Parker İklim Kontrol Sistemleri AŞ, - General Manager
	2004-2005	Touch Group Plc. (London) -Group Chief Operating Officer (COO)
	2002-2004	Lanark Resources Ltd. - Founding Partner
	2002-2004	Capex Industries Ltd. - International Sales Coordinator
	1991-2001	Jotun Boya Sanayi Ticaret AŞ, - Regional Director - Europe
Experience		English
Foreign Language		Boğaziçi University Foundation Trustee
Memberships/Awards		Turkish Cultural Foundation - AFS member
Marital Status		Married
E-mail		kocalar@tnn.net

Cengiz AKTAR

Date of Birth		1955
Education		Sorbonne University
Experience		He served as a director for the United Nations (UN) in 12 countries for 21 years. From 1989 through 1994, he worked as the vice president of the intergovernmental advisory committee formed under the UN and centered on the European Union (EU) immigration and asylum policies. He was the chief of the UN Mission in Slovenia from 1994 through 1999. From 2000, he gave graduate courses on the EU at Galatasaray University. He has been functioning as the Head of the European Union Relations Department at Bahçeşehir University since 2005. A reporter for the EU Commission Research General Directorate, he also writes columns for Vatan and Todays Zaman newspapers.
Memberships		Consultant to KAGİDER – Women Entrepreneurs Association of Turkey
Marital Status		Married, 2 children

The Company's Board of Directors reviewed the declarations of candidacy and independence by Feyzi Onur Koca and Osman Cengiz Aktar who have put up their candidacy for the independent Board of Directors memberships that would be elected at the Ordinary General Meeting held on 24 May 2012, and approved their candidacy for independent Board of Directors membership as documented in the decision dated 9 May 2012, numbered 2012/18. Both candidates have been elected as independent Board members to serve a term of office of one year (the period between the two General Meetings) at the Ordinary General Meeting convened on 24 May 2012.

"Declaration of Independence" by the independent Board directors is presented below:

I hereby declare that;

1. I stand for serving as an "Independent Member" on the Board of Directors of Çelebi Hava Servisi Anonim Şirketi ("the Company") within the scope of the criteria stipulated by the Corporate Governance Principles of the CMB legislation;
2. I have not held a seat on the Company's Board of Directors for more than six years in the past ten years;
3. Employment, capital or material commercial relationship, either direct or indirect, has not been established in the past five years between corporate entities with which any related party of the Company or shareholders holding, directly or indirectly, 5% or more share in the Company's capital is related with respect to management or capital, and myself, my spouse and my relations by blood or marriage up to third degree,
4. I have not worked for or served as a member on the boards of directors of any company conducting, under a contract, the Company's activities or organization in part or in whole, and particularly the firms performing the audit, rating and consultancy of the Company, in the past five years,
5. I was not a shareholder, employee or board member for any company supplying service or product of material quantity to the Company in the past five years,
6. I hold less than 1% share in the Company's capital and these are not preferential shares / I hold no share in the Company's capital,
7. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,
8. I am not a full-time employee of public institutions and establishments as at the date of nomination,
9. I am considered to be a resident of Turkey as for the purposes of Income Tax Law,
10. I am capable of making positive contributions to the Company's operations, maintaining my independence in possible conflicts of interest between the Company's shareholders, making decisions freely taking into consideration the rights of stakeholders, and I possess strong ethical standards, professional credibility and experience that are necessary to do that,
11. I will forthwith notify any event that prejudices my independence, if applicable, to the Board of Directors for public disclosure of the same,
12. I will not demand any compensation from the Company apart from Board of Directors compensation and attendance fee,
13. I will dedicate sufficient amount of time to be able to follow up the operation of the Company's affairs and to fully meet the requirements of the duties I undertake.

At the Company's Ordinary General Meeting held on 24 May 2012, shareholders holding management control, the members of the Board of Directors, senior executives and their spouses and relatives by blood or marriage have been authorized to deal in transactions with the Company and its subsidiaries that might lead to conflict of interest, to compete with them, to carry out the business affairs that fall under the Company's scope personally or on behalf of others, and to become shareholders in companies that are engaged in similar kinds of business affairs, as well as engaging in other transactions, as per Articles 334 and 335 of the Turkish Commercial Code.

16. 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 Company directors; 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 52 times during 2012.

Meeting and decision quorums and methods and processes for summoning the meeting

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 2012, 12 meetings convened with the attendance of 4 board members, 25 with 5 members, 6 with 6 members, 6 with 7 members, and 3 with 8 members. In meetings held with the attendance of 4 members, the full membership of the Board of Directors was 6, and the number of Board members was increased from 6 to 8 following the decision passed at the Ordinary General Meeting of 24 May 2012.

Whether the questions posed by Directors and dissenting members' reasonable and detailed objections during the meeting are entered into the record

The questions posed by the Company directors during the meeting are not entered into record.

The ability of Company directors to exercise special voting rights or veto board decisions

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

17. Numbers, Structures and Independence of Committees within the Board of Directors

On 26 April 2012, the Company's Board of Directors decided as follows in order to achieve compliance with the Corporate Governance Principles pursuant to the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles and other applicable legislation.

- A Corporate Governance Committee will be set up, which will also take on the duties of a separate Nomination Committee, Early Detection of Risk Committee and Compensation Committee until these three are set up,
- Operating Principles of the Corporate Governance Committee were adopted,
- Operating Principles of the Audit Committee were adopted, which was formed earlier based on the Board of Directors decision in order to allow the Company's Board of Directors to properly fulfill its duties and responsibilities.

Under the relevant article of the CMB Communiqué Serial: X No: 22 on the Independent Audit Standards in the Capital Market and the applicable provisions of the CMB Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles, the Company's Board of Directors made the following elections from amongst the Company Directors who were elected at the 2012 Ordinary General Meeting held on 24 May 2012:

- Non-executive/independent Board members Feyzi Onur Koca and Osman Cengiz Aktar were elected as the members of the Audit Committee,
- Non-executive Board member Aydın Günter and non-executive/independent Board member Feyzi Onur Koca were elected as the members of the Corporate Governance Committee.

Since there are two independent members on the Company's Board of Directors, Feyzi Onur Koca serves both on the Audit Committee and the Corporate Governance Committee pursuant to Article 4.5.3 of the CMB Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles, which reads "All of the members of the Audit Committee and the heads of other committees are to be elected from among independent board members".

The Company's Audit Committee convened five times during 2012 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 Company's Corporate Governance Committee convened five times during 2012. The Committee works to determine and remedy non-conformities, if any, with the relevant articles of the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles, reviews the activities of the Company's Investor Relations Unit with respect to their responsibilities arising from the legislation, and spends efforts to detect the Company's operational and financial risks, take necessary steps for identified risks, and manage risk.

During 2012, there were no related party transactions or transactions of material nature, which had been laid down for the approval of independent Board members, nor were there any such transactions that were not approved and thus laid down for the approval of the General Assembly of Shareholders.

18. Risk Management and Internal Control Mechanism

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 Audit Committee creates a risk management and internal audit system capable of minimizing the impact of the risks that the Company may be exposed to and takes such measures as needed to ensure that this system functions reliably.

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

19. Strategic Objectives of the Company

The Company's Strategic Objectives are described under the section "Company's Mission, Vision and Strategic Objectives" in the 2012 Annual Report.

20. Financial Rights

On 26 April 2012, the Company's Board of Directors adopted the Company "Compensation Policy" to achieve compliance with the Corporate Governance Principles as per the applicable legislation, pursuant to the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles. The policy is posted on the website at the address www.celebiyatirimci.com. Pursuant to the provisions of the Compensation Policy and under the decision passed at the Company's Ordinary Meeting held on 24 May 2012, non-executive board members do not receive an attendance fee. 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 2012.

At the annual Ordinary General Meeting convened on 24 May 2012, it has been resolved to appoint Can Çelebioğlu and Canan Çelebioğlu from amongst Board members as managing directors (executive members) and to pay a net monthly remuneration of EUR 30,000 to each managing director, and a net monthly remuneration of TL 3,000 to independent Board members.

The Company's Board members have no debts carried forward from 2011; in 2012, Board members were lent money (advances on salaries) that amounted to TL 343,758, and the advances on salaries were repaid in their entirety during the reporting period. There are no dues (advances on salaries) from the Board members as of 31 December 2012.

The amount due (advances on salaries) from the Company executives carried forward from 2011 is TL 20,000. During 2012, the Company lent money (advances on salaries) with a total worth of TL 61,500; out of this amount (advances on salaries), TL 41,500 has been collected. The amount due (advances on salaries) from the Company executives is TL 40,000 as of 31 December 2012.

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

Information on Relations with Controlling and Affiliated Companies pursuant to Article 199 of the Turkish Commercial Code

Necessary explanations regarding the transactions the Company carried out with related parties in the 01.01.2012-31.12.2012 fiscal year are provided under note 26 to the consolidated financial statements for the 01.01.2012-31.12.2012 fiscal year.

In all transactions the Company carried out with its controlling company or the subsidiaries of the controlling company in 2012, an appropriate counter-performance was provided in each transaction according to the conditions and state known to us at the time the transaction and/or the action was realized/taken or avoided; there were no actions taken or avoided which might potentially cause loss to the Company, and hence, there are no transactions or actions that would require equalization within this scope.

ÇELEBİ HAVA SERVİSİ A.Ş. General Assembly of Shareholders	
Company Title	Çelebi Hava Servisi Anonim Şirketi
Head Office	Anel İş Merkezi, Sarah Mah. Site Yolu Sk. No: 5 Kat: 9 34768 Ümraniye/İstanbul
Capital	Registered Capital: TL 100,000,000.- Issued Capital: TL 24,300,000.-
Activity	Airport Ground Handling Services
Name(s) of Auditor(s)/Terms of office, their relation to the company (employed/partners or not)	- Seyhan ÖZTAYLAN ÇELİK (term of office "1 year – the period of time between the two ordinary general meetings" – is neither an employee nor a shareholder of the Company.) - Fatih ÖZÇANAK (term of office "until the next ordinary general meeting" – neither an employee nor a shareholder of the Company) - İbrahim BEYDEMİR (term of office "until the next ordinary general meeting – neither an employee nor a shareholder of the Company.)
Numbers of Board of Directors meetings attended and Board of Auditors meetings held	All of the Board of Directors meetings held during the reporting period were attended, and the Board of Auditors held five meetings.
Scope and dates of inspection made on the Company's accounts, books and documents, and conclusions reached	During the numerous inspections made on various dates during the reporting period, books and records were checked as to whether they had been completed timely, correctly and legally. It was observed that the decisions about the Company management had been recorded in the book of decisions that was duly kept.
Number and results of the counts held at the Company pay desk pursuant to Article 353(1-3) of the Turkish Commercial Code	Counts were held every two months at the Company pay desk, totaling six during the reporting period. It was observed that the cash holdings were in accordance with the records.
Dates and results of the inspections made pursuant to Article 353 (1-4) of the TCC	In the monthly inspections, it was observed that the records were in conformity with the tangible assets and valuable papers at hand.
Complaints and irregularities received and actions taken	The Board of Auditors received no complaints or irregularities during the reporting period.

We have audited the financial statements and accounting data of Çelebi Hava Servisi Anonim Şirketi for the period ended 31 December 2012 according to the Turkish Commercial Code, the Company's articles of incorporation and other regulations in compliance with generally accepted accounting principles.

In our opinion the accompanying balance sheet for the period ending 31 December 2012 and income statement for the period 01 January 2012-31 December 2012 present the results of this period fairly and accurately and the profit distribution proposal is in accordance with existing laws and the company's articles of incorporation.

We hereby submit the balance sheet and the profit/loss statement for your approval and that the Board of Directors be released from liability for your voting.

03 April 2013

BOARD OF AUDITORS

Seyhan ÖZTAYLAN ÇELİK

Fatih ÖZÇANAK

İbrahim BEYDEMİR

ACKNOWLEDGEMENT OF RESPONSIBILITY

App. III

ACKNOWLEDGEMENT OF RESPONSIBILITY PURSUANT TO THE CMB COMMUNIQUÉ SERIAL: XI NO: 29

BOARD OF DIRECTORS DECISION ESPOUSING THE FINANCIAL STATEMENTS AND ANNUAL REPORTS

DECISION DATE: 03.04.2013

DECISION NUMBER: 2013/43

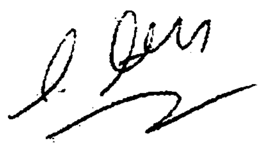
We hereby represent that;

a. we have examined the independently audited the consolidated financial statements which have been approved by our Company's Board of Directors decision no. 03.04.2013 and numbered 2013/43, and by the Audit Committee decision no. 2013-02 dated 03 April 2012, which have not been adjusted for inflation, which incorporate the compulsory data and are based on recommended formats and drawn up in accordance with the International Financial Reporting Standards (IFRS) as per the CMB Communiqué Serial: XI No: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 2012, with respect to their presentation of a true and fair view of the Company's financial standing and operating results;

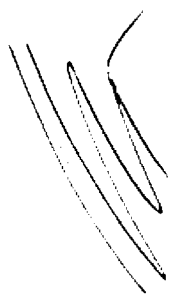
b. to the best of our knowledge we have with respect to our positions and responsibilities in the Company, these financial statements and annual report contain no misrepresentations on material matters or no omissions whose absence could be misleading as of the date on which the statement was made; and

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 presents 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.

Yours sincerely,



Ayfer ATLI
Financial Affairs Director



Koray ÖZBAY
CEO

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2012 AND INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

ERNST & YOUNG

Güney Bağımsız Denetim ve Serbest
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To the Board of Director of Çelebi Hava Servisi Anonim Şirketi

Introduction

We have audited the accompanying consolidated balance sheet of Çelebi Hava Servisi A.Ş. ("Company"), its subsidiaries and its joint ventures (together "the Group") as at 31 December 2012 and the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the consolidated financial statements

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

Independent Auditor's Responsibility

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

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

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

ERNST & YOUNG

(Convenience translation of the independent auditor's report originally issued in Turkish)

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Çelebi Hava Servisi A.Ş. as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with financial reporting standards published by Capital Market Board in Turkey.

Other matters

As explained in Note 28 to the consolidated financial statements, the Cargo building of Çelebi Hava Servisi A.Ş. (the "Company") located in Atatürk Airport Terminal C in which the Company carries out its cargo-warehouse operations was damaged due to a fire broke out on 24 May 2006.The Company granted its approval for utilization of its insurance policy amounting to USD 10.000.000 in the fund established by the Company. Consequently, no provision has been accounted for the accompanying consolidated financial statements as of 31 December 2012.

The consolidated financial statements of the Group prepared in accordance with financial reporting standards issued by CMB as of 31 December 2011 were audited by another independent audit firm, who expressed a qualified opinion relating to accounts they could not obtained sufficient audit evidence in their report dated 13 April 2012 due to a fire took place on January 2012 in a section of the office premises in the Cargo Terminal of the Delhi International India Gandhi Airport that also comprises the office area of Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo"), a subsidiary of the Company. Qualified opinion on this issue has not been declared due to obtaining audit evidence, as of the date of this report.

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

Ethem Kutucular, SMMM
Engagement Partner

3 April 2013
Istanbul, Turkey

CONTENTS

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012

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

	Notes	31 December 2012	31 December 2011
ASSETS			
Current Assets			
Cash and cash equivalents	5	46.709.517	99.412.758
Trade receivables	8	45.925.450	34.884.512
Due from related parties	26	8.615.785	818.897
Other receivables	9	9.003.609	5.348.745
Inventories	10	8.301.002	6.389.345
Other current assets	16	25.769.700	55.999.053
Total Current Assets		**144.325.063**	**202.853.310**
Non-Current Assets			
Financial investments	6	1.383.442	1.536.105
Other non-current receivables	9	13.342.029	14.615.540
Property, plant and equipment	11	153.295.656	144.261.128
Intangible assets	12	112.698.089	123.429.163
Goodwill	13	19.882.648	18.551.365
Deferred tax assets	24	15.554.815	13.311.495
Other non-current assets	16	25.068.874	18.605.338
Total non-current assets		**341.225.553**	**334.310.134**
Total assets		**485.550.616**	**537.163.444**

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

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012

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

	Notes	31 December 2012	31 December 2011
LIABILITIES			
Current Liabilities			
Financial liabilities	7	109.291.229	105.191.130
Trade payables	8	16.314.649	17.963.107
Due to related parties	26	2.836.880	17.791.417
Other payables	9	4.027.985	2.327.466
Provisions	14	13.848.897	14.410.901
Provision for employee benefits	15	228.922	358.261
Current tax liabilities	24	-	-
Other current liabilities	16	35.818.971	58.648.228
Total current liabilities		**182.367.533**	**216.690.510**
Non-Current Liabilities			
Financial liabilities	7	190.876.297	231.022.474
Other non-current payables	9	970.476	1.055.879
Deferred income tax liabilities	24	5.628.521	4.341.550
Provision for employee benefits	15	7.856.667	7.517.332
Other non-current liabilities	16	33.776.966	26.053.477
Total non-current liabilities		**239.108.927**	**269.990.712**
Total liabilities		**421.476.460**	**486.681.222**
EQUITY			
Equity attributable to equity holders of the parent		**55.975.098**	**39.404.861**
Capital	17	24.300.000	24.300.000
Restricted reserves	17	26.573.456	26.573.456
Foreign currency translation differences		1.141.212	4.380.047
Additional contribution to shareholders' equity related to merger	17	-	(34.297.074)
Retained earnings		(17.143.351)	10.824.798
Net profit/(loss) for the year		21.103.781	7.623.634
Non-controlling interest		**8.099.058**	**11.077.361**
Total equity		**64.074.156**	**50.482.222**
Total liabilities and equity		**485.550.616**	**537.163.444**
Contingent assets and liabilities	14		

The accompanying notes form an integral part of these year end 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 2012

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

	Notes	2012	2011
CONTINUING OPERATIONS			
Revenue - net	18	537.002.487	472.753.336
Cost of sales (-)	18	(410.338.527)	(344.763.642)
GROSS PROFIT	**18**	**126.663.960**	**127.989.694**
General administrative expenses (-)	20	(79.841.873)	(82.175.755)
Other operating income	21	4.231.025	8.710.188
Other operating expense (-)	21	(7.459.806)	(8.385.784)
Operating Profit (-)		**43.593.306**	**46.138.343**
Financial income	22	16.835.176	9.807.233
Financial expense (-)	23	(34.704.838)	(46.504.915)
INCOME BEFORE TAX		**25.723.644**	**9.440.661**
Income tax expense		**(8.109.363)**	**(5.792.904)**
Current tax expense	24	(10.152.187)	(12.785.111)
Deferred tax income	24	2.042.824	6.992.207
NET INCOME		**17.614.281**	**3.647.757**
Attributable to:			
Non-controlling interest		(3.489.500)	(3.975.877)
Equity holder of the parent		21.103.781	7.623.634
		17.614.281	**3.647.757**
Earnings per share (full TL)	25	0,009	0,003

The accompanying notes form an integral part of these year end 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 2012

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

	2012	2011
Net profit for the period	**17.614.281**	**3.647.757**
Other comprehensive income:		
Currency translation differences	(4.022.347)	1.069.901
Other comprehensive income	**(4.022.347)**	**1.069.901**
Total comprehensive income	**13.591.934**	**4.717.658**
Total comprehensive income attributable to:		
Non-controlling interest	(4.273.012)	(3.721.078)
Equity holders of the parent	17.864.946	8.438.736
	13.591.934	**4.717.658**

The accompanying notes form an integral part of these year end 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 2012

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

	Notes	Capital	Restricted reserves	Cumulative translation differences
Balances at 1 January 2011	17	24.300.000	22.962.009	3.564.945
Transfers to retained earnings		-	-	-
Increase in non-controlling interest due to consolidation of subsidiary		-	-	-
Transfers to reserves	17	-	3.611.447	-
Dividends paid		-	-	-
Transactions related to non-controlling interests		-	-	-
Total comprehensive income		-	-	815.102
Balances at 31 December 2011		24.300.000	26.573.456	4.380.047
Balances at 01 January 2012	17	24.300.000	26.573.456	4.380.047
Transfers to retained earnings		-	-	-
Transactions with minority		-	-	-
Total comprehensive income	17	-	-	(3.238.835)
Balances at 31 December 2012		24.300.000	26.573.456	1.141.212

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

Additional Contribution to equity related to share purchase	Retained Earnings	Net profit for the year	Equity attribute table to equity holders of the parent	Non-controlling interest	Total equity
(545.407)	**33.999.851**	**19.083.241**	**103.364.639**	**13.437.837**	**116.802.476**
-	19.083.241	(19.083.241)	-	-	-
-	-	-	-	3.568	3.568
-	(3.611.447)	-	-	-	-
-	(37.329.460)	-	(37.329.460)	-	(37.329.460)
(33.751.667)	(1.317.387)	-	(35.069.054)	1.357.034	(33.712.020)
-	-	7.623.634	8.438.736	(3.721.078)	4.717.658
(34.297.074)	**10.824.798**	**7.623.634**	**39.404.861**	**11.077.361**	**50.482.222**
(34.297.074)	**10.824.798**	**7.623.634**	**39.404.861**	**11.077.361**	**50.482.222**
34.297.074	(26.673.440)	(7.623.634)	-	-	-
-	(1.294.709)	-	(1.294.709)	1.294.709	-
-	-	21.103.781	17.864.946	(4.273.012)	13.591.934
-	**(17.143.351)**	**21.103.781**	**55.975.098**	**8.099.058**	**64.074.156**

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

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2012

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

	Notes	31 December 2012	31 December 2011
Cash flow provided from operating activities			
Income before tax		25.723.644	9.440.661
Adjustments to reconcile income before tax to net cash provided by operating activities:			
Depreciation and amortization	11, 12	35.556.764	32.970.431
Impairment due to current fixed asset	11	-	(1.981.778)
Provision for employment termination benefits	15	5.928.481	3.790.522
Provision for unused vacation, net	14	3.249.907	597.602
Provision for sales commissions	14	3.534.560	1.874.395
Provision for cargo subcontractor commission	14	1.717.560	821.590
Expense accrual for DHMI	14	19.822.040	24.304.019
Provision for litigation	14	582.351	231.664
Other provisions	14	18.664.447	7.596.230
Provision for doubtful receivables	8	442.584	386.687
Changes in derivative financial instruments		-	(4.555.792)
Interest income	22	(3.249.937)	(3.255.884)
Interest expense	23	25.403.373	18.213.631
Gains/(Losses) from sales of property plant and equipment,	21	(552.257)	(1.072.793)
Unrecognized foreign exchange differences (income)/expense		171.547	5.307.904
Net Profit/(Loss) belonging to minority		(3.489.500)	(3.975.877)
Capital increase in subsidiaries due to consolidation of subsidiary		-	3.567
Cash flow provided before changes in assets and liabilities		**133.505.564**	**90.696.779**
Trade receivables		(11.789.324)	(8.590.509)
Due from related parties		(7.796.888)	1.102.170
Inventories		(1.911.657)	(1.887.536)
Income taxes paid	24	(10.152.187)	(14.292.519)
Other receivables		(2.381.353)	(5.669.171)
Other current assets		30.229.353	(37.452.529)
Other non-current assets		(6.463.536)	(31.699.420)
Trade payables		(1.596.432)	2.002.474
Due to related parties		(14.954.537)	15.294.408
Other payables		1.700.519	(5.086.825)
Other current liabilities		(22.829.257)	44.355.384
Other non-current liabilities		7.723.489	(48.656.598)
Other non-current debt provisions	8	82.229	633.869
Employment termination benefits paid	15	(5.661.181)	(3.398.921)
Vacation benefits paid	14	(306.267)	(237.194)
DHMI Expense accrual paid	14	(19.598.024)	(22.213.440)
Sales commission's provisions paid	14	(3.734.009)	(1.838.883)
Litigation provisions paid	14	(296.692)	(218.469)
Investment consultancy expenses paid	14	(1.077.180)	(996.420)
Cargo subcontractor commission provision paid	14	(769.440)	(1.080.116)
Other compensations paid	14	(18.995.087)	(4.981.141)
Net cash (used in)/generated from operating activities		**39.571.934**	**(35.249.806)**
Investing activities			
Purchases of property, plant and equipment	11	(35.370.122)	(29.967.679)
Purchases of intangible assets	12	(9.630.399)	(9.344.587)
Interest received		3.286.355	3.253.088
Purchases of financial assets/goodwill, net		(2.327.377)	(1.509.819)
Proceeds from sale of property. plant and equipment		1.324.471	2.504.247
Net cash generated from investing activities		**(42.717.072)**	**(35.064.750)**
Financing activities			
Change in borrowings		(37.782.047)	169.020.207
Change in short-term finance lease obligations. net		1.211.879	1.163.560
Change in long-term finance lease obligations		(393.218)	7.467.605
Dividends paid		-	(37.329.460)
Interest paid		(24.486.065)	(17.779.997)
Changes in equity due to purchase		-	(33.714.703)
Net cash (used in)/generated from financing activities		**(61.449.451)**	**88.827.212**
Cumulative translation adjustment		11.927.766	6.597.612
Decrease/(Increase) in restricted cash and cash equivalents		16.458.554	(23.071.912)
Net (decrease)/increase in cash and cash equivalents		**(36.208.269)**	**2.038.356**
Cash and cash equivalents at the beginning of the period	5	**68.727.345**	**66.688.989**
Cash and cash equivalents at the end of the period	5	**32.519.076**	**68.727.345**

The accompanying notes form an integral part of these year end 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 2012 AND 2011

(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 “Çelebi Hava”) established in 1958 was the first private ground handling service company in the Turkish aviation sector. The company is continuing its operations under Çelebi Holding. 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, Corlu, Bursa Yenisehir, Diyarbakir, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaras, Isparta, Erzincan, Çanakkale and Balikesir Edremit airports, which are under the control of the State Airports Administration (“DHMI”) and Istanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. (“HEAS”). The company is controlled by Çelebi Havacılık Holding A.Ş., the parent company and Çelebioğlu Family.

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 Is Merkezi Saray Mahallesi Site Yolu Sokak No: 5 Kat: 9

34768 Umraniye/Istanbul

The Company has consolidated Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. in Liquidation (“Çelebi IC Yatırım”) with 49,99% of shares using the joint-venture consolidation method as of 31 December 2012. The other main shareholder of Çelebi IC Yatırım is Ictas Insaat 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 Guvenlik Sistemleri ve Danismanlik A.Ş. (“Çelebi Guvenlik”) in which it holds 94,8% of shares. Çelebi Guvenlik 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 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.

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. As of December 31 2012, total paid in capital of CGHH is 200.000.000 HUF.

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 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 55% stake in Celebi Nas and the capital of the company is amounting to INR 552.000.000 Also 228.000.000 Indian Rupee 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

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 18 November 2009, with a paid-in capital amounting to INR14.200.000 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 INR 911.088.000 and the Company has a 74% stake in Celebi GH Delhi.

The Company participated 16,67% of company Delhi Aviation Services Private Limited ("DASPL") 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 25 March 2010, the Company participated 100% of a company that was established in Madrid, Spain under the title "Celebi Ground Handling Europe" ("Celebi Spain") 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 such as Troy Airport Services located in Poland of which the company owns 100% shares but Celebi Europe has not started its operations yet.

The Company acquired shares of Çelebi Kargo Depolama ve Dağitim 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 as of 20 November 2008 to provide cargo storage and handling services in storage and warehouse facilities on rented area in Frankfurt Cargo City Süd by Celebi Cargo GmbH as of which is subsidiary of Çelebi Kargo with 100% shares, amounting EUR 7.500.000 paid capital, established in November 2009 located in Frankfurt, Germany.

As of 31 December 2012, the capital of Çelebi Cargo has been increased to TL 18.000.000 out of which all of capital was paid.

As of 31 December 2012, the consolidated financial statements of the Company include the Company, Çelebi IC Yatırım, CGHH, Çelebi Guvenlik, Celebi Nas, Celebi Delhi Cargo, Celebi GH Delhi, Çelebi Kargo and Celebi Cargo (collectively, referred to as the "Group").

These consolidated financial statements for the period 1 January - 31 December 2012 have been approved for issue by the Board of Directors on 03 April 2013 and signed by Koray Özbay (General Manager) and Ayfer Atlı (Financial Affairs 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 nature of the business of the Subsidiaries and their respective geographical segments are as follows:

Subsidiary	Country of incorporation	Geographical segment	Nature of business
Çelebi Guvenlik	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 Spain	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 their respective geographical segments are as follows:

Joint ventures	Country of incorporation	Geographical segment	Nature of business
Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. In Liquidation	Turkey	Turkey	Airport terminal construction and operating (inactive)
Celebi Nas	India	India	Ground handling services

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Affiliates:

The Company has the following subsidiaries (the "Subsidiaries"). The nature of the business of the Subsidiaries and their respective geographical segments are as follows:

Affiliates	Country of incorporation	Geographical segment	Nature of business
DASPL	India	India	Ground handling services

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 published by the 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 Communiqué No. XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union ("EU"). 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 Public Oversight of the Accounting and Auditing Standards Board (formerly Turkish Accounting Standards Board), IAS/IFRS shall be applied. According to the Communiqué, entities shall prepare their financial statements with the International Financial Reporting Standards ("IAS/IFRS") endorsed by the Audit Company. However, the IAS/IFRS issued by the International Accounting Standards Board ("IASB") will be used until the Accounting and Auditing Standards of the Public Oversight Board (formerly the Accounting Standards Board of Turkey) declared IAS/IFRS'ın Turkey.

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 Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TRY 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 for listed companies. The foreign Subsidiaries and Joint Ventures 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 except for the valuation of certain financial assets and liabilities, 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 are prepared on the historical cost basis.

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

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 consolidated financial statements are presented in TL, which are the functional currency of the Company and the presentation currency of the Group. The currency of subsidiaries has shown below.

Company	Currency
Çelebi Guvenlik	Turkish Lira (TL)
CGHH	Hungarian Forint (HUF)
Celebi Delhi Cargo	Indian Rupee (INR)
Celebi GH Delhi	Indian Rupee (INR)
Celebi Nas	Indian Rupee (INR)
Çelebi Kargo	Turkish Lira (TL)
Celebi Cargo GmbH	Euro (EUR)
Celebi IC Antalya Havalimanı Terminal Yatirim ve Isletme A.Ş. in Liquidation	Turkish Lira (TL)

Going Concern

The 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, 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.

2.1.2 Amendments in International Financial Reporting Standards (IFRS)

New and amended standards and interpretations for financial statement at 31 December 2012:

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2012. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2012 are as follows:

IAS 12 Income Taxes: "Recovery of Underlying Assets (Amendment)"

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. Adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 7 Financial instruments: Disclosures' on transfers of assets (Amendment)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any impact on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

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

IAS 1 Presentation of Financial Statements (Amendment) - Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after 1 July 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

IAS 19 "Employee Benefits (Amendment)"

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

IAS 27 "Separate Financial Statements (Amendment)"

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This amendment will not have any impact on the financial position or performance of the Group.

IAS 28 "Investments in Associates and Joint Ventures (Amendment)"

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. As of 31 December 2012, the Group's subsidiaries are accounted for by the proportionate consolidation method and after 1 January 2013 the group will be consolidated with equity method.

IAS 32 "Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)"

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 7 "Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment)"

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

IFRS 9 "Financial Instruments - Classification and Measurement"

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 10 "Consolidated Financial Statements"

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

It replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This amendment will not have any impact on the financial position or performance of the Group.

IFRS 11 "Joint Arrangements"

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. As of 31 December 2012, the Group's subsidiaries are accounted for by the proportionate consolidation method and after 1 January 2013 the group will be consolidated with equity method.

IFRS 12 "Disclosure of Interests in Other Entities"

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

IFRS 13 "Fair Value Measurement"

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted - that is, comparative disclosures for prior periods are not required. Standard has no impact on the Group's consolidated financial statements.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after 1 January 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as the beginning of the annual reporting period in which IFRS 10 is applied for the first time. The assessment of whether control exists is made at the date of initial application rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group. As of 31 December 2012, related with UFRS 11, the Group's joint venture which are Celebi NAS and Çelebi IC Antalya Havalimanı Terminal Yatirim ve Isletme A.Ş in Liquidation are accounted for by the proportionate consolidation method and after 1 January 2013 the joint ventures will be consolidated with equity method.

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs - 2009 - 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Group does not expect that the project will have a significant impact on the financial position or performance of the Group.

IAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments - Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting:

Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

IFRS 10 "Consolidated Financial Statements (Amendment)"

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendment applies for annual periods beginning on or after 1 January 2014 with earlier application permitted. The amendment has not yet been endorsed by the EU.

2.1.3 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company. Çelebi Hava, its Subsidiaries and its Joint ventures (collectively referred to as the "Group") on the basis set out in sections (b), to (f) 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.

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b) Subsidiaries are companies over which the Group's has capability to control the financial and operating policies for the benefit of the Group, 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. The available or convertible existence of potential voting rights are considered for the assessing whether the Group controls another organization Subsidiaries are consolidated from the date on which the control is transferred to the Group and consolidated by using full consolidation method. Subsidiaries are no longer consolidated from the date that the control ceases. The acquisition of the subsidiaries by the Group is recognized by using purchase method. The acquisition cost includes; the fair value of the assets on the purchase date, equity instruments disposed and the liabilities incurred at the exchange date and costs that directly attributable to the acquisition, The identifiable asset during the merge of the companies is measured by fair value at the purchase date of liabilities and contingent liabilities regardless of the minority shareholders. The Group recognized the goodwill for the exceed portion of the cost of acquisition that the fair value of net identifiable assets acquired. If the acquisition cost is below the fair value of identifiable net asset of subsidiary, the difference is recognized to the comprehensive income statement, Transactions between inter companies the balances and unearned gains arising from transactions between Group companies are eliminated. Unaccrued losses are also subjected to elimination. The accounting policies of subsidiaries are revised in accordance with the Group's policies. The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Group and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between company and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by the Group in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

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 2012	31 December 2011
Çelebi Guvenlik	94,8	94,8
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
Celebi GH Delhi	74,0	74,0
Celebi Spain (1)	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo GmbH	99,9	99,9

(1) As of 31 December 2012 Celebi Spain 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 have not started as of 31 December 2012 (Note 6).

c) The Group categorized the sales and purchase of its subsidiaries' shares transactions as transactions between group shareholders except parent company. Therefore, for the addition share purchase from other than parent company, the Group records the difference between cost of purchase and book value of asset of subsidiary's purchased portion under shareholders' equity. For the share sales to other than parent company, the Group records the income or loss as a result of the difference between sales price and book value of asset of subsidiary's sold portion under shareholders' equity.

d) 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 A.Ş. 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.

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	Direct and indirect shareholding by Çelebi Hava (%)	
Joint Ventures	31 December 2012	31 December 2011
Çelebi IC Antalya Havalimanı Terminal Yatirim ve Isletme A.Ş in Liquidation (*)	49,99%	49,99%
Celebi Nas (**)	55,00%	51,00%

(*) Company's joint ventures, Çelebi IC Antalya Airport Terminal Investment and Management A.Ş. ("Çelebi IC Investment"), by holding 49.99% of the total capital amounting TL 50.000, has been decided to initiate its liquidation process with a decision made in 2011 fiscal year General Assembly of company which took place in 2012, and the commercial register name of the company has been amended as Çelebi IC Antalya Airport Terminal Investment and Management A.Ş. in Liquidation with the attestation of Antalya Directorate of Commercial Register of Turkish Republic. Since Çelebi IC Antalya Airport Terminal Investment and Management Inc. in Liquidation, does not constitute a materiality to the consolidated financial statements as of 31 December 2012, there has been no additional disclosure presented in financial statements regarding IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

(**) The 4% shares of Celebi Nas has been purchased by Sovika Aviation Private Limited which has already owned 8% shares of Celebi Nas on 26 January 2012.

e) 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.

f) 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.

2.2. 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.

2.2.1 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.

2.2.2 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. In cases where the revenue income forecasts has been conducted reliably, the ending reporting period of the process associated with the level of completion are saved taking into consideration of financial tables. 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.

In case of the Group sells on credit and does not acquired any interest throughout the maturity term or applies the lower interest rate than market interest rate and thus the transaction involves an effective financing process, the fair value of the provision for the sale is calculated by discounting the present value of receivables. The difference between the fair value and the nominal amount of the consideration is recognized as financial income in accordance with effective rate (internal efficiency).

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, except for income resulting from IFRIC 12, 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.

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.

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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.

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

2.2.3 Property, plant and equipment

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

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	3-20
Motor vehicles	5
Furniture and fixtures	2-15
Leasehold improvements	5-15

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 other 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.

2.2.4 Intangible Assets

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

a) Goodwill

Goodwill 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.

The estimations related with the future cash flows do not include cash inflows and outflows related with restructuring that the Group has not committed yet or the enhancing or the improving the performance of the asset.

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b) Commercial Business Licenses (Rights)

Commercial business licenses are carried at cost in financial statement. Commercial business licenses have a limited useful life and are measured at cost less accumulated amortization. The estimated useful (19 years) lives for amortization of licenses for commercial operation cost is calculated using the straight line method.

c) 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.

d) Computer software

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 between 3-5 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.

e) Service Concession Arrangements & Build Operate - Transfer Investment

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 amortization 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. Additional deposit, amounting to INR 78.148.352 is also paid in the period of 2012.

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. As of 31 December 2012 INR 32.500.000 of the deposit amount had been returned 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).

2.2.5 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).

2.2.6 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.

2.2.7 Financial Liabilities and Borrowing Costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are 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 consolidated statement of comprehensive income over the period of the borrowings.

The Company compares borrowing costs arising from foreign currency borrowings for Residuum Upgrading Project with functional currency equivalent borrowing's interests and capitalizes borrowing costs by using cumulative approach in its financial statements

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 using the effective interest method (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.

2.2.9 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 (Note 8).

2.2.10 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 (Note 13).

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".

Fair value changes of contingent consideration that arise from business combinations occurred before January 1, 2010 are adjusted against goodwill.

IFRS 3 "Business Combinations", which is effective for the periods beginning January 1, 2010, is applied for business combinations realized in 2011.

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill).

2.2.11 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.

2.2.12 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 (Note 25).

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.

2.2.13 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 (Note 29).

2.2.14 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 (Note 14).

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.

2.2.15 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 (Note 7).

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.

2.2.16 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 related parties in accordance with the aim of these consolidated financial statements (Note 26).

2.2.17 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).

2.2.18 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).

2.2.19 Employee Benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company 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 prescribed liability method. All actuarial profits and losses are recognized in consolidated statements of income (Note 15).

2.2.20 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.

2.2.21 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.

2.2.22 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.

2.4.23 Comparative Information

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance.

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As of 31 December 2011, the effects of changes in the classification of the current period to the presentation is reflected in the prior period and the financial statements are as follows:

Balance sheet accounts that are subject to classification	31.12.2011 (Previously reported)	31.12.2011 (After reclassifications)	Net effect of reclassifications
Other current asset (*)	58.235.707	55.999.053	(2.236.654)
Other non-current asset (*)	16.368.684	18.605.338	2.236.654
Other current liabilities (**)	15.632.273	58.648.228	43.015.955
Other non-current liabilities (**)	69.069.432	26.053.477	(43.015.955)

(*) As of 31 December 2011, prepaid taxes and fund were classified in "Other current asset"

(**) As of 31 December 2011, deferred income calculated within IFRIC 12 was classified in "Other current liabilities".

2.2.24 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.

2.2.25 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 recognized when the forecast transaction is ultimately recognized 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.

2.3 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 2.2.6 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 31December 2012 (Note 13).

(b) Impairment of intangible assets

According to the accounting policy stated in Note 2.2.4. 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 2.2.l4, 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 2012 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 28).

(d) Taxes on income

As explained in Note 2.2.18, 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 2012, 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) 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 2012, 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 4.622.514, the Company has accounted for deferred tax asset amounted to TL 670.264.

Celebi Nas has not booked deferred tax amounted to TL 3.296.977 to its financial statements as of 31 December 2012 which is arisen from the carry forward losses amounted to 1.069.704 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 17.035.523 to its financial statements as of 31 December 2012 which is arisen from the carry forward losses amounted to TL 5.527.175 due to the probability of inability to utilize carry-forward tax losses.

(f) 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.

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

i) TL 5.490.831 (31 December 2011: TL 2.772.472) has been provided regarding the estimated future renovation obligations in the consolidated financial statements as at 31 December 2012. The aforementioned provision was amortized by using average rate of 8,04% (31 December 2011: 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% (31 December 2011:2%) and 7,25% (31 December 2011: 7,25%) as at 31 December 2012.

NOTE 3 - JOINT VENTURES

Shares in Joint Ventures

Çelebi IC Antalya Havalimani Terminal Yatirim ve Isletme A.Ş. in Liquidation 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: (As follow balances consist the statement of joint ventures and after consolidation of the Group's ownership is calculated by Celebi Ground Handling is included in the consolidation).

	31 December 2012	31 December 2011
Current assets	5.730.578	7.535.387
Non-current assets	28.900.376	36.420.630
Total assets	**34.630.954**	**43.956.017**
Current liabilities	11.298.652	14.784.409
Non-current liabilities	5.093.811	11.616.502
Shareholders' equity	18.238.491	17.555.106
Total liabilities and shareholders' equity	**34.630.954**	**43.956.017**

	2012	2011
Revenue - net	23.790.364	24.694.778
Gross profit	4.095.878	4.199.443
Operating profit/(loss)	1.176.561	2.312.554
Net (loss)/profit for the period	(928.577)	87.186

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.

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The segment information provided to the board of directors as of 31 December 2012 is as follows:

1 January - 31 December 2012

Reportable Segments

	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management	Cargo and Warehouse Services	Consolidation Adjustments	Consolidated
Revenue - net	387.043.952	1.374.492	-	148.944.011	(359.968)	537.002.487
Cost of sales	(296.625.429)	(1.752.103)	-	(112.456.146)	495.151	(410.338.527)
Gross profit	**90.418.523**	**(377.611)**	**-**	**36.487.865**	**135.183**	**126.663.960**
General administrative expenses	(63.441.651)	(278.251)	(6.525)	(17.478.696)	1.363.250	(79.841.873)
Addition: Depreciation and amortization	27.705.296	27.882	-	7.823.586	-	35.556.764
Addition: Operating lease Equalization	146.573	-	-	7.663.450	-	7.810.023
Addition: Effect of IFRIC 12 shares	-	-	-	2.285.483	-	2.285.483
Addition: Prepaid allocation cost						
Expense	1.155.072	-	-	-	-	1.155.072
EBITDA	**55.983.813**	**(627.980)**	**(6.525)**	**36.781.688**	**1.498.433**	**93.629.429**

1 January - 31 December 2011

Reportable Segments

	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 lease Equalization	312.901	-	-	9.927.018	-	10.239.919
Addition: Effect of IFRIC 12 shares	-	-	-	1.766.939	-	1.766.939
EBITDA	**73.451.280**	**(792.111)**	**(16.349)**	**15.705.265**	**2.443.143**	**90.791.228**

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

	2012	2011
EBITDA for reported segments	93.629.429	90.791.228
Depreciation and amortization	(35.556.764)	(32.970.431)
Operating lease equalization	(7.810.023)	(10.239.919)
Effect of IFRIC 12	(2.285.483)	(1.766.939)
Effect of allocation expense	(1.155.072)	-
Other operating income	4.231.025	8.710.188
Other operating expenses (-)	(7.459.806)	(8.385.784)
Operating profit	**43.593.306**	**46.138.343**
Financial income	16.835.176	9.807.233
Financial expense (-)	(34.704.838)	(46.504.915)
Income before tax	**25.723.644**	**9.440.661**

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 are allocated based on the operations of the segment and the physical location of the asset.

Total Assets	31 December 2012	31 December 2011
Turkey	337.704.642	283.281.605
India	177.398.732	218.296.448
Hungary	56.927.008	44.624.824
Germany	20.436.696	19.602.159
Segment Assets (*)	**592.467.078**	**565.805.036**
Unallocated assets	40.175.349	101.084.575
Less: Inter-segment elimination	(147.091.811)	(129.726.167)
Total assets as per consolidated financial statements	**485.550.616**	**537.163.444**

(*) 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	31 December 2012	31 December 2011
Turkey	38.451.372	55.882.152
India	73.333.466	82.891.265
Hungary	8.582.963	5.674.130
Germany	3.985.119	4.147.025
Segment liabilities (*)	**124.352.920**	**148.594.572**
Unallocated liabilities	305.796.047	340.555.154
Less: Inter-segment elimination	(8.672.507)	(2.468.504)
Total liabilities as per consolidated financial statements	**421.476.460**	**486.681.222**

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

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Geographical Segments

Geographical Analysis for the period 1 January - 31 December 2012

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	332.395.451	69.729.048	111.925.509	22.951.739	537.001.747	740	537.002.487
Cost of sales	(234.704.159)	(42.498.174)	(106.296.355)	(26.839.839)	(410.338.527)	-	(410.338.527)
Gross profit	97.691.292	27.230.874	5.629.154	(3.888.100)	126.663.220	740	126.663.960
General administrative Expenses	(53.639.987)	(12.182.704)	(9.906.466)	(5.029.938)	(80.759.095)	917.222	(79.841.873)
Other operating income/ expense - net	(866.962)	(1.352.244)	(19.467)	5.056	(2.233.617)	(995.164)	(3.228.781)
Operating profit	**43.184.343**	**13.695.926**	**(4.296.779)**	**(8.912.982)**	**43.670.508**	**(77.202)**	**43.593.306**

Geographical Analysis for the period 1 January - 31 December 2011

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	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**

NOTE 5 - CASH AND CASH EQUIVAL

	31 December 2012	31 December 2011
Cash	127.559	136.945
Banks		
-time deposit	24.620.534	87.773.080
-demand deposit	21.918.504	11.502.733
Other liquid assets	42.920	-
	46.709.517	**99.412.758**

Effective interest rates on TL, EUR, USD and INR denominated time deposits at 31 December 2012 are 8,40%, 2,39%, 3,30% and 4,75% (31 December 2011: TL 9,50%, EUR 4,50%, USD 3,50%, INR 7,20%) respectively. The maturity days on TL, EUR, USD and INR denominated time deposits as of 31 December 2012 20-60 days for INR, 1-15 days for TL, EUR and USD. (31 December 2011: EUR, USD 20-60 days, and INR, TL 1-17 days).

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The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Cash and banks	46.709.517	99.412.758
Less: Interest Accruals	(7.898)	(44.316)
Less: Restricted cash (*)	(14.182.543)	(30.641.097)
	32.519.076	68.727.345

(*) The mentioned amount represents the collections from the clients 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 2011: TL 10.489.085).

NOTE 6 - FINANCIAL INVESTMENTS

Available-for-sale assets:

	31 December 2012		31 December 2011	
	%	TL	%	TL
DASPL	16,7%	1.362.917	16,7%	1.515.580
Celebi Spain (*)	100,0%	20.525	100,0%	20.525
		1.383.442		1.536.105

(*) As at 31 December 2012, Celebi in Spain is not material for the Group's financial statements at cost due to the failure and the company's operations have not started yet after deduction of depreciation not been consolidated in the consolidated financial statements and accounted for as available-for-sale financial assets are reflected in the financial statements.

NOTE 7 - FINANCIAL LIABILITIES

Short-term financial liabilities:

	31 December 2012		
	Effective interest rate (%)	Original amount	TL
Short-term bank borrowings:			
INR borrowings	11,54%-15,75%	129.858.086	4.247.658
			4.247.658
Other short term financial liabilities:			
Derivative liabilities (*)			124.446
			124.446

(*) 5 November 2012 is date of forward transactions for cash flow hedges, value date is 9 January 2013, bank purchase amount is EUR 2.000.000, bank selling amount is TL 4.589.000.

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	31 December 2011		
	Effective interest rate (%)	Original amount	TL
Short-term portion of long-term borrowings:			
Interest expense accrual - US Dollar	-	19.954	35.570
Interest expense accrual - INR	-	26.785.784	876.163
Interest expense accrual - Euro	-	980.910	2.306.806
US Dollar borrowings	Libor+3,40%	2.000.000	3.565.200
INR borrowings	11.54%-15,75%	531.098.502	17.372.232
Euro borrowings	Euribor+3,40% Euribor+6.50%	33.282.666	78.270.846
			102.426.817
Short-term finance lease obligations			
Short-term finance lease obligations - Euro		1.003.480	2.359.885
Short-term finance lease obligations - US Dollar		74.286	132.423
Short-term financial liabilities			**109.291.229**
Long-term financial liabilities:			
INR borrowings	11,54%-15,75%	1.960.728.829	64.135.440
Euro borrowings	Euribor+3,40% Euribor+6,50%	50.864.167	119.617.262
			183.752.702
Long-term finance lease obligations			
Long-term finance lease obligations - Euro		2.898.317	6.815.971
Long-term finance lease obligations -US Dollar		172.570	307.624
Long-term financial liabilities			**190.876.297**
Total financial liabilities			**300.167.526**

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%-12,90%	1.272.464.734	45.426.991
			54.741.115

(*) Celebi Delhi Cargo subsidiary of the Group in India and a resident of the bank as of 31 December 2011 amounted to 1.220.000.000 Indian rupee (TL 43.554.000), had used the loan agreement was signed on loan debts refinansment. The close of the last business day of the year, however, the transfer of existing loans and the amount that have taken place, due to the difference of compensations seems to be closed earlier at the bank. Credit for the balance of the deposit amount, the calculation of cash and cash equivalents and other current assets TL 20.009.849 and TL 23.544.151 respectively (Note 16) are included as deposits.

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Short-term portion of long-term borrowings:

	31 December 2011		
	Effective interest rate (%)	Original amount	TL
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	10,45%-15,90%	13.532.620	33.071.016
INR borrowings	4,50%-7,50%	283.150.000	10.108.455
			49.169.586

Short-term financial lease obligations:

	31 December 2011		
	Effective interest rate (%)	Original amount	TL
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**

The redemption schedule of borrowings according to their contractual re-pricing dates is as follows:

	31 December 2012	31 December 2011
Less than 3 months	11.241.293	47.072.900
Between 3-12 months	98.049.936	58.118.230
Between 1-5 years	179.245.544	213.431.947
5 years and more	11.630.753	17.590.527
	300.167.526	**336.213.604**

The redemption schedules of long-term bank borrowings as of 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Between 1-2 years	56.389.941	71.601.673
Between 2-3 years	43.554.597	50.684.417
Between 3-4 years	40.753.153	37.351.160
5 years and more	43.055.011	63.868.411
	183.752.702	**223.505.661**

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The redemption schedules of financial lease obligations as of 31 December 2012 and 2011 are as follows:

	31 December 2012			31 December 2011		
	Minimum lease payments	Interest	Total obligation	Minimum lease payments	Interest	Total obligation
Less than 1 year	2.983.498	(491.190)	2.492.308	1.807.500	(527.071)	1.280.429
1 to 2 years	2.150.466	(397.356)	1.753.110	1.775.184	(436.532)	1.338.652
2 to 3 years	3.549.920	(432.411)	3.117.509	1.775.184	(371.491)	1.403.693
4 years and over	2.357.611	(104.635)	2.252.976	5.221.852	(447.384)	4.774.468
	11.041.495	**(1.425.592)**	**9.615.903**	**10.579.720**	**(1.782.478)**	**8.797.242**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 December 2012	31 December 2011
Short-term trade receivables		
Trade receivables	49.221.297	37.825.586
Less: Provision for doubtful receivables	(3.295.847)	(2.941.074)
	45.925.450	**34.884.512**

The maturities of trade receivables are generally less than one month (31 December 2011: less than one month).The fair value of current trade receivables as of 31 December 2012 and 2011 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.

Movement of provision for doubtful receivables is as follows:

	31 December 2012	31 December 2011
Opening balance	2.941.074	3.207.136
Current year charge	442.584	386.687
Cumulative translation differences	(5.582)	152.656
Collections and reversal of provisions	(82.229)	(633.869)
Cancellation of receivables impossible to collect	-	(171.536)
Closing balance	**3.295.847**	**2.941.074**

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Credit risks exposed by the Group for each financial instrument type as of 31 December 2012 and 2011 are shown below:

	Trade receivables		Other receivables		
31 December 2012	Related party	Other	Related party	Other	Bank deposits (*)
The maximum of credit risk exposed at the reporting date	**8.615.785**	**45.925.450**	**-**	**9.003.609**	**46.539.038**
Credit risk covered by guarantees	**-**	**2.679.867**	**-**	**-**	**-**
Net carrying value of financial assets either are not due or not impaired	8.615.785	28.586.835	-	9.003.609	46.539.038
Net carrying value of financial assets which are overdue but not impaired	-	17.338.615	-	-	-
- Amount of risk covered by guarantees	-	2.278.361	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	*3.295.847*	-	-	-
- Impairment amount (-)	-	(3.295.847)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(*) Including restricted cash

	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	-	-	-	-	-

(*) Including restricted cash

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Aging which is prepared considering the overdue days of overdue receivables that are not impaired including receivables from related parties is as follows:

	31 December 2012	31 December 2011
Up to 1 month	7.850.343	6.648.037
1 to 3 months	5.181.890	2.831.508
3 to 12 months	3.922.289	1.071.880
1 to 5 years	384.093	-
	17.338.615	10.551.425

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

	Trade receivables	
31 December 2012	Related party	Other
Overdue 1-30 days	-	7.850.343
Overdue 1-3 months	-	5.181.890
Overdue 3-12 months	-	3.922.289
Overdue 1-5 years	-	384.093
Amount of risk covered by guarantees	-	2.278.361

	Trade receivables	
31 December 2011	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

Short-term trade payables

	31 December 2012	31 December 2011
Trade payables	16.314.649	17.963.107
	16.314.649	17.963.107

The fair value of short-term trade payables as of 31 December 2012 and 2011 equals their carrying amount as the impact of discounting is not significant.

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 December 2012	31 December 2011
Other short-term receivables		
Receivables from Tax Office	6.922.418	4.697.247
Advances given	1.799.019	635.508
Other short-term receivables	282.172	15.990
	9.003.609	**5.348.745**

	31 December 2012	31 December 2011
Other long-term receivables		
Advances given (*)	13.342.029	14.615.540
	13.342.029	**14.615.540**

(*) As of 31December 2012, the amount which was given for Group's subsidiaries and joint ventures in India, the Celebi GH Delhi, Celebi Delhi Cargo, Celebi Nas amounting to TL 6.724.877 (31 December 2011: TL 8.179.530), TL 3.642.226 (31 December 2011: TL 3.354.840) and TL 2.974.540 (31 December 2011: TL 3.081.170) as a deposit to the local authorities, companies and the amount which was shown in banks as blockage, As of 31 December 2012 related amount of blockage TL 2.041.226 (31 December 2011: TL 3.797.404).

	31 December 2012	31 December 2011
Other short-term payables		
Other short-term payables (*)	3.251.728	2.029.129
Advances received	776.257	298.337
	4.027.985	**2.327.466**

(*) As of 31December 2012; TL 3.251.728 (31 December 2011: TL 1.994.320) Celebi Delhi Cargo, a subsidiary of the Company in India, the other partner Dial debts arising from the concession contract.

	31 December 2012	31 December 2011
Other long-term payables		
Deposits and guarantees received	970.476	1.055.879
	970.476	**1.055.879**

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NOTE 10 - INVENTORIES

	31 December 2012	31 December 2011
Trade goods	1.784.407	939.916
Other inventories	6.516.595	5.449.429
	8.301.002	6.389.345

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended 31 December 2012 are as follows:

	Opening 1 January 2012	Changes in the rate of consolidation (**)	Additions	Disposals	Transfers	Foreign currency translation differences	Closing 31 December 2012
Cost							
Plant, machinery and equipment	186.563.588	1.228.575	20.591.603	(1.042.622)	223.599	(3.203.937)	204.360.806
Motor vehicles	30.313.731	103.143	4.657.382	(43.769)	780	(113.432)	34.917.835
Furniture and fixtures	17.430.075	17.048	2.250.698	(296.108)	1.403.561	26.635	20.831.909
Leasehold improvements (*)	90.171.598	-	6.211.672	(35.214)	1.368.705	(33.289)	97.683.472
Construction in Progress	1.889.968	361	1.237.087	-	(2.282.669)	(105.453)	739.294
Advances given	788.110	-	421.680	-	(713.976)	(43.370)	452.444
	327.157.070	1.349.127	35.370.122	(1.417.713)	-	(3.472.846)	358.985.760
Accumulated depreciation							
Plant, machinery and equipment	(109.230.888)	(289.725)	(12.792.677)	376.159	-	692.811	(121.244.320)
Motor vehicles	(17.586.744)	(32.074)	(3.033.043)	42.921	-	(105.529)	(20.714.469)
Furniture and fixtures	(13.562.184)	(8.420)	(1.598.182)	225.834	-	(14.153)	(14.957.105)
Leasehold improvements (**)	(42.516.126)	-	(6.260.534)	585	-	1.865	(48.774.210)
	(182.895.942)	(330.219)	(23.684.436)	645.499	-	574.994	(205.690.104)
Net book value	144.261.128						153.295.656

(*) 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, 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 2012 the net book value of these stations was TL 46.171.080. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

(**) Note 2.1.3

Depreciation expense for the period ended 31 December 2012 in the amount of TL 20.613.361 and TL 3.071.075 are included in operating expenses and cost of sales.

There are net book value TL 9.211.321 worth of financial leasing assets in plant, machinery and equipment as of 31 December 2012.

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

	Opening 1 January 2011	Additions	Disposals	Transfers	Impairment (**)	Translation differences	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 were constructed by Çelebi Hava Servisi A.S. 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 2011 the net book value of these stations 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 every year, The agreement is renewed automatically, The Group amortizes these station buildings over 15 years which correspond to their economic lives, If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

(**) Provision for impairment at Gunesli Antrepo closed in 2011 comprised of leasehold improvements (Note 21).

Depreciation expense for the period ended 31 December 2011 in the amount of TL 18.722.087 and TL 3.008.105 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.

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NOTE 12 - INTANGIBLE ASSETS

	Opening 1 January 2012	Changes in the rate of consolidation (***)	Additions	Transfers	Foreign Currency translation differences	Closing 31 December 2012
Cost						
Rights	9.594.834	-	2.889.237	(3.629)	(26.857)	12.453.585
Customer relations	31.661.370	-	-	-	717.759	32.379.129
Software	6.612.314	6.259	803.283	3.629	20.273	7.445.758
Concession rights (**)	63.235.826	-	3.498.908		(5.407.052)	61.327.682
Build-operate-transfer investments (*)	52.021.479	173.645	2.438.971	-	(4.448.779)	50.185.316
	163.125.823	**179.904**	**9.630.399**	**-**	**(9.144.656)**	**163.791.470**
Accumulated depreciation						
Rights	(820.949)	-	(829.396)	-	1.569	(1.648.776)
Concession rights (**)	(5.534.069)	-	(2.948.339)	-	556.888	(7.925.520)
Customer relations	(23.449.180)	-	(4.559.509)	-	(597.673)	(28.606.362)
Software	(4.090.729)	(2.696)	(837.258)	-	(10.461)	(4.941.144)
Build-operate-transfer investments	(5.801.733)	(47.359)	(2.697.826)	-	575.339	(7.971.579)
	(39.696.660)	**(50.055)**	**(11.872.328)**	**-**	**525.662**	**(51.093.381)**
Net book value	**123.429.163**					**112.698.089**

(*) TL 34.709.370 which is difference between discounted present value of deposit paid with interest rate,11,46%, and the deposit amounting to INR 1.200.000.000, additionally INR 78.148.352. paid in accordance with the concession agreement on the development, modernization, 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 1.391.575 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 6.112.791 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, modernization, 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.

(**) Celebi Delhi Cargo within the scope of the concession agreement signed between DIAL and refers to spending on fixed assets recognized in accordance with IFRIC 12.

(***) Note 2.1.3)

Amortization expense for the period ended 31 December 2012 in the amount of TL 5.085.853 and TL 6.786.475 are included in operating expenses and cost of sales.

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

	Opening 1 January 2011	Additions	Disposals	Transfers	Foreign Currency translation differences	Closing 31 December 2011
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
Franchise (**)	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)
Franchise (**)	(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 36.996.177 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, modernization, 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 10 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 amortized in 10 year until operations end in mentioned airport, In addition, TL 7.613. 423 which is difference between discounted present value of deposits 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, modernization, 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.

Amortization expense for the period ended 31 December 2011 in the amount of TL 6.113.205 and TL 5.127.034 are included in operating expenses and cost of sales.

(**) This amount represents agreement of franchise between Celebi Delhi Cargo and DIAL and fixed asset expenditures accounted for within the scope of IFRIC 12.

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NOTE 13 - GOODWILL

Positive goodwill at 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
Goodwill due to acquisition of CGHH	18.971.925	18.551.365
Goodwill arising from acquisition of additional shares Celebi Nas	910.723	-
	19.882.648	18.551.365

Goodwill due to acquisition of CGHH

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 significant market position of CGHH in Hungary and the energy existed through merger with Çelebi Hava as main reasons to create goodwill. Accordingly, the Group management allocated the mentioned goodwill amount over CGHH, by assuming CGHH is solo cash generating unit, Goodwill details relating to the acquisition of CGHH are below:

	2012
1 January	18.551.365
Currency translation adjustment	420.560
Goodwill	18.971.925

Goodwill Impairment Test

The group tests goodwill at least once a year for the risk of impairment. A valuation report prepared by an independent valuation firm is based on for ordinary goodwill impairment test.

	31 December 2012
Ground handling services - Hungary	18.971.925

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.

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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 2012.

Goodwill from purchasing 4% shares of Celebi Nas

The Company has purchased 4% shares of Celebi Nas on 26 January 2012 by paying USD 1.000.000

(TL 1.820.300) from Sovika Aviation Private Limited which has already owned 8% shares of Celebi Nas before, The purchase was recognized in accordance with IFRS 3 "Business Combinations" terms, The goodwill which has been calculated after the purchase as TL 910.723 has also been reflected in consolidated financial statements as of 31 December 2012.

Goodwill Impairment Test

The Group compares the EBITDA projected at December 31, 2012 and the actual EBITDA in an impairment test.

The details for goodwill from the purchase of 4% shares of Celebi Nas are as follows:

Purchasing amount	1.820.300
Less: Identifiable asset, liabilities	
and fair values of contingent liabilities	(857.813)
Foreign currency translation differences	(51.764)
Goodwill	910.723

Group management has evaluated the synergy which will be created by Celebi Nas with Celebi Hava in India as the main reasons of goodwill. By management, Celebi Nas has been evaluated as a single cash-generating unit thus goodwill has been allocated on Celebi Nas.

	2012
Ground handling services - India	910.723

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 5 years have been used which are based on approved annual budgets and strategic projections of the management representing the best estimate of future performance.

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 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 2012.

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
Short-term provisions		
Provision for unused vacation	2.215.336	1.669.724
Cargo subcontractor commission provisions	1.663.132	813.162
Accrued sales commissions (**)	1.631.326	1.830.775
Provision for investment consultancy (*)	1.247.820	2.455.570
Provision for litigation	1.167.781	906.470
Accrued expenses to authorities of airport (***)	483.148	410.322
Provision for electricity	191.850	1.272.693
Other (****)	5.248.504	5.052.185
	13.848.897	**14.410.901**

(*) The provisions consist of service fees that arise from Çelebi Hava's foreign investments which have been made through participations of some tenders 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 provided from State Airport Administration (DHMI) such as royalty, heating and ventilation.

(****) Other debt provisions contain the Group's received services obtained such as custom, security and maintenance and repair.

Movements of short term provisions as of 31 December 2012 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	Other provisions	Total
1 January 2012	**2.455.570**	**1.669.724**	**1.830.775**	**813.162**	**1.272.693**	**906.470**	**410.322**	**5.052.185**	**14.410.901**
Increase during the year	-	3.249.907	3.534.560	1.717.560	1.432.382	582.351	19.822.040	17.232.065	47.570.865
Payments during the year	(1.077.180)	(306.267)	(3.734.009)	(769.440)	(2.438.515)	(296.692)	(19.598.024)	(16.556.572)	(44.776.699)
Usage during the year	-	(2.398.028)	-	-	-	-	-	-	(2.398.028)
Exchange difference	(130.570)	-	-	(98.150)	(74.710)	(24.348)	(151.190)	(479.174)	(958.142)
31 December 2012	**1.247.820**	**2.215.336**	**1.631.326**	**1.663.132**	**191.850**	**1.167.781**	**483.148**	**5.248.504**	**13.848.897**

	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	Other provisions	Total
1 January 2011	**2.937.400**	**1.302.657**	**1.795.263**	**1.035.199**	**414.840**	**866.736**	**33.646**	**3.200.998**	**11.586.739**
Increase during the year	-	2.642.558	1.874.395	821.590	1.285.884	231.664	24.304.019	6.310.346	37.470.456
Payments during the year	(996.420)	(237.194)	(1.838.883)	(1.080.116)	(432.840)	(218.469)	(22.213.440)	(4.548.301)	(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)	89.142	(1.035.675)
31 December 2011	**2.455.570**	**1.669.724**	**1.830.775**	**813.162**	**1.272.693**	**906.470**	**410.322**	**5.052.185**	**14.410.901**

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Contingent assets and liabilities of the Group

	31 December 2012	31 December 2011
Guarantees received:		
Guarantee letters	4.597.658	7.869.438
Guarantee check	1.280.212	1.287.125
Guarantee notes	671.245	695.369
	6.549.115	9.851.932
Guarantees given:		
Collateral	215.856.240	203.762.160
Guarantee letters	45.940.323	37.303.419
Share pledge (Note 26)	8.327.204	26.845.249
	270.123.767	267.910.828

The Company has contingent assets amounting to TL 1.308.628 (31 December 2011: TL 1.621.387), due to the legal cases in favor of the Company and contingent liabilities amounting to TL 15.345.945 due to the legal cases and enforcement proceedings against the Company as of 31 December 2012 (2011: TL 28.127.834), TL 12.848.434 portion of contingent liabilities are comprised of legal cases and enforcement proceedings related with the fire in warehouse (Note 29) in which Company is a sole defendant and co-defendant with the DHMI, other warehouse management companies and insurance companies (2011: TL 25.396.272). The company has booked provision in contingent liabilities not related with case of fire amounting of TL 357.445 (Note 14).

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The details of collaterals, pledges and mortgages ("CPM") of the Company at 31 December 2012 and 2011 are as follows:

		31 December 2012		31 December 2011	
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			34.189.078		24.558.640
	TL	4.275.266	4.275.266	5.480.800	5.480.800
	Euro	1.914.959	4.503.408	1.769.100	4.323.328
	US Dollar	1.910.499	3.405.656	1.910.501	3.608.745
	INR	557.289.747	18.228.948	208.118.957	7.429.847
	Forint	465.000.000	3.775.800	468.000.000	3.715.920
B. CPM given on behalf of fully consolidated subsidiaries			218.434.689		222.209.688
	Euro	31.700.000	74.548.890	28.200.000	68.915.160
	US Dollar	6.592.194	11.751.245	6.747.196	12.744.779
	INR	4.039.576.700	132.134.554	3.781.281.494	134.991.749
	Forint	-	-	700.000.000	5.558.000
C. CPM given for continuation of its economic activities on behalf of third parties					-
D. Total amount of other CPM	-	-	17.500.000	-	21.142.500
i. Total amount of CPM given on behalf of the majority shareholder	TL	17.500.000	17.500.000	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					
			270.123.767		267.910.828

The ratio of other collaterals, pledges and mortgages given by the Company to equity of the Company is 27,3% as of 31 December 2012 (31 December 2011: 41,9%), The Company has no benefit from CPM given to third parties,

NOTE 15 - EMPLOYEE BENEFITS

	31 December 2012	31 December 2011
Short term provisions:		
Provision for employee termination benefits	228.922	358.261
Long term provisions:		
Provision for employee termination benefits	7.856.667	7.517.332

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.

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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 2012 consists of one month's salary limited to a maximum of TL 3.033,98 (31 December 2011: TL 2.731,85) 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 2012 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:

	31 December 2012	31 December 2011
Discount rate (%)	3,86	4,66
Turnover rate to estimate the probability of retirement (%)	92,86	93,72

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 3.129,25 which is effective from 1 January 2013 (1 January 2012: TL 2.917,27) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

	2012	2011
1 January	7.875.593	7.505.176
Paid during the year	(5.661.181)	(3.398.921)
Increase during the year	5.928.481	3.790.522
Foreign currency translation differences	(57.304)	(21.184)
31 December	8.085.589	7.875.593

NOTE 16 - OTHER ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
Other current assets		
Fixed asset advances given (*)	6.460.466	16.106.341
Prepaid expenses	6.088.252	6.507.409
Prepaid taxes and funds	2.075.776	374.728
Value-added tax ("VAT") receivables	1.440.071	1.029.625
Deferred VAT	1.391.381	5.328.039
Advances given to personnel	301.664	214.154
Other (**)	8.012.090	26.438.757
	25.769.700	55.999.053

(*) 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 Celebi Delhi Cargo, Group's subsidiary, located in India.

(**) As of 31 December 2012, TL 4.144.684 of the current assets includes blocked deposit related to Celebi Delhi Cargo, Group's subsidiary located in India regarding deposits more than 3 months. As of 31 December 2012, TL 23.544.151 of the current assets includes blocked deposit related to Celebi Delhi Cargo, Group's subsidiary located in India regarding its loan payment.

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	31 December 2012	31 December 2011
Other non-current assets		
Prepaid expenses (*)	19.689.914	15.103.839
Prepaid taxes and funds	5.375.717	3.497.629
Other	3.243	3.870
	25.068.874	18.605.338

(*) TL 19.636.224 (31 December 2011- TL 14.683.995) of total prepaid expenses is consist of payments made in advance in regards to long-term field allocated in an airport in which Celebi Hava operates.

	31 December 2012	31 December 2011
Other current liabilities		
Short term deferred revenues (*)	16.631.062	43.481.499
Wages and salaries payable	7.846.905	6.361.284
Social security payables	3.332.858	2.432.140
Order advances received	2.146.474	2.203.699
Accrued bonus payable	1.412.740	1.371.126
Taxes and funds payable	1.317.739	1.030.626
Provision for operational leasing equalization	756.695	668.468
VAT payable	248.677	128.370
Other miscellaneous payables and liabilities	2.125.821	971.016
	35.818.971	58.648.228

(*) This amount consists of concession agreement between Celebi Delhi Cargo and DIAL within the principle of IFRIC 12 as calculated deferred income arising from intangible assets.

	31 December 2012	31 December 2011
Other non-current liabilities		
Provision for operating leasing equalization (**)	25.205.391	19.568.334
Deferred insurance claim recovery (*)	2.673.900	2.833.350
Deferred revenues	406.844	872.843
Other	5.490.831	2.778.950
	33.776.966	26.053.477

(*) 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 2012 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 28).

(**) 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.

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NOTE 17 - EQUITY

Share Capital

As of 31 December 2012, the authorized share capital of the Group is TL 24.300.000 comprising of TL 2.430.000.000 registered shares with a face value each of 1 Full TL (31 December 2011: 2.430.000.000).

At 31 December 2012 and 2011, the shareholding structure of the Group is stated below:

	31 December 2012		31 December 2011	
Shareholders	Amount	Share%	Amount	Share%
Çelebi Havacilik 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	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.

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 2011: 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.

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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 2012 (31 December 2011: TL 26.573.456).

Hungary based Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelõsségû Társaság ("CGHH") of which 70% is currently held by Çelebi, remaining 30% share is evaluated by a firm with Capital Markets Board license with a value of TL 33.712.020 is purchased on 08.12.2011 therefore increasing the Group's share in CGHH to 100%. It is consisted of the difference between acquisition value and net asset value for the acquired part amounting to TL minus 33.751.667.In addition, as of 26 January 2012, the percentage of the Group for Celebi NAS increased 4%. It is consisted of the difference between acquisition value and net asset value for the acquired part amounting to TL minus 545.407. "Equity Effect due to Acquisition" minus item under the equity amounted to TL 34.297.074 which has been considered as an item of retained earnings during the determination of net distributable income for the period while previous periods' losses has reached to TL 17.143.351.

The distributable profit prepared in accordance with CMB and Statutory Accounts (Tax Procedure Law) which is subjected to profit distribution of the Company for 2012 year is below:

	CMB	Statutory
Net Profit	**21.103.781**	**23.178.903**
Donations	897.025	-
The first dividend to be calculated net distributable profit including donations	**22.000.806**	**23.178.903**

NOTE 18 - REVENUE AND COST OF SALES

	2012	2011
Ground handling services	391.858.097	338.495.718
Cargo and warehouse service income	120.576.407	111.161.956
Revenue in the context of IFRIC 12	31.877.426	26.179.450
Airport security services	1.374.492	2.696.295
Rental revenue not related to aviation	3.533.488	4.154.948
Less: Returns and discounts	(12.217.423)	(9.935.031)
Sales revenue - net	**537.002.487**	**472.753.336**
Cost of sales	**(410.338.527)**	**(344.763.642)**
Gross profit	**126.663.960**	**127.989.694**

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NOTE 19 - EXPENSES BY NATURE

	2012	2011
Personnel expenses	(177.580.620)	(150.007.154)
Payments to authorities and terminal managements (*)	(79.777.001)	(75.156.220)
Depreciation and amortization expenses	(35.556.764)	(32.970.431)
Equipment repair, maintenance, fuel and security expenses	(36.713.435)	(30.850.351)
Expense in the context of IFRIC 12 (***)	(34.162.910)	(27.946.439)
Consultancy expenses	(34.926.208)	(32.346.611)
Outsourced services	(16.296.885)	(16.839.389)
Travel and transportation expenses	(13.160.946)	(11.524.403)
Taxes and other fees	(6.671.128)	(5.068.906)
Insurance premiums	(3.742.666)	(3.603.903)
Cost of goods sold (*) (de-icing, spare parts etc) (**)	(2.664.481)	(1.292.214)
Other expenses	(48.927.356)	(39.333.376)
	(490.180.400)	(426.939.397)

(*) 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.

(***) 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.

NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES

	2012	2011
Consultancy expenses	(33.697.402)	(31.910.785)
Payroll expenses	(23.842.277)	(24.929.743)
Depreciation and amortization	(8.156.929)	(8.140.755)
Travel and transportation expenses	(2.769.426)	(2.816.689)
Equipment repair, maintenance, fuel and security expenses	(2.325.250)	(1.588.861)
Payments to authorities and terminal managements	(1.707.974)	(1.894.975)
Taxes and other fees	(1.573.138)	(1.627.299)
Insurance premiums	(681.093)	(570.906)
Other expenses	(5.088.384)	(8.695.742)
	(79.841.873)	(82.175.755)

NOTE 21 - OTHER OPERATING INCOME/EXPENSES

	2012	2011
Other operating income:		
Gain of foreign currency translation	2.278.951	6.017.594
Gain on sale of plant, property and equipment	618.579	1.107.841
Income from provision withdrawals	289.067	839.866
Income from insurance claims	163.968	25.088
Other income	880.460	719.799
	4.231.025	8.710.188

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	2012	2011
Other operating expenses:		
Loss on foreign currency translation	(2.371.752)	(2.807.702)
Donation and aid expenses	(897.025)	(1.393.483)
Insurance expense	(799.987)	(204.911)
Provision expense	(582.351)	(231.664)
Provision for doubtful receivables	(442.584)	(386.687)
Loss on sales of property plant and equipment	(66.322)	(35.048)
Provision for impairment of PPE (Note 11)	-	(1.981.778)
Other expenses	(2.299.785)	(1.344.511)
	(7.459.806)	(8.385.784)

NOTE 22 - FINANCIAL INCOME

	2012	2011
Foreign exchange gains	12.739.671	4.133.979
Interest income	3.249.937	3.255.884
SWAP contracts valuation income	-	1.468.826
Rediscount income	632.344	586.240
Other financial income	213.224	362.304
	16.835.176	9.807.233

NOTE 23 - FINANCIAL EXPENSES

	2012	2011
Interest expenses	(25.403.373)	(18.213.631)
Foreign exchange losses	(4.422.721)	(21.804.301)
Financial expenses incurred under scope of IFRIC 12	(4.014.420)	(4.760.182)
SWAP contracts valuation losses	-	(294.490)
Rediscount expense	(585.564)	(814.223)
Other financial expenses	(278.760)	(618.088)
	(34.704.838)	(46.504.915)

NOTE 24 - TAX ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
Corporate and income taxes payable	10.152.187	12.785.111
Less: Prepaid current year corporate tax	(10.152.187)	(12.785.111)
Tax provision, net	-	-

	31 December 2012	31 December 2011
Deferred tax assets	15.554.815	13.311.495
Deferred tax liabilities	(5.628.521)	(4.341.550)
Deferred tax liability - net	9.926.294	8.969.945

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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 2012 is 20% (2011: 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 utilized 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 (2011: 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.

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.

The corporate tax rate is changed to since 2011 financial year. The corporation tax rate has been changed as 10% up to fiscal profit HUF 500.000.000 and 19% for fiscal profit over HUF 500.000.000 with the regulation in Hungary in the fiscal year 2011.

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In India, the corporate tax rate is 32,45% for fiscal year 2011 (2011: 32,45%). 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 2012 and 2011 is presented below:

	2012	2011
- Current year corporate tax	(10.152.187)	(12.785.111)
- Deferred tax income	2.042.824	6.992.207
	(8.109.363)	(5.792.904)

Reconciliation of tax expenses stated in consolidated statements of income of the periods ended at 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
Profit before tax	25.723.644	9.440.661
Expected tax expense according to parent company (20%)	(5.144.729)	(1.888.132)
Differences in tax rates of subsidiaries	(2.617.328)	(3.684.255)
Expected tax expense of the Group	(7.762.057)	(5.572.387)
Tax effect of non deductible expenses	(832.174)	-
Utilization of previous years losses	1.425.689	1.427.268
Non deductible expenses	(498.375)	(163.686)
Discount stems from donations and aids	179.207	107.171
Tax payables even if loss declared on statutory records (*)	(184.144)	(1.280.718)
Other	(437.509)	(310.552)
Current period tax expense of the Group	(8.109.363)	(5.792.904)

(*) According to Hungary's tax system the amount comprises of tax amount and is paid even if the companies declared loss

Deferred Taxes

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.

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The taxes on income for the years ended 31 December 2012 and 2011 are summarized as follows:

	Cumulative temporary Differences		Deferred tax assets/(liabilities)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Deferred tax assets				
Non-deductible financial losses (*)	(24.955.014)	(28.387.968)	670.264	1.427.268
Personnel bonus accrual	(863.855)	(812.364)	172.771	162.473
Accrued sales commissions	(1.631.326)	(2.838.160)	326.265	567.632
Provision for employment termination benefits	(7.499.227)	(7.243.571)	1.499.845	1.448.714
Provision for operational leasing equilization	(24.263.883)	(18.382.800)	7.872.417	5.964.300
Provision for unused vacation	(1.534.923)	(1.496.469)	306.985	299.294
Provision for legal claims	(665.445)	(531.271)	133.089	106.254
Provision for investment consultancy expenses	(1.247.820)	(2.455.570)	249.564	491.114
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(20.959.738)	(20.700.733)	6.800.387	6.043.786
Deferred income from insurance claims	(2.673.900)	(2.833.350)	534.780	566.670
Other	(1.878.888)	(340.944)	295.511	34.094
			18.861.878	**17.111.599**
Net off			3.307.063	3.800.104
Deferred tax assets			**15.554.815**	**13.311.495**

(*) Tax asset of unused tax losses can be gained in future periods and recognized in case there is a probability of sufficient profit. Celebi Nas, which has TL 3.296.977 (31 December 2011: TL 3.471.189) of total financial losses due to the possibility of not being able to benefit from a part or all foreseeable terms and has not been reflected TL 1.069.704 of deferred tax amount as of December 31, 2012 (December 31, 2011: TL 1.126.227). Celebi GH Delhi's TL 17.035.523 (December 31, 2011: TL 10.644.099) of a part or all of the financial loss is due to the possibility of not being able to benefit from predictable deferred tax asset amounted TL 5.527.175 as of 31 December 2012, which has not been reflected in the records as well.

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Deferred tax liabilities				
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	45.768.586	39.643.338	(8.935.201)	(7.589.440)
Unaccrued financial incomes	-	1.393.367	-	(139.337)
Other	1.915	2.307.020	(383)	(412.877)
			(8.935.584)	**(8.141.654)**
Net off			3.307.063	3.800.104
Deferred tax liabilities			**(5.628.521)**	**(4.341.550)**
Deferred tax asset, net			**9.926.294**	**8.969.945**

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Deferred tax movement table is as below:

	2012	2011
1 January	8.969.945	1.923.504
Foreign currency translation difference	(1.086.475)	54.234
Current period deferred tax income	2.042.824	6.992.207
31 December	9.926.294	8.969.945

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:

	2012	2011
Net loss attributable to the equity holders of the parent	21.103.781	7.623.634
Weighted average number of shares with 1 full TL face value each	2.430.000.000	2.430.000.000
Earning per share (Full TL)	0,009	0,003

NOTE 26 - 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

	31 December 2012	31 December 2011
Due from related parties		
Çelebi Havacilik Holding A.Ş. ("ÇHH")	8.301.471	4.327
Other	314.314	156.906
	8.615.785	161.233

(*) This amount consist included in the financial balance of interest amounting to 3.500.000 Euro (8.289.651 TL) which CGHH has given to ÇHH with 1 year, 1 week maturity and with 3+6m% Euribor rates.

Due from Joint-ventures

	31 December 2012	31 December 2011
Celebi Nas (*)	-	621.645
Çelebi IC Yatirim	-	36.019
	-	657.664
Due from related parties	8.615.785	818.897

(*) As of 31 December 2011, related amount consists of expense reimbursements and fixed asset sales to Celebi Nas, the Joint-Venture of the Company.

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The maturities of due from related parties are generally shorter than a month (31 December 2011: shorter than a month). As of 31 December 2012 and 2011, 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

	31 December 2012	31 December 2011
ÇHH (*)	2.441.257	17.605.040
Çe-Tur Çelebi Turizm Ticaret A.Ş. ("Çe-Tur")	388.611	181.973
Other	7.012	4.404
	2.836.880	**17.791.417**

(*) 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, purchases, information technology, etc.

ii) Transactions with related parties

	2012	2011
Miscellaneous sales to related parties		
ÇHH	417.170	651.777
Çetur	362.631	187.191
Celebi Austria	164.745	-
Çelebi Bandirma Uluslararasi Liman Isletmeciliği A.Ş. (Çelebi Bandirma)	28.726	257.374
Çelebi Marina ve Yat Isletmeciliği A.Ş.	2.698	69.511
Other	20.972	28.667
	966.942	**1.194.520**
Miscellaneous sales to Joint-ventures		
Celebi Nas	-	659.540
	-	**659.540**
Employee and transportation expenses payable to related parties		
Çe-Tur	3.829.328	2.919.665
	3.829.328	**2.919.665**
Contribution to holding expenses (*)		
ÇHH	**28.105.598**	**26.120.206**

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

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	2012	2011
Interest received from related parties		
Celebi Nas	-	18.704
	-	18.704
Other purchases from related parties (*)		
ÇHH	4.235.383	3.978.662
Çe-Tur	1.269.374	1.330.607
Other	151.993	225.377
	5.656.750	5.534.646

(*) 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.

Collaterals given in favor of related parties for borrowings as of 31 December 2012 and 2011 are as follow:

31 December 2012	Euro	US Dollar	INR	HUF	TL	Total TL
ÇHH	-	-	-	-	17.500.000	17.500.000
CGHH (2)	24.200.000	-	-	-	-	56.911.140
Celebi Nas (1)	-	-	91.080.000	-	-	2.979.227
Celebi Delhi Cargo (3)	-	-	2.094.840.000	-	-	68.522.216
Celebi Delhi GH (4)	-	-	1.353.656.700	-	-	44.278.110
Celebi Cargo GmbH (5)	7.500.000	-	-	-	-	17.637.750

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

(1) 16,5% 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 INR 387.400.000 as cash credit and INR 50.000.000 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, The repayments to the loan balance is EUR 17.000.000 as of 31 December 2012.

(3) Celebi Delhi Cargo signed an agreement for bridge loan amounting to INR1.935.000.000 and the Company gave a guarantee for full amount of borrowings to related banks. The Company gave corporate guarantee for amounting INR 720.000.000 of the loan to 30% the financial obligations stipulated in the agreements with relevant banks and all of the 74% shares of the Company 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 INR 750.000.000 as cash, and amounted to INR 600.000.000 as non-cash, the company will pledge the shares amounting to 15.300.000 which is corresponding to 23,9% of the total shares of company.

(5) For borrowing agreements which are EUR 7.500.000 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, The repayments to the loan balance is EUR 7.500.000 as of 31 December 2012.

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 follow:

	2012	2011
Short-term employee benefits	12.153.826	11.342.643
Post-employment benefits	118.072	689.546
	12.271.898	12.032.189

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NOTE 27 - 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 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Fixed interest rate financial instruments		
Financial Assets		
-*Cash and Cash Equivalents*	24.620.534	87.773.080
Financial Liabilities	162.161.513	80.020.326
Floating interest rate financial instruments		
Financial liabilities	138.006.013	256.193.278

If other variables are kept constant, interest expense due to financial liabilities would have been either TL 268.071 higher or lower if the interest rates were 2% more or less at 31 December 2012. (31 December 2011: TL 302.283).

Expected re-pricing 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 re-pricing and maturity dates.

Maturity analysis of the bank borrowing based on re-pricing dates as of 31 December 2012 and 2011 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). (Note 8)

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 190.876.297 as of 31 December 2012 (31 December 2011: TL 231.022.474) (Note 7).

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

31 December 2012	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	300.043.080	355.481.285	12.317.581	116.933.913	211.230.751	14.999.040
Trade payables						
- Related party	2.836.880	2.836.880	2.836.880	-	-	-
- Other	16.314.649	17.106.799	17.106.799	-	-	-
Other liabilities	4.998.461	4.998.461	385.387	3.642.598	970.476	-

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	2.327.466	3.383.345	264.136	2.063.330	1.055.879	-

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 2012, 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 801.049 (31 December 2011: TL 268.909).

As of 31 December 2012, 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 15.239.620 (31 December 2011: TL 14.673.935).

As of 31 December 2012, 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 8.030.134 (31 December 2011: TL 5.279.611).

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Foreign currency denominated assets and liabilities of the Group as of 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Assets denominated in foreign currency	142.110.083	173.404.519
Liabilities denominated in foreign currency (-)	(384.470.953)	(368.170.931)
Net balance sheet position	(242.360.870)	(194.766.412)

The table below summarizes TL equivalent of the Group's foreign currency denominated assets and liabilities as of 31 December 2012 and 2011:

31 December 2012	US Dollar	Euro	Indian Rupee	Other Currencies	Total TL
Assets:					
Cash and cash equivalents	6.463.880	13.075.829	15.990.107	3.349.546	38.879.362
Trade receivables	1.826.917	24.128.746	10.117.107	1.345.680	37.418.450
Due from related parties	26.988	8.588.797	-	-	8.615.785
Other	-	20.443.232	35.458.772	1.294.482	57.196.486
	8.317.785	66.236.604	61.565.986	5.989.708	142.110.083
Liabilities:					
Short term financial liabilities	(3.865.920)	(82.712.454)	(22.363.325)	(225.084)	(109.166.783)
Long term financial liabilities	(7.474.686)	(126.433.233)	(56.968.378)	-	(190.876.297)
Trade payables	(1.012.466)	(5.459.514)	(1.448.556)	(2.275.184)	(10.195.720)
Due to related parties	-	(36.212)	-	-	(36.212)
Short-term provisions	(1.301.298)	(2.140.512)	(6.963.108)	(977.892)	(11.382.810)
Other	(2.673.900)	(1.850.878)	(54.123.955)	(4.164.398)	(62.813.131)
	(16.328.270)	(218.632.803)	(141.867.322)	(7.642.558)	(384.470.953)
Net balance sheet position	(8.010.485)	(152.396.199)	(80.301.336)	(1.652.850)	(242.360.870)

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)

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The table below summarizes TL equivalent of export and import amounts for the years ended 31 December 2012 and 2011:

	2012	2011
Total export amount	2.104.965	2.044.346
Total import amount	14.364.862	16.150.176

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 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
Total financial liabilities	300.167.526	336.213.604
Less: Cash and cash equivalents	(46.709.517)	(99.412.758)
Less: Current assets (*)	(4.144.684)	(23.544.151)
Less: Long term receivables (**)	(2.041.226)	(3.797.404)
Net debt	247.272.099	209.459.291
Equity	64.074.156	50.482.222
Equity + net debt	311.346.255	259.941.513
Net debt/(Equity + net debt) ratio	79%	81%

(*) Note 16

(**) Comprised of long-term blocked amount in banks regarding to Celebi GH Delhi and Celebi Nas. (Note 9)

NOTE 28 - 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 2012 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 Bakirkoy 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 Bakirkoy 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 Bakirkoy 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 8.142.235 (Note 14) in which the Company is a co-defendant along with the DHMI, other warehouse management companies and insurance companies; and legal cases and enforcement proceedings amounting to TL 4.706.199 in which the Company is the sole defendant. Total legal cases and enforcement proceedings is TL 12.848.434 as of 31 December 2012.

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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 7.627.411 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 2012 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, 201 cases with a total value of TL 71.810.405 (USD 40.284.082) and to which the Fund Companies are a party, have been solved with conciliation; for TL 44.164.888 (USD 24.775.546) 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 finalized.

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 2012.

NOTE 29 - SUBSEQUENT EVENTS

a- According to the information received from Çelebi Havacilik Holding A.Ş. ("Holding") and Çelebioğlu family (Can Çelebioğlu, Canan Çelebioğlu and Engin Çelebioğlu), the "share purchase agreement" signed between the Family, which is subjected to material event disclosure on 5 February 2013, and Zeus Aviation Services Investments B.V in Netherlands controlled by Actera Group ("Actera") which has specified the fulfillment of the prerequisites and closing transactions carried on 28 March 2013 after the necessary permissions have obtained and the share transfer has been completed.

Before and after the share transfer process, the distribution of shares constitutes the capital of Holding and Çelebi Hava Servisi A.Ş. is listed below:

Çelebi Havacilik Holding A.Ş.

	Capital before Share Transfer		Capital after Share Transfer	
Shareholders	Amount TL	%	Amount TL	%
Engin Çelebioğlu	4.708.314	18,20%	0	0,00%
Can Çelebioğlu	10.580.843	40,90%	6.467.500	25,00%
Canan Çelebioğlu	10.580.843	40,90%	6.467.500	25,00%
Total for Family	**25.870.000**	**100,00%**	**12.935.000**	**50,00%**
Zeus	**0**	**0,00%**	**12.935.000**	**50,00%**
TOTAL	**25.870.000**	**100,00%**	**25.870.000**	**100,00%**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

Çelebi Hava Servisi A.Ş.

	Capital before Share Transfer		Capital after Share Transfer	
Shareholders	Amount TL	%	Amount TL	%
Çelebi Havacilik Holding A.Ş.	13.299.633	54,73%	18.797.553	77,36%
Engin Çelebioğlu	2.432.430	10,01%	0	0,00%
Can Çelebioğlu	1.822.770	7,50%	0	0,00%
Canan Çelebioğlu	1.242.720	5,11%	0	0,00%
Necmi Yergök	12.600	0,05%	12.600	0,05%
Open to the Public Section	5.489.847	22,60%	5.489.847	22,59%
TOTAL	24.300.000	100,00%	24.300.000	100,00%

Capital Market Boards Serial:4, No:44 regarding to Declaration of Call Through the Collection of shares 6st Clause; 2nd Sub-clause (b), before the transfer of the Company shares owned the administrative control of the partnership with the transfer of shares in partnership the management control shared with as equal ; does not arise called obligation. As a result of mentioned above transfer of shares transaction, management control is shared equally between the earlier family in partnership with management control and new partner Zeus, accordance to Declaration of Call Through the Collection of shares 6st Clause; 2nd Sub-clause (b) does not arise called obligation.

b- Decisions taken from the meeting of Boards of Directors of the Company on 28 March 2013 are shown below:

- To accept resignation of Mr. Salih Samim Aydın, a member of the Board of Directors, and to select Mr. İsak Antika as a new member of the Board of Directors for the purpose of submitting approval of the first General Assembly,
- To accept resignation of Mr. Turgay Kuttaş, a member of the Board of Directors and to select Mr. Mehmet Murat Çavuşoğlu as a new member of the Board of Directors for the purpose of submitting approval of the first General Assembly,
- To accept resignation of Mr. Memet Kaya, a member of the Board of Directors and to select Mr. Mehmet Yağız Çekin as a new member of the Board of Directors for the purpose of submitting approval of the first General Assembly,
- For the purpose of renovating the task distribution, to select Mr. İsak Antika, a member of the Board of Directors of the Company, as Vice President of the Board of Directors of the Company; to determine the title of Canan Çelebioğlu, prior serving as Vice President of the Board of Directors, as a member of the Board of Directors unanimously decided.

c- On the declaration of company on 31 May 2012, it was informed that company has attended to tender which was issued by Mumbai International Airport Private Limited ("MIAL") which is business executive of Chhatrapati Shivaji International Airport ("CSIA") located in Mumbai, India, and about expanding, decorating and improving and operating, managing of international cargo terminal until 2 May 2036, for 24(twenty four) years. MIAL has informed that the tender was cancelled because of changing of some contents of tender and making a decision about issuing a new tender and has requested a declaration of interest for new tender from all participants. On this perspective, the company has decelerated of interest for new tender on 8 March 2013.Scope of the new tender is to operate and manage international cargo terminal of CSIA until 31 March 2016.

d- The board of director has made decision unanimously on 27/02/2013 that premium increase of 15.300.000 INR paid-in capital of Celebi Ground Handling Delhi Private Limited (Celebi GH Delhi) which is subsidiary with 74% owned, located at New Delhi India in order to finance operations and make foreseen investments by amount 97.504.000 INR in accordance with legal legislation in India, within this framework; company pays 97.088.000 INR (about 1,8 million ABD Dollar) and protects maximum 74% of share in accordance with legal legislation in India, in this respect company makes all required business and transactions.

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