ÇELEBİ HAVA SERVİSİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2011 AND INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2011 AND 31 DECEMBER 2010

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

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2011 AND 31 DECEMBER 2010

	Notes	31 March 2011	31 December 2010
ASSETS			
Current assets			
Cash and cash equivalents	5	68.444.313	74.299.694
Trade receivables	8	31.833.724	26.680.690
Due from related parties	26	604.336	1.921.067
Other receivables	9	3.648.031	3.343.009
Inventories	10	5.014.721	4.501.809
Other current assets	16	12.792.874	10.354.283
Total current assets		**122.337.999**	**121.100.552**
Non-current assets			
Financial investments	6	26.286	26.286
Other non-current receivables	9	12.987.803	10.952.105
Property, plant and equipment	11	155.583.336	147.824.704
Intangible assets	12	66.278.541	62.115.400
Goodwill	13	19.182.205	17.242.957
Other non-current assets	16	1.467.787	19.831
Total non-current assets		**255.525.958**	**238.181.283**
Total assets		**377.863.957**	**359.281.835**

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

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

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2011 AND 31 DECEMBER 2010

	Notes	31 March 2011	31 December 2010
LIABILITIES			
Current liabilities			
Financial borrowings	7	32.713.145	28.666.079
Trade payables	8	20.060.831	15.960.633
Due to related parties	26	3.192.337	2.497.009
Other payables	9	4.040.201	7.493.141
Provisions	14	9.945.487	11.586.739
Provision for employee benefits	15	-	900.492
Current tax liabilities	24	-	1.507.408
Other current liabilities	16	15.867.389	14.292.844
Total current liabilities		**85.819.390**	**82.904.345**
Non-current liabilities			
Financial borrowings	7	148.468.348	129.425.555
Derivative financial instruments	27	2.924.164	4.555.792
Other non-current payables	9	1.067.960	977.029
Deferred income tax liabilities	24	4.051.433	3.950.655
Provision for employee benefits	15	7.181.051	6.610.155
Other non-current liabilities	16	2.322.450	2.349.136
Total non-current liabilities		**166.015.406**	**147.868.322**
Total liabilities		**251.834.796**	**230.772.667**
EQUITY			
Equity attributable to equity holders of the parent			
Capital	17	24.300.000	24.300.000
Restricted reserves	17	22.962.009	22.962.009
Foreign currency translation differences	2.1	4.691.470	4.041.133
Additional contribution to shareholders’ equity related to merger		(545.407)	(545.407)
Retained earnings	17	61.269.856	34.650.353
Net profit/ (loss) for the period	17	(4.896.058)	26.619.503
Non-controlling interest		**18.247.291**	**16.481.577**
Total equity		**126.029.161**	**128.509.168**
Total liabilities and equity		**377.863.957**	**359.281.835**
Contingent assets and liabilities	14		

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

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD 1 JANUARY – 31 MARCH 2011 AND 2010

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

	Notes	31 March 2011	31 March 2010
CONTINUING OPERATIONS			
Sales - net	18	77.641.027	62.259.716
Cost of sales (-)	18	(60.549.654)	(46.988.492)
GROSS PROFIT	**18**	**17.091.373**	**15.271.224**
General administrative expenses (-)	20	(18.128.310)	(12.842.741)
Other operating income	21	486.412	887.072
Other operating expense (-)	21	(406.655)	(3.821.859)
OPERATING PROFIT		**(957.180)**	**(506.304)**
Financial income	22	7.141.538	7.336.486
Financial expenses (-)	23	(6.888.596)	(7.216.880)
PROFIT BEFORE TAXATION		**(704.238)**	**(386.698)**
Income tax expense		**(2.567.633)**	**(1.612.178)**
Current tax expense	24	(2.469.450)	(2.473.648)
Deferred tax (expense) / income	24	(98.183)	861.470
NET PROFIT/ (LOSS) FOR THE PERIOD		**(3.271.871)**	**(1.998.876)**
Attributable to:			
Non-controlling interest		1.624.187	1.364.176
Equity holders of the parent		(4.896.058)	(3.363.052)
		(3.271.871)	**(1.998.876)**
Earnings per share (Kr)	25	(0,002)	(0,001)

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

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

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 MARCH 2011 AND 2010

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

	31 March 2011	31 March 2010
Net loss for the period	**(3.271.871)**	**(1.998.876)**
Other comprehensive income:		
Currency translation differences	791.864	3.084.698
Other comprehensive income/(loss)	**791.864**	**3.084.698**
Total comprehensive income/(loss)	**(2.480.007)**	**1.085.822**
Total comprehensive income/(loss) attributable to:		
Non-controlling interest	1.765.714	2.116.155
Equity holders of the parent	(4.245.721)	(1.030.333)
	(2.480.007)	**1.085.822**

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

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

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY 31 MARCH 2011 AND 2010

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

	Notes	Capital	Restricted reserves	Foreign currency translation differences	Additional contribution to equity related to merger	Retained earnings	Net loss for the period	Non-controlling interest	Total equity
Balances at 1 January 2010	**17**	**24.300.000**	**19.322.144**	**915.353**	**-**	**47.471.772**	**27.782.633**	**304.637**	**120.096.539**
Transfers to retained earnings		-	-	-	-	27.782.633	(27.782.633)	-	-
Increase in non-controlling interest due to consolidation of subsidiary	17	-	-	-	-	-	-	5.781.749	5.781.749
Total comprehensive income		-	-	2.332.719	-	-	(3.363.052)	2.116.155	1.085.822
Balances at 31 March 2010		**24.300.000**	**19.322.144**	**3.248.072**	**-**	**75.254.405**	**(3.363.052)**	**8.202.541**	**126.964.110**
Balances at 1 January 2011	**17**	**24.300.000**	**22.962.009**	**4.041.133**	**(545.407)**	**34.650.353**	**26.619.503**	**16.481.577**	**128.509.168**
Transfers to retained earnings		-	-	-	-	26.619.503	(26.619.503)	-	-
Transfers to reserves	17	-	-	-	-	-	-	-	-
Total comprehensive income	17	-	-	650.337	-	-	(4.896.058)	1.765.714	(2.480.007)
Balances at 31 March 2011		**24.300.000**	**22.962.009**	**4.691.470**	**(545.407)**	**61.269.856**	**(4.896.058)**	**18.247.291**	**126.029.161**

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

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD 1 JANUARY 31 MARCH 2011 AND 2010

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

	Notes	31 March 2011	31 March 2010
Cash flow provided from operating activities			
Loss before tax		(704.238)	(386.698)
Adjustments to reconcile income before tax to net cash provided by operating activities:			
Depreciation and amortisation	11, 12	7.536.300	5.536.297
Provision for employment termination benefits	15	676.076	1.292.454
Provision for investment consultancy	14	-	3.134.290
Provision for unused vacation	14	97.691	60.632
Provision for sales commissions	14	58.352	463.549
Provision for borrowing commission expense	14	-	369.433
Expense accrual for airport authority	14	2.838.106	2.482.629
Provision for cargo subcontractor commissions	14	928.220	-
Provision for litigation	14	(21.752)	79.498
Other provisions	14	1.258.283	1.317.943
Provision for doubtful receivable	8	-	148.023
Change in derivative financial instruments	27	(2.066.408)	(733.255
Interest income	22	(648.584)	(1.097.048
Interest expense	23	2.760.483	1.559.782
Losses / (Gains) from sales of property, plant and equipment		(177.047)	70.645
Unrecognised foreign exchange differences (income) / expense		(910.968)	1.751.468
Non-controlling interest		1.624.187	1.364.176
Increase in minority interest		-	5.781.749
Cash flow provided before changes in assets and liabilities		**13.248.701**	**23.195.567**
Trade receivables		(5.153.034)	(2.960.188)
Due from related parties		1.316.731	3.708.590
Inventories		(512.912)	(257.676)
Income taxes paid	24	(3.976.858)	(2.308.068)
Other receivables		(305.022)	5.748.618
Other long term receivables		(2.035.698)	(79.335)
Other current assets		(2.438.591)	(2.486.509)
Other non-current assets		(6.902.426)	(1.256.299)
Trade payables		4.100.198	450.831
Due to related parties		695.328	1.161.611
Other payables		(3.362.009)	(13.214.216)
Other current liabilities		1.574.545	(958.751)
Other non-current liabilities		(26.686)	77.237
Collection of doubtful provision	8	39.559	-
Employment termination benefits paid	15	(983.657)	(739.119)
Vacation benefits paid	14	(5.922)	(47.787)
Airport authority expense paid	14	(2.156.699)	(1.519.041)
Cargo subcontractor commissions expenses paid	14	(1.041.188)	-
Borrowing commission expenses paid	14	-	(626.965)
Sales commission expenses paid	14	(226.803)	-
Investment consultancy expenses paid	14	(466.290)	-
Litigation provisions paid	14	(14.829)	(3.538)
Other compensations paid	14	(2.951.860)	(1.138.792)
Net cash generated from operating activities		**(11.585.422)**	**6.746.170**
Investing activities:			
Purchases of property, plant and equipment	11	(16.249.648)	(3.171.620)
Purchase of intangible assets	12	(274.860)	(167.465)
Interest received		680.971	1.143.658
Increase due to the addition of subsidiary in the consolidation		-	(19.772.071)
Proceeds from sale of property, plant and equipment		758.704	333.112
Net cash used in investing activities		**(15.084.833)**	**(21.634.386)**
Cash flow provided from financing activities:			
Change in borrowings		14.103.914	19.138.577
Change in short-term finance lease obligations		864.460	(16.554)
Change in long-term finance lease obligations		6.698.635	26.501
Interest paid		(1.374.597)	(721.260)
Net cash (used in) / generated from financing activities		**20.292.412**	**18.427.264**
Increase in restricted cash and cash equivalents	5	2.017.791	1.079.286
Cumulative translation adjustment		554.849	(1.496.952)
Net (decrease)/increase in cash and cash equivalents		**(3.805.203)**	**3.121.382**
Cash and cash equivalents at the beginning of the period	**5**	**66.688.989**	**87.092.961**
Cash and cash equivalents at the end of the period	**5**	**62.883.786**	**90.214.343**

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

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 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 İstanbul Atatürk, İzmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Balıkesir Edremit, Isparta and Erzincan airports, which are under the control of the State Airports Administration ("DHMI") and İstanbul Sabiha Gökçen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. ("HEAŞ"). The Company is registered with the Capital Markets Board ("CMB") and its shares are quoted on the Istanbul Stock Exchange ("ISE") since 18 November 1996.

The address of the Company is as follows:

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

The other main shareholder of the Company's joint venture, Çelebi IC Antalya Havalimanı Terminal Yatırım İşletme A.Ş. ("Çelebi IC Yatırım"), is İçtaş İnşaat Sanayi ve Ticaret A.Ş. with 49,99% of shares. Capital of Çelebi IC Yatırım has decreased from TL 44.004.280 to TL 50.000 based on the resolution of general assembly at 22 July 2010.

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

The Company has also participated in a tender offer as of 7 August 2006 called by the Budapest Airport Budapest Ferihegy Nemzetközi Repülöter Üzemeltetö Zartkörüen Müködö Reszvenytarsasag ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Feleössegü Tarsasag ("BAGH") company that provides ground handling services at Budapest Airport and in which ("Ba Zrt") has a 100% share. The Company was informed of winning the tender offer on 14 August 2006 and participates in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft.") company that was founded on 22 September 2006 as founding shareholder for the realisation of the abovementioned share transfer. Celebi Kft acquired all the shares of BAGH on 26 October 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH"). Celebi Kft has share capital of 2.700.000.000 Hungary Forint ("HUF") in which the Company has a share of HUF 1.890.000.000 (70%). The other shares belong to Çelebi Holding A.Ş which is also the shareholder of the Company. Celebi Kft has been taken over by CGHH with all assets and liabilities and merger transactions have been completed at 31 October 2007 after the completion of the registration, related changes in Articles of Association and General Assembly decisions carried out within the legal framework effective in Hungary Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital which is determined as HUF 900.000.000. The capital of CGHH has been increased to HUF 910.000.000 after the merger. The Capital of CGHH has been increased to HUF 1.000.000.000 from HUF 910.000.000 in 31 December 2010 and the Company has share capital of HUF 700.000.000 (70%) as of 31 March 2011. Remaining part amounted HUF 300.000.000 (30%) is owned by Çelebi Havacılık Holding A.Ş.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

Within the framework of the tender relating to provide ground handling services for 10 years period in Mumbai Chhatrapati Shivaji International Airport in India which resulted in favor of the consortium in which the Company takes part, a joint venture company has been established on 12 December 2008 with a capital of 100.000.000 Indian Rupee (Indian Rupee: "INR") and the title of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai India to provide ground handling services. The Company, as co-founder, has a 51% stake in Celebi Nas and the capital of the company has been increased to INR 400.000.000. Furthermore, INR 150.600.000 capital advances have been paid by shareholders of Celebi Nas.

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, financing 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 capital of the Celebi Delhi Cargo has been increased to INR 720.000.000.

The equity needed to meet financial requirement of the investments planned and the fulfillment of the requirements arising from the Concession Agreement signed by Celebi Ground Handling Delhi Private Limited ("Çelebi GH Delhi"), established in 18 November 2009, with a paid-in capital amounting to INR10.700.000 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 635.364.000. The Company has a 74% stake in Celebi GH Delhi.

As of 25 March 2010, the Company participated with 100% ownership in the company which was established in Madrid, Spain under the title "Celebi Ground Handling Europe" ('Celebi Europe') with the capital of EUR 10.000, as a founding partner for the purpose of investing business in foreign countries, especially those in the European Union.

The Company acquired shares of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş ("Çelebi Kargo"), owning TL 150.000 paid capital, having a nominal value of TL 144.000 from Çelebi Holding A.Ş, with cash amounted to TL 146.880 (1-TL nominal value: 1,02-TL) as of 20 August 2010. Çelebi Kargo was established on 20 November 2008 to provide transporting, freight, cargo storage, and distribution activities. Çelebi Kargo provides cargo storage and handling services in storage and warehouse facilities on rented area with 28.300 m2 closed land in Frankfurt Cargo City Süd by Celebi Cargo Gmbh which is subsidiary of Çelebi Kargo with 100% shares, established in November 2009 located in Frankfurt, Germany. In 2010; the capital of Çelebi Kargo has been increased to TL 9.000.000 with TL 8.500.000 paid capital.

The Company participated 16,67% in the company Delhi Aviation Services Private Limited ("DASL") with capital of INR 1.000.000 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.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

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

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

Subsidiaries:

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

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

Joint Ventures:

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

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

Associates:

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of the Presentation

2.1.1 Financial Reporting Standards

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

CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué").

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats required at the announcements of CMB those announced at 14 April 2008, 9 January 2009 and 25 October 2010. As per CMB's Communiqué Serial XI, No:29 and its announcements clarifying this communiqué enterprises are obliged to present the hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements (Note 28).

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Adjustments of the Financial Statements During High Inflation Periods

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

Functional and Presentation Currency

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

Going Concern

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 and income and expenses are translated into TL at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the foreign currency translation differences under the equity.

2.1.2 Amendments in International Financial Reporting Standards (“IFRS”)

The Group has applied standards, amendments and interpretations to existing standarts published by IASB and IFRIC that are effective as at 1 January 2010 and are relevant to the Group’s operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2010 and in interim periods subsequent to 1 January 2010.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(a) Standards, amendments and interpretations effective for financial period beginning on 1 January 2010, but not relevant currently for the Group

The standards and amendments listed below introduced to the prior standards have been enforced as of 1 January 2010 and in periods subsequent to 1 January 2010. However, the Group have not early adopted these standards and amendments.

- IFRS 3 (revised), "Business combinations", and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

- IFRIC 17, "Distribution of non-cash assets to owners" (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

- IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

- IFRIC 9, "Reassessment of embedded derivatives and IAS 39, Financial instruments: recognition and measurement", effective 1 July 2009. This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the "fair value through profit or loss" category. This assessment is to be made based on circumstances that existed on the later date between the date on which the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety.

- IFRIC 16, "Hedges of a net investment in a foreign operation" effective 1 July 2009. This amendment states that in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the company should clearly document its hedging strategy because of the possibility of different designations at different levels of the group.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- IAS 38 (amendment), "Intangible assets", effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- IAS 36 (amendment), "Impairment of assets", effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, "Operating segments" (that is, before the aggregation of segments with similar economic characteristics).

- IFRS 2 (amendment), "Group cash-settled share-based payment transactions". In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2 - Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

(b) New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 January 2010 and have not been early adopted:

- IFRS 9, "Financial instruments", issued in November 2009. This standard is the first step in the process to replace IAS 39, "Financial instruments: recognition and measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- IAS 24 (Revised),"Related party disclosures", issued in November 2009. It supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (Revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed. The revised standard has simplified and clarified the related party description. Furthermore, the revised standard has eliminated the obligation of declaring the relationship between the government business enterprises and other government business enterprises and the government. No impact on the Group's financial statements have been expected.

- "Classification of rights issues" (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

- IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

- "Prepayments of a minimum funding requirement" (amendment to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendment is effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendment should be applied retrospectively to the earliest comparative period presented.

(c) Improvements to IFRS:

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various beginning on 1 July 2010. Early application is permitted in all cases and this annual improvements project has not yet been endorsed by EU.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The following improvements to IFRS are not expected to have an impact on the financial statements of the Group:

IFRS 3: Contingent consideration that arose from business combinations with acquisition dates precede the adoption of revised IFRS 3.
IFRS 3: Measurement of non controlling interests.
IFRS 3: Replacement of the acquiree's share-based payment transactions (whether obliged of voluntarily).
IAS 1: Clarification to the statement of changes in equity.
IAS 27: Clarification of the consequential amendments from IAS 27 "Consolidated and separate financial statements" made to IAS 21, IAS 28 and IAS 31.
IFRIC 13: Customer loyalty programmes: The fair value of award credit.
IAS 34: Interim Financial Reporting: Guidance to illustrate how to apply disclosure principles and additional disclosure requirements.

The impact of the improvement to IFRS below on the financial statements is being assessed by the Group:

IFRS 7 "Financial Instruments: Disclosures", effective for annual periods beginning on or after 1 January 2011. This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosure and the nature and the extent of risks associated with financial instruments.

The folllowing amendments to IFRS are not expected to have an impact on the financial statements of the Group:

IFRS7 "Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities" (Amended), is effective for annual period beginning on or after 1 July 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitisations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additions disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments broadly align the relevant disclosure requirements of IFRS.

IAS 12 "Deferred Tax: Recovery of underlying assets" (Amendment), is mandatory for annual period beginning on or after 01 January 2012. IAS 12 has been updated to include (i) a rebutable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the bases 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.

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 (g) 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

b) Subsidiaries are companies over which the Company has capability to control the financial and operating policies for the benefit of the Company, through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself having the power to exercise control over the financial and operating policies.

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

	Direct and indirect shareholding by Çelebi Hava and its Subsidiaries (%)	
Subsidiary	**31 March 2011**	**31 December 2010**
Çelebi Güvenlik	94,8	94,8
CGHH	70,0	70,0
Celebi Delhi Cargo	74,0	74,0
Celebi GH Delhi (*)	74,0	74,0
Celebi Europe (**)	100,0	100,0
Çelebi Kargo (***)	99,9	99,9
Celebi Cargo GmbH (****)	100,0	100,0

(*) Although voting right in Celebi GH Delhi is directly and indirectly 74%, Celebi GH Delhi was accounted as available for sale investment in the consolidated financial statements for the interim period 1 January - 31 March 2010. Taking into consideration, the completion of the organization of Celebi GH Delhi and increase in total assets, Celebi GH Delhi has been consolidated for the first time in the consolidated financial statements as of 30 June 2010.

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

(***) As of 31 March 2011 Çelebi Kargo has directly and indirectly 99,9% voting right. However between 1 January 2010 and 30 September 2010 Çelebi Kargo has not been consolidated in consolidated financial statements but has been accounted in held for sale by using cost method since the company operations has not started as of 30 September 2010. By reason of taking into consideration increasing of total assets for the first time Çelebi Kargo has been consolidated in consolidated financial statements as of 31 December 2010.

(****) As of 31 March 2011 Celebi Cargo GmbH has directly and indirectly 100,0% voting right. However between 1 January 2010 and 30 September 2010 Celebi Cargo GmbH has not been consolidated in consolidated financial statements but has been accounted in held for sale by using cost method since the company operations has not started as of 30 September 2010. By reason of taking into consideration increasing of total assets for the first time Celebi Cargo GmbH has been consolidated in consolidated financial statements as of 31 December 2010.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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 Company and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company and its Subsidiaries in the Subsidiaries are eliminated from equity and income for the period, respectively. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases where necessary, accounting policies of Subsidiaries have been changed to ensure the consistency with the policies adopted by the Group.

c) Foreign Subsidiaries' assets and liabilities are translated into TL from the foreign exchange rate at the balance sheet date and income and expenses are translated into TL at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "foreign currency translation differences" under the equity.

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

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

	Direct and indirect shareholding by Çelebi Hava (%)	
Joint Ventures	**31 March 2011**	**31 December 2010**
Çelebi IC Yatırım	%49,99	%49,99
Celebi Nas (*)	%51,00	%51,00

(*) As of 31 March 2011, since the agreement was not resulted in regarding to 8% share transfer from Sovika, Celebi Nas was consolidated with 51% of shares using the joint-venture consolidation method.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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

The financial reporting standards issued by the CMB as described in Note 2.1.1 to these consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, these consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

2.2. Changes in the Accounting Policies

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. There are no important changes in the accounting policies for the period of 1 January - 31 March 2011.

2.3. Changes and Errors in the Accounting Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods.

2.4. Summary of Significant Accounting Policies

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

2.4.1 Cash and Cash Equivalents

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

2.4.2 Revenue

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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

According to concession agreement signed by Celebi GH Delhi and Delhi International Airport Private Limited ("DIAL") on 2 June 2010, comparatively higher amount among 15% of the income which is generated from the airport ground services provided in the airport in New Delhi for 10 years or 12,85% of income based on price ceiling determined by DIAL, belongs to DIAL and this amount is indicated in the consolidated financial statements by netting off against the sales income of Celebi Nas (Note 18).

2.4.3 Property, plant and equipment

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

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

	Useful Lives (Years)
Machinery and equipment	3-20
Motor vehicles	5
Furniture and fixtures	5
Leasehold improvements	15

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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. Repair and maintenance costs are charged to the statements of income during the financial year in which they are incurred.

2.4.4 Intangible Assets

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

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included classified in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

b) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life (7 Years) and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

c) Computer software (Rights)

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

d) Build-Operate-Transfer Investments

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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Celebi Delhi Cargo

An Agreement regarding improvement, modernization, financing and 25 years finite operating rights of the airport located in Delhi city of India has been signed on 24 August 2009. INR 1.200.000.000 deposit had been paid.

Celebi Nas

Operating rights agreement regarding ground services of airport in Mumbai, India for 11 years had been signed on 14 November 2008. INR 200.000.000 had been paid as deposit. On 31 March 2011 INR 12.500.000 of the deposit amount had been paid back.

Celebi GH Delhi

Ground services agreement for 10 years regarding airport in Delhi city of India has been signed on 2 June 2010. INR 400.000.000 deposit has been paid.

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

2.4.5 Inventories

Inventories are valued at the lower of cost or net realisable 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 realisable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 10).

2.4.6 Impairment of Assets

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.7 Financial Liabilities and Borrowing Costs

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

International Accounting Standard 23 ("Borrowing Costs") was revised on 29 March 2007 by the IASB. The revised IAS 23 is effective at 1 January 2009. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are added to the cost of those assets. Qualifying assets are assets which require a long period of time to be prepared for its intended use or sale.

2.4.8 Financial Instruments

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a customer are carried at amortized cost (Note 8).

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

Financial assets

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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

2.4.9 Trade Payables

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

2.4.10 Deferred Financial Income/Expense

Deferred financial income/expense represents financial income and expenses on credit sales and purchases. These income and expenses are recognised using the effective interest method during the due date of the credit sales and purchases and disclosed under financial income and expenses.

2.4.11 Business Combinations and Goodwill

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

The cost of a business combination is allocated by recognising 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 recognises 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. 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 merger".

Transactions with non-controlling interest shareholders

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

2.4.12 Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statements of income.

2.4.13 Earnings per Share

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.14 Subsequent events

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

2.4.15 Provisions, contingent liabilities and contingent assets

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

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

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

2.4.16 Leases

Financial leases

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the fair value of the leased asset, net of grants and tax credits receivable, or at the present value of the lease payment, whichever is the lower. Lease payments are treated as comprising capital and interest elements, the capital element is treated as reducing the capitalized obligation under the lease and the interest element is charged as expense to the statement of income. Depreciation on the relevant asset is also charged to the statement of income over its useful life.

Operational leases

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

2.4.17 Related Parties

Shareholders who have control or common control on the Group, the companies or associates controlled by or associated to the shareholders, key management personnel and members of the board of directors, their families, the companies or associates controlled by or associated to them are deemed related parties in accordance with the aim of these consolidated financial statements (Note 26).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.18 Segment Reporting

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

2.4.19 Discontinued Operations

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

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

2.4.20 Government Incentives and Grants

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

2.4.21 Investment Properties

Buildings held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are depreciated with the straight-line depreciation method over their useful lives that until 50 years.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.22 Taxes on Income

Current and deferred income tax

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

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

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

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly (Note 24).

2.4.23 Employee Benefits

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

2.4.24 Statement of Cash Flows

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

Cash flows from main activities represent the cash flows of the Group generated from airport ground handling services, airport construction and operating activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to definite amounts of cash with maturities equal or less than 3 months and which are subject to an insignificant risk of changes in value (Note 5).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.25 Dividends

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

2.4.26 Paid-in Capital

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

2.4.27 Derivative financial instruments and hedging activities

Derivative financial instruments are subsequently measured at their fair values. The derivative instruments of the Group mainly consist of interest rate exchange and foreign exchange forward contracts.

The Group presents its income and losses regarding with hedging as "hedge fund" under equity. If a hedged undertaking or a tentative activity transposes to an asset or a liability, the related income and losses are added to the cost or carrying value of aforementioned asset or liability. If the added income or losses affect net profit or loss, they are represented in the consolidated statements of income.

The Group should document the Group's risk management objectives, hedging strategies and the relationship between hedging instrument and hedged item. In addition, the Group should regularly document the valuation of effective balance in changes in hedging instruments' fair value and in changes in cash flows.

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

Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative in consolidated balance sheets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group is utilizing observable market data at the valuation process (Note 27).

2.4.28 Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The balance sheet of the Group at 31 March 2011 has been provided with the comparative financial information of 31 December 2010 and the statement of income, the statement of changes in equity and the statement of cash flows for the year ended 1 January-31 March 2011 have been provided with the comparative financial information, for the year ended 1 January-31 March 2010.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.29 Offsetting

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

2.4.30 Share premium

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

2.5. Critical Accounting Estimates and Assumptions

The preparation of consolidated financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that may have a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

(a) Goodwill impairment tests

As explained in Note 2.4.11, the Group performs impairment tests on goodwill annually at 31 December or more frequently if events or changes in circumstances indicate that it might be impaired. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. These calculations include certained estimations and assumptions. As a result of the impairment tests performed with the use of the above assumptions, no impairment was detected in the goodwill amount as of 31 December 2010 (Note 13).

(b) Impairment of intangible assets

According to the accounting policy stated in Note 2.4.4., the intangible non-current assets are shown with their net value after the deduction of the accumulated depreciation, if any, and the value subtracted from the acquisition costs. As a result of the valuation studies performed at the purchase of 100% of CGHH shares, "Customer Relations" has been considered as an identifiable asset by the Group and shown under the intangible non-current assets. While the terms of the agreements signed by CGHH with its clients are either unlimited or for two to three years, it is seen that the clients continue the agreements for more than two to three years considering the average terms in the sector. The redemption and amortization are determined as seven years according to these estimates; all the important clients of CGHH have continued to work with CGHH since the year it started operations in Budapest and no important level of decrease is expected in the existing market share of CGHH. Thanks to the positive developments in the operations of CGHH, no indicator has been noted relating to whether or not there is a decrease in the registered net book value of the intangible non-current assets which are defined as "Customer Relations" and whose useful life is determined as 7 years (Note 12).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(c) Provisions

As explained in Note 2.4.15, 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 March 2011 and for the ones where the Group estimates more than 50% probability of losing them necessary provisions are accounted for in the consolidated financial statements (Note 14 and Note 30).

(d) Taxes on income

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

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

(e) Accounting of derivative financial instruments and hedging activities

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

(f) Deferred tax assets calculated over carry-forward tax losses

Deferred tax asset is booked where there is a probability that a tax advantage can be gained in future periods. Despite of currency forward contract which has been made to deal with risks related to changes in market value of future forecasted cash flows of CGHH , foreign exchange losses caused by decrease in the value of Hungarian Forint against Euro due to ongoing financial crisis in Hungary and international markets has lead to the probability of inability to utilize carry-forward tax losses of CGHH amounted as of 31 March 2011 to TL 11.815.481 (31 December 2010: TL 13.266.043) or completely in an identifiable period of time. Although there has been no expiry date for the utilization of carry-forward tax losses in the Hungarian Tax System, the Company has not accounted for deferred tax asset amounted as of 31 March 2011 to TL 1.713.244 (31 December 2010: TL 1.923.576)

In addition to, the Celebi Nas has not booked deferred tax amounted to TL 1.382.865 (31 December 2010: TL 1.389.931) to its financial statements as of 31 March 2011 which is arisen from the carry forward losses amounted to TL 4.068.446 due to the probability of inability to utilize carry-forward tax losses.

Same as above, the Celebi Nas has not booked deferred tax amounted to TL 1.831.540 (31 December 2010: TL 1.272.735) to its financial statements as of 31 March 2011 which is arisen from the carry forward losses amounted to TL 5.513.782 due to the probability of inability to utilize carry-forward tax losses.

NOTE 3 - JOINT VENTURES

Shares in Joint Ventures

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

	31 March 2011	31 December 2010
Current assets	11.966.801	16.855.283
Non-current assets	32.212.644	29.360.015
Total assets	**44.179.445**	**46.215.298**
Current liabilities	13.417.872	16.779.550
Non-current liabilities	16.399.016	17.144.282
Shareholders' equity	14.362.557	12.291.466
Total liabilities and shareholders' equity	**44.179.445**	**46.215.298**

	31 March 2011	31 March 2010
Sales-net	6.148.475	3.907.208
Gross profit	1.636.878	442.973
Operating profit/ (loss)	940.299	(361.153)
Net profit for the period	249.424	513.445

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.

Reporting based on total assets has not been presented since it is not in the scope of reports analyzed by top management and found effective in strategically decision taking.

Management assesses the Group's performance on an operating segment basis; Ground Handling Services, Security 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.

NOTE 4 - SEGMENT REPORTING (Continued)

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

1 January - 31 March 2011

	Reportable Segments					
	Ground Handling Services	**Airport Security Services (*)**	**Airport Terminal Construction and Management**	**Cargo and Warehouse Services**	**Consolidation Adjustments**	**Consolidated**
Revenue - net	52.343.110	1.266.368	-	24.449.225	(417.676)	77.641.027
Cost of sales	(44.069.970)	(1.334.558)	-	(15.852.590)	707.464	(60.549.654)
Gross profit	**8.273.140**	**(68.190)**	-	**8.596.635**	**289.788**	**17.091.373**
General administrative expenses	(14.695.098)	(194.794)	(3.889)	(3.258.636)	24.107	(18.128.310)
Addition: Depreciation and amortization	6.290.156	10.308	29	1.235.807	-	7.536.300
EBITDA	**(131.802)**	**(252.676)**	**(3.860)**	**6.573.806**	**313.895**	**6.499.363**

(*) Note 31.

NOTE 4 - SEGMENT REPORTING (Continued)

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

1 January - 31 March 2010

	Reportable Segments					
	Ground Handling Services	**Airport Security Services**	**Airport Terminal Construction and Management**	**Cargo and Warehouse Services**	**Consolidation Adjustments**	**Consolidated**
Revenue - net	42.685.502	1.188.635	-	18.711.908	(326.329)	62.259.716
Cost of sales	(36.296.049)	(977.674)	-	(10.033.672)	318.903	(46.988.492)
Gross profit	**6.389.453**	**210.961**	-	**8.678.236**	**(7.426)**	**15.271.224**
General administrative expenses	(11.391.076)	(261.222)	(31.900)	(1.623.447)	464.904	(12.842.741)
Addition: Depreciation and amortization	4.943.841	9.289	-	583.167	-	5.536.297
EBITDA	**(57.782)**	**(40.972)**	**(31.900)**	**7.637.956**	**457.478**	**7.964.780**

NOTE 4 - SEGMENT REPORTING (Continued)

Reconciliation of EBITDA to profit before tax is as follows:

	31 March 2011	31 March 2010
EBITDA for reported segments	6.499.363	7.964.780
Depreciation and amortisation	(7.536.300)	(5.536.297)
Other operating income	486.412	887.072
Other operating expenses (-)	(406.655)	(3.821.859)
Operating profit	**(957.180)**	**(506.304)**
Financial income	7.141.538	7.336.486
Financial expense (-)	(6.888.596)	(7.216.880)
Income before tax	**(704.238)**	**(386.698)**

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

Total Assets	31 March 2011	31 December 2010
Turkey	200.747.456	199.309.641
India	140.082.179	138.246.023
Hungary	67.259.431	60.008.094
Germany	22.421.227	10.181.614
Segment Assets (*)	**430.510.293**	**407.745.372**
Unallocated assets	27.976.629	31.765.460
Less: Inter-segment elimination	(80.622.965)	(80.228.997)
Total assets as per consolidated financial statements	**377.863.957**	**359.281.835**

(*) 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 March 2011	31 December 2010
Turkey	36.773.716	39.563.519
India	16.934.105	18.840.157
Hungary	11.460.094	11.118.693
Germany	3.646.221	2.324.425
Segment liabilities (*)	**68.814.136**	**71.846.794**
Unallocated liabilities	185.232.926	162.042.289
Less: Inter-segment elimination	(2.212.266)	(3.116.416)
Total liabilities as per consolidated financial statements	**251.834.796**	**230.772.667**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Geographical Segments

Geographical Analysis for the period 1 January - 31 March 2011

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	41.646.341	12.521.067	21.041.310	2.432.309	77.641.027	-	77.641.027
Cost of sales	(35.511.234)	(9.095.209)	(14.063.382)	(2.131.201)	(60.801.026)	251.372	(60.549.654)
Gross profit	6.135.107	3.425.858	6.977.928	301.108	16.840.001	251.372	17.091.373
General administrative expenses	(11.189.470)	(2.916.736)	(1.720.819)	(2.301.285)	(18.128.310)	-	(18.128.310)
Other operating income/ expenses - net	557.878	(24.934)	93.159	10.788	636.891	(557.134)	79.757
Operating Loss	**(4.496.485)**	**484.188**	**5.350.268**	**(1.989.389)**	**(651.418)**	**(305.762)**	**(957.180)**

NOTE 4 - SEGMENT REPORTING (Continued)

Geographical Segments

Geographical Analysis for the period 1 January - 31 March 2010

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	34.661.968	12.883.296	14.747.694	-	62.292.958	(33.242)	62.259.716
Cost of sales	(30.699.411)	(8.556.113)	(7.732.968)	-	(46.988.492)	-	(46.988.492)
Gross profit	3.962.557	4.327.183	7.014.726	-	15.304.466	(33.242)	15.271.224
General administrative expenses	(8.102.307)	(2.809.858)	(2.355.046)	-	(13.267.211)	424.470	(12.842.741)
Other operating income/ expenses - net	(2.647.663)	47.998	56.106	-	(2.543.559)	(391.228)	(2.934.787)
Operating Loss	**(6.787.413)**	**1.565.323**	**4.715.786**	**-**	**(506.304)**	**-**	**(506.304)**

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 March 2011	31 December 2010
Cash	170.189	78.073
Banks		
- time deposit	27.976.629	31.765.460
- demand deposit	40.297.495	42.456.161
	68.444.313	**74.299.694**

Effective interest rates on TL, Euro, USD and INR denominated time deposits at 31 March 2011 are 6,78%, 1,60% , 2,15% and 6,50% (31 December 2010: TL 6,84%, Euro 1,19%, USD 1,83%, INR 6,50%) respectively. The maturity days on TL, Euro and USD denominated time deposits as of 31 March 2011 are 1-15 days for TL and Euro, 1-30 days for INR and USD (31 December 2010: Euro and USD 1-23 days, TL and INR 1-17 days).

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

	31 March 2011	31 December 2010	31 March 2010	31 December 2009
Cash and banks	68.444.313	74.299.694	96.689.705	94.601.180
Less: Interest accruals	(9.133)	(41.520)	(68.618)	(22.189)
Less: Restricted cash (*)	(5.551.394)	(7.569.185)	(6.406.744)	(7.486.030)
	62.883.786	**66.688.989**	**90.214.343**	**87.092.961**

(*) TL 5.551.394 of the amount represents the collections from the clients kept in mandatory restricted accounts according to the concession agreements signed for the operation of the Cargo terminal in New Delhi Airport in India (31 December 2010: TL 4.898.791). TL 2.670.394 restricted cash as of 31 December 2010 was kept in the bank as the provision against the bank guarantee given by Çelebi IC Yatırım to DHMI.

NOTE 6 - FINANCIAL INVESTMENTS

Available-for-sale financial assets:

	31 March 2011		31 December 2010	
	%	TL	%	TL
DASL	16,7%	5.761	16,7%	5.761
Celebi Europe	100,0%	20.525	100,0%	20.525
		26.286		**26.286**

As of 31 March 2011, Celebi Europe and DASL have not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements and as these subsidiaries have not started their operations their financials are accounted as available for sale financial assets.

NOTE 7 - FINANCIAL BORROWINGS

Short-term financial borrowings:

	31 March 2011		
Short term bank loans	**Effective interest rate (%)**	**Original amount**	**TL**
TL loans	0%	1.797.410	1.797.410
			1.797.410
Short-term portion of long-term loans:			
Interest expense accrual - USD		189.971	294.132
Interest expense accrual - INR		24.936.756	867.051
Interest expense accrual - Euro		918.309	2.003.384
USD loans	4,49%	2.000.000	3.096.600
INR loans	13,62%	145.449.224	5.057.270
Euro loans	4,21%	8.533.172	18.615.969
			29.934.406
Short term finance lease obligations			
Short-term finance lease obligations – USD		57.929	89.692
Short-term finance lease obligations – Euro		408.708	891.637
Total short-term finance lease obligations			**981.329**
Total short-term financial borrowings			**32.713.145**
Long-term financial borrowings:			
USD loans	4,49%	4.000.000	6.193.200
INR loans	11,61%	1.557.721.555	54.161.978
Euro loans	4,02%	37.296.171	81.365.327
			141.720.505
Long term finance lease obligations			
Long-term finance lease obligations - USD		31.830	49.282
Long-term finance lease obligations – Euro		3.070.481	6.698.561
Total long-term finance lease obligations			**6.747.843**
Long-term financial borrowings			**148.468.348**
Total financial borrowings			**181.181.493**

NOTE 7 - FINANCIAL BORROWINGS (Continued)

	31 March 2011		31 December 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term bank loans	**148.468.348**	**139.970.257**	**129.425.555**	**122.046.301**

The fair value of current loans equals their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 6,67% (31 December 2010: 6,88%). The fair values of short-term bank loans are considered to approximate their carrying values.

Short-term financial borrowings:

	31 December 2010		
Short term bank loans	**Effective interest rate (%)**	**Original amount**	**TL**
Euro loans	6,25%	1.000.000	2.049.100
			2.049.100
Short-term portion of long-term loans:			
Interest expense accrual - USD		125.232	193.609
Interest expense accrual - Euro		327.286	670.641
Interest expense accrual - INR		25.382.326	877.467
USD loans	4,49%	2.000.000	3.092.000
INR loans	13,35%	102.026.555	3.527.058
Euro loans	4,17%	8.852.342	18.139.335
			26.500.110
Short-term finance lease obligations - USD		75.594	116.869
Short-term financial borrowings			**28.666.079**
Long-term financial borrowings:			
USD loans	4,49%	4.000.000	6.184.000
INR loans	12,41%	1.545.511.600	53.428.336
Euro loans	3,75%	34.046.172	69.764.011
			129.376.347
Long-term finance lease obligations - USD		31.829	49.208
Long-term financial borrowings			**129.425.555**
Total financial borrowings			**158.091.634**

NOTE 7 - FINANCIAL BORROWINGS (Continued)

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

	31 March 2011	**31 December 2010**
Less than 3 months	4.399.259	1.224.875
Between 3-12 months	28.313.886	27.441.204
Between 1-5 years	148.468.348	129.425.555
	181.181.493	**158.091.634**

The redemption schedule of the long-term bank loans as of 31 March 2011 and 31 December 2010 is as follows:

	31 March 2011	**31 December 2010**
2012	32.107.212	31.816.533
2013	39.368.139	41.564.436
2014	25.330.458	24.932.172
2015 and over	44.914.696	31.063.206
	141.720.505	**129.376.347**

The redemption schedule of the financial lease obligations as of 31 March 2011 and 31 December 2010 is as follows:

	31 March 2011			**31 December 2010**		
	Minimum lease payments	**Interest**	**Total obligation**	**Minimum lease payments**	**Interest**	**Total obligation**
Less than 1 year	1.392.725	(411.396)	981.329	127.526	(10.657)	116.869
1 to 2 years	1.312.535	(356.631)	955.904	35.261	(7.760)	27.501
2 to 3 years	1.309.237	(299.817)	1.009.420	14.916	(1.658)	13.258
4 years and over	5.361.317	(578.798)	4.782.519	2.033	6.416	8.449
	9.375.814	**(1.646.642)**	**7.729.172**	**179.736**	**(13.659)**	**166.077**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 March 2011	31 December 2010
Trade receivables	35.000.885	29.887.826
Less: Provision for doubtful receivables	(3.167.161)	(3.207.136)
	31.833.724	**26.680.690**

The maturities of trade receivables are generally less than one month as of 31 March 2011 (31 December 2010: less than one month). The fair value of current trade receivables as of 31 March 2011 and 31 December 2010 equals their carrying amount as the impact of discounting is not significant.

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

Movement of provision for doubtful receivables is as follows:

	31 March 2011	31 December 2010
Opening balance	3.207.136	2.377.172
Current year charge	-	844.259
Foreign currency translation differences	(416)	(7.106)
Collections and reversal of provisions	(39.559)	(7.189)
Closing balance	**3.167.161**	**3.207.136**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	Trade Receivables		Other Receivables		
31 March 2011	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits**
The maximum of credit risk exposed at the reporting date	604.336	31.833.724	-	3.648.031	68.274.124
- Credit risk covered by guarantees	-	*1.732.192*	-	-	-
Net carrying value of financial assets either are not due or not impaired	547.688	20.555.915	-	3.648.031	68.274.124
Net carrying value of financial assets which are overdue but not impaired	56.648	11.277.809	-	-	-
- Amount of risk covered by guarantees	-	1.528.817	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	3.167.161	-	-	-
- Impairment amount (-)	-	(3.167.161)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

	Trade Receivables		Other Receivables		
31 December 2010	**Related party**	**Other**	**Related party**	**Other**	**Bank deposits**
The maximum of credit risk exposed at the reporting date	107.917	26.680.690	1.813.150	3.343.009	74.221.621
- Credit risk covered by guarantees	-	*1.974.248*	-	-	-
Net carrying value of financial assets either are not due or not impaired	105.499	17.253.064	1.813.150	3.343.009	74.221.621
Net carrying value of financial assets which are overdue but not impaired	2.418	9.427.626	-	-	-
- Amount of risk covered by guarantees	-	1.897.550	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	3.207.136	-	-	-
- Impairment amount (-)	-	(3.207.136)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	31 March 2011	31 December 2010
Up to 1 month	8.046.405	6.426.305
1 to 3 months	2.009.301	1.607.351
3 to 12 months	845.858	1.086.431
1 to 5 years	432.893	309.957
	11.334.457	**9.430.044**

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

	Trade receivables	
31 March 2011	**Related party**	**Other**
Overdue 1-30 days	3.823	8.042.582
Overdue 1-3 months	52.825	1.956.476
Overdue 3-12 months	-	845.858
Overdue 1-5 years	-	432.893
Amount of risk covered by guarantees	**-**	**1.528.817**

	Trade receivables	
31 December 2010	**Related party**	**Other**
Overdue 1-30 days	2.418	6.423.887
Overdue 1-3 months	-	1.607.351
Overdue 3-12 months	-	1.086.431
Overdue 1-5 years	-	309.957
Amount of risk covered by guarantees	**-**	**1.897.550**

Short-term trade payables

	31 March 2011	31 December 2010
Trade Payables	**20.060.831**	**15.960.633**

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 March 2011	31 December 2010
Other short-term receivables		
Receivables from Tax Office	2.105.238	2.415.452
Deposits and guarantees given (*)	1.367.583	875.098
Other short-term receivables	175.210	52.459
	3.648.031	**3.343.009**

(*) As of 31 March 2011, TL 957.566 of the related amount consist of guarantees given for purchase of equipment for Celebi Nas (31 December 2010: TL 805.921).

	31 March 2011	31 December 2010
Other long-term receivables		
Deposits and guarantees given (*)	12.966.105	10.943.021
Other long-term receivables	21.698	9.084
	12.987.803	**10.952.105**

(*) As of 31 March 2011, TL 6.839.842 (31 December 2010: TL 5.957.156) , TL 3.149.428 (31 December 2010: TL 3.028.176), and TL 2.976.835 (31 December 2010: TL 1.957.689) are paid respectively for Celebi GH Delhi, Celebi Delhi Cargo and Celebi Nas to local authorities, local firms, banks in terms of deposits and guarantees.

	31 March 2011	31 December 2010
Other short-term payables		
Other short-term payables (*)	3.887.549	7.350.277
Deposits received	152.652	142.864
	4.040.201	**7.493.141**

(*) As of 31 March 2011, TL 3.859.622 of the related amount is resulted from payables from Celebi Delhi Cargo to DIAL in accordance with concession agreement between firms. As of 31 December 2010, TL 1.705.181 of the related amount is resulted from payables from Çelebi IC to IC İçtaş and TL 5.634.001 of the related amount is resulted from payables from Celebi Delhi Cargo to DIAL in accordance with concession agreement between firms.

	31 March 2011	31 December 2010
Other long-term payables		
Deposits and guarantees received	**1.067.960**	**977.029**

NOTE 10 - INVENTORIES

	31 March 2011	31 December 2010
Trade goods	229.206	516.496
Other inventories	4.785.515	3.985.313
	5.014.721	**4.501.809**

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

The cost of inventories recognized as expense and included in "cost of sales" is amounted to TL 418.534 at 31 March 2011 (31 March 2010: TL 342.167).

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

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

	Opening 1 January 2011	**Additions**	**Disposals**	**Transfers**	**Cumulative translation adjustments**	**Closing 31 March 2011**
Cost						
Plant, machinery and equipment	165.833.258	6.108.174	(960.209)	7.958.835	809.501	179.749.559
Motor vehicles	25.387.793	618.430	(103.463)	340.599	1.898.579	28.141.938
Furniture and fixtures	15.190.015	710.648	(89.079)	439.438	130.958	16.381.980
Leasehold improvements (*)	83.132.218	628.999	(3.905)	3.522.084	4.059	87.283.455
Construction in Progress	12.188.524	2.400.959	-	(12.260.956)	375.441	2.703.968
Advances given (**)	8.336.345	5.782.438	-	(4.240.154)	54.235	9.932.864
	310.068.153	**16.249.648**	**(1.156.656)**	**(4.240.154)**	**3.272.773**	**324.193.764**
Accumulated depreciation						
Plant, machinery and equipment	(98.743.279)	(2.789.871)	407.082	-	(184.123)	(101.310.191)
Motor vehicles	(13.151.563)	(982.336)	86.403	-	(1.135.318)	(15.182.814)
Furniture and fixtures	(12.468.359)	(301.336)	80.169	-	(95.919)	(12.785.445)
Leasehold improvements (*)	(37.880.248)	(1.452.803)	1.345	-	(272)	(39.331.978)
	(162.243.449)	**(5.526.346)**	**574.999**	-	**(1.415.632)**	**(168.610.428)**
Net book value	**147.824.704**					**155.583.336**

(*) 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 March 2011 the net book value of these stations was TL 46.879.778. 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

(**) Related balance is the amount of investment due to the renovations according to the concession agreement of Celebi Delhi Cargo.

TL 4.024.095 of depreciation expense is booked to cost of sales and TL 1.502.251 of depreciation expense is booked to operating expenses as of 31 March 2011. Net book value of financial leasing assets in property, plant and equipment is TL 8.145.270 as of 31 March 2011.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Opening 1 January 2010	Additions	Disposals	Transfers	Cumulative translation adjustments	Closing 31 March 2010
Cost						
Plant, machinery and equipment	136.689.154	818.135	(41.893)	47.129	494.039	138.006.564
Motor vehicles	21.253.687	-	(251.398)	-	(417.839)	20.584.450
Furniture and fixtures	13.652.338	392.765	(9.488)	-	(17.304)	14.018.311
Leasehold improvements (*)	74.441.639	1.893.880	-	1.863.845	7.735	78.207.099
Construction in Progress	127.947	5.969	-	-	6.830	140.746
Advances given	1.927.803	60.871	-	(1.910.974)	3.202	80.902
	248.092.568	**3.171.620**	**(302.779)**	**-**	**76.663**	**251.038.072**
Accumulated depreciation						
Plant, machinery and equipment	(90.588.850)	(1.761.962)	14.532	-	(10.701)	(92.346.981)
Motor vehicles	(10.877.028)	(674.691)	67.106	-	201.787	(11.282.826)
Furniture and fixtures	(11.631.432)	(223.931)	9.488	-	17.867	(11.828.008)
Leasehold improvements (*)	(32.663.847)	(1.247.979)	-	-	(79)	(33.911.905)
	(145.761.157)	**(3.908.563)**	**91.126**	-	**208.874**	**(149.369.720)**
Net book value	**102.331.411**					**101.668.352**

(*) 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 March 2010 the net book value of these stations was TL 37.414.964. 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

TL 2.799.317 of depreciation expense is booked to cost of sales and TL 1.109.246 of depreciation expense is booked to operating expenses as of 31 March 2010. Net book value of financial leasing assets in property, plant and equipment is TL 620.349 as of 31 March 2010.

NOTE 12 - INTANGIBLE ASSETS

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

	Opening 1 January 2011	Additions	Disposals	Transfers (**)	Cumulative translation adjustments	Closing 31 March 2011
Cost						
Rights	804.497	175.713	-	-	18.856	999.066
Customer relations	29.428.326	-	-	-	3.309.689	32.738.015
Software	5.917.540	99.147	-	-	109.949	6.126.636
Build-operate-transfer investments (*)	50.374.861	-	-	4.240.154	301.750	54.916.765
	86.525.224	**274.860**	-	**4.240.154**	**3.740.244**	**94.780.482**
Accumulated depreciation						
Rights	(547.792)	(17.217)	-	-	(803)	(565.812)
Customer relations	(17.591.289)	(1.126.900)	-	-	(2.020.736)	(20.738.925)
Software	(3.324.029)	(181.119)	-	-	(41.911)	(3.547.059)
Build-operate-transfer investments	(2.946.714)	(684.718)	-	-	(18.713)	(3.650.145)
	(24.409.824)	**(2.009.954)**	-	-	**(2.082.163)**	**(28.501.941)**
Net book value	**62.115.400**					**66.278.541**

(*) TL 41.447.635 which is difference between discounted present value of deposit paid with interest rate,11.46%, and the deposit amounting to INR1,200.000.000, paid in accordance with the concession agreement on the development, modernisation, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalised as a Build-Operate-Transfer investment and it will be amortised in 25 years until operations end in Delhi International Airport. The deposit amounted to INR 200.000.000 which has paid within the framework of concession agreement signed for handling services at airport in Mumbai for 11 years, and the difference between discounted present value of deposit paid with interest rate 13,41% which is amounted to TL 1.715.895 has been capitalized as Build-Operate-Transfer investment and it will be amortised in 10 year until operations end in mentioned airport. In addition, TL 8.103.090 which is difference between discounted present value of deposit paid with interest rate,10.82%, and the deposit amounting to INR 400.000.000 paid in accordance with the concession agreement on the development, modernisation, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalised as a Build-Operate-Transfer investment and it will be amortised in 10 years until operations end in Delhi International Airport.

(**) Related balance is the amount of investment due to the renovations according to the concession agreement of Celebi Delhi Cargo.

TL 1.463.580 of amortisation expense is booked to cost of sales and TL 546.374 of depreciation expense is booked to operating expenses as of 31 March 2011.

NOTE 12 - INTANGIBLE ASSETS (Continued)

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

	Opening 1 January 2010	Additions	Disposals	Transfers	Cumulative translation adjustments	Closing 31 March 2010
Cost						
Rights	558.605	-	-	-	-	558.605
Customer relations	31.621.494	-	-	-	(797.519)	30.823.975
Software	3.946.531	167.465	-	-	(9.273)	4.104.723
Build-operate-transfer investments (*)	38.492.635	-	-	-	1.986.003	40.478.638
	74.619.265	**167.465**	-	-	**1.179.211**	**75.965.941**
Accumulated depreciation						
Rights	(536.080)	(1.828)	-	-	-	(537.908)
Customer relations	(14.384.938)	(1.106.628)	-	-	368.569	(15.122.997)
Software	(2.827.524)	(103.470)	-	-	6.784	(2.924.210)
Build-operate-transfer investments	(328.568)	(415.808)	-	-	(32.902)	(777.278)
	(18.077.110)	**(1.627.734)**	-	-	**342.451**	**(19.362.393)**
Net book value	**56.542.155**					**56.603.548**

(*) TL 37.837.804 which is difference between discounted present value of deposit paid with interest rate,11.46%, and the deposit amounting to INR1,200.000.000, paid in accordance with the concession agreement on the development, modernisation, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalised as a Build-Operate-Transfer investment and it will be amortised in 25 years until operations end in Delhi International Airport.

TL 1.165.785 of amortisation expense is booked to cost of sales and TL 461.949 of amortisation expense is booked to operating expenses as of 31 March 2011.

NOTE 13 - GOODWILL

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

	31 March 2011	31 December 2010
Goodwill due to acquisition of CGHH	19.182.205	17.242.957

The Company participated in the tender offer on 7 August 2006 opened by the Budapest Airport Budapest Ferihegy Nemzetközi Repülöter Üzemeltetö Zartkörüen Müködö Reszvenytarsasag ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt Feleössegü Tarsasag ("BAGH") company that provides ground handling services at Budapest Airport and in which ("Ba Zrt") has a 100% share. The company was informed of winning the tender offer on 14 August 2006 and is participating in the Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft.") company founded on 22 September 2006 as a founding shareholder for the realization of the abovementioned share transfer. The trade name of the company BAGH was changed to Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH") after the acquisition dated 26 October 2006.

After the studies of the independent valuation company named American Appraisal Hungary Ltd., fair value of the net assets of CGHH was determined to be 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. At 31 December 2006 after finalizing the completion statements the final purchase price of the Company has been determined to be less than the amount paid by TL 827.657.

The goodwill resulting from the acquisition of CGHH arises from the difference between the fair values and purchasing values at the purchase date of the identifiable assets, liabilities and contingent liabilities belonging to CGHH. It is assumed that there is no impairment as of 31 December 2007 related to the goodwill amount arising from this purchase since the transaction was realised at a time close to the balance sheet date, and the purchase price was determined through a sealed tender. Goodwill details relating to the acquisition of CGHH are below:

Acquisition amount	49.448.419
Less: Fair values of assets, liabilities and contingent liabilities	(31.287.893)
Final purchase price adjustment	(827.657)
Currency translation adjustment	1.849.336
Goodwill	**19.182.205**

Impairment tests for goodwill

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

NOTE 13 - GOODWILL (Continued)

The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group's ten-year business plans. Those projections are calculated the growth rate expected to be realized after ten years is assumed to be 1%. The fair value of Euro amount is calculated in terms of Hungarian Forint which valuated with the exchange rates at the balance sheet date. Thus, the fair value model is affected from the fluctuations at currency markets. If all other variables had remained constant as of 31 December 2010, the change of Euro against Hungarian Forint 10% causes a change of TL 48.289 thousand in the fair value calculations.

Other assumptions used in fair value calculation model are as follows:

Gross profit margin	**%34**
Discount rate	**%12,2**

The group management determined the budgeted gross profit margin by taking into consideration the previous performance of the company and the market growth expectations. The weighted average growth rates used are in line with the estimations stated at industry reports. The discount rate used is the before-tax discount rate and includes the company-specific risks.

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

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2011	31 December 2010
Short-term provisions		
Provision for investment consultancy (*)	2.477.280	2.937.400
Accrued sales commissions	1.626.812	1.795.263
Provision for unused vacation	1.394.426	1.302.657
Provision for cargo subcontractor commissions	928.220	1.035.199
Provision for litigation	867.884	866.736
Expense accrual for airport authorities	715.053	33.646
Other (**)	1.935.812	3.615.838
	9.945.487	**11.586.739**

(*) The aforementioned provisions arise from the fees for the services received in the scope of the investments made via tenders participated in abroad by Çelebi Hava in 2009 and 2010.

(**) Other provisions are comprised of electricity, security, maintenance, customs and cargo services rendered by the Group.

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	Provision for investment consultancy	Provision for unused vacation	Accrued sales commissions	Provision for cargo subcontractor commissions	Provision for litigation	Expense accrual for airport authorities	Other provisions	Total
1 January 2011	**2.937.400**	**1.302.657**	**1.795.263**	**1.035.199**	**866.736**	**33.646**	**3.615.838**	**11.586.739**
Increase during the year	-	462.901	58.352	928.220	-	2.838.106	1.258.283	5.545.862
Payments during the year	(466.290)	(5.922)	(226.803)	(1.041.188)	(14.829)	(2.156.699)	(2.951.860)	(6.863.591)
Usage during the year	-	(365.210)	-	-	(21.752)	-	-	(386.962)
Exchange difference	6.170	-	-	5.989	37.729	-	13.551	63.439
31 March 2011	**2.477.280**	**1.394.426**	**1.626.812**	**928.220**	**867.884**	**715.053**	**1.935.812**	**9.945.487**

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities of the Group

	31 March 2011	31 December 2010
Guarantees received:		
Guarantee letters	7.717.135	7.037.993
Guarantee notes	1.056.689	2.496.489
Guarantee cheque	1.265.152	1.264.304
	10.038.976	**10.798.786**
Guarantees given:		
Collateral	172.412.148	169.350.842
Guarantee letters	31.007.340	30.798.866
Share pledge (Note 26)	26.466.179	25.761.721
	229.885.667	**225.911.429**

The Company has contingent assets amounting to TL 1.554.825 due to the legal cases in favour of the Company and contingent liabilities amounting to TL 46.244.805 due to the legal cases and enforcement proceedings against the Company as of 31 March 2011. TL 42.128.398 portion of contingent liabilities are comprised of legal cases and enforcement proceedings related with the fire in warehouse (Note 30) in which Company is a sole defendant and co-defendant with the DHMI, other warehouse management companies and insurance companies.

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

		31 March 2011		31 December 2010	
Collaterals, pledges and mortgages given by the Group	**Original Currency**	**Amount**	**TL Equivalent**	**Amount**	**TL Equivalent**
A. CPM given on behalf of the Company's legal personality			**20.560.657**		**20.474.406**
	TL	4.917.008	4.917.008	4.920.494	4.920.494
	Euro	1.687.263	3.680.934	1.949.070	3.993.840
	USD	1.920.500	2.973.510	1.932.307	2.987.347
	Indian Rupee	148.500.000	5.163.345	148.500.000	5.133.645
	Hungarian Forint	466.000.000	3.825.860	466.000.000	3.439.080
B. CPM given on behalf of fully consolidated subsidiaries			**188.182.510**		**184.294.523**
	TL	-	-	-	-
	Euro	19.931.540	43.482.648	20.028.960	41.041.342
	USD	6.747.196	10.446.684	6.678.176	10.324.460
	Indian Rupee	3.695.892.402	128.506.178	3.695.768.600	127.762.721
	Hungarian Forint	700.000.000	5.747.000	700.000.000	5.166.000
C. CPM given for continuation of its economic activities on behalf of third parties			-		-
D. Total amount of other CPM			**21.142.500**		**21.142.500**
i. Total amount of CPM given on behalf of the majority shareholder	TL	21.142.500	21.142.500	21.142.500	21.142.500
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C		-	-	-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope of C		-	-	-	-
			229.885.667		**225.911.429**

The ratio of other collaterals, pledges and mortgages given by the Group to equity of the Group 16,8% as of 31 March 2011 (31 December 2010: 16,5%).

NOTE 15 - EMPLOYEE BENEFITS

	31 March 2011	31 December 2010
Short term provisions:		
Provision for employee termination benefits (*)	**-**	**900.492**

(*) Due to withdrawal of some security services operations of Çelebi Güvenlik, provision for employee termination benefits includes the amount for year 2011.

Long term provisions:		
Provision for employee termination benefits	**7.181.051**	**6.610.155**

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

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service, who achieves the retirement age (58 for women and 60 for men), who has charged 25 years of services (20 years for women) and whose employment is terminated without due cause, is called up for military service or who dies.

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 31 March 2011 consists of one month's salary limited to a maximum of TL 2.623,23 (31 December 2010: TL 2.517,01) for each year of service.

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

According to regulations in India, the Company is required to pay termination benefits to each employee in its subsidiaries and joint ventures who has completed five year of service, who is called up for military service, who achieves the retirement age, who early retires, or who dies. Total employee termination benefit liability is calculated by 15 days per year of service for the current period ended at 31 March 2011 and the liability is limited to INR 350.000 per employee. Employee termination benefit liability is calculated by estimating the present value of the future probable obligation to the employees of the group in its subsidiaries that are registered in Turkey arising from the retirement of the employees. IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	31 March 2011	31 December 2010
Discount rate (%)	4,66	4,66
Turnover rate to estimate the probability of retirement (%)	93,29	93,29

The principal assumption is that the liability ceiling for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 2.623,23 which is effective from 1 January 2011 (1 January 2010: TL 2.427,04) has been taken into consideration in the calculations. Movement of provision for employee termination benefits is as follows:

	2011	2010
1 January	**7.510.647**	**6.080.473**
Paid during the period	(983.657)	(739.119)
Increase during the period	676.076	1.292.454
Foreign currency translation differences	(22.015)	574
31 March	**7.181.051**	**6.634.382**

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets	31 March 2011	31 December 2010
Prepaid expenses	4.638.123	5.527.093
Deferred VAT	3.218.393	1.703.460
Value-added tax ("VAT") to be refunded	1.698.980	1.849.145
Prepaid taxes and funds	1.381.531	38.786
Advances given	509.404	16.222
Advances given to personnel	217.877	179.920
Other	1.128.566	1.039.657
	12.792.874	**10.354.283**

Other non-current assets	31 March 2011	31 December 2010
Capital advances given (*)	1.442.989	-
Prepaid expenses	24.798	19.831
	1.467.787	**19.831**

(*) As of 31 March 2011, the advances paid consist of capital advance payment from the Group's joint venture Celebi GH Delhi to its financial investment Delhi Aviation Services Private Limited ("DASL").

Other current liabilities	31 March 2011	31 December 2010
Wages and salaries payable	6.740.625	5.076.423
Social security payables	2.628.172	2.348.397
Order advances received	2.335.725	2.272.007
Taxes and funds payable	1.536.244	1.576.157
Accrued bonus payable	735.617	1.277.490
Short term deferred revenues	191.804	237.380
Other miscellaneous payables and liabilities	1.699.202	1.504.990
	15.867.389	**14.292.844**

Other non-current liabilities	31 March 2011	31 December 2010
Deferred insurance claim recovery (*)	2.322.450	2.319.000
Deferred other revenues	-	30.136
	2.322.450	**2.349.136**

(*) The deferred insurance claim recovery amount is comprised of the insurance policy related to the goods of third parties amounting to USD1.500.000 which has been fully collected as of 31 March 2011 and is planned to be utilized by the Company under the circumstances that the Company is found to be liable for the losses incurred during the fire that broke out in Atatürk Airport ("AHL") Terminal C (Note 30).

NOTE 17 - EQUITY

Share Capital

As of 31 March 2011, the authorized share capital of the Group is TL 24.300.000 comprising of 2.430.000.000 registered shares with a face value each of 1 Kr (31 December 2010: 2.430.000.000 shares).

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

	31 March 2011		31 December 2010	
Shareholders	**Amount**	**Share %**	**Amount**	**Share %**
Çelebi Havacılık Holding A.Ş.	13.299.633	54,73	13.299.633	54,73
Engin Çelebioğlu	2.432.430	10,01	2.432.430	10,01
Can Çelebioğlu	1.822.770	7,50	1.822.770	7,50
Canan Çelebioğlu Tokgöz	1.242.720	5,11	1.242.720	5,11
Other	5.502.447	22,65	5.502.447	22,65
	24.300.000	**100,00**	**24.300.000**	**100,00**

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

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

- If the difference is arising from the valuation of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";

- If the difference is arising from valuation of "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

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

Dividend requirements regulated by CMB applicable to listed companies are as follows:

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

NOTE 17 - EQUITY (Continued)

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 realised as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from operations are required to distribute the initial amount in cash.

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

In accordance with the Board Decision dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué XI No:29. In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 22.962.009 as of 31 March 2011 (31 December 2010: TL 22.962.009).

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

	31 March 2011	31 December 2010
Capital	24.300.000	24.300.000
Restricted reserves		
- Legal reserves	22.962.009	22.962.009
Foreign currency translation differences	4.691.470	4.041.133
Additional contribution to equity related to merger	(545.407)	(545.407)
Retained earnings	61.269.856	34.650.353
Net income/loss for the period	(4.896.058)	26.619.503
Attributable to the equity holders	**107.781.870**	**112.027.591**

NOTE 18 - REVENUE AND COST OF SALES

	31 March 2011	31 March 2010
Ground handling services	52.836.442	43.852.099
Cargo and warehouse service income	24.681.204	18.711.908
Airport security services	848.692	862.306
Aviation fuel sold, trade goods and commission income	1.378	7.285
Less: Returns and discounts	(726.689)	(1.173.882)
Sales revenue - net	**77.641.027**	**62.259.716**
Cost of sales	**(60.549.654)**	**(46.988.492)**
Gross profit	**17.091.373**	**15.271.224**

NOTE 19 - EXPENSES BY NATURE

	31 March 2011	31 March 2010
Personnel expenses	(35.719.087)	(29.177.819)
Payments to authorities and terminal managements	(9.470.527)	(7.608.634)
Equipment repair, maintenance, fuel and security expenses	(6.888.768)	(4.255.144)
Depreciation and amortization expenses	(7.536.300)	(5.536.297)
Consultancy expenses	(6.463.565)	(4.626.853)
Travel and transportation expenses	(1.905.162)	(1.938.364)
Insurance premiums	(867.738)	(708.578)
Taxes and other fees	(839.557)	(841.665)
Cost of goods sold (de-icing, spare parts, etc.)	(646.718)	(644.122)
Other expenses	(8.340.542)	(4.493.757)
	(78.677.964)	**(59.831.233)**

NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES

	31 March 2011	31 March 2010
Personnel expenses	(5.404.549)	(4.721.473)
Consultancy expenses	(6.326.909)	(4.312.404)
Depreciation and amortization	(2.048.625)	(1.571.195)
Payments to authorities and terminal managements	(309.766)	(266.261)
Travel and transportation expenses	(620.591)	(643.770)
Equipment repair, maintenance, fuel and security expenses	(193.510)	(29.352)
Insurance premiums	(189.895)	(99.682)
Taxes and other fees	(55.221)	(56.469)
Other expenses	(2.979.244)	(1.142.135)
	(18.128.310)	**(12.842.741)**

NOTE 21 - OTHER OPERATING INCOME/EXPENSES

	31 March 2011	31 March 2010
Other operating income:		
Rent income	138.509	133.188
Gain on sale of plant, property and equipment	205.190	229.559
Income from insurance claims	3.096	109.500
Income from provision withdrawals	39.559	-
Income from providing of equipments	-	101.512
Other income	100.058	313.313
	486.412	**887.072**

	31 March 2011	31 March 2010
Other operating expenses:		
Donation and aid expenses (*)	(248.668)	-
Investment consultancy expenses (**)	-	(3.164.662)
Provision for doubtful receivables	-	(148.023)
Loss on sale of plant property and equipment	(28.143)	(158.914)
Insurance expenses	(14.006)	(7.392)
Other expenses	(115.838)	(342.868)
	(406.655)	**(3.821.859)**

(*) TL 248.668, the amount of donations and aid provided to the foundations established for various purposes, and other persons and institutions were recorded as expenses till 31 March 2011 by the Group. TL 199.968 of the mentioned amount consists of the expenditures made by the Company for the support the operation of the civil aviation school at Erzincan University.

(**) Related amounts consist of investment consultancy expenses during investing in foreign countries in 2009 and 2010.

NOTE 22 - FINANCIAL INCOME

	31 March 2011	31 March 2010
Foreign exchange gains	3.958.956	4.523.281
SWAP contracts valuation income (Note 27)	2.415.173	1.575.746
Interest income	648.584	1.097.048
Unincurred financial income	118.825	140.411
	7.141.538	**7.336.486**

NOTE 23 - FINANCIAL EXPENSE

	31 March 2011	31 March 2010
Foreign exchange losses	(3.440.122)	(4.190.244)
Interest expenses	(2.760.483)	(1.559.782)
SWAP contracts valuation losses (Note 27)	(348.765)	(1.016.045)
Unincurred financial expenses	(140.050)	(86.200)
Other financial expenses	(199.176)	(364.609)
	(6.888.596)	**(7.216.880)**

NOTE 24 - TAX ASSETS AND LIABILITIES

	31 March 2011	31 December 2010
Corporate and income taxes payable	2.469.450	15.697.412
Less: Prepaid current year corporate tax	(2.469.450)	(14.190.004)
Tax provision, net	**-**	**1.507.408**

	31 March 2011	31 December 2010
Deferred tax assets	-	-
Deferred tax liabilities	(4.051.433)	(3.950.655)
Deferred tax liability - net	**(4.051.433)**	**(3.950.655)**

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

In Turkey, the corporation tax rate for the fiscal year 2011 is 20% (2010: 20%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2010: 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).

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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

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

In Hungary, the corporate tax rate is changed from 16% to 20% beginning on 1 September 2006. This additional tax increase is applicable to earnings before tax beginning from the last quarter of the fiscal year 2006 and the increased tax rate was applicable till 2010 since the corporate tax rate is changed to 19% thereafter.

In India, the corporate tax rate in New Delhi and Mumbai are 33,99% and 33,22% respectively for the fiscal year in 2011 and 2010. 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 years ended 31 March 2011 and 31 December 2010 is presented below:

	31 March 2011	31 March 2010
- Current year corporate tax	(2.469.450)	(2.473.648)
- Deferred tax income/ (expense)	(98.183)	861.470
	(2.567.633)	**(1.612.178)**

Deferred Taxes

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

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for Deferred revenue asset and liabilities are 20%, 19%, 33,99%, 33,22% for Turkey, Hungary, India New Delhi and Mumbai respectively.

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Non-deductible financial losses (*)	(21.397.709)	(21.186.799)	-	-
Net deferred tax asset			**-**	**-**
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	34.463.901	34.625.536	(7.067.880)	(7.115.320)
Provision for employment termination benefits	(6.671.953)	(6.423.506)	1.334.391	1.284.701
Provision for investment consultancy expenses	(2.477.280)	(2.937.400)	495.456	587.480
Deferred insurance claim recovery	(2.322.450)	(2.319.000)	464.490	463.800
Provision for unused vacation	(1.286.187)	(1.226.524)	257.237	245.305
Accrued sales commissions	(1.505.480)	(1.629.291)	301.096	325.858
Provision for legal claims	(494.690)	(531.271)	98.938	106.254
Personnel bonus accrual	(324.197)	(756.335)	64.839	151.267
Net deferred tax liability			**(4.051.433)**	**(3.950.655)**

(*) Deferred tax asset is booked where there is a probability that a tax advantage can be gained in future periods. Despite of currency forward contract (Note 27) which has been made to deal with risks related to changes in market value of future forecasted cash flows of CGHH , foreign exchange losses caused by decrease in the value of Hungarian Forint against Euro due to ongoing financial crisis in Hungary and international markets has lead to the probability of inability to utilize carry-forward tax losses of CGHH amounted as of 31 March 2011 to TL 11.815.481 partly or completely in an identifiable period of time. Although there has been no expiry date for the utilization of carry-forward tax losses in the Hungarian Tax System, the Company has not accounted for deferred tax asset amounted as of 31 March 2011 to TL 1.713.244 (31 December 2010: TL : 1.923.576). In addition, the Celebi Nas has not booked deferred tax amounted to TL 1.382.865 (31 December 2010: TL 1.389.931) to its financial statements as of 31 March 2011 which is arisen from the carry forward losses amounted to TL 4.068.446 (31 December 2010: TL 4.089.236) due to the probability of inability to utilize carry-forward tax losses. Furthermore, the Celebi GH Delhi has not booked deferred tax amounted to TL 1.831.540 (31 December 2010: TL 1.272.735) to its financial statements as of 31 March 2011 which is arisen from the carry forward losses amounted to TL 5.513.782 (31 December 2010: TL 4.089.236) due to the probability of inability to utilize carry-forward tax losses.

Deferred tax movement table is as below:

	2011	2010
1 January	**(3.950.655)**	**(3.617.312)**
Foreign currency translation difference	(2.595)	11.769
Current period deferred tax income / (expense)	(98.183)	861.470
31 March	**(4.051.433)**	**(2.744.073)**

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:

	31 March 2011	31 March 2010
Net loss attributable to the equity holders of the parent	**(4.896.058)**	**(3.363.052)**
Weighted average number of shares with 1 Kr face value each	2.430.000.000	2.430.000.000
Earnings per share (Kr)	**(0,002)**	**(0,001)**

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

Due from related parties	31 March 2011	31 December 2010
Çelebi Bandırma Uluslararası Limanı İşletmeciliği A.Ş. ("Çelebi Bandırma")	100.990	80.677
Other	94.588	24.432
	195.578	**105.109**

Due from Joint-ventures	31 March 2011	31 December 2010
Çelebi IC Yatırım(*)	-	1.813.150
Celebi Nas (**)	408.758	2.808
	408.758	**1.815.958**
Due from related parties	**604.336**	**1.921.067**

(*) As of 31 December 2010, related amount consists of receivables due to the decrease in capital of Çelebi IC Yatırım.

(**) As of 31 March 2011, related amount consists of advances given to Celebi Nas, the Joint-Venture of the Company. The relevant amount consists of the expenses made by Çelebi Hava on behalf of Celebi Nas and fixed asset sales to Celebi Nas.

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Due to related parties

	31 March 2011	31 December 2010
Çelebi Havacılık Holding A.Ş. ("ÇHH")	2.854.089	2.158.502
Çe-Tur Çelebi Turizm Ticaret A.Ş. ("Çe-Tur")	336.166	338.507
Other	2.082	-
	3.192.337	**2.497.009**

ii) Transactions with related parties

	31 March 2011	31 March 2010
Miscellaneous sales to related parties		
Çelebi Bandırma	266.500	-
ÇHH	118.814	47.690
Çelebi Marina ve Yat İşletmeciliği A.Ş.	68.656	60.909
Ortadoğu Antalya (*)	-	145.686
Other	25.405	137.243
	479.375	**391.528**
Miscellaneous sales to Joint-ventures		
Çelebi Nas	**293.771**	**71.317**
Employee and transportation expenses payable to related parties		
Çe-Tur	**568.792**	**693.990**
Contribution to holding expenses (**)		
ÇHH	**5.405.758**	**2.614.801**
Interest received from related parties		
ÇHH	119	116.384
Celebi Nas	-	37.142
	119	**153.526**
Other purchases from related parties (***)		
ÇHH	847.278	351.424
Çe-Tur	322.903	667.801
Other	30.219	82.373
	1.200.400	**1.101.598**

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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

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

(***) 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 March 2011 and 31 December 2010 are as below:

31 March 2011	Euro	USD	Indian Rupee	Hungarian Forint	TL
ÇHH	-	-	-	-	21.142.500
CGHH (**)	15.931.540	-	-	700.000.000	-
Celebi Nas (*)	-	-	61.200.000	-	-
Celebi Delhi Cargo (***)	-	-	2.382.800.000	-	-
Celebi Delhi GH (****)	-	-	1.251.768.600	-	-
Celebi Cargo GmbH(*****)	4.000.000	-	-	-	-

31 December 2010	Euro	USD	Indian Rupee	Hungarian Forint	TL
ÇHH	-	-	-	-	21.142.500
CGHH (**)	16.028.960	-	-	700.000.000	-
Celebi Nas (*)	-	-	61.200.000	-	-
Celebi Delhi Cargo (***)	-	-	2.382.800.000	-	-
Celebi Delhi GH (****)	-	-	1.251.768.600	-	-
Celebi Cargo GmbH (*****)	4.000.000	-	-	-	-

(*) 15,3% shares of the Company in Celebi Nas, Joint-Venture of the Company, have been pledged in favor of the relevant bank for the financial obligations stipulated by the agreements, signed by the Celebi Nas and a bank, resident in India, comprise INR 640.000.000 as cash credit and INR 130.000.000 as non-cash credit for the long-term project finance and INR100.000.000 as cash working capital credit.

(**) CCGH signed an agreement for a project financing borrowing amounting to EUR 28.600.000 and the Group gave a guarantee for 70% of these borrowings and 70% of shares of the Company has putted in pledge in favor of related banks. The unpaid amount of aforementioned borrowing as of 31 March 2011 is EUR 22.579.343 (31 December 2010: EUR 22.898.514).

(***) Celebi Delhi Cargo signed an agreement for bridge loan amounting to INR1.250.000.000 and the Company gave a guarantee for full amount of borrowings to related banks. Also since the bridge loan which signed between Celebi Delhi Cargo, a subsidiary of the Company and a bank resident in India, amounting to INR 1.250.000.000 , was transformed into a long-term cash project loan amounting to INR1.850.000.000 has not been used yet, The Company gave corporate guarantee for full amount of the loan to fulfill the financial obligations stipulated in the agreements with relevant banks and all of the 74% shares of the Company (INR 532.000.000) in Celebi Delhi Cargo have been pledged in favor of these banks.

(****) The company has given guarantees for liabilities arised from the borrowing agreement signed for financing of long term projects with resident banks in India, which is amounted to INR750.000.000 as cash, and amounted to INR 500.000.000 as non-cash, the company will pledge the shares which is corresponding to 23,9% of the total shares of company in Celebi GH Delhi with 74% in favor of related banks.

(*****) For borrowing agreements which are EUR 4.000.000 amounted, between Celebi Cargo GmbH and some banks in Germany, Celebi Cargo GmbH has given guarantees and deposits as same amount as the borrowing amount.

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Key management compensation:

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

	31 March 2011	31 March 2010
Short-term benefits	2.033.159	1.603.462
Post-employment benefits	228.067	-
	2.261.226	**1.603.462**

NOTE 27 - DERIVATIVE FINANCIAL INSTRUMENTS

Long-term derivative financial instruments	31 March 2011	31 December 2010
Interest rate swap	2.622.159	3.260.698
Forward currency exchange contracts	302.005	1.295.094
	2.924.164	**4.555.792**

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

	1 January 2011	Gain (*)	Loss (*)	Foreign currency translation difference	31 March 2011
Interest rate swap	(3.260.698)	968.876	-	(330.337)	(2.622.159)
Forward currency exchange contracts	(1.295.094)	1.097.532	-	(104.443)	(302.005)
	(4.555.792)	**2.066.408**	-	**(434.780)**	**(2.924.164)**

(*) Net financial gain recorded in the period according to these agreements amounts to TL 2.066.408 (31 March 2010: TL 559.701) (Note 22-23).

a) Interest rate swap

Within the framework of the project finance agreement entered into with the banks, CGHH has entered into a interest rate swap (Knock In Radial Swap) corresponding to the amount used for the project amounting to EUR 28.600.000 in order to hedge interest rate risk. Interest rate swap has been made under the conditions mentioned below and the related amount will decrease in line with the payments of project borrowing. As of 31 March 2011, the paid amount of aforementioned borrowing is EUR 6.020.657 (Unpaid amount: EUR 22.579.343).

NOTE 27 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The actual interest rate for CGHH is 4% as long as Euribor per six months realized below 5,40%. In situations where Euribor realized equals to or greater than 5,40%, a formula will be effective for each remaining maturity dates and a distinct ratio will be calculated for each remaining period.

b) Forward currency exchange contracts

Within the framework of the project finance agreement entered into with the related bank, CGHH has entered into a risk reversal option transaction corresponding to the amount used for the project amounting to EUR 28.600.000 in order to hedge foreign exchange risk. Taking into consideration the cash flow projection presented to the Bank, the Company has made a commitment to sell Euros and to buy Hungarian Forint each month until 31 December 2011. The paid amount of aforementioned borrowing is amounted to EUR 6.020.657. The unpaid amount of borrowing is amounted to EUR 22.579.343.

Details of the terms and conditions of related contract are as follows for the year 2011:

Year	Sales price (Hungarian Forint/ Euro)	Purchase price (Hungarian Forint/ Euro)	Amount Euro
1 year	236	281	12.577.000
			12.577.000

According to agreement signed by the subsidiary of the Company, CCGH, for the project financing borrowing amounting to EUR28.600.000 and 70% of shares of the Company has putted in pledge in favor of related banks.

NOTE 28 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

NOTE 28 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

	31 March 2011	31 December 2010
Fixed interest rate financial instruments		
Financial assets		
- *Cash and cash equivalents*	27.976.629	31.765.460
Financial liabilities	34.861.762	27.849.927
Floating interest rate financial instruments		
Financial liabilities	146.180.757	130.075.630
Derivative financial instruments	2.924.164	4.555.792

If interest rates had been 2% higher or lower and all other variables were held constant, interest income generated from these deposits would increase / decrease by TL 5.606 as of 31 March 2011 (31 March 2010: TL 18.852).

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

Credit risk

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

There is no overdue or impaired amount in Group's trade receivables, due from related parties and other receivables as of 31 March 2011 (31 December 2010: None).

Liquidity risk

Cash flow formed by repayment period and amount 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 to TL 148.463.348 as of 31 March 2011 (31 December 2010: TL 129.425.555) (Note 7).

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

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

31 March 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	**181.181.493**	**204.030.775**	**4.881.793**	**29.950.784**	**148.607.765**	**20.590.433**
Trade payables						
- Related party	3.192.337	3.192.337	3.192.337	-	-	-
- Other	20.060.831	20.060.831	20.060.831	-	-	-
Other liabilities	5.108.161	5.108.161	152.652	3.887.549	1.067.960	-

31 December 2010	Carrying value	Total contractual cash outflow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non derivative financial liabilities						
Financial liabilities	**158.091.634**	**183.341.777**	**1.312.271**	**31.325.262**	**121.563.550**	**29.140.694**
Trade payables						
- Related party	2.497.009	2.497.009	2.497.009	-	-	-
- Other	15.960.633	15.960.633	15.960.633	-	-	-
Other liabilities	8.470.170	8.470.170	142.864	7.350.277	977.029	-

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

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, USD and INR.

As of 31 March 2011, all other variables held constant, if the TL had been appreciated/depreciated 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 352.775 (31 December 2010: TL 892.470).

As of 31 March 2011, all other variables held constant, if the TL had been appreciated/depreciated 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 8.321.229 (31 December 2010: TL 7.011.577).

As of 31 March 2011, all other variables held constant, if the TL had been appreciated/depreciated 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 2.681.656 (31 December 2010: TL 1.364.849).

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

	31 March 2011	31 December 2010
Assets denominated in foreign currency	110.299.287	114.490.907
Liabilities denominated in foreign currency (-)	(215.504.715)	(196.431.617)
Net balance sheet position	**(105.205.428)**	**(81.940.710)**
Net foreign currency position of- derivative financial instruments (*)	-	-
Net foreign currency position	**(105.205.428)**	**(81.940.710)**

(*) Currency forward contract described in Note 27 has been made to deal with risks related to changes in market value of future forecasted cash flows of the Group in accordance with IAS 39.

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

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

31 March 2011	USD	Euro	Indian Rupee	Other currencies	Total TL
Assets:					
Cash and cash equivalents	9.672.705	20.457.953	21.065.075	11.585.866	62.781.599
Trade receivables	709.155	14.453.557	7.962.491	1.711.122	24.836.325
Due from related parties	-	-	408.758	-	408.758
Other	-	948.599	18.845.547	2.478.459	22.272.605
	10.381.860	**35.860.109**	**48.281.871**	**15.775.447**	**110.299.287**
Liabilities:					
Short term financial liabilities	(3.480.424)	(21.510.991)	(5.924.321)	-	(30.915.736)
Long-term financial liabilities	(6.242.482)	(88.063.888)	(54.161.978)	-	(148.468.348)
Derivative financial instruments	-	(2.924.164)	-	-	(2.924.164)
Trade payables	(1.413.864)	(4.529.577)	(2.921.383)	(3.738.916)	(12.603.740)
Due to related parties	-	(37.952)	-	-	(37.952)
Short-term provisions	(2.772.844)	(1.814.509)	(2.396.892)	(373.194)	(7.357.439)
Other	-	(191.315)	(9.693.852)	(3.312.169)	(13.197.336)
	(13.909.614)	**(119.072.396)**	**(75.098.426)**	**(7.424.279)**	**(215.504.715)**
Net balance sheet position	**(3.527.754)**	**(83.212.287)**	**(26.816.555)**	**8.351.168**	**(105.205.428)**

31 December 2010	USD	Euro	Indian Rupee	Other currencies	Total TL
Assets:					
Cash and cash equivalents	9.849.046	22.704.932	30.256.932	9.788.503	72.599.413
Trade receivables	630.123	12.271.448	9.827.238	838.365	23.567.174
Due from related parties	-	-	2.808	-	2.808
Other	36.784	748.143	15.447.573	2.089.012	18.321.512
	10.515.953	**35.724.523**	**55.534.551**	**12.715.880**	**114.490.907**
Liabilities:					
Short term financial liabilities	(3.402.478)	(20.859.076)	(4.404.525)	-	(28.666.079)
Long-term financial liabilities	(6.233.208)	(69.764.011)	(53.428.336)	-	(129.425.555)
Derivative financial instruments	-	(4.555.792)	-	-	(4.555.792)
Trade payables	(1.712.522)	(4.166.080)	(1.029.535)	(1.832.770)	(8.740.907)
Due to related parties	(16.081)	(184.761)	-	-	(200.842)
Short-term provisions	(3.127.030)	(1.124.571)	(4.352.548)	(335.465)	(8.939.614)
Other	-	(839.410)	(12.567.952)	(2.495.466)	(15.902.828)
	(14.491.319)	**(101.493.701)**	**(75.782.896)**	**(4.663.701)**	**(196.431.617)**
Net balance sheet position	**(3.975.366)**	**(65.769.178)**	**(20.248.345)**	**8.052.179**	**(81.940.710)**

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

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

	31 March 2011	31 March 2010
Total export amount	393.271	1.466.795
Total import amount	4.212.972	1.356.213

Capital risk management

The Group manages its capital to ensure that the Group will be able 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 March 2011 and 31 December 2010 is as follows:

	31 March 2011	31 December 2010
Total financial liabilities	181.181.493	158.091.634
Cash and cash equivalents	(68.444.313)	(74.299.694)
Deferred tax liabilities	(4.051.433)	(3.950.655)
Net debt	108.685.747	79.841.285
Equity	126.029.161	128.509.168
Equity +net debt	234.714.908	208.350.453
Net debt / (equity +net debt) ratio	46%	38%

NOTE 29 - FINANCIAL INSTRUMENTS

Fair value estimation

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

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

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

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

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

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

31 March 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available for sale financial assets	26.286	-	-	26.286
Derivative financial instruments	-	-	2.924.164	2.924.164
- Interest rate swap	-		2.622.159	2.622.159
- Forward currency exchange contracts	-		302.005	302.005
Total assets	**26.286**	**-**	**2.924.164**	**2.950.450**

31 December 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available for sale financial assets	26.286	-	-	26.286
Derivative financial instruments	-	-	4.555.792	4.555.792
- Interest rate swap	-	-	3.260.698	3.260.698
- Forward currency exchange contracts	-	-	1.295.094	1.295.094
Total assets	**26.286**	**-**	**4.555.792**	**4.582.078**

NOTE 30 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS

The cargo building of the Company located at Atatürk 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 facility, machinery and equipment of the Company. As of 31 March 2011 some of the owners of the goods have applied to the Company and its insurance company for compensation of their losses and some of them claimed compensation by filing lawsuits against the Company or initiating enforcement proceedings.

Due to the aforementioned fire, a judicial inquiry has been held with the inquiry file 2006/37927 E at the Bakırköy Office of the Directorate of Public Prosecutions, and in accordance with the results of the judicial inquiry criminal prosecution proceedings have been initiated against four DHMI security guards and an Atatürk Airport security guard for responsibility concerning the fire at Bakırköy Third Magistrate Criminal Court Criminal numbered 2006/817 E. The Company has been described as the aggrieved party in the indictment prepared by the Bakırköy Office of the Public Prosecutor. The Company, with all rights related to private law reserved, has submitted a petition to be a participant in the court proceedings for the penalizing of the perpetrators, since it has been described as aggrieved party. Since the reasons and responsibles of fire could not be identified, the court has decided acquittal of the DHMI personnel.

There are legal cases and enforcement proceedings under way amounting to TL 42.128.398: this comprises legal cases and enforcement proceedings amounting to TL 35.549.323 (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 6.579.075 in which the Company is the sole defendant.

The Company has an insurance policy related to the said goods amounting to USD 1.500.000 which has been fully collected as of 31 March 2011 that is planned to be utilised by the Company if 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 the 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.

Albeit the Company, DHMI and the other warehouse management company ("Fund Companies") to the agreement believe that they will not be found responsible for the fire and therefore are not considered legally responsible for the losses, the mentioned fund was established by the party reinsurers in order to settle the possible legal cases and enforcement proceedings amicably in the future. As on the date of the Report, 49 lawsuits amounting to TL 16.813.751 (USD 10.859.492) in which the Fund Companies are a party have been concluded via settlement by payment of TL 4.716.226 (USD 3.046.067) and as part of the fund, the negotiations with the claimants are currently in progress.

NOTE 30 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 12.015.291 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.

As reiterated above, the total insurance protection of the Company is TL 16.626.393 (USD 10.738.483) considering the policy in the amount of TL 2.322.450 (USD 1.500.000) that has been fully collected as of 31 March 2011 which is intended to be consummated in case of being held legally liable and the remaining portion in the amount of TL 14.303.943 (USD 9.283.483) after deduction of payments made as part of the fund that has been formed for the purpose of settlement of the legal claims out of the Company's insurance policy with a coverage of USD 10.000.000.

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 March 2011.

NOTE 31 - SUBSEQUENT EVENTS

a) Celebi Delhi GH, the subsidiary of the Company with 74% stake has participated in a tender issued by Cochin International Airport Limited ("CIAL") to provide ground handling service in Cochin Airport, India for 10 (ten) years period.

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