

# **Çelebi Hava Servisi A.Ş.**

**Consolidated financial statements  
for the period January 1 – 31 December 2012  
and independent auditor's report**

**(Convenience translation of financial statements into English and  
independent auditors report originally issued in Turkish)**

(Convenience translation of a report and financial statements originally issued in Turkish)

**Independent auditors' report on the financial statements  
for the period between January 1 - December 31, 2012**

To the Board of Director of Çelebi Hava Servisi Anonim Şirketi

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

**Management's responsibility for the consolidated financial statements**

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

**Independent Auditor's Responsibility**

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

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

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

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

## Opinion

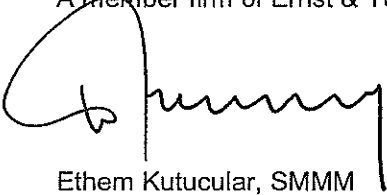
In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Çelebi Hava Servisi A.Ş. as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with financial reporting standards published by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

## Other matters

As explained in Note 28 to the consolidated financial statements, the Cargo building of Çelebi Hava Servisi A.Ş. (the "Company") located in Atatürk Airport Terminal C in which the Company carries out its cargo-warehouse operations was damaged due to a fire broke out on May 24, 2006. The Company granted its approval for utilization of its insurance policy amounting to USD 10,000,000 in the fund established by the Company. Consequently, no provision has been accounted for the accompanying consolidated financial statements as of December 31, 2012.

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

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



Ethem Kutucular, SMMM  
Engagement Partner

April 3, 2013  
Istanbul, Turkey

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

**ÇELEBİ HAVA SERVİSİ A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2012**

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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2012

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

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

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

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

**ÇELEBİ HAVA SERVİSİ A.Ş.**

**CONSOLIDATED BALANCE SHEET  
AT 31 DECEMBER 2012**

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

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

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

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

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2012

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

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

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

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

**ÇELEBİ HAVA SERVİSİ A.Ş.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2012**

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

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

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



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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**ÇELEBİ HAVA SERVİSİ A.Ş.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2012**

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

	Notes	Capital	Restricted reserves	Cumulative translation differences	Additional Contribution to equity related to share purchase	Retained Earnings	Net profit for the year	Equity attributable to holders of the parent	Non-controlling interest	Total equity
<b>Balances at 1 January 2011</b>	17	24.300.000	22.962.009	3.564.945	(545.407)	33.999.851	19.083.241	103.364.639	13.437.837	116.802.476
Transfers to retained earnings		-	-	-	-	19.083.241	(19.083.241)	-	-	-
Increase in non-controlling interest due to consolidation		-	-	-	-	-	-	-	-	-
of subsidiary		-	-	-	-	-	-	-	-	-
Transfers to reserves	17	-	3.611.447	-	-	(3.611.447)	-	-	3.568	3.568
Dividends paid		-	-	-	-	(37.329.460)	-	(37.329.460)	-	(37.329.460)
Transactions related to non-controlling interests		-	-	-	(33.751.667)	(1.317.387)	-	(35.069.054)	1.357.034	(33.712.020)
Total comprehensive income		-	-	815.102	-	-	7.623.634	8.438.736	(3.721.078)	4.717.658
<b>Balances at 31 December 2011</b>		24.300.000	26.573.456	4.380.047	(34.297.074)	10.824.798	7.623.634	39.404.861	11.077.361	50.482.222
<b>Balances at 01 January 2012</b>	17	24.300.000	26.573.456	4.380.047	(34.297.074)	10.824.798	7.623.634	39.404.861	11.077.361	50.482.222
Transfers to retained earnings		-	-	-	34.297.074	(26.673.440)	(7.623.634)	-	-	-
Transactions with minority		-	-	-	-	(1.294.709)	-	(1.294.709)	1.294.709	-
Total comprehensive income	17	-	-	(3.238.835)	-	-	21.103.781	17.864.946	(4.273.012)	13.591.934
<b>Balances at 31 December 2012</b>		24.300.000	26.573.456	1.141.212	-	(17.143.351)	21.103.781	55.975.098	8.099.058	64.074.156

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

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

**ÇELEBİ HAVA SERVİSİ A.Ş.**

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

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

	Notes	31 December 2012	31 December 2011
<b>Cash flow provided from operating activities</b>			
Income before tax		25.723.644	9.440.661
<b>Adjustments to reconcile income before tax to net cash provided by operating activities:</b>			
Depreciation and amortization	11, 12	35.556.764	32.970.431
Impairment due to current fixed asset	11	-	(1.981.778)
Provision for employment termination benefits	15	5.928.481	3.790.522
Provision for unused vacation, net	14	3.249.907	597.602
Provision for sales commissions	14	3.534.560	1.874.395
Provision for cargo subcontractor commission	14	1.717.560	821.590
Expense accrual for DHMI	14	19.822.040	24.304.019
Provision for litigation	14	582.351	231.664
Other provisions	14	18.664.447	7.596.230
Provision for doubtful receivables	8	442.584	386.687
Changes in derivative financial instruments		-	(4.555.792)
Interest income	22	(3.249.937)	(3.255.884)
Interest expense	23	25.403.373	18.213.631
Gains / (Losses) from sales of property plant and equipment,	21	(552.257)	(1.072.793)
Unrecognized foreign exchange differences (income) / expense		171.547	5.307.904
Net Profit / (Loss) belonging to minority		(3.489.500)	(3.975.877)
Capital increase in subsidiaries due to consolidation of subsidiary		-	3.567
<b>Cash flow provided before changes in assets and liabilities</b>		<b>133.505.564</b>	<b>90.696.779</b>
Trade receivables		(11.789.324)	(8.590.509)
Due from related parties		(7.796.888)	1.102.170
Inventories		(1.911.657)	(1.887.536)
Income taxes paid	24	(10.152.187)	(14.292.519)
Other receivables		(2.381.353)	(5.669.171)
Other current assets		30.229.353	(37.452.529)
Other non-current assets		(6.463.536)	(31.699.420)
Trade payables		(1.596.432)	2.002.474
Due to related parties		(14.954.537)	15.294.408
Other payables		1.700.519	(5.086.825)
Other current liabilities		(22.829.257)	44.355.384
Other non-current liabilities		7.723.489	(48.656.598)
Other non-current debt provisions	8	82.229	633.869
Employment termination benefits paid	15	(5.661.181)	(3.398.921)
Vacation benefits paid	14	(306.267)	(237.194)
DHMI Expense accrual paid	14	(19.598.024)	(22.213.440)
Sales commission's provisions paid	14	(3.734.009)	(1.838.883)
Litigation provisions paid	14	(296.692)	(218.469)
Investment consultancy expenses paid	14	(1.077.180)	(996.420)
Cargo subcontractor commission provision paid	14	(769.440)	(1.080.116)
Other compensations paid	14	(18.995.087)	(4.981.141)
<b>Net cash (used in) / generated from operating activities</b>		<b>39.571.934</b>	<b>(35.249.806)</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment	11	(35.370.122)	(29.967.679)
Purchases of intangible assets	12	(9.630.399)	(9.344.587)
Interest received		3.286.355	3.253.088
Purchases of financial assets / goodwill, net		(2.327.377)	(1.509.819)
Proceeds from sale of property, plant and equipment		1.324.471	2.504.247
<b>Net cash generated from investing activities</b>		<b>(42.717.072)</b>	<b>(35.064.750)</b>
<b>Financing activities</b>			
Change in borrowings		(37.782.047)	169.020.207
Change in short-term finance lease obligations, net		1.211.879	1.163.560
Change in long-term finance lease obligations		(393.218)	7.467.605
Dividends paid		-	(37.329.460)
Interest paid		(24.486.065)	(17.779.997)
Changes in equity due to purchase		-	(33.714.703)
<b>Net cash (used in) / generated from financing activities</b>		<b>(61.449.451)</b>	<b>88.827.212</b>
Cumulative translation adjustment		11.927.766	6.597.612
Decrease / (Increase) in restricted cash and cash equivalents		16.458.554	(23.071.912)
Net (decrease)/ increase in cash and cash equivalents		(36.208.269)	2,038,356
Cash and cash equivalents at the beginning of the period	5	68.727.345	66.688.989
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>32.519.076</b>	<b>68,727,345</b>

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**ÇELEBİ HAVA SERVİSİ A.Ş.**

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

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

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**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP**

Çelebi Hava Servisi A.Ş. (collectively referred to as the "Company" or "Çelebi Hava") established in 1958 was the first private ground handling service company in the Turkish aviation sector. The company is continuing its operations under Çelebi Holding. The Company provides ground handling services (representation, traffic, ramp, cargo, flight operations and aircraft maintenance etc) and fuel supplies to domestic and foreign airlines and private cargo companies. The Company operates in Istanbul Ataturk, Izmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Corlu, Bursa Yenisehir, Diyarbakir, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta, Erzincan, Çanakkale and Balıkesir Edremit airports, which are under the control of the State Airports Administration ("DHMP") and Istanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. ("HEAS"). The company is controlled by Çelebi Havacılık Holding A.Ş., the parent company and Çelebioğlu Family.

The company is registered in Capital Markets Board "CMB" and has been listed in Istanbul Stock Exchange "ISE" since 18 November 1996.

The address of the Company is as follows:

Anel Is Merkezi Saray Mahallesi Site Yolu Sokak No: 5 Kat: 9  
34768 Umraniye / Istanbul

The Company has consolidated Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. in Liquidation ("Çelebi IC Yatırım") with 49,99% of shares using the joint-venture consolidation method as of 31 December 2012. The other main shareholder of Çelebi IC Yatırım is İctas İnşaat Sanayi ve Ticaret A.Ş. with 49,99% of shares. The capital of Çelebi IC Yatırım has been decreased from TL 44.004.280 to TL 50.000 according to the general assembly resolution dated 22 July 2010.

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

The Company has also participated in a tender offer as of 7 August 2006 called by the Budapest Airport Budapest Ferihegy Nemzetközi Repülőtér Üzemeltető Zártkörűen Működő Részvénytársaság ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi és Szolgáltatató Korlátolt Felelősségű Társaság ("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 Çelebi Tanácsadó Korlátolt Felelősségű Társaság ("Celebi Kft") company that was founded on 22 September 2006 as founding shareholder for the realization of the abovementioned share transfer. Celebi Kft acquired all the shares of BAGH on 26 October 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Foldi Kiszolgáltató Korlátolt Felelősségű Társaság ("CGHH"). Celebi Kft has been taken over by CGHH with all assets and liabilities and merger transactions have been completed at 31 October 2007 after the completion of the registration, related changes in Articles of Association and General Assembly decisions carried out within the legal framework effective in Hungary. Since Celebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital.

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**ÇELEBİ HAVA SERVİSİ A.Ş.**

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

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

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

As of 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding A.Ş. for TL 33.712.020. As a result shareholding percentage of the Company has increased to 100% and CGHH was fully consolidated to the financial statements and this transaction was accounted for as an equity transaction disclosed as "Additional contribution to shareholders equity related to share purchase" on the consolidated financial statements. As of December 31 2012, total paid in capital of CGHH is 200.000.000 HUF.

Within the framework of the tender relating to provide ground handling services for 10 years period in Mumbai Chhatrapati Shivaji International Airport in India which resulted in favor of the consortium in which the Company takes part, a joint venture company has been established on 12 December 2008 with a capital of 100.000.000 Indian Rupee and the title of "Celebi Nas Airport Services India Private Limited ("Celebi Nas") resident in Maharashtra, Mumbai India to provide ground handling services. The Company, as co-founder, has a 55% stake in Celebi Nas and the capital of the company is amounting to INR 552.000.000 Also 228.000.000 Indian Rupee has been paid as capital advance which has been registered by Celebi Nas' partners yet.

The Company participated as a co-founders in the company with capital of INR 100.000 under the title Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo") to carry out activities relating to the development, modernization and 25-year operation of the existing cargo terminal in the airport ("Brownfield") in New Delhi in India on 6 May 2009, and its capital share in Celebi Delhi Cargo is 74%.The paid capital of the Celebi Delhi Cargo is amounting to INR 720.000.000.

The equity needed to meet financial requirement of the investments planned and the fulfillment of the requirements arising from the Concession Agreement signed by Celebi Ground Handling Delhi Private Limited ("Celebi GH Delhi"), established in 18 November 2009, with a paid-in capital amounting to INR14.200.000 and in which the Company participated at 74%, with the tender authority upon winning the tender opened for the conduct of airport ground handling services in Delhi International Airport for 10 years, was met through a premium capital increase according to the legal legislation in India by paying INR 911.088.000 and the Company has a 74% stake in Celebi GH Delhi.

The Company participated 16,67% of company Delhi Aviation Services Private Limited ("DASPL") with capital of INR 250.000.000 under the title Celebi GH Delhi to carry out activities relating to the development, modernization and standardization to the international standards of air-conditioning, power generators and water system on passenger bridges on the airport.

As of 25 March 2010, the Company participated 100% of a company that was established in Madrid, Spain under the title "Celebi Ground Handling Europe" ("Celebi Spain") with the capital of EUR 10.000 as a founding partner for the purpose of investing business in foreign countries, especially those in the European Union such as Troy Airport Services located in Poland of which the company owns %100 Shares but Celebi Europe has not started its operations yet.

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

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

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

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

These consolidated financial statements for the period 1 January – 31 December 2012 have been approved for issue by the Board of Directors on 03 April 2013 and signed by Koray Özbay (General Manager) and Ayfer Atlı (Financial Affairs Director) on behalf of Board of Directors. The shareholders of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

Subsidiaries:

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

<u>Subsidiary</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>
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 Spain	Spain	Spain	Ground handling services (inactive)
Çelebi Kargo	Turkey	Turkey	Warehouse and cargo services
Celebi Cargo GmbH	Germany	Germany	Warehouse and cargo services

Joint ventures:

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

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

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

Affiliates:

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

<u>Affiliates</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>
DASPL	India	India	Ground handling services

**2.1. Basis of the Presentation**

**2.1.1 Financial Reporting Standards**

The consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting principles published by the CMB, namely "CMB Financial Reporting Standards". CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with Communiqué No. XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union ("EU"). Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Public Oversight of the Accounting and Auditing Standards Board (formerly Turkish Accounting Standards Board), IAS/IFRS shall be applied. According to the Communiqué, entities shall prepare their financial statements with the International Financial Reporting Standards ("IAS / IFRS") endorsed by the Audit Company. However, the IAS / IFRS issued by the International Accounting Standards Board ("IASB") will be used until the Accounting and Auditing Standards of the Public Oversight Board (formerly the Accounting Standards Board of Turkey) declared IAS/IFRS in Turkey.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these interim consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS.

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

The consolidated financial statements are prepared on the historical cost basis.

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

<b>Company</b>	<b>Currency</b>
Çelebi Güvenlik	Turkish Lira (TL)
CGHH	Hungarian Forint (HUF)
Celebi Delhi Cargo	Indian Rupee (INR)
Celebi GH Delhi	Indian Rupee (INR)
Celebi Nas	Indian Rupee (INR)
Çelebi Kargo	Turkish Lira (TL)
Celebi Cargo GmbH	Euro (EUR)
Celebi IC Antalya Havalimanı	
Terminal Yatırım ve İşletme A.Ş.	
in Liquidation	Turkish Lira (TL)

**Going Concern**

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

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

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

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

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

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

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

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

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

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

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

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

**Standards issued but not yet effective and not early adopted**

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



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

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

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

**IAS 19 "Employee Benefits (Amendment)"**

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

**IAS 27 "Separate Financial Statements (Amendment)"**

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

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

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

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

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

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

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

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

**IFRS 9 "Financial Instruments – Classification and Measurement"**

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

**IFRS 10 "Consolidated Financial Statements"**

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

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

**IFRS 11 "Joint Arrangements"**

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

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

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

**IFRS 12 "Disclosure of Interests in Other Entities"**

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

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

**IFRS 13 "Fair Value Measurement"**

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

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

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

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

**Improvements to IFRSs**

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

**IAS 1 Financial Statement Presentation:**

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

**IAS 16 Property, Plant and Equipment:**

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

**IAS 32 Financial Instruments - Presentation:**

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

**IAS 34 Interim Financial Reporting:**

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

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

**IFRS 10 "Consolidated Financial Statements (Amendment)"**

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

**2.1.3 Basis of Consolidation**

- a) The consolidated financial statements include the accounts of the parent company. Çelebi Hava, its Subsidiaries and its Joint ventures (collectively referred to as the "Group") on the basis set out in sections (b), to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries and Joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries are companies over which the Group's has capability to control the financial and operating policies for the benefit of the Group, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies. The available or convertible existence of potential voting rights are considered for the assessing whether the Group controls another organization Subsidiaries are consolidated from the date on which the control is transferred to the Group and consolidated by using full consolidation method. Subsidiaries are no longer consolidated from the date that the control ceases. The acquisition of the subsidiaries by the Group is recognized by using purchase method. The acquisition cost includes; the fair value of the assets on the purchase date, equity instruments disposed and the liabilities incurred at the exchange date and costs that directly attributable to the acquisition, The identifiable asset during the merge of the companies is measured by fair value at the purchase date of liabilities and contingent liabilities regardless of the minority shareholders. The Group recognized the goodwill for the exceed portion of the cost of acquisition that the fair value of net identifiable assets acquired. If the acquisition cost is below the fair value of identifiable net asset of subsidiary, the difference is recognized to the comprehensive income statement, Transactions between inter companies the balances and unearned gains arising from transactions between Group companies are eliminated. Unaccrued losses are also subjected to elimination. The accounting policies of subsidiaries are revised in accordance with the Group's policies. The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Group and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between company and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by the Group in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

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

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

<u>Subsidiary</u>	<u>Direct and indirect shareholding by Celebi Hava and its Subsidiaries</u>	
	31 December 2012	31 December 2011
Çelebi Güvenlik	94,8	94,8
CGHH	100,0	100,0
Celebi Delhi Cargo	74,0	74,0
Celebi GH Delhi	74,0	74,0
Celebi Spain (1)	100,0	100,0
Çelebi Kargo	99,9	99,9
Celebi Cargo GmbH	99,9	99,9

- (1) As of 31 December 2012 Celebi Spain has directly and indirectly 100% voting right. However, Celebi Europe has not been consolidated in consolidated financial statements by reason of being immaterial for the consolidated financial statements and the company operations have not started as of 31 December 2012 (Note 6).

- c) The Group categorized the sales and purchase of its subsidiaries' shares transactions as transactions between group shareholders except parent company. Therefore, for the addition share purchase from other than parent company, the Group records the difference between cost of purchase and book value of asset of subsidiary's purchased portion under shareholders' equity. For the share sales to other than parent company, the Group records the income or loss as a result of the difference between sales price and book value of asset of subsidiary's sold portion under shareholders' equity.
- d) Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Çelebi Hava Servisi A.Ş. and one or more other parties. The Group's interest in joint ventures is accounted for by way of proportionate consolidation. According to this method, the Group includes its share of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements.

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

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

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

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

- e) For available for sale financial assets under 20% of voting rights or over 20% of voting rights and that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value.
- f) Unrealized revenue transactions with the joint ventures have been eliminated by the rate of the controlling power of the Group over the Affiliate. Dividends from the shares the Company owns have also been eliminated from the related equity and income statement accounts.

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

**2.2. Summary of Significant Accounting Policies**

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

**2.2.1 Cash and Cash Equivalents**

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

**2.2.2 Revenue**

Revenues are the invoiced values of trading goods sold and services given. Revenues are recognized on an accrual basis at the time the Group sells a product to the customer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of trading goods sold and services given less sales returns, discount and commissions. In cases where the revenue income forecasts has been conducted reliably, the ending reporting period of the process associated with the level of completion are saved taking into consideration of financial tables. Rent income is recorded on an accrual basis, while interest income is recorded on an effective interest yield method basis. Dividend income is recorded as income as of the collection right transfer date.

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

According to the concession agreement signed by Celebi Delhi Cargo and Delhi International Airport Private Limited ("DIAL") on 24 August 2009, 36% of the income, except for income resulting from IFRIC 12, is generated from the operation of the cargo terminal in the airport in New Delhi for 25 years, belongs to DIAL and this amount is indicated in the consolidated financial statements by netting off against the sales income of Celebi Delhi Cargo.

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



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According to concession agreement signed by Celebi GH Delhi and Delhi International Airport Private Limited ("DIAL") on 2 June 2010, comparatively higher amount among 15% of the income which is generated from the airport ground services provided in the airport in New Delhi for 10 years or 12,75% of income based on price ceiling determined by DIAL, belongs to DIAL and this amount is indicated in the consolidated financial statements by netting off against the sales income of Celebi Nas.

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

**2.2.3 Property, plant and equipment**

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

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

	<u>Useful Lives (Years)</u>
Machinery and equipment	3-20
Motor vehicles	5
Furniture and fixtures	2-15
Leasehold improvements	5-15

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

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

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

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

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

**2.2.4 Intangible Assets**

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

*a) Goodwill*

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

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

*b) Commercial Business Licenses (Rights)*

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

*c) Contractual customer relationships*

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

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

*d) Computer software*

Rights arising on computer software are recognized at its acquisition cost. Computer software is amortized on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is between 3-5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

*e) Service Concession Arrangements & Build Operate – Transfer Investment*

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

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

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

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

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

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

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

The amortization of the leasehold improvements related with the construction of the terminal has been conducted using the straight-line method based on the operation period of the terminal.

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

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

*Celebi Delhi Cargo*

An Agreement regarding improvement, modernization, financing and 25 years finite operating rights of the airport located in Delhi city of India has been signed on 24 August 2009. INR 1.200.000.000 deposit had been paid. Additional deposit, amounting to INR 78.148.352 is also paid in the period of 2012.

*Celebi Nas*

Operating rights agreement regarding ground services of airport in Mumbai, India for 11 years had been signed on 14 November 2008. INR 200.000.000 had been paid as deposit. As of 31 December 2012 INR 32.500.000 of the deposit amount had been returned back.

*Celebi GH Delhi*

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

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

**2.2.5 Inventories**

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

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

**2.2.6 Impairment of Assets**

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

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

**2.2.7 Financial Liabilities and Borrowing Costs**

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

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

**2.4.8 Financial Instruments**

***Trade receivables***

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortized cost using the effective interest method (Note 8).

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

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

***Financial assets***

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

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

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

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

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

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

**2.2.9 Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 8).

**2.2.10 Business Combinations and Goodwill**

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with IFRS 3 (Note 13).

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

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

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

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

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

**2.2.10. Business Combinations and Goodwill (Continued)**

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

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

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

**2.2.11 Foreign Currency Transactions**

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

**2.2.12 Earnings Per Share**

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned (Note 25).

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

**2.2.13 Subsequent Events**

The Group adjusts the amounts recognized in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 29).

**2.2.14 Provisions, Contingent Liabilities and Contingent Assets**

The conditions which are required to be met in order to recognize a provision in the consolidated financial statements are those that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (Note 14).



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

**2.2.14 Provisions, Contingent Liabilities and Contingent Assets (Continued)**

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

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

**2.2.15 Leases**

*Financial leases*

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the fair value of the leased asset, net of grants and tax credits receivable, or at the present value of the lease payment, whichever is the lower. Lease payments are treated as comprising capital and interest elements, the capital element is treated as reducing the capitalized obligation under the lease and the interest element is charged as expense to the statement of income. Depreciation on the relevant asset is also charged to the statement of income over its useful life (Note 7).

*Operational leases*

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

**2.2.16 Related Parties**

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

**2.2.17 Segment Reporting**

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

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

**2.2.18 Taxes on Income**

*Current and deferred income tax*

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

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

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

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

**2.2.19 Employee Benefits**

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service.

Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. All actuarial profits and losses are recognized in consolidated statements of income (Note 15).

**2.2.20 Statement of Cash Flows**

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

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

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

**2.2.20 Statement of Cash Flows (Continued)**

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

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

**2.2.21 Dividends**

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

**2.2.22 Paid-in Capital**

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

**2.4.23 Comparative Information**

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

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

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

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

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

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

**2.2.24 Offsetting**

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

**2.2.25 Derivative financial instruments and hedging activities**

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

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

**2.3 Critical Accounting Estimates and Assumptions**

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

**(a) Goodwill impairment tests**

As explained in Note 2.2.6 the Group performs impairment tests on goodwill annually at 31 December or more frequently if events or changes in circumstances indicate that it might be impaired. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. These calculations include certain 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 2012 (Note 13).

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

**(b) *Impairment of intangible assets***

According to the accounting policy stated in Note 2.2.4. the intangible non-current assets are shown with their net value after the deduction of the accumulated depreciation, if any, and the value subtracted from the acquisition costs. As a result of the valuation studies performed at the purchase of 100% of CGHH shares, "Customer Relations" has been considered as an identifiable asset by the Group and shown under the intangible non-current assets. While the terms of the agreements signed by CGHH with its clients are either unlimited or for two to three years, it is seen that the clients continue the agreements for more than two to three years considering the average terms in the sector. The redemption and amortization are determined as seven years according to these estimates; all the important clients of CGHH have continued to work with CGHH since the year it started operations in Budapest and no important level of decrease is expected in the existing market share of CGHH. Thanks to the positive developments in the operations of CGHH, no indicator has been noted relating to whether or not there is a decrease in the registered net book value of the intangible non-current assets which are defined as "Customer Relations" and whose useful life is determined as seven years (Note 12).

**(c) *Provisions***

As explained in Note 2.2.14, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the law suits and court cases opened against it at 31 December 2012 and for the ones where the Group estimates more than 50% probability of losing them necessary provisions are accounted for in the consolidated financial statements (Note 14 and Note 28).

**(d) *Taxes on income***

As explained in Note 2.2.18, a provision is recognized for the current year tax liability based on the period results of the Group at the balance sheet date. Tax legislations in the Group's subsidiaries' and joint ventures' operating countries are subject to different manners of interpretation and subject to be altered frequently. Accordingly, the interpretation of tax implications regarding the operations of subsidiaries and joint ventures in foreign countries by the tax authorities may differ from the interpretation of the management. Consequently, the Group may encounter additional taxes, penalties and interests.

As of 31 December 2012, the Group has evaluated the possibility of any tax exposure that may arise in foreign subsidiaries and joint ventures and has not identified any necessity to recognize a provision.

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

**(e) Unused carry-forward tax losses**

Deferred tax asset is booked where there is a probability that a tax advantage can be gained in future periods.

As of 31 December 2012, since there has been no expiry date for the utilization of carry-forward tax losses in the Hungarian Tax System and CGHH has strength probability of ability to utilize carry-forward tax losses amounting to TL 4.622.514, the Company has accounted for deferred tax asset amounted to TL 670.264.

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

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

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

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

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

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

- i) TL 5.490.831 (31 December 2011: TL 2.772.472) has been provided regarding the estimated future renovation obligations in the consolidated financial statements as at 31 December 2012. The aforementioned provision was amortized by using average rate of 8,04% (31 December 2011: 8,04%).
- ii) Concession rights presented under intangible assets has been determined by including profit margin determined by using the similar construction services on top of the estimated costs of the development and modernization of cargo terminal in accordance with the aforementioned concession agreement. Aforementioned intangible assets has been carried at amortized costs, Profit margin and discount rate is 2% (31 December 2011:2%) and 7,25% (31 December 2011: 7,25%) as at 31 December 2012.

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**NOTE 3 - JOINT VENTURES**

**Shares in Joint Ventures**

Çelebi IC Antalya Havalimani Terminal Yatirim ve Isletme A.Ş. in Liquidation and Celebi Nas as described in Note 2 are the joint venture included in the consolidation by the way of proportionate consolidation. Financial information summary of the joint venture relating to balances included in the consolidated financial statements before the consolidation eliminations is as follows: (As follow balances consist the statement of joint ventures and after consolidation of the Group's ownership is calculated by Celebi Ground Handling is included in the consolidation).

	<b>31 December 2012</b>	<b>31 December 2011</b>
Current assets	5.730.578	7.535.387
Non-current assets	28.900.376	36.420.630
<b>Total assets</b>	<b>34.630.954</b>	<b>43.956.017</b>
Current liabilities	11.298.652	14.784.409
Non-current liabilities	5.093.811	11.616.502
Shareholders' equity	18.238.491	17.555.106
<b>Total liabilities and shareholders' equity</b>	<b>34.630.954</b>	<b>43.956.017</b>
	<b>2012</b>	<b>2011</b>
Revenue - net	23.790.364	24.694.778
Gross profit	4.095.878	4.199.443
Operating profit/ (loss)	1.176.561	2.312.554
Net (loss) / profit for the period	(928.577)	87.186

**NOTE 4 - SEGMENT REPORTING**

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

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

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**NOTE 4 - SEGMENT REPORTING (Continued)**

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

**1 January - 31 December 2012**

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



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NOTE 4 - SEGMENT REPORTING (Continued)

1 January – 31 December 2011

	Reportable Segments				Consolidation Adjustments	Consolidated
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management	Cargo and Warehouse Services		
Revenue - net	330.635.974	2.695.811	-	140.329.562	(908.011)	472.753.336
Cost of sales	(220.169.375)	(2.514.630)	-	(124.190.437)	2.110.800	(344.763.642)
<b>Gross profit</b>	<b>110.466.599</b>	<b>181.181</b>	<b>-</b>	<b>16.139.125</b>	<b>1.202.789</b>	<b>127.989.694</b>
General administrative expenses	(62.661.734)	(990.275)	(16.349)	(19.747.751)	1.240.354	(82.175.755)
Addition: Depreciation and amortization	25.333.514	16.983	-	7.619.934	-	32.970.431
Addition: Operating lease Equalization	312.901	-	-	9.927.018	-	10.239.919
Addition: Effect of IFRIC 12 shares	-	-	-	1.766.939	-	1.766.939
<b>EBITDA</b>	<b>73.451.280</b>	<b>(792.111)</b>	<b>(16.349)</b>	<b>15.705.265</b>	<b>2.443.143</b>	<b>90.791.228</b>

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**NOTE 4 - SEGMENT REPORTING (Continued)**

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

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

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

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

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

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NOTE 4 - SEGMENT REPORTING (Continued)

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

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

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**NOTE 4 - SEGMENT REPORTING (Continued)**

**Geographical Segments**

**Geographical Analysis for the period 1 January - 31 December 2012**

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

**Geographical Analysis for the period 1 January – 31 December 2011**

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	290.689.304	56.269.787	112.442.304	13.736.316	473.137.711	(384.375)	472.753.336
Cost of sales	(185.334.378)	(38.129.930)	(100.992.058)	(21.678.056)	(346.134.422)	1.370.780	(344.763.642)
Gross profit	105.354.926	18.139.857	11.450.246	(7.941.740)	127.003.289	986.405	127.989.694
General administrative expenses	(51.757.685)	(13.166.963)	(12.281.207)	(4.969.900)	(82.175.755)	-	(82.175.755)
Other operating income/ expense - net	1.649.581	184.944	73.883	(7.484)	1.900.924	(1.576.520)	324.404
Operating profit	55.246.822	5.157.838	(757.078)	(12.919.124)	46.728.458	(590.115)	46.138.343

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**NOTE 5 - CASH AND CASH EQUIVALENTS**

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

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

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

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

(\*) The mentioned amount represents the collections from the clients kept in mandatory restricted accounts according to the concession agreements signed for the operation of the terminals in New Delhi Airport in India. (31 December 2011: TL 10.489.085).

**NOTE 6 - FINANCIAL INVESTMENTS**

*Available-for-sale assets:*

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

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

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**NOTE 7 - FINANCIAL LIABILITIES**

*Short-term financial liabilities:*

	31 December 2012	
	Effective interest rate (%)	Original amount
Short-term bank borrowings:		TL
INR borrowings	11,54%-15,75%	129.858.086
		<b>4.247.658</b>

*Other short term financial liabilities:*

Derivative liabilities (*)	124.446
	<b>124.446</b>

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

*Short-term portion of long-term borrowings:*

Interest expense accrual - US Dollar	-	19.954	35.570
Interest expense accrual - INR	-	26.785.784	876.163
Interest expense accrual - Euro	-	980.910	2.306.806
US Dollar borrowings	Libor+3,40%	2.000.000	3.565.200
INR borrowings	11,54%-15,75%	531.098.502	17.372.232
Euro borrowings	Eurobor+3,40%-Eurobor+6,50%	33.282.666	78.270.846
			<b>102.426.817</b>

*Short-term finance lease obligations*

Short-term finance lease obligations -Euro	1.003.480	2.359.885
Short-term finance lease obligations - US Dollar	74.286	132.423

<b>Short-term financial liabilities</b>	<b>109.291.229</b>
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*Long-term financial liabilities:*

INR borrowings	11,54%-15,75%	1.960.728.829	64.135.440
Euro borrowings	Eurobor+3,40%-Eurobor+6,50%	50.864.167	119.617.262
			<b>183.752.702</b>

*Long-term finance lease obligations*

Long-term finance lease obligations - Euro	2.898.317	6.815.971
Long-term finance lease obligations -US Dollar	172.570	307.624

<b>Long-term financial liabilities</b>	<b>190.876.297</b>
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<b>Total financial liabilities</b>	<b>300.167.526</b>
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NOTE 7 - FINANCIAL LIABILITIES (Continued)

*Short-term financial liabilities:*

	31 December 2011		
	Effective interest rate (%)	Original amount	TL
<i>Short-term bank borrowings:</i>			
Euro borrowings	7,85%	3.811.328	9.314.124
INR borrowings	11%-12,90%	1.272.464.734	45.426.991
			54.741.115

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

*Short-term portion of long-term borrowings:*

Interest expense accrual - US Dollar	-	23.185	43.795
Interest expense accrual - Euro	-	821.186	2.006.815
Interest expense accrual - INR	-	4.529.552	161.705
US Dollar borrowings	Libor+ 3,40%	2.000.000	3.777.800
Euro borrowings	10,45%-15,90%	13.532.620	33.071.016
INR borrowings	4,50%-7,50%	283.150.000	10.108.455
			49.169.586

*Short-term financial lease obligations:*

	31 December 2011		TL
	Effective interest rate (%)	Original amount	
Short-term finance lease obligations - Euro		523.950	1.280.429
<b>Short-term financial liabilities</b>			<b>105.191.130</b>

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

*Long-term financial liabilities:*

US Dollar borrowings	Libor+ 3,40%	2.000.000	3.777.800
INR borrowings	10,45%-15,90%	1.845.572.577	65.886.941
Euro borrowings	Euro Libor+ 6,50%	62.951.518	153.840.920
			<b>223.505.661</b>

*Long-term finance lease obligations :*

Long-term finance lease obligations - Euro	3.075.871	7.516.813
<b>Long-term financial liabilities</b>		<b>231.022.474</b>
<b>Total financial liabilities</b>		<b>336.213.604</b>

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

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

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

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



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**NOTE 7 - FINANCIAL LIABILITIES (Continued)**

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

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

**NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

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

The maturities of trade receivables are generally less than one month (31 December 2011: less than one month). The fair value of current trade receivables as of 31 December 2012 and 2011 equals their carrying amount as the impact of discounting is not significant.

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

Movement of provision for doubtful receivables is as follows:

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

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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)**

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

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

(\*) Including restricted cash

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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)**

31 December 2011	Trade receivables		Other receivables		Bank deposits (*)
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date	782.878	34.884.512	36.019	5.348.745	99.275.813
- <i>Credit risk covered by guarantees</i>	-	1.292.289	-	-	-
Net carrying value of financial assets either are not due or not impaired	197.800	24.918.165	36.019	5.348.745	99.275.813
Net carrying value of financial assets which are overdue but not impaired	585.078	9.966.347	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	1.292.289	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- <i>Overdue (gross carrying value)</i>	-	2.941.074	-	-	-
- <i>Impairment amount (-)</i>	-	(2.941.074)	-	-	-
- <i>Amount of risk covered by guarantees</i>	-	-	-	-	-

(\*)Including restricted cash

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**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:

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

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

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

<b>31 December 2011</b>	<b>Trade receivables</b>	
	<b>Related party</b>	<b>Other</b>
Overdue 1-30 days	101.901	6.546.136
Overdue 1-3 months	105.329	2.726.178
Overdue 3-12 months	377.848	694.033
<b>Amount of risk covered by guarantees</b>	<b>-</b>	<b>1.292.289</b>

**Short-term trade payables**

	<b>31 December 2012</b>	<b>31 December 2011</b>
Trade payables	16.314.649	17.963.107
	<b>16.314.649</b>	<b>17.963.107</b>

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

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

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

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

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

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

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

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Continued)

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

NOTE 10 - INVENTORIES

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

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

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**NOTE 11 - PROPERTY, PLANT AND EQUIPMENT**

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

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

(\*) The land plots where the stations and cargo buildings were constructed by Çelebi Hava Servisi A.Ş. in the airports within which it operates were rented from the DHMI. The station and cargo buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 December 2012 the net book value of these stations was TL 46.171.080. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

(\*\*) Note 2.1.3

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

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

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**NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

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

	Opening 1 January 2011	Additions	Disposals	Transfers	Impairment (**)	Translation differences	Closing 31 December 2011
<b>Cost</b>							
Plant, machinery and equipment	162.520.089	12.069.441	(2.016.093)	12.632.668	-	1.357.483	186.563.588
Motor vehicles	25.387.793	3.299.577	(156.546)	-	-	1.782.907	30.313.731
Furniture and fixtures	15.175.014	2.110.458	(167.526)	292.540	-	19.589	17.430.075
Leasehold improvements (*)	82.694.876	6.551.119	-	3.619.816	(2.808.013)	113.800	90.171.598
Construction in Progress	12.188.524	3.736.589	-	(15.123.379)	-	1.088.234	1.889.968
Advances given	55.181	2.200.495	(38.525)	(1.421.645)	-	(7.396)	788.110
	<b>298.021.477</b>	<b>29.967.679</b>	<b>(2.378.690)</b>	<b>-</b>	<b>(2.808.013)</b>	<b>4.354.617</b>	<b>327.157.070</b>
<b>Accumulated depreciation</b>							
Plant, machinery and equipment	(98.535.302)	(11.146.859)	635.432	-	-	(184.159)	(109.230.888)
Motor vehicles	(13.151.563)	(3.932.368)	137.914	-	-	(640.727)	(17.586.744)
Furniture and fixtures	(12.466.605)	(1.171.804)	135.365	-	-	(59.140)	(13.562.184)
Leasehold improvements (**)	(37.859.724)	(5.479.161)	-	-	826.235	(3.476)	(42.516.126)
	<b>(162.013.194)</b>	<b>(21.730.192)</b>	<b>908.711</b>	<b>-</b>	<b>826.235</b>	<b>(887.502)</b>	<b>(182.895.942)</b>
<b>Net book value</b>	<b>136.008.283</b>						<b>144.261.128</b>

(\*) The land plots where the stations were constructed by Çelebi Hava Servisi A.Ş. in the airports within which it operates were rented from the DHMI. The station buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 December 2011 the net book value of these stations was TL 46.827.454. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortizes these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

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

Depreciation expense for the period ended 31 December 2011 in the amount of TL 18.722.087 and TL 3.008.105 are included in operating expenses and cost of sales. There are net book value TL 9.365.456 worth of financial leasing assets in plant, machinery and equipment as of 31 December 2011.



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**NOTE 12 - INTANGIBLE ASSETS**

	Opening 1 January 2012	Changes in the rate of consolidation (***)	Additions	Transfers	Foreign Currency translation differences	Closing 31 December 2012
<b>Cost</b>						
Rights	9.594.834	-	2.889.237	(3.629)	(26.857)	12.453.585
Customer relations	31.661.370	-	-	-	717.759	32.379.129
Software	6.612.314	6.259	803.283	3.629	20.273	7.445.758
Concession rights (**)	63.235.826	-	3.498.908	-	(5.407.052)	61.327.682
Build-operate-transfer investments (*)	52.021.479	173.645	2.438.971	-	(4.448.779)	50.185.316
	<b>163.125.823</b>	<b>179.904</b>	<b>9.630.399</b>	<b>-</b>	<b>(9.144.656)</b>	<b>163.791.470</b>
<b>Accumulated depreciation</b>						
Rights	(820.949)	-	(829.396)	-	1.569	(1.648.776)
Concession rights (**)	(5.534.069)	-	(2.948.339)	-	556.888	(7.925.520)
Customer relations	(23.449.180)	-	(4.559.509)	-	(597.673)	(28.606.362)
Software	(4.090.729)	(2.696)	(837.258)	-	(10.461)	(4.941.144)
Build-operate-transfer investments	(5.801.733)	(47.359)	(2.697.826)	-	573.339	(7.971.579)
	<b>(39.696.660)</b>	<b>(50.055)</b>	<b>(11.872.328)</b>	<b>-</b>	<b>525.662</b>	<b>(51.093.381)</b>
<b>Net book value</b>	<b>123.429.163</b>					<b>112.698.089</b>

(\*) TL 34.709.370 which is difference between discounted present value of deposit paid with interest rate, 11,46%, and the deposit amounting to INR 1.200.000.000, additionally INR 78.148.352, paid in accordance with the concession agreement on the developments, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport. The deposit amounted to INR 200.000.000 which has paid within the framework of concession agreement signed for handling services at airport in Mumbai for 11 years, and the difference between discounted present value of deposit paid with interest rate 13,41% which is amounted to TL 1.391.575 has been capitalized as Build-Operate-Transfer investment and it will be amortized in 10 year until operations end in mentioned airport. In addition, TL 6.112.791 which is difference between discounted present value of deposit paid with interest rate, 10,82%, and the deposit amounting to INR 400.000.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

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

(\*\*\*) Note 2.1.3)

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

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**NOTE 12 - INTANGIBLE ASSETS (Continued)**

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

	Opening 1 January 2011	Additions	Disposals	Transfers	Foreign Currency translation differences	Closing 31 December 2011
<b>Cost</b>						
Rights	804.497	8.697.343	-	-	92.994	9.594.834
Customer relations	29.428.326	-	-	-	2.233.044	31.661.370
Software	5.881.974	647.244	-	-	83.096	6.612.314
Franchise (**)	61.234.243	-	-	-	2.001.583	63.235.826
Build-operate-transfer investments (*)	50.374.861	-	-	-	1.646.618	52.021.479
	<b>147.723.901</b>	<b>9.344.587</b>	<b>-</b>	<b>-</b>	<b>6.057.335</b>	<b>163.125.823</b>
<b>Accumulated depreciation</b>						
Rights	(547.792)	(263.944)	-	-	(9.213)	(820.949)
Customer relations	(17.591.289)	(4.768.002)	-	-	(1.089.889)	(23.449.180)
Software	(3.314.082)	(755.617)	-	-	(21.030)	(4.090.729)
Franchise (**)	(2.804.356)	(2.665.387)	-	-	(64.326)	(5.534.069)
Build-operate-transfer investments	(2.946.714)	(2.787.289)	-	-	(67.730)	(5.801.733)
	<b>(27.204.233)</b>	<b>(11.240.239)</b>	<b>-</b>	<b>-</b>	<b>(1.252.188)</b>	<b>(39.696.660)</b>
<b>Net book value</b>	<b>120.519.668</b>					<b>123.429.163</b>

(\*) TL 36,996.177 which is difference between discounted present value of deposits paid with interest rate, 11,46%, and the deposit amounting to INR 1.200.000.000, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport.

The deposit amounting to INR 200.000.000 which has paid within the framework of concession agreement signed for handling services at airport in Mumbai for 10 years, and the difference between discounted present value of deposit paid with interest rate 13,41% which is amounted to TL 1.610.145 has been capitalized as Build-Operate-Transfer investment and it will be amortized in 10 year until operations end in mentioned airport. In addition, TL 7.613.423 which is difference between discounted present value of deposits paid with interest rate, 10,82%, and the deposit amounting to INR 400.000.000 paid in accordance with the concession agreement on the development, modernization, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 10 years until operations end in Delhi International Airport.

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

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

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NOTE 13 - GOODWILL

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

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

**Goodwill due to acquisition of CGHH**

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

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

The whole amount of goodwill is related to the acquisition of BAGH Company by Celebi Kft at 26 October 2006. Due to this acquisition, all assets and liabilities of Celebi Kft have been taken over by CGHH. The Group management considers the significant market position of CGHH in Hungary and the energy existed through merger with Celebi Hava as main reasons to create goodwill. Accordingly, the Group management allocated the mentioned goodwill amount over CGHH, by assuming CGHH is solo cash generating unit, Goodwill details relating to the acquisition of CGHH are below:

	2012
1 January	18.551.365
Currency translation adjustment	420.560
<b>Goodwill</b>	<b>18.971.925</b>

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NOTE 13 – GOODWILL (Continued)

*Goodwill Impairment Test*

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

31 December 2012

**Ground handling services - Hungary**

**18.971.925**

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

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

**Discount rate**

**%12,2**

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

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December 2012.

**Goodwill from purchasing 4% shares of Celebi Nas**

The Company has purchased %4 shares of Celebi Nas on 26 January 2012 by paying USD 1.000.000 (TL 1.820.300) from Sovika Aviation Private Limited which has already owned %8 shares of Celebi Nas before, The purchase was recognized in accordance with IFRS 3 "Business Combinations" terms, The goodwill which has been calculated after the purchase as TL 910.723 has also been reflected in consolidated financial statements as of 31 December 2012.

*Goodwill Impairment Test*

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

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NOTE 13 – GOODWILL (Continued)

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

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

<b>Goodwill</b>	<b>910.723</b>
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Group management has evaluated the synergy which will be created by Celebi Nas with Celebi Hava in India as the main reasons of goodwill. By management, Celebi Nas has been evaluated as a single cash-generating unit thus goodwill has been allocated on Celebi Nas.

2012

<b>Ground handling services – India</b>	<b>910.723</b>
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The recoverable value of the aforementioned cash generating unit, has been determined by taking the usage calculations as a basis. For the purposes of carrying out impairment tests, detailed forecasts for the next 5 years have been used which are based on approved annual budgets and strategic projections of the management representing the best estimate of future performance.

The Group management determined the budgeted gross profit margin by taking into consideration for the previous performance of the Company and the market growth expectations, The discount rate used is the before tax discount rate and includes the Company specific risk factors.

As a result of impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December 2012.

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

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

(\*) The provisions consist of service fees that arise from Çelebi Hava's foreign investments which have been made through participations of some tenders in 2009 and 2010.

(\*\*) The provisions consists of the accruals related to the price discounts which are calculated based on the flight numbers and the excess on the tonnages according to the agreements made with the airlines companies

(\*\*\*) The provisions consist of services provided from State Airport Administration (DHMI) such as royalty, heating and ventilation.

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

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

Movements of short term provisions as of 31 December 2012 are as follows:

	Provision for investment consultancy	Provision for unused vacation	Accrued sales commissions	Provision for borrowing commission expense	Provision for electricity	Provision for litigation	Accrued expenses to authorities of airport	Other provisions	Total
<b>1 January 2012</b>	<b>2.455.570</b>	<b>1.669.724</b>	<b>1.830.775</b>	<b>813.162</b>	<b>1.272.693</b>	<b>906.470</b>	<b>410.322</b>	<b>5.052.185</b>	<b>14.410.901</b>
Increase during the year	-	3.249.907	3.534.560	1.717.560	1.432.382	582.351	19.822.040	17.232.065	47.570.865
Payments during the year	(1.077.180)	(306.267)	(3.734.009)	(769.440)	(2.438.515)	(296.692)	(19.598.024)	(16.556.572)	(44.776.699)
Usage during the year	-	(2.398.028)	-	-	-	-	-	-	(2.398.028)
Exchange difference	(130.570)	-	-	(98.150)	(74.710)	(24.348)	(151.190)	(479.174)	(958.142)
<b>31 December 2012</b>	<b>1.247.820</b>	<b>2.215.336</b>	<b>1.631.326</b>	<b>1.663.132</b>	<b>191.850</b>	<b>1.167.781</b>	<b>483.148</b>	<b>5.248.504</b>	<b>13.848.897</b>

	Provision for investment consultancy	Provision for unused vacation	Accrued sales commission	Provision for borrowing commission expense	Provision for electricity	Provision for litigation	Accrued expenses to authorities of airport	Other provisions	Total
<b>1 January 2011</b>	<b>2.937.400</b>	<b>1.302.657</b>	<b>1.795.263</b>	<b>1.035.199</b>	<b>414.840</b>	<b>866.736</b>	<b>33.646</b>	<b>3.200.998</b>	<b>11.586.739</b>
Increase during the year	-	2.642.558	1.874.395	821.590	1.285.884	231.664	24.304.019	6.310.346	37.470.456
Payments during the year	(996.420)	(237.194)	(1.838.883)	(1.080.116)	(432.840)	(218.469)	(22.213.440)	(4.548.301)	(31.565.663)
Usage during the year	-	(2.044.956)	-	-	-	-	-	-	(2.044.956)
Exchange difference	514.590	6.659	-	36.489	4.809	26.539	(1.713.903)	89.142	(1.035.675)
<b>31 December 2011</b>	<b>2.455.570</b>	<b>1.669.724</b>	<b>1.830.775</b>	<b>813.162</b>	<b>1.272.693</b>	<b>906.470</b>	<b>410.322</b>	<b>5.052.185</b>	<b>14.410.901</b>

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

Contingent assets and liabilities of the Group

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

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



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

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

Collaterals, pledges and mortgages given by the Company	Currency	31 December 2012		31 December 2011	
		Amount	TL equivalent	Amount	TL equivalent
<b>A. CPM given on behalf of the Company's legal personality</b>					
	TL	4,275,266	34,189,078	5,480,800	24,558,640
	Euro	1,914,959	4,275,266	1,769,100	5,480,800
	US Dollar	1,910,499	4,503,408	1,910,501	4,323,328
	INR	557,289,747	3,405,656	208,118,957	3,608,745
	Forint	465,000,000	18,228,948	468,000,000	7,429,847
			3,775,800		3,715,920
<b>B. CPM given on behalf of fully consolidated subsidiaries</b>					
	Euro	31,700,000	218,434,689	28,200,000	222,209,688
	US Dollar	6,592,194	74,548,890	6,747,196	68,915,160
	INR	4,039,576,700	11,751,245	3,781,281,494	12,744,779
	Forint	-	132,134,554	700,000,000	134,991,749
			-		5,558,000
<b>C. CPM given for continuation of its economic activities on behalf of third parties</b>					
<b>D. Total amount of other CPM</b>	-	-	17,500,000	-	21,142,500
i. Total amount of CPM given on behalf of the majority shareholder	TL	17,500,000	17,500,000	21,142,500	21,142,500
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C					
iii. Total amount of CPM given on behalf of third parties which are not in scope of C					
			270,123,767		267,910,828

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

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NOTE 15 - EMPLOYEE BENEFITS

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

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

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

Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 31 December 2012 consists of one month's salary limited to a maximum of TL 3.033,98 (31 December 2011: TL 2.731,85) for each year of service.

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

According to regulations in India, the Company is required to pay termination benefits to each employee in its subsidiaries and joint ventures who has completed five year of service, who is called up for military service, who achieves the retirement age, who early retires, or who dies. Total employee termination benefit liability is calculated by 15 days per year of service for the current period ended at 31 December 2012 and the liability is limited to INR 350.000 per employee. Employee termination benefit liability is calculated by estimating the present value of the future probable obligation to the employees of the group in its subsidiaries that are registered in Turkey arising from the retirement of the employees, IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans, Accordingly the following actuarial assumptions were used in the calculation of the total liability:

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

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NOTE 15 - EMPLOYEE BENEFITS (Continued)

The principal assumption is that the liability ceiling for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TL 3.129,25 which is effective from 1 January 2013 (1 January 2012: TL 2.917,27) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

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

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

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

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

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

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NOTE 16 - OTHER ASSETS AND LIABILITIES (Continued)

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

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

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

(\*) The deferred insurance claim recovery amount is comprised of the insurance policy related to the goods of third parties amounting to USD 1.500.000 which has been fully collected as of 31 December 2012 and is planned to be utilized by the Company under the circumstances that the Company is found to be liable for the losses incurred during the fire that broke out in Ataturk Airport ("AHL") Terminal C (Note 28).

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

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NOTE 17 - EQUITY

Share Capital

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

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

Shareholders	31 December 2012		31 December 2011	
	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	1.242.720	5,11	1.242.720	5,11
Other	5.502.447	22,65	5.502.447	22,65
	<b>24.300.000</b>	<b>100,00</b>	<b>24.300.000</b>	<b>100,00</b>

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:

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NOTE 17 - EQUITY (Continued)

In accordance with the CMB Decision No, 02/51 and dated 27 January 2010, concerning allocation basis of profit from operations of 2009, minimum profit distribution will not be applied for the year 2009. (31 December 2011: 20%)

According to the Board's decision and Communiqué No, IV-27 issued by the CMB regarding the allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realized as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from operations are required to distribute the initial amount in cash.

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

In accordance with the Board Decision dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué XI No: 29, In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 26.573.456 as of 31 December 2012 (31 December 2011: TL 26.573.456).

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

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NOTE 17 - EQUITY (Continued)

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

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

NOTE 18 - REVENUE AND COST OF SALES

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

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**NOTE 19 - EXPENSES BY NATURE**

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

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

(\*\*) Those expenses are comprised of spare parts and de-icing.

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

**NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES**

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



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**NOTE 21 - OTHER OPERATING INCOME/EXPENSES**

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

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

**NOTE 22 - FINANCIAL INCOME**

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

**NOTE 23 - FINANCIAL EXPENSES**

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

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NOTE 24 - TAX ASSETS AND LIABILITIES

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

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

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

In Turkey, the corporation tax rate for the fiscal year 2012 is 20% (2011: 20%), Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses), No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilized within the scope of the Income Tax Law transitional article 61).

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

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2011: 20%). Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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

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

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

*Domestic participation exemption:*

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

*Share premiums exemption*

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

*Foreign company participation exemption*

The participation income of corporations participating for at least one continuous year of 10% that does not have their legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) up until the date the income is generated and transferred to Turkey and until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike in their country of legal or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

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

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

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

In India, the corporate tax rate is 32,45% for fiscal year 2011 (2011: 32,45%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses).

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Tax expense for the periods end 31 December 2012 and 2011 is presented below:

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

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

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

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

**Deferred Taxes**

The Group considers the differences arising from different valuation of the financial statements prepared in accordance with CMB regulations in the calculation of deferred tax assets and liabilities. The differences mainly arise due to the different accounting of income and expenses in line with Tax Laws and CMB Accounting Standards in different periods. In accordance with the method of liabilities based on subsequent differences, the rates for deferred revenue asset and liabilities are 20%, 19% or 10%, 32,45% for Turkey, Hungary, India New Delhi and Mumbai respectively.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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

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

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

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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

Deferred tax movement table is as below:

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

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NOTE 25 - EARNINGS PER SHARE

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

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

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

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

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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:

a) Balances with related parties

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

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

**Due from Joint-ventures**

	31 December 2012	31 December 2011
Celebi Nas (*)	-	621.645
Çelebi İC Yatırım	-	36.019
	-	<b>657.664</b>

<b>Due from related parties</b>	<b>8.615.785</b>	<b>818.897</b>
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(\*) As of 31 December 2011, related amount consists of expense reimbursements and fixed asset sales to Celebi Nas, the Joint-Venture of the Company.

The maturities of due from related parties are generally shorter than a month (31 December 2011: shorter than a month). As of 31 December 2012 and 2011, the net book value and the fair value of short term due from related parties are taken equal, since the discounting transaction does not have a material effect.

**Due to related parties**

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

(\*) As of 31 December 2011, TL 14.171.071 of the relevant amount stems from share transfer of CGHH, and the remaining amount is comprised of expense reimbursements of ÇHH regarding legal, financial, human resources, purchases, information technology, etc.



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

ii) Transactions with related parties	2012	2011
Miscellaneous sales to related parties		
ÇHH	417.170	651.777
Çetur	362.631	187.191
Celebi Austria	164.745	-
Çelebi Bandırma Uluslar arası Liman İşletmeciliği A.Ş. (Çelebi Bandırma)	28.726	257.374
Çelebi Marina ve Yat İşletmeciliği A.Ş.	2.698	69.511
Other	20.972	28.667
	<b>966.942</b>	<b>1.194.520</b>

Miscellaneous sales to Joint-ventures

Celebi Nas	-	659.540
	-	<b>659.540</b>

Employee and transportation expenses payable to related parties

Çe-Tur	3.829.328	2.919.665
	<b>3.829.328</b>	<b>2.919.665</b>

Contribution to holding expenses (\*)

ÇHH	<b>28.105.598</b>	<b>26.120.206</b>
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- (\*) 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.

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

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

(\*) Other purchases include vehicle rent, organizational cost and other expenses. Purchases ÇHH that are classified under other purchases from related parties are comprised of expenses directly related to the Company that are business development projects and tenders executed and followed up ÇHH.

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

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

31 December 2011	Euro	US Dollar	INR	Forint	TL	Total TL
ÇHH	-	-	-	-	21.142.500	21.142.500
CGHH (2)	24.200.000	-	-	700.000.000	-	64.697.960
Celebi Nas (1)	-	-	61.200.000	-	-	2.184.840
Celebi Delhi Cargo (3)	-	-	2.467.800.000	-	-	88.100.460
Celebi Delhi GH (4)	-	-	1.252.281.494	-	-	44.706.449
Celebi Cargo GmbH(5)	4.000.000	-	-	-	-	9.775.200

- (1) 16,5% shares of the Company in Celebi Nas, Joint-Venture of the Company, have been pledged in favor of the relevant bank for the financial obligations stipulated by the agreements, signed by the Celebi Nas and a bank, resident in India, comprise INR 387.400.000 as cash credit and INR 50.000.000 as non-cash credit for the long-term project finance and INR100.000.000 as cash working capital credit.
- (2) CCGH signed an agreement for project re-financing of it's outstanding borrowings amounting to EUR 20.000.000 in cash and EUR 2.000.000 non cash, For the mentioned loan, the Group gave a guarantee amounting to EUR 24.200.000, The repayments to the loan balance is EUR 17.000.000 as of 31 December 2012.

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

- (3) Celebi Delhi Cargo signed an agreement for bridge loan amounting to INR1.935.000.000 and the Company gave a guarantee for full amount of borrowings to related banks. The Company gave corporate guarantee for amounting INR 720.000.000 of the loan to 30% the financial obligations stipulated in the agreements with relevant banks and all of the 74% shares of the Company in Celebi Delhi Cargo have been pledged in favor of these banks.
- (4) The company has given guarantees for liabilities arisen from the borrowing agreement signed for financing of long term projects with resident banks in India, which is amounted to INR 750.000.000 as cash, and amounted to INR 600.000.000 as non-cash, the company will pledge the shares amounting to 15.300.000 which is corresponding to 23,9% of the total shares of company.
- (5) For borrowing agreements which are EUR 7.500.000 amounted, between Celebi Cargo GmbH and some banks in Germany, Celebi Cargo GmbH has given guarantees and deposits as same amount as the borrowing amount, The repayments to the loan balance is EUR 7.500.000 as of 31 December 2012.

**Key management compensation:**

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

	2012	2011
Short-term employee benefits	12.153.826	11.342.643
Post-employment benefits	118.072	689.546
	<b>12.271.898</b>	<b>12.032.189</b>

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NOTE 27 - FINANCIAL RISK MANAGEMENT

**Financial risk management**

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

Risk management is carried out under policies approved by the Boards of Directors.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Interest rate positions of the Group at 31 December 2012 and 2011 are as follows:

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

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

Expected re-pricing and maturity dates have not been presented with an additional statement due to agreement maturity dates of financial assets and liabilities excluding borrowings received are in line with the expected re-pricing and maturity dates.

Maturity analysis of the bank borrowing based on re-pricing dates as of 31 December 2012 and 2011 are presented at Note 7.

Credit risk

Credit risk consists of cash and cash equivalents, bank deposits and receivables from customers exposed to credit risk. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk from any individual counterparty (except related parties). (Note 8)

Liquidity risk

Cash flow generated through amount and term of borrowing back payments is managed by considering the amount of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities when necessary and on the other hand sufficient and reliable sources of high quality loans are accessible. The Group has long-term financial liabilities amounted TL 190.876.297 as of 31 December 2012 (31 December 2011: TL 231.022.474) (Note 7).

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**NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)**

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

<b>31 December 2012</b>	<b>Carrying value</b>	<b>Total contractual cash outflow</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>
<b>Non derivative financial liabilities</b>						
<b>Financial liabilities</b>	300.043.080	355.481.285	12.317.581	116.933.913	211.230.751	14.999.040
Trade payables						
- Related party	2.836.880	2.836.880	2.836.880	-	-	-
- Other	16.314.649	17.106.799	17.106.799	-	-	-
Other liabilities	4.998.461	4.998.461	385.387	3.642.598	970.476	-
<b>31 December 2011</b>	<b>Less than Carrying value</b>	<b>cash outflow</b>	<b>3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>
<b>Non derivative financial liabilities</b>						
<b>Financial liabilities</b>	336.213.604	365.711.259	47.052.522	62.645.175	222.665.329	33.348.233
Trade payables						
- Related party	17.791.417	17.791.417	17.791.417	-	-	-
- Other	17.963.107	17.963.107	17.963.107	-	-	-
Other liabilities	2.327.466	3.383.345	264.136	2.063.330	1.055.879	-

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NOTE 27 - 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, US Dollar and INR.

As of 31 December 2012, other things being constant, if the TL was to appreciate/depreciate by 10% against the USD, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 801.049 (31 December 2011: TL 268.909).

As of 31 December 2012, other things being constant, if the TL was to appreciate/depreciate by 10% against the Euro, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 15.239.620 (31 December 2011: TL 14.673.935).

As of 31 December 2012, other things being constant, if the TL was to appreciate/depreciate by 10% against the INR, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease net income by TL 8.030.134 (31 December 2011: TL 5.279.611).

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

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

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**NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

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

<b>31 December 2012</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Indian Rupee</b>	<b>Other Currencies</b>	<b>Total TL</b>
<b>Assets:</b>					
Cash and cash equivalents	6.463.880	13.075.829	15.990.107	3.349.546	38.879.362
Trade receivables	1.826.917	24.128.746	10.117.107	1.345.680	37.418.450
Due from related parties	26.988	8.588.797	-	-	8.615.785
Other	-	20.443.232	35.458.772	1.294.482	57.196.486
	<b>8.317.785</b>	<b>66.236.604</b>	<b>61.565.986</b>	<b>5.989.708</b>	<b>142.110.083</b>
<b>Liabilities:</b>					
Short term financial liabilities	(3.865.920)	(82.712.454)	(22.363.325)	(225.084)	(109.166.783)
Long term financial liabilities	(7.474.686)	(126.433.233)	(56.968.378)	-	(190.876.297)
Trade payables	(1.012.466)	(5.459.514)	(1.448.556)	(2.275.184)	(10.195.720)
Due to related parties	-	(36.212)	-	-	(36.212)
Short-term provisions	(1.301.298)	(2.140.512)	(6.963.108)	(977.892)	(11.382.810)
Other	(2.673.900)	(1.850.878)	(54.123.955)	(4.164.398)	(62.813.131)
	<b>(16.328.270)</b>	<b>(218.632.803)</b>	<b>(141.867.322)</b>	<b>(7.642.558)</b>	<b>(384.470.953)</b>
<b>Net balance sheet position</b>	<b>(8.010.485)</b>	<b>(152.396.199)</b>	<b>(80.301.336)</b>	<b>(1.652.850)</b>	<b>(242.360.870)</b>
<b>31 December 2011</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Indian Rupee</b>	<b>Other Currencies</b>	<b>Total TL</b>
<b>Assets:</b>					
Cash and cash equivalents	6.706.296	46.694.591	35.102.043	8.587.606	97.090.536
Trade receivables	951.314	20.309.457	7.837.427	1.343.772	30.441.970
Due from related parties	-	621.645	87.172	-	708.817
Other	52.149	697.810	42.159.453	2.253.784	45.163.196
	<b>7.709.759</b>	<b>68.323.503</b>	<b>85.186.095</b>	<b>12.185.162</b>	<b>173.404.519</b>
<b>Liabilities:</b>					
Short term financial liabilities	(3.821.595)	(45.672.384)	(55.697.152)	-	(105.191.131)
Long term financial liabilities	(3.777.800)	(161.357.733)	(65.886.941)	-	(231.022.474)
Trade payables	(2.378.656)	(4.921.284)	(2.515.881)	(1.804.289)	(11.620.110)
Due to related parties	(337.548)	(833.667)	(2.847.485)	-	(4.018.700)
Short-term provisions	(83.245)	(1.877.092)	(6.176.970)	-	(8.137.307)
Other	-	(400.692)	(4.857.780)	(2.922.737)	(8.181.209)
	<b>(10.398.844)</b>	<b>(215.062.852)</b>	<b>(137.982.209)</b>	<b>(4.727.026)</b>	<b>(368.170.931)</b>
<b>Net balance sheet position</b>	<b>(2.689.085)</b>	<b>(146.739.349)</b>	<b>(52.796.114)</b>	<b>7.458.136</b>	<b>(194.766.412)</b>

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NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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

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

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The shareholders' of the Company, in order to maintain or modify capital structure, can change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and sell assets to decrease financing needs consistent with the regulations of the CMB.

Consistent with others in the industry, the Group monitors capital on the basis of the debt / equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents and deferred tax liability. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The ratio of net debt/ (equity +net debt) at 31 December 2012 and 2011 is as follows:

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

(\*) Note 16

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



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**NOTE 28 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF  
UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL  
STATEMENTS**

The cargo building of the Company located at Ataturk Airport ("AHL") Terminal C in which the Company carries out cargo - warehouse operations was damaged by a fire that broke out on 24 May 2006.

As a result of the fire, goods belonging to third parties were also damaged in addition to the damage to property, plant and equipment and leasehold improvements of the Company. As of 31 December 2012 some of the owners of the goods have applied to the Company and its insurance company for compensation of their losses by filing lawsuits against the Company and via enforcement proceedings.

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

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

In this context, the company management deems it likely that all the exposed legal claims of the Fund Companies can be eliminated through settlement in the context of the fund as a result of the ongoing negotiations. On the other hand and leaving aside the ongoing negotiations for settlement, the maximum limit which the Company may be held liable under the existing lawsuits and actions taken is approximately TL 7.627.411 despite being a remote probability bearing in mind the internationally established legal rules regarding the air transportation and so on since the same has a limited liability against the cargo owners based on the limitation of the liability regulated under the international conventions given the legal nature of the contractual liability that may be assumed due to the agreement executed with the carriers.

The Company has an insurance policy related to the goods of third parties amounting to USD 1.500.000 which has been fully collected as of 31 December 2012 and is planned to be utilized by the Company under the circumstances that the Company is held legally liable for the losses incurred during the fire.

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NOTE 28 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the purpose of compensating legal claims related to the fire that broke out on 24 May 2006, the company management has decided to use another insurance policy amounting to USD 10.000.000 in a special fund created in conjunction with the DHMI and other warehouse management company in accordance with the Sharing Agreement signed with same parties. The Sharing Agreement mentioned was established in order to deal with the consequences of legal cases and enforcement proceedings in which the Company is a co-defendant along with the DHMI and other warehouse management company.

Even though the contracting Company, DHMI, and other warehouse operator ("Fund Companies") maintain their claim that they can in no way be held responsible for the fire and its consequences, they have decided that the fund in question be established by the reinsurers of the Fund Companies in order to resolve the cases in which they are and are likely to be a party. As of the announcement date of the report, 201 cases with a total value of TL 71.810.405 (USD 40.284.082) and to which the Fund Companies are a party, have been solved with conciliation; for TL 44.164.888 (USD 24.775.546) negotiations between the claimants and the fund are ongoing no conciliation has been achieved within the scope of the fund. It is foreseen that the balance amounts remaining in the fund as a result of liquidation will be sufficient for the liquidation of all claims made with all fund parties but for which reconciliation meetings have not been finalized.

In view of the foregoing, the Company believes that all legal claims faced may be settled as part of the insurance policy collected and the fund formed. Since there are no further development which adversely affects the matters disclosed in past, the Company has not booked any provision in consolidated financial statements as of 31 December 2012.

NOTE 29 - SUBSEQUENT EVENTS

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

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

Celebi Havacılık Holding A.Ş.

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

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NOTE 29 - SUBSEQUENT EVENTS (Continued)

Celebi Hava Servisi A.Ş.

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

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

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

-To accept resignation of Mr. Salih Samim Aydın, a member of the Board of Directors, and to select Mr. İsak Antika as a new member of the Board of Directors for the purpose of submitting approval of the first General Assembly,

- To accept resignation of Mr. Turgay Kuttaş, a member of the Board of Directors and to select Mr. Mehmet Murat Çavuşoğlu as a new member of the Board of Directors for the purpose of submitting approval of the first General Assembly,

- To accept resignation of Mr. Memet Kaya, a member of the Board of Directors and to select Mr. Mehmet Yağız Çekin as a new member of the Board of Directors for the purpose of submitting approval of the first General Assembly,

-For the purpose of renovating the task distribution, to select Mr. İsak Antika, a member of the Board of Directors of the Company, as Vice President of the Board of Directors of the Company; to determine the title of Canan Çelebioğlu, prior serving as Vice President of the Board of Directors, as a member of the Board of Directors unanimously decided.

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**NOTE 29 - SUBSEQUENT EVENTS (Continued)**

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

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