

Çelebi Hava Servisi A.Ş.

**Consolidated financial statements
for the period January 1 - June 30, 2012
and independent auditor's review report**

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

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

**Independent auditors' review report on the financial statements
for the period between January 1- June 30, 2012**

To the Board of Directors of
Çelebi Hava Servisi Anonim Şirketi

Introduction

We have reviewed the accompanying consolidated balance sheet of Çelebi Hava Servisi Anonim Şirketi (the Company) and its subsidiary (together will be referred to as "the Group") as of June 30, 2012 and the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with financial reporting standards published by the Capital Markets Board of Turkey (CMB). Our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope of review

Our review was conducted in accordance with auditing standards published by CMB. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by the CMB and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion as a result of our review.

Basis for qualified conclusion

As explained in Note 29 to the consolidated financial statements, a fire took place in January 2012 in a section of the office premises in the Cargo Terminal of the Delhi International Indra Gandhi Airport that also comprises the office area of Çelebi Delhi Cargo Terminal Management India Private Limited ("Çelebi Delhi Cargo"), a subsidiary of the Company. Çelebi Delhi Cargo's office equipment, furniture and fixtures and accounting records were partially damaged due to the fire. Although Çelebi Delhi Cargo provided alternative documentation and duplicates of original accounting records that had been partially damaged in fire, satisfactory audit procedures could not be performed in regards to the total assets amounting to TL 599,785, revenues amounting to TL 2,160,432 and expense amounting to TL 6,426,514 in the financial statements as of December 31, 2011. Accordingly, the effects of the above, if any, could not be determined on the financial statements of Çelebi Delhi Cargo as of June 30, 2012 and December 31, 2011.

Qualified conclusion

Based on our review, except for the possible effects of the matter described in the "basis for qualified conclusion" paragraph above, nothing has come to our attention that causes us to believe that the interim consolidated financial statements do not give a true and fair view of the financial position of the Group as at June 30, 2012 and its financial performance and its cash flows for the six months period then ended in accordance with financial reporting standards issued by CMB (Note 2).

Other matters

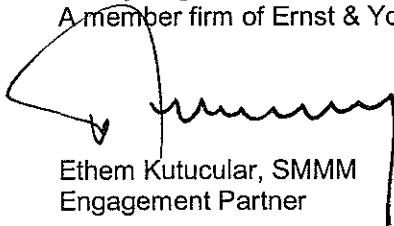
As explained in Note 29 to the consolidated interim financial statements, the Cargo building of Çelebi Hava Servisi A.Ş. (the "Company") located in Atatürk Airport Terminal C in which the Company carries out its cargo-warehouse operations was damaged due to a fire broke out on 24 May 2006. As a result of the fire, goods belonging to the third parties located in the cargo building during the fire were damaged. Some of the owners of the goods, insurance companies and airline transportation companies have applied to the Company and its insurance company for the compensation of their losses by filling lawsuit against the Company and through enforcement proceedings. Although the Company management foresees that the probability of being liable for the losses is remote because it was not found to be responsible for the fire and was therefore not considered legally responsible for the losses of the third parties, the Company granted its approval for utilization of its insurance policy amounting to USD 10,000,000 in the fund established by the Company, Devlet Hava Meydanları İşletmeleri ("DHMI") and the other warehouse management company to settle the claims amicably within the terms defined in the "Sharing Agreement" that is signed between these same parties. In this context a significant portion of the compensation claims have been settled amicably, the Company management foresees that remaining balance of the fund is sufficient to cover the compensation claims that could not be settled amicably, enforcement proceedings and lawsuits against the Company. Consequently, no provision has been accounted for the accompanying consolidated financial statements as of June 30, 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 in their report dated April 13, 2012 due to related issue stated above in the third paragraph. The consolidated financial statements of the Group prepared in accordance with financial reporting standards published by the CMB of Turkey as of June 30, 2011 were audited by the same independent audit firm, who expressed a qualified opinion in their report dated August 26, 2011 due to the necessary technical studies not completed within the scope of IFRIC 12.

Additional paragraph for convenience translation to English:

As of June 30, 2012, the accounting principles described in Note 2 (defined as financial reporting standards published by the CMB to the accompanying interim consolidated financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying interim consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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



Ethem Kutucular, SMMM
Engagement Partner

August 27, 2012
İstanbul, Turkey

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

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

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

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ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2012

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

	Notes	30 June 2012	31 December 2011
ASSETS			
Current assets			
Cash and cash equivalents	5	53,255,628	99,412,758
Trade receivables	8	64,979,756	34,884,512
Due from related parties	26	422,024	818,897
Other receivables	9	15,355,993	5,348,745
Inventories	10	7,888,182	6,389,345
Other current assets	16	41,667,426	58,235,707
Total current assets		183,569,009	205,089,964
Non-current assets			
Financial investments	6	1,536,105	1,536,105
Other non-current receivables	9	14,330,520	14,615,540
Property, plant and equipment	11	146,043,930	144,261,128
Intangible assets	12	112,968,394	123,429,163
Goodwill	13	19,300,242	18,551,365
Deferred tax assets	24	13,791,185	13,311,495
Other non-current assets	16	22,783,304	16,368,684
Total non-current assets		330,753,680	332,073,480
Total assets		514,322,689	537,163,444

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

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

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2012**

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

	Notes	30 June 2012	31 December 2011
LIABILITIES			
Current liabilities			
Financial liabilities	7	72,281,672	105,191,130
Trade payables	8	19,681,663	17,963,107
Due to related parties	26	2,807,892	17,791,417
Other payables	9	3,394,124	2,327,466
Provisions	14	18,849,306	14,410,901
Provision for employee benefits	15	550,416	358,261
Current tax liabilities	24	3,576,052	-
Other current liabilities	16	21,581,723	15,632,273
Total current liabilities		142,722,848	173,674,555
Non-current liabilities			
Financial liabilities	7	241,477,292	231,022,474
Other non-current payables	9	926,471	1,055,879
Deferred income tax liabilities	24	4,478,806	4,341,550
Provision for employee benefits	15	7,636,679	7,517,332
Other non-current liabilities	16	61,881,944	69,069,432
Total non-current liabilities		316,401,192	313,006,667
Total liabilities		459,124,040	486,681,222
EQUITY			
Equity attributable to equity holders of the parent		46,140,008	39,404,861
Capital	17	24,300,000	24,300,000
Restricted reserves	17	26,573,456	26,573,456
Foreign currency translation differences		531,466	4,380,047
Additonal contribution to shareholders' equity related to merger	17	-	(34,297,074)
Retained earnings	17	(16,579,892)	10,824,798
Net profit/ loss for the year	17	11,314,978	7,623,634
Non-controlling interest		9,058,641	11,077,361
Total equity		55,198,649	50,482,222
Total liabilities and equity		514,322,689	537,163,444
Contingent assets and liabilities	14		

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
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ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2012**

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

	Notes	1 January - 30 June 2012	1 April - 30 June 2012	Restated 1 January - 30 June 2011	Restated 1 April - 30 June 2011
CONTINUING OPERATIONS					
Revenue - net	18	243,963,874	134,114,083	203,606,927	118,258,625
Cost of sales (-)	18	(187,621,194)	(94,552,428)	(154,356,147)	(83,240,616)
GROSS PROFIT	18	56,342,680	39,561,655	49,250,780	35,018,009
General administrative expenses (-)	20	(42,506,196)	(21,999,510)	(38,434,082)	(20,329,751)
Other operating income	21	3,119,088	1,756,518	4,527,229	3,210,054
Other operating expense (-)	21	(3,406,841)	(2,675,418)	(4,237,874)	(3,660,018)
OPERATING INCOME		13,548,731	16,643,245	11,106,053	14,238,294
Financial income	22	17,420,674	8,458,723	9,638,356	3,327,581
Financial expense (-)	23	(17,703,681)	(8,544,082)	(19,787,816)	(11,926,050)
INCOME BEFORE TAX		13,265,724	16,557,886	956,593	5,639,825
Income tax expense		(3,780,488)	(3,986,240)	(2,226,478)	(1,028,753)
Current tax expense	24	(5,454,849)	(4,762,682)	(4,878,379)	(2,408,929)
Deferred tax income / (expense)	24	1,674,361	776,442	2,651,901	1,380,176
NET INCOME		9,485,236	12,571,646	(1,269,885)	4,611,072
Attributable to:					
Non-controlling interest		(1,829,742)	(901,952)	511,024	(434,800)
Equity holders of the parent		11,314,978	13,473,598	(1,780,909)	5,045,872
		9,485,236	12,571,646	(1,269,885)	4,611,072
Earnings per share (Kr)	25	0.005	0.006	(0.001)	0.002

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

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

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2012**

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

	Notes	1 January - 30 June 2012	1 April - 30 June 2012	Restated 1 January - 30 June 2011	Retstated 1 April - 30 June 2011
Net profit / (loss) for the period		9,485,236	12,571,646	(1,269,885)	4,611,072
Other comprehensive income:					
Currency translation differences		(4,768,809)	(4,979,461)	3,770,722	3,052,932
Other comprehensive income		(4,768,809)	(4,979,461)	3,770,722	3,052,932
Total comprehensive income		4,716,427	7,592,185	2,500,837	7,664,004
Total comprehensive income attributable to:					
Non-controlling interest		(2,749,970)	(1,705,983)	1,328,832	260,740
Equity holders of the parent		7,466,397	9,298,168	1,172,005	7,403,264
		4,716,427	7,592,185	2,500,837	7,664,004

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

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

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 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/loss for the year	Total	Non-controlling interest	Total equity
Balances at 1 January 2011 (previously reported)	17	24,300,000	22,962,009	4,041,133	(545,407)	34,650,353	26,619,503	112,027,591	16,481,577	128,509,168
Effects of restatements (Note 2.2)		-	-	(476,188)	-	(650,502)	(7,536,262)	(8,662,952)	(3,043,740)	(11,706,692)
Balances at 1 January 2011 (restated)	17	24,300,000	22,962,009	3,564,945	(545,407)	33,999,851	19,083,241	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		-	-	-	-	-	-	-	100	100
Transfers to reserves	17	-	3,611,446	-	-	(3,611,446)	-	-	-	-
Dividends paid		-	-	-	-	(37,329,460)	-	(37,329,460)	-	(37,329,460)
Total comprehensive income	17	-	-	2,952,914	-	-	(1,780,909)	1,172,005	1,328,832	2,500,837
Balances at 30 June 2011 (restated)		24,300,000	26,573,455	6,517,859	(545,407)	12,142,186	(1,780,909)	67,207,184	14,766,769	81,973,953
Balances at 1 January 2012	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		-	-	-	-	(731,250)	-	(731,250)	731,250	-
Total comprehensive income	17	-	-	(3,848,581)	-	-	11,314,978	7,466,397	(2,749,970)	4,716,427
Balances at 30 June 2012		24,300,000	26,573,456	531,466	-	(16,579,892)	11,314,978	46,140,008	9,058,641	55,198,649

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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2012**

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

	Notes	30 June 2012	Restated 30 June 2011
Cash flow provided from operating activities			
Income before tax		13,265,724	956,593
Adjustments to reconcile income before tax to net cash provided by operating activities:			
Depreciation and amortization	19	16,844,836	16,018,849
Provision for employment termination benefits	15	3,306,920	1,970,618
Provision for cargo subcontractor commission	14	915,191	1,491,215
Provision for unused vacation, net	14	762,687	672,317
Provision for sales commissions	14	3,734,009	447,040
Expense accrual for DHMI	14	3,408,840	12,382,790
Provision for litigation	14	164,817	230,704
Other provisions	14	11,976,363	7,382,953
Provision for doubtful receivables	8	134,276	92,973
Changes in derivative financial instruments	28	-	(2,649,180)
Interest income	22	(1,692,981)	(1,629,326)
Interest expense	23	12,734,470	6,967,747
(Losses) / Gains from sales of property plant and equipment, net	21	(268,049)	(444,735)
Minority		(1,829,743)	511,024
Unrecognized foreign exchange differences (income) / expense		(2,654,213)	4,709,227
Capital increase in subsidiaries due to consolidation of subsidiary		-	100
Cash flow provided before changes in assets and liabilities		60,803,147	49,110,909
Trade receivables		(30,363,796)	(26,800,887)
Due from related parties		396,873	1,440,640
Inventories		(1,498,837)	(579,892)
Income taxes paid	24	(1,878,797)	(4,674,388)
Other receivables		(10,007,248)	(950,905)
Other non-current receivables		285,020	(2,960,753)
Other current assets		16,568,281	(12,509,459)
Other non-current assets		7,704,812	(16,752,940)
Trade payables		1,718,556	920,618
Due to related parties		(14,983,525)	(60,768)
Other payables		937,250	(3,767,556)
Other current liabilities		5,949,450	2,423,493
Other non-current liabilities		(7,187,488)	(221,206)
Doubtful receivable collections	8	129,262	478,743
Employment termination benefits paid	15	(2,953,218)	(1,852,581)
Vacation benefits paid	14	(179,256)	(113,032)
DHMI Expense accrual paid	14	(787,747)	(9,909,509)
Cargo subcontractor commission provision paid	14	(796,534)	(1,035,199)
Sales commission's provisions paid	14	(1,830,775)	(1,210,711)
Litigation provisions paid	14	(34,255)	(21,201)
Investment consultancy expenses paid	14	(531,870)	(466,292)
Other compensations paid	14	(10,796,270)	(4,061,336)
Net cash (used in) / generated from operating activities		10,663,035	(33,574,212)
Investing activities			
Purchases of property, plant and equipment	11	(16,735,284)	(15,153,531)
Purchases of financial assets	13	(1,820,300)	(1,515,580)
Purchases of intangible assets	12	(5,661,670)	(708,392)
Interest received		1,679,029	1,631,474
Proceeds from sale of property, plant and equipment		970,435	1,042,178
Net cash generated from investing activities		(21,567,790)	(14,703,851)
Financing activities			
Change in borrowings		(21,964,082)	56,506,040
Change in short-term finance lease obligations		1,479,554	923,660
Changes in shares of joint venture		(241,447)	-
Change in long-term finance lease obligations		(54,099)	6,966,207
Dividends paid	26	-	(37,329,460)
Interest paid		(10,818,457)	(5,100,033)
Net cash (used in) / generated from financing activities		(31,598,531)	21,966,414
Decrease in restricted cash and cash equivalents	5	21,564,626	115,766
Cumulative translation adjustment		(3,665,000)	3,388,142
Net increase in cash and cash equivalents		(24,603,660)	(22,807,741)
Cash and cash equivalents at the beginning of the period	5	68,727,345	66,688,989
Cash and cash equivalents at the end of the period	5	44,123,685	43,881,248

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

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Çelebi Hava Servisi A.Ş. (collectively referred to as the "Company" or "Çelebi Hava") established in 1958 was the first private ground handling service company in the Turkish aviation sector. The company is continuing its operations under Çelebi Holding. The Company provides ground handling services (representation, traffic, ramp, cargo, flight operations and aircraft maintenance etc) and fuel supplies to domestic and foreign airlines and private cargo companies. The Company operates in Istanbul Ataturk, Izmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Corlu, Bursa Yenisehir, Diyarbakir, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars, Mardin, Denizli, Hatay, Kahramanmaraş, Isparta, Erzincan, Çanakkale and Balıkesir Edremit airports, which are under the control of the State Airports Administration ("DHMI") and Istanbul Sabiha Gokcen airport which is under the control of the Airport Administration and Aviation Industries A.Ş. ("HEAS"). The company is 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 Havalimani Terminal Yatirim ve Isletme A.Ş. ("Çelebi IC Yatirim") with 49.99% of shares using the joint-venture consolidation method as of 30 June 2012. The other main shareholder of Çelebi IC Yatirim is Ictas Insaat Sanayi ve Ticaret A.Ş. with 49.99% of shares. The capital of Çelebi IC Yatirim has been decreased from TL 44,004,280 to TL 50,000 according to the general assembly resolution dated 22 July 2010.

The Company has also consolidated Çelebi Guvenlik Sistemleri ve Danismanlik A.Ş. ("Çelebi Guvenlik") in which it holds 94.8% of shares. Çelebi Guvenlik maintains security at the Terminal and provides security services to the airline companies.

The Company has also participated in a tender offer as of 7 August 2006 called by the Budapest Airport Budapest Ferihegy Nemzetkozi Repuloter Uzemelteto Zartkoruen Mukodo Reszvenytarsasag ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi es Szolgaltato Korlatolt 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 participates in the Çelebi Tanacsado Korlatolt Felelossegu Tarsasag ("Çelebi Kft") company that was founded on 22 September 2006 as founding shareholder for the realization of the abovementioned share transfer. Çelebi Kft acquired all the shares of BAGH on 26 October 2006 and the trade name of BAGH has been changed to Çelebi Ground Handling Hungary Foldi Kiszolgalo Korlatolt Felelossegu Tarsasag ("CGHH"). Çelebi 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 Çelebi Kft owned 100% of CGHH shares before the merger, the Company's share has remained 70% in CGHH share capital which is determined as HUF 900,000,000. The capital of CGHH has been increased to HUF 910,000,000 after the merger.

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ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012**

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

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

The Capital of CGHH has been increased to HUF 1,000,000,000 from HUF 910,000,000 in 31 December 2009. As of 2011, shares representing 30% of CGHH were purchased from Çelebi Havacılık Holding A.Ş. for TL 33,712,020. As a result shareholding percentage of the Company has increased to 100% and CGHH was fully consolidated to the financial statements and this transaction was accounted for as an equity transaction disclosed as "Additional contribution to shareholders equity related to share purchase" on the consolidated financial statements.

Within the framework of the tender relating to provide ground handling services for 10 years period in Mumbai Chhatrapati Shivaji International Airport in India which resulted in favor of the consortium in which the Company takes part, a joint venture company has been established on 12 December 2008 with a capital of 100,000,000 Indian Rupee (Indian Rupee: "INR") and the title of "Çelebi Nas Airport Services India Private Limited ("Çelebi Nas") resident in Maharashtra, Mumbai India to provide ground handling services. The Company, as co-founder, has a 55% stake in Çelebi Nas and the capital of the company is amounting to INR 552,000,000. Also INR 228,000,000 has been paid as capital advance which has been registered by Çelebi Nas' partners yet.

The Company participated as a co-founders in the company with capital of INR 100,000 under the title Çelebi Delhi Cargo Terminal Management India Private Limited ("Çelebi 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 Çelebi Delhi Cargo is 74%.The paid capital of the Çelebi 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 Çelebi Ground Handling Delhi Private Limited ("Çelebi GH Delhi"), established in 18th 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 845,154,000 and the Company has a 74% stake in Çelebi GH Delhi.

The Company participated 16.67% of company Delhi Aviation Services Private Limited ("DASL") with capital of INR 250,000,000 under the title Çelebi 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 "Çelebi Ground Handling Europe" ("Çelebi 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 Çelebi 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 November 20, 2008 to provide cargo storage and handling services in storage and warehouse facilities on rented area in Frankfurt Cargo City Süd by Çelebi Cargo GmbH as of which is subsidiary of Çelebi Kargo with 100% shares, amounting EUR 6,000,000 paid capital, established in November 2009 located in Frankfurt, Germany.

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ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

As of 30 June 2012, the capital of Çelebi Cargo has been increased to TL 14,500,000 out of which TL 14,000,000 was paid.

As of 30 June 2012, the consolidated financial statements of the Company include the Company, Çelebi IC Yatirim, CGHH, Çelebi Guvenlik, Çelebi Nas, Çelebi Delhi Cargo, Çelebi GH Delhi, Çelebi Kargo and Çelebi Cargo (collectively, referred to as the "Group").

These consolidated financial statements for the period 1 January - 30 June 2012 have been approved for issue by the Board of Directors on 27 August 2012 and signed by Talha Goksel (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 "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 Guvenlik	Turkey	Turkey	Aviation and other security services
CGHH	Hungary	Hungary	Ground handling services
Çelebi Delhi Cargo	India	India	Warehouse and cargo services
Çelebi GH Delhi	India	India	Ground handling services
Çelebi Spain	Spain	Spain	Ground handling services (inactive)
Çelebi Kargo	Turkey	Turkey	Warehouse and cargo services
Çelebi 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 Yatirim	Turkey	Turkey	Airport terminal construction and operating (inactive)
Çelebi 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>
DASL	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 consolidated financial statements and the related notes to them are presented in accordance with CMB Financial Reporting Standards and IAS 34 (Interim Financial Reporting Standards). The interim consolidated financial statements and the related notes to them are presented in accordance with the formats required at the announcements of CMB those numbered as 2008/16, 2008/18, 2009/2, 2009/4 and 2009/40. As per CMB's Communiqué Serial XI, No:29 and its announcements clarifying this communiqué enterprises are obliged to present the hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements.

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

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

Adjustments of the Financial Statements During High Inflation Periods

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

Functional and Presentation Currency

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

Going Concern

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

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

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

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at 30 June 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
- 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. This standard has not yet been endorsed by the EU. This amendment did not have impact on the financial position or performance of the Group.

IFRS 7 Financial instruments: Disclosures’ on transfers of assets (Amended)

These amendments arise from the IASB’s review of off-balance-sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets. The amendment also requires additional disclosures for cases of disproportionate amount of transfer transactions undertaken around the end of the accounting period. Comparative description is not necessary. The amendment will only affect the principles of explanation. This amendment did not have 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 condensed interim 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 effective.

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

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

The amendments are effective for annual periods beginning on or after 1 July 2012, with 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. This amendment will not have impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

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 (Amended)

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 standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (Amended)

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. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

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

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. This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group is in the process of assessing the impact of the amended standard 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 (Amended)

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) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. 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.

IFRS 10 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.

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.

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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. This standard has not yet been endorsed by the EU. 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. 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.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This standard has not yet been endorsed by the EU. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

- **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 guidance on the financial position or performance of the Group.

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

c) 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 is in the process of assessing the impact of the improvements 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)

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 (h) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries and Joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries including special purpose entities are companies which have owned more than 50% of the voting rights relating to shares in the companies, 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 recognised 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 recognised 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>	Direct and indirect shareholding by <u>Çelebi Hava and its Subsidiaries (%)</u>	
	30 June 2012	31 December 2011
Çelebi Güvenlik	94.8	94.8
CGHH	100.0	100.0
Çelebi Delhi Cargo	74.0	74.0
Çelebi GH Delhi	74.0	74.0
Çelebi Spain (1)	100.0	100.0
Çelebi Kargo	99.9	99.9
Çelebi Cargo GmbH	99.9	99.9

(1) As of 30 June 2012 Çelebi Spain has directly and indirectly 100% voting right. However, Çelebi 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 30 June 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 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 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)

	Direct and indirect shareholding by Çelebi Hava (%)	
<u>Joint Ventures</u>	<u>30 June 2012</u>	<u>31 December 2011</u>
Çelebi İC Yatırım	%49.99	%49.99
Çelebi Nas (*)	%55.00	%51.00

(*) The %4 shares of Çelebi Nas has been purchased by Sovika Aviation Private Limited which has already owned %8 shares of Çelebi Nas on January 26, 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) In the preparation of the consolidated financial statements arising from intragroup transactions, balances and unrealized gains on transactions are eliminated. In preparing the consolidated financial statements, all balances and unrealized revenues resulting from intercompany transactions have been eliminated. Unrealized revenue transactions with the joint ventures have been eliminated by the rate of the controlling power of the Group over the Affiliate. Dividends from the shares the Company owns have, also been eliminated from the related equity and income statement accounts.

2.2. Changes and Errors in the Accounting Policies

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the preceding financial period. The Group presented the consolidated balance sheet as of 30 June 2012 comparatively with the consolidated balance sheet prepared as of 31 December 2011 and presented the consolidated statements of comprehensive income, cash flows and changes in equity for the year ended 30 June 2012 comparatively with such financial statements for the period ended 30 June 2011.

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

The Group has detected errors in the previous year's consolidated financial statements and corrected them retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, the Group presented the consolidated income statement as of 30 June 2012 comparatively with the restated consolidated income statement as of 30 June 2011. At 30 June 2011, the effect of these corrections on the consolidated financial statements are as follows:

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

	30 June 2011 (Previously reported)	The amendments to the scope of IFRIC 12	The amendments to the scope of IAS 17	30 June 2011 (Restated)
		Effect of restatement	Effect of restatement	
Other current assets	16,139,556	14,916,427	-	31,055,983
Property, plant and equipment - net	169,529,329	(28,224,717)	-	141,304,612
Intangible assets - net	63,708,491	60,341,552	-	124,050,043
Deferred tax assets	-	4,031,154	4,764,192	8,795,346
Other non-current liabilities	2,445,300	59,305,673	14,488,192	76,239,165
Deferred tax liabilities	3,785,822			3,785,822
Retained earnings	20,328,950	(3,756,815)	(4,429,949)	12,142,186
Foreign currency translation differences	7,678,892	(501,901)	(659,132)	6,517,859
Net profit/(loss) for the year	2,165,583	(1,829,149)	(2,117,343)	(1,780,909)
Non-controlling interest	19,437,737	(2,153,392)	(2,517,576)	14,766,769

	1 January 2011 – 30 June 2011 (Previously reported)	The amendments to the scope of IFRIC 12	The amendments to the scope of IAS 17	1 January 2011 – 30 June 2011 (Restated)
		Effect of restatement	Effect of restatement	
Revenue - net	193,557,649	10,049,278	-	203,606,927
Cost of sales	(138,712,753)	(11,428,002)	(4,215,392)	(154,356,147)
General administrative expenses	(38,434,082)	-	-	(38,434,082)
Financial expenses (*)	(18,323,176)	(2,295,661)	-	(20,618,837)
Deferred tax income/ expense	184,711	1,113,072	1,354,118	2,651,901

(*) Note 2.4.28

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

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

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

The Group retrospectively corrected the effects of the errors in accordance with IAS 8.

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

The Group identified errors mainly due to the interpretation difference in the accounting of rental payments within the scope of concession agreements of the areas that had been rented by Çelebi Delhi Cargo for a period of 25 years with a fixed annual increase rate of 7.5% in the airport located in New Delhi, India. In accordance with IAS 17, fixed annual increases in lease payments are part of lease payments and should be spread on a straight-line basis over the lease term.

2.3. Changes and Errors in the Accounting Estimates

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

2.4. Summary of Significant Accounting Policies

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

2.4.1 Cash and Cash Equivalents

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

2.4.2 Revenue

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

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

According to the concession agreement signed by Çelebi 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 Çelebi Nas (Note 18).

According to concession agreement signed by Çelebi 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 Çelebi Nas (Note 18).

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.

2.4.3 Property, plant and equipment

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

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

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	1-20
Motor vehicles	5
Furniture and fixtures	4-15
Leasehold improvements	5-15

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

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

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

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

2.4.4 Intangible Assets

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

a) Goodwill

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

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

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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) Contractual customer relationships

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

c) Computer software (Rights)

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

d) Service Concession Arrangements

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

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

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

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

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

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

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

Çelebi Nas	11 years
Çelebi Delhi Cargo	25 years
Çelebi 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.

Çelebi 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.

Çelebi 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 30 June 2012 INR 32,500,000 of the deposit amount had been returned back.

Çelebi GH Delhi

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

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

2.4.5 Inventories

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

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2.4.6 Impairment of Assets

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

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

2.4.7 Financial Liabilities and Borrowing Costs

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

International Accounting Standard 23 ("Borrowing Costs") was revised on 29 March 2007 by the IASB. Besides, the revised IAS 23 is effective at 1 January 2009. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sales

2.4.8 Financial Instruments

Trade receivables

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

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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)

2.4.9 Trade Payables

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

2.4.10 Deferred Financial Income/Expense

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

2.4.11 Business Combinations and Goodwill

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

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

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

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

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

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Transactions with minority shareholders

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

2.4.12 Foreign currency transactions

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

2.4.13 Earnings per Share

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

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

2.4.14 Subsequent events

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

2.4.15 Provisions, contingent liabilities and contingent assets

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

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

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

2.4.16 Leases

Financial leases

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

Operational leases

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

2.4.17 Related Parties

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

2.4.18 Segment Reporting

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

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

2.4.19 Discontinued Operations

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

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

2.4.20 Government Incentives and Grants

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

2.4.21 Investment Property

Buildings held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. As of 30 June 2012, the company has no investment property in financials.

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

2.4.22 Taxes on Income

Current and deferred income tax

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

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

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

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

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

2.4.23 Employee Benefits

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

2.4.24 Statement of Cash Flows

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

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

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

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

2.4.25 Dividends

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

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

2.4.26 Paid-in Capital

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

2.4.27 Derivative financial instruments and hedging activities

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

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

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

Since the Group has not performed aforementioned documentation and activity analysis, financial derivative instruments are accounted as "financial derivative instruments held for trading and hedging". The Group's derivative instruments provide economic hedges for hedge accounting in accordance with the implementation of the requirements of UMS39 and reasonable changes in values are presented in the consolidated statements of income.

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

2.4.28 Comparatives and restatement of prior periods' financial statements

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

- Exchange gains amounting to TL 2,490,602 which were previously presented in "Financial Income", respectively have been reclassified to "Other Income" on the consolidated statement of comprehensive income for the year ended 30 June 2012 (Note 21).
- Exchange losses amounting to TL 831,021 which were previously presented in "Financial Expenses", respectively have been reclassified to "Other Expenses" on the consolidated statement of comprehensive income for the year ended 30 June 2012 (Note 21).

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

2.4.29 Offsetting

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

2.4.30 Share premium

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

2.5. Critical Accounting Estimates and Assumptions

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

(a) Goodwill impairment tests

As explained in Note 2.4.11, the Group performs impairment tests on goodwill annually at 31 December or more frequently if events or changes in circumstances indicate that it might be impaired. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. These calculations include 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 30 June 2012 (Note 13).

(b) Impairment of intangible assets

According to the accounting policy stated in Note 2.4.4., the intangible non-current assets are shown with their net value after the deduction of the accumulated depreciation, if any, and the value subtracted from the acquisition costs. As a result of the valuation studies performed at the purchase of 100% of CGHH shares, "Customer Relations" has been considered as an identifiable asset by the Group and shown under the intangible non-current assets. While the terms of the agreements signed by

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

CGHH with its clients are either unlimited or for two to three years, it is seen that the clients continue the agreements for more than two to three years considering the average terms in the sector. The redemption and amortization are determined as seven years according to these estimates; all the important clients of CGHH have continued to work with CGHH since the year it started operations in Budapest and no important level of decrease is expected in the existing market share of CGHH. Thanks to the positive developments in the operations of CGHH, no indicator has been noted relating to whether or not there is a decrease in the registered net book value of the intangible non-current assets which are defined as "Customer Relations" and whose useful life is determined as seven years (Note 12).

(c) Provisions

As explained in Note 2.4.15, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the law suits and court cases opened against it at 30 June 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 29).

(d) Taxes on income

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

As of 30 June 2012, the Group has evaluated the possibility of any tax exposure that may arise in foreign subsidiaries and joint ventures and has not identified any necessity to recognize a provision.

(e) Accounting of derivative financial instruments and hedging activities

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

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

(f) *Unusual 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 30 June 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 8,835,164, the Company has accounted for deferred tax asset amounted to TL 883,516.

Çelebi Nas has not booked deferred tax amounted to TL 3,598,450 to its financial statements as of 30 June 2012 which is arisen from the carry forward losses amounted to 1,167,517 TL due to the probability of inability to utilize carry-forward tax losses.

Same as above, the Çelebi GH Delhi has not booked deferred tax amounted to TL 9,290,213 to its financial statements as of 30 June 2012 which is arisen from the carry forward losses amounted to TL 3,014,210 due to the probability of inability to utilize carry-forward tax losses.

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

Çelebi Delhi Cargo Terminal Management India Private Limited ("Çelebi 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 4,035,151 has been provided regarding the estimated future renovation obligations in the consolidated financial statements as at 30 June 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 30 June 2012.

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NOTE 3 - JOINT VENTURES

Shares in Joint Ventures

Çelebi IC Antalya Havalimani Terminal Yatirim ve Isletme A.Ş. and Çelebi 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:

	30 June 2012	31 December 2011
Current assets	5,205,801	7,535,387
Non-current assets	30,800,779	36,420,630
Total assets	36,006,580	43,956,017
Current liabilities	10,573,530	14,784,409
Non-current liabilities	7,581,560	11,616,502
Shareholders' equity	17,851,490	17,555,106
Total liabilities and shareholders' equity	36,006,580	43,956,017

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Revenue - net	11,822,685	5,799,107	11,758,571	5,610,096
Gross profit	1,437,496	1,036,756	2,865,351	1,228,473
Operating profit/ (loss)	72,754	448,714	1,550,416	610,117
Net profit/ (loss) for the period	(1,009,349)	(22,124)	971,445	722,021

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 30 June 2012 is as follows:

1 January - 30 June 2012

	Reportable Segments					Consolidated
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management	Cargo and Warehouse Services	Consolidation Adjustments	
Revenue - net	179,868,283	584,204	-	63,707,195	(195,808)	243,963,874
Cost of sales	(132,450,642)	(955,656)	-	(54,537,332)	322,436	(187,621,194)
Gross profit	47,417,641	(371,452)	-	9,169,863	126,628	56,342,680
General administrative expenses	(32,105,857)	(157,176)	(2,009)	(10,854,545)	613,391	(42,506,196)
Addition: Depreciation and amortization	13,186,613	15,802	-	3,642,421	-	16,844,836
Addition: Operating lease Equalization	84,648	-	-	3,983,817	-	4,068,465
Addition: Effect of IFRIC 12 shares	-	-	-	1,473,157	-	1,473,157
EBITDA	28,583,045	(512,826)	(2,009)	7,414,713	740,019	36,222,942

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NOTE 4 - SEGMENT REPORTING (Continued)

1 April - 30 June 2012

	Reportable Segments					Consolidation Adjustments	Consolidated
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management	Cargo and Warehouse Services			
Revenue - net	104,341,359	297,772	-	29,565,805		(90,853)	134,114,083
Cost of sales	(70,602,206)	(423,480)	-	(23,669,384)		142,642	(94,552,428)
Gross profit	33,739,153	(125,708)	-	5,896,421		51,789	39,561,655
General administrative expenses	(16,775,248)	(60,227)	(940)	(5,477,621)		314,526	(21,999,510)
Addition: Depreciation and amortization	6,652,542	7,406	-	1,768,428		-	8,428,376
Addition: Operating lease Equalization	5,076	-	-	1,870,962		-	1,876,038
Addition: Effect of IFRIC 12 shares	-	-	-	753,713		-	753,713
EBITDA	23,621,523	(178,529)	(940)	4,811,903		366,315	28,620,272

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NOTE 4 - SEGMENT REPORTING (Continued)

The segment information provided to the board of directors as of 30 June 2010 is as follows:

1 January - 30 June 2011

	Reportable Segments					Consolidation Adjustments	Consolidated
	Ground Handling Services	Airport Security Services	Construction and Management	Airport Terminal and Warehouse Services	Cargo and Warehouse Services		
Revenue - net	135,253,724	1,751,318	-	-	66,962,928	(361,043)	203,606,927
Cost of sales	(98,789,560)	(1,541,262)	-	-	(55,260,561)	1,235,236	(154,356,147)
Gross profit	36,464,164	210,056	-	-	11,702,367	874,193	49,250,780
General administrative expenses	(30,018,745)	(780,080)	(11,957)		(7,655,645)	32,345	(38,434,082)
Addition: Depreciation and amortization	12,580,194	20,610	57		3,417,988	-	16,018,849
Addition: Operating lease Equalization	-	-	-		4,215,393	-	4,215,393
Addition: Effect of IFRIC 12 shares	-	-	-		901,709	-	901,709
EBITDA	19,025,613	(549,414)	(11,900)		12,581,812	906,538	31,952,649

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NOTE 4 - SEGMENT REPORTING (Continued)

1 April - 30 June 2011

	Reportable Segments					Consolidation Adjustments	Consolidated
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management	Cargo and Warehouse Services			
Revenue - net	82,910,614	484,950	-	34,806,428	56,633		118,258,625
Cost of sales	(54,719,590)	(206,704)	-	(28,842,094)	527,772		(83,240,616)
Gross profit	28,191,024	278,246	-	5,964,334	584,405		35,018,009
General administrative expenses	(15,323,647)	(585,286)	(8,068)	(4,420,988)	8,238		(20,329,751)
Addition: Depreciation and amortization	6,290,038	10,302	28	1,937,964	-		8,238,332
Addition: Operating lease Equalization	-	-	-	2,062,710	-		2,062,710
Addition: Effect of IFRIC 12 shares	-	-	-	463,986	-		463,986
EBITDA	19,157,415	(296,738)	(8,040)	6,008,006	592,643		25,453,286

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NOTE 4 - SEGMENT REPORTING (Continued)

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

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
EBITDA for reported segments	36,222,942	28,620,272	31,952,649	25,453,286
Depreciation and amortization	(16,844,836)	(8,428,377)	(16,018,849)	(8,238,332)
Operating lease Equalization	(4,068,465)	(1,876,037)	(4,215,393)	(2,062,710)
Effect of IFRIC 12 shares	(1,473,157)	(753,716)	(901,709)	(463,986)
Other operating income	3,119,088	1,756,518	4,527,229	3,210,054
Other operating expenses (-)	(3,406,841)	(2,675,415)	(4,237,874)	(3,660,018)
Operating profit	13,548,731	16,643,245	11,106,053	14,238,294
Financial income	17,420,674	8,458,723	9,638,356	3,327,581
Financial expense (-)	(17,703,681)	(8,544,082)	(19,787,816)	(11,926,050)
Income before tax	13,265,724	16,557,886	956,593	5,639,825

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>	30 June 2012	31 December 2011
Turkey	342,090,671	283,281,605
India	181,400,331	218,296,448
Hungary	52,093,160	44,624,824
Germany	17,999,794	19,602,159
Segment Assets (*)	593,583,956	565,805,036
Unallocated assets	54,501,761	101,084,575
Less: Inter-segment elimination	(133,763,028)	(129,726,167)
Total assets as per consolidated financial statements	514,322,689	537,163,444

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

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NOTE 4 - SEGMENT REPORTING (Continued)

<u>Total Liabilities</u>	30 June 2012	31 December 2011
Turkey	54,021,779	55,882,152
India	76,230,643	82,891,265
Hungary	8,290,502	5,674,130
Germany	4,594,840	4,147,025
Segment liabilities (*)	143,137,764	148,594,572
Unallocated liabilities	318,237,770	340,555,154
Less: Inter-segment elimination	(2,251,494)	(2,468,504)
Total liabilities as per consolidated financial statements	459,124,040	486,681,222

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

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NOTE 4 - SEGMENT REPORTING (Continued)

Geographical Segments

Geographical Analysis for the period 1 January - 30 June 2012

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	154,186,276	32,972,907	47,294,153	9,510,569	243,963,905	(31)	243,963,874
Cost of sales	(111,418,547)	(20,080,338)	(44,021,532)	(12,144,729)	(187,665,146)	43,952	(187,621,194)
Gross profit	42,767,729	12,892,569	3,272,621	(2,634,160)	56,298,759	43,921	56,342,680
General administrative expenses	(27,545,218)	(5,841,096)	(6,851,014)	(2,616,986)	(42,854,314)	348,118	(42,506,196)
Other operating income/ expense - net	125,349	(176,027)	218,279	(2,290)	165,311	(453,064)	(287,753)
Operating profit	15,347,860	6,875,446	(3,360,114)	(5,253,436)	13,609,756	(61,025)	13,548,731

Geographical Analysis for the period 1 April - 30 June 2012

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	90,439,224	18,057,608	19,880,169	5,737,082	134,114,083	-	134,114,083
Cost of sales	(59,456,294)	(10,563,167)	(18,109,697)	(6,418,019)	(94,547,177)	(5,251)	(94,552,428)
Gross profit	30,982,930	7,494,441	1,770,472	(680,936)	39,566,907	(5,252)	39,561,655
General administrative expenses	(14,332,142)	(3,066,067)	(3,340,737)	(1,457,572)	(22,196,518)	197,008	(21,999,510)
Other operating income/ expense - net	(658,939)	(194,035)	113,171	1,060	(738,743)	(180,157)	(918,900)
Operating profit	15,991,849	4,234,339	(1,457,094)	(2,137,447)	16,631,647	11,598	16,643,245

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NOTE 4 - SEGMENT REPORTING (Continued)

Geographical Segments

Geographical Analysis for the period 1 January - 30 June 2011

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	119,007,363	26,318,088	52,851,918	5,429,558	203,606,927	-	203,606,927
Cost of sales	(83,250,980)	(18,786,517)	(45,118,961)	(7,828,457)	(154,984,915)	628,768	(154,356,147)
Gross profit	35,756,383	7,531,571	7,732,957	(2,398,899)	48,622,012	628,768	49,250,780
General administrative expenses	(25,434,268)	(6,153,612)	(4,219,317)	(2,626,885)	(38,434,082)	-	(38,434,082)
Other operating income/ expense - net	791,153	(267,354)	132,355	261,969	918,123	(628,768)	289,355
Operating profit	11,113,268	1,110,605	3,645,995	(4,763,815)	11,106,053	-	11,106,053

Geographical Analysis for the period 1 April - 30 June 2011

	Turkey	Hungary	India	Germany	Total Combined	Intersegment Adjustment	Total
Revenue	77,361,022	13,797,019	24,103,335	2,997,249	118,258,625	-	118,258,625
Cost of sales	(47,739,746)	(9,691,308)	(20,489,702)	(5,697,256)	(83,618,012)	377,396	(83,240,616)
Gross profit	29,621,276	4,105,711	3,613,633	(2,700,007)	34,640,613	377,396	35,018,009
General administrative expenses	(14,244,798)	(3,236,875)	(2,522,478)	(325,600)	(20,329,751)	-	(20,329,751)
Other operating income/ expense - net	(395,612)	(242,420)	8,521	251,180	(378,332)	(71,632)	(449,964)
Operating profit	14,980,866	626,416	1,099,676	(2,774,427)	13,932,530	305,764	14,238,294

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NOTE 5 - CASH AND CASH EQUIVALENTS

	30 June 2012	31 December 2011
Cash	171,376	136,945
Banks		
-time deposit	40,710,575	87,773,080
-demand deposit	12,373,677	11,502,733
	53,255,628	99,412,758

Effective interest rates on TL, Euro and USD denominated time deposits at 30 June 2012 are 9.97%, 2.84%, and 1.90% (31 December 2011: TL 9.50%, Euro 4.50%, USD 3.50%, Rupee 7.20%) respectively. The maturity days on TL, Euro and USD denominated time deposits as of 30 June 2012 20-60 days for Euro, USD and for INR, 1-30 days for TL (31 December 2011: Euro, USD and TL 20-60 days, and INR 1-17 days).

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 30 June 2012 and 30 June 2011 are as follows:

	30 June 2012	30 June 2011
Cash and banks	53,255,628	51,374,039
Less: Interest Accruals	(55,472)	(39,372)
Less: Restricted cash (*)	(9,076,471)	(7,453,419)
	44,123,685	43,881,248

(*) 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 7,085,024).

NOTE 6 - FINANCIAL INVESTMENTS

Available-for-sale assets:

	30 June 2012		31 December 2011	
	%	TL	%	TL
DASL	16.7%	1,515,580	16.7%	1,515,580
Çelebi Spain (*)	100.0%	20,525	100.0%	20,525
		1,536,105		1,536,105

(*) As of June 30, 2012, Çelebi 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:

	30 June 2012		
	Effective interest rate (%)	Original amount	TL
Short-term bank borrowings:			
Euro borrowings	-	-	-
TL borrowings	-	-	-
INR borrowings	11.54%-15.75%	30,159,452	968,421
			968,421

Short-term portion of long-term borrowings:

Interest expense accrual - US Dollar	-	130,6912	36,093
Interest expense accrual - INR	-	21,822,859	700,732
Interest expense accrual - Euro	-	1,403,352	3,191,502
US Dollar borrowings	Libor+3.40%	2,000,000	3,613,000
INR borrowings	11.54%-15.75%	479,718,094	15,403,748
Euro borrowings	Euribor+3.40%- Euribor+ 6.50%	19,966,667	45,408,193
			68,553,268

Short-term finance lease obligations

Short-term finance lease obligations - US Dollar	71,357	128,906
Short-term finance lease obligations - Euro	1,156,924	2,631,077

Short-term finance lease obligations 2,759,983

Short-term financial liabilities 72,281,672

Long-term financial liabilities:

US Dollar borrowings	Libor+3.40%	2,000,000	3,613,000
INR borrowings	11.54%-15.75%	1,994,514,108	64,043,848
Euro borrowings	Euribor+ 3.40%- Euribor+ 6.50%	73,150,000	166,357,730
			234,014,578

Long-term finance lease obligations

Long-term finance lease obligations - US Dollar	210,463	380,204
Long-term finance lease obligations - Euro	3,114,286	7,082,510

Long-term finance lease obligations 7,462,714

Long-term financial liabilities 241,477,292

Total financial liabilities 313,758,964

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

	30 June 2012		31 December 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term financial liabilities	234,014,578	229,886,250	223,505,661	219,773,588

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant. The fair values of long-term bank borrowings are based on cash flows discounted using a rate based on the borrowing rate of 6.50% (31 December 2011: 6.50%). The fair values of short-term bank borrowings are considered to approximate their carrying values.

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

- (*) Çelebi Delhi Cargo subsidiary of the Group in India and a resident of the bank as of December 31, 2011 amounted to 1,220,000,000 Indian rupee (43,554,000 TL), 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 20,009,849 TL and 23,544,151 TL respectively (Note 16) are included as deposits.

	31 December 2011		
	Effective interest rate (%)	Original amount	TL
<i>Short-term portion of long-term borrowings:</i>			
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
INR borrowings	4.50%-7.50%	13,532,620	33,071,016
Euro borrowings	10.45%-15.90%	283,150,000	10,108,455
			49,169,586
Short-term finance lease obligations - Euro		523,950	1,280,429
Short-term financial liabilities			105,191,130

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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
			223,505,661
Long-term finance lease obligations - Euro		3,075,871	7,516,813
Long-term financial liabilities			231,022,474
Total financial liabilities			336,213,604

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

	30 June 2012	31 December 2011
Less than 3 months	24,775,250	47,072,900
Between 3-12 months	47,506,422	58,118,230
Between 1-5 years	222,911,763	213,431,947
5 years and more	18,565,529	17,590,527
	313,758,964	336,213,604

The redemption schedules of long-term bank borrowings as of 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012	31 December 2011
Between 1-2 years	99,463,155	71,601,673
Between 2-3 years	49,385,629	50,684,417
Between 3-4 years	35,923,147	37,351,160
5 years and more	49,242,647	63,868,411
	234,014,578	223,505,661

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

The redemption schedules of financial lease obligations as of 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012			31 December 2011		
	Minimum lease payments	Interest	Total obligation	Minimum lease payments	Interest	Total obligation
Less than 1 year	3,379,487	(619,507)	2,759,983	1,807,500	(527,071)	1,280,429
1 to 2 years	2,093,463	(432,624)	1,660,839	1,775,184	(436,532)	1,338,652
2 to 3 years	2,027,964	(305,383)	1,722,581	1,775,184	(371,491)	1,403,693
4 years and over	4,403,980	(324,683)	4,079,294	5,221,852	(447,384)	4,774,468
	11,904,894	(1,682,197)	10,222,697	10,579,720	(1,782,478)	8,797,242

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	30 June 2012	31 December 2011
Short-term trade receivables		
Trade receivables	67,885,197	37,825,586
Less: Provision for doubtful receivables	(2,905,441)	(2,941,074)
	64,979,756	34,884,512

The maturities of trade receivables are generally less than one month (31 December 2011: less than one month). The fair value of current trade receivables as of 30 June 2012 and 31 December 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:

	30 June 2012	31 December 2011
Opening balance	2,941,074	3,207,136
Current year charge	134,276	92,973
Cumulative translation differences	(41,080)	132,240
The rate of change of the joint venture shares	433	-
Collections and reversal of provisions	(129,262)	(478,743)
Closing balance	2,905,441	2,953,606

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Credit risks exposed by the Group for each financial instrument type as of 30 June 2012 and 31 December 2011 are shown below:

30 June 2012	Trade receivables		Other receivables		Bank deposits (*)
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date	422,024	64,979,756	-	15,355,993	53,084,252
<i>Credit risk covered by guarantees</i>	-	8,126,507	-	-	-
Net carrying value of financial assets either are not due or not impaired	336,459	47,181,090	-	15,355,993	53,084,252
Net carrying value of financial assets which are overdue but not impaired	85,565	17,798,666	-	-	-
- Amount of risk covered by guarantees	-	1,267,600	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Overdue (gross carrying value)	-	2,905,441	-	-	-
- Impairment amount (-)	-	(2,905,441)	-	-	-
- 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:

	30 June 2012	31 December 2011
Up to 1 month	12,658,622	6,648,037
1 to 3 months	3,466,298	2,831,508
3 to 12 months	1,602,275	1,071,880
1 to 5 years	157,036	-
	17,884,231	10,551,425

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

	Trade receivables	
	Related party	Other
30 June 2012		
Overdue 1-30 days	-	12,658,622
Overdue 1-3 months	85,565	3,380,733
Overdue 3-12 months	-	1,602,275
Overdue 1-5 years	-	157,036
Amount of risk covered by guarantees	-	1,267,600

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

Short-term trade payables

	30 June 2012	31 December 2011
Trade payables	19,535,171	17,963,107
Debt Securities	146,492	-
Trade Payables	19,681,663	17,963,107

The fair value of short-term trade payables as of 30 June 2012 and 31 December 2011 equals their carrying amount as the impact of discounting is not significant.

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	30 June 2012	31 December 2011
Other short-term receivables		
Receivables from Tax Office	13,474,443	4,697,247
Advances given	1,821,874	635,508
Other short-term receivables	59,676	15,990
	15,355,993	5,348,745

	30 June 2012	31 December 2011
Other long-term receivables		
Advances given (*)	14,330,520	14,615,540
	14,330,520	14,615,540

(*) As of June 30, 2012, the amount which was given for Group's subsidiaries and joint ventures in India, the Çelebi GH Delhi, Çelebi Delhi Cargo Çelebi Nas amounting to TL 7,961,205 (31 December 2011: TL 8,179,530), TL 3,374,494 (31 December 2011: TL 3,354,840) and 2,994,821 TL (31 December 2011: 3,081,170 TL) as a deposit to the local authorities, companies and the amount which was shown in banks as blockage. As of June 30, 2012 related amount of blockage TL 3,775,281. (31 December 2011: TL 3,797,404)

	30 June 2012	31 December 2011
Other short-term payables		
Other short-term payables (*)	2,853,097	2,029,129
Advances received	541,027	298,337
	3,394,124	2,327,466

(*) As of June 30, 2012; TL 2,816,366 (31 December 2011: TL 1,994,320) Çelebi 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

	30 June 2012	31 December 2011
Other long-term payables		
Deposits and guarantees received (*)	926,471	1,055,879

(*) TL 766,999 of the deposits and guarantees received consists of the Company's subsidiary Çelebi Delhi Cargo's renters and its deposits received from customers in India (31 December 2011: TL 856,597).

NOTE 10 - INVENTORIES

	30 June 2012	31 December 2011
Trade goods	1,185,072	939,916
Other inventories	6,703,110	5,449,429
	7,888,182	6,389,345

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

The cost of inventories recognized as expense and included in "cost of sales" is amounted to TL 3,673,034 at 30 June 2012 (30 June 2011: TL 1,195,827).

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the period ended 30 June 2012 are as follows:

	Opening 1 January 2012	Changes in the rate of consolidation (**)	Additions	Disposals	Transfers	Foreign Currency translation differences	Closing 30 June 2012
Cost							
Plant, machinery and equipment	186,563,588	1,228,575	8,517,158	(994,993)	3,457	(4,269,180)	191,048,605
Motor vehicles	30,313,731	103,143	3,954,689	-	-	(850,573)	33,520,990
Furniture and fixtures	17,430,075	17,048	1,345,572	(281,837)	1,416,747	(102,216)	19,825,389
Leasehold improvements (*)	90,171,598	-	660,696	-	944,644	(132,602)	91,644,336
Construction in Progress	1,889,968	361	341,154	-	(1,632,128)	(100,462)	498,893
Advances given	788,110	-	1,916,015	-	(732,720)	(25,835)	1,945,570
	327,157,070	1,349,127	16,735,284	(1,276,830)	-	(5,480,868)	338,483,783
Accumulated depreciation							
Plant, machinery and equipment	(109,230,888)	(289,725)	(6,247,671)	360,215	-	975,829	(114,432,240)
Motor vehicles	(17,586,744)	(32,074)	(1,315,517)	-	-	328,808	(18,605,527)
Furniture and fixtures	(13,562,184)	(8,420)	(795,304)	214,229	-	34,355	(14,117,324)
Leasehold improvements (**)	(42,516,126)	-	(2,773,924)	-	-	5,288	(45,284,762)
	(182,895,942)	(330,219)	(11,132,416)	574,444	-	1,344,280	(192,439,853)
Net book value	144,261,128						146,043,930

(*) 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 30 June 2012 the net book value of these stations was TL 44,366,167. 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 2e.

Depreciation expense for the period ended 30 June 2012 in the amount of TL 1,638,512 and TL 9,493,904 are included in operating expenses and cost of sales.

There are net book value TL 9,526,197 worth of financial leasing assets in plant, machinery and equipment as of 30 June 2012.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the period ended 30 June 2011 are as follows:

	Opening 1 January-2012	Additions	Disposals	Transfers	Impairment(**)	Foreign Currency Translation Differences	Closing 30 June 2011
Cost							
Plant, machinery and equipment	162,520,089	8,954,788	(968,038)	8,908,029	-	1,601,240	181,016,108
Motor vehicles	25,387,793	649,000	(108,337)	348,412	-	3,658,856	29,935,724
Furniture and fixtures	15,175,014	1,278,537	(110,076)	292,029	-	275,444	16,910,948
Leasehold improvements(*)	82,694,876	1,548,858	-	3,522,547	(2,808,013)	-	84,958,268
Construction in Progress	12,188,524	2,536,298	-	(13,068,899)	-	650,805	2,306,728
Advances given	55,181	186,050	-	(2,118)	-	13,612	252,725
	298,021,477	15,153,531	(1,186,451)	-	(2,808,013)	6,199,957	315,380,501
Accumulated depreciation							
Plant, machinery and equipment	(98,535,302)	(5,257,921)	406,645	-	-	(576,733)	(103,963,311)
Motor vehicles	(13,151,563)	(2,031,650)	90,468	-	-	(2,120,522)	(17,213,267)
Furniture and fixtures	(12,466,605)	(585,305)	95,801	-	-	(176,030)	(13,132,139)
Leasehold improvements (**)	(37,859,724)	(2,733,683)	-	-	826,235	-	(39,767,172)
	(162,013,194)	(10,608,559)	592,914	-	826,235	(2,873,285)	(174,075,889)
Net book value	136,008,283						141,304,612

(*) 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 30 June 2011 the net book value of these stations was TL 45,108,317. 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 Güneşli Antrepo closed in 2011 comprised of leasehold improvements (Note 21).

Depreciation expense for the period ended 30 June 2011 in the amount of TL 1,466,527 and TL 9,142,527 are included in operating expenses and cost of sales. There are net book value TL 9,341,778 worth of financial leasing assets in plant, machinery and equipment as of 30 June 2011.

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NOTE 12 - INTANGIBLE ASSETS

(**) Within the scope of the concession agreement for the Çelebi Delhi Cargo'ya investment amount for renovations.

	Opening 1 January 2012	Changes in the rate of consolidation	Additions	Transfers	Foreign Currency translation differences	Closing 30 June 2012
Cost						
Rights	9,594,834	-	2,896,927	(3,629)	(52,910)	12,435,222
Customer relations	31,661,370	-	-	-	(199,380)	31,461,990
Software	6,612,314	6,259	264,039	3,629	(26,315)	6,859,926
Concession rights (**)	63,235,826	-	-	-	(6,359,009)	56,876,817
Build-operate-transfer investments (*)	52,021,479	173,645	2,500,704	-	(5,431,062)	49,264,766
	163,125,823	179,904	5,661,670	-	(12,068,676)	156,898,721
Accumulated depreciation						
Rights	(820,949)	-	(410,649)	-	11,536	(1,220,062)
Concession rights (**)	(5,534,069)	-	(1,261,218)	-	648,454	(6,146,833)
Customer relations	(23,449,180)	-	(2,252,981)	-	153,361	(25,548,800)
Software	(4,090,729)	(2,696)	(408,858)	-	13,133	(4,489,150)
Build-operate-transfer investments	(5,801,733)	(47,359)	(1,378,714)	-	702,324	(6,525,482)
	(39,696,660)	(50,055)	(5,712,420)	-	1,528,808	(43,930,327)
Net book value	123,429,163					112,968,394

(*) TL 34,850,572 which is difference between discounted present value of deposit paid with interest rate, 11.46%, and the deposit amounting to INR 1,200,000,000, additionally INR 78,148,352, paid in accordance with the concession agreement on the development, modernisation, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalised as a Build-Operate-Transfer investment and it will be amortised in 25 years until operations end in Delhi International Airport. The deposit amounting 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 1,464,471 has been capitalised as Build-Operate-Transfer investment and it will be amortised in 10 year until operations end in mentioned airport. In addition, TL 6,424,240 which is difference between discounted present value of deposit paid with interest rate, 10.82%, and the deposit amounting to INR 400,000,000 paid in accordance with the concession agreement on the development, modernisation, finance and 10-year operation of the cargo terminal in the airport in New Delhi, India, has been capitalised as a Build-Operate-Transfer investment and it will be amortised in 10 years until operations end in Delhi International Airport.

(**) Çelebi 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 2.5.g)

Amortization expense for the period ended 30 June 2012 in the amount of TL 2,418,953 and TL 3,293,467 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 30 June 2011 are as follows:

	Opening 1 January 2011	Additions	Disposals	Transfers	Foreign Currency translation differences	Closing 30 June 2011
Cost						
Rights	804,497	404,539	-	-	64,486	1,273,522
Customer relations	29,428,326	-	-	-	5,861,739	35,290,065
Software	5,881,974	303,853	-	-	213,888	6,399,715
IFRIC 12	61,234,243	-	-	-	3,454,058	64,688,301
Build-operate-transfer investments (*)	50,374,861	-	-	-	2,841,509	53,216,370
	147,723,901	708,392	-	-	12,435,680	160,867,973
Accumulated depreciation						
Rights	(547,792)	(54,574)	-	-	(4,901)	(607,267)
Customer relations	(17,591,289)	(2,360,652)	-	-	(3,664,026)	(23,615,967)
Software	(3,314,082)	(366,246)	-	-	(79,395)	(3,759,723)
IFRIC 12	(2,804,356)	(891,819)	-	-	(202,522)	(3,898,697)
Build-operate-transfer investments	(2,946,714)	(1,736,999)	-	-	(252,563)	(4,936,276)
	(27,204,233)	(5,410,290)	-	-	(4,203,407)	(36,817,930)
Net book value	120,519,668					124,050,043

(*) TL 38,672,280 which is difference between discounted present value of deposits paid with interest rate, 11.46%, and the deposit amounting to INR 1,200,000,000, paid in accordance with the concession agreement on the development, modernization, finance and 25-year operation of the cargo terminal in the airport in New Delhi, India has been capitalized as a Build-Operate-Transfer investment and it will be amortized in 25 years until operations end in Delhi International Airport.

The deposit amounted to INR 200,000,000 which has paid within the framework of concession agreement signed for handling services at airport in Mumbai for 10 years, and the difference between discounted present value of deposit paid with interest rate 13.41% which is amounted to TL 1,750,930 has been capitalized as Build-Operate-Transfer investment and it will be amortized in 10 year until operations end in mentioned airport. In addition, TL 8,270,049 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 30 June 2011 in the amount of TL 2,428,632 and TL 2,981,658 are included in operating expenses and cost of sales.

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NOTE 13 - GOODWILL

Positive goodwill at 30 June 2012 and 31 December 2011 is as follows:

	30 June 2011	31 December 2012
Goodwill due to acquisition of CGHH	18,434,543	18,551,365
Goodwill arising from acquisition of additional shares Çelebi Nas	865,699	-
	19,300,242	18,551,365

Goodwill due to acquisition of CGHH

The Company participated in the tender offer on 7 August 2006 opened by the Budapest Airport Budapest Ferihegy Nemzetközi Repülőtér Üzemeltető Zártkörűen Működő Részvénytársaság ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi és Szolgáltató 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 is participating in the Çelebi Tanácsadó Korlátolt Felelősségű Társaság ("Çelebi 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 Çelebi Ground Handling Hungary Foldi Kiszolgáltató Korlátolt Felelősségű Társaság ("CGHH") after the acquisition dated 26 October 2006.

After the studies of the independent valuation company named American Appraisal Hungary Ltd., fair value of the net assets of CGHH was determined to be TL 31,287,893 as of 26 October 2006 and acquired by Çelebi 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 Çelebi Kft at 26 October 2006. Due to this acquisition, all assets and liabilities of Çelebi Kft have been taken over by CGHH. The Group management considers the significant market position of CGHH in Hungary and the energy existed through merger with Çelebi Hava as main reasons to create goodwill. Accordingly, the Group management allocated the mentioned goodwill amount over CGHH, by assuming CGHH is solo cash generating unit. Goodwill details relating to the acquisition of CGHH are below:

	2012
1 January	18,551,365
Currency translation adjustment	(116,822)
Goodwill	18,434,543

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NOTE 13 – GOODWILL (Continued)

Impairment tests for goodwill

The entire Goodwill is subject to joint venture with %51 shares, where Çelebi Nas has %4 shares, and 8% which is purchased by other Partner Sovika Aviation Service Private Limited. (TL 1,820,300) USD 1,000,000 on January 26, 2012.

The main reason for the goodwill to be evaluated is that ÇELEBİ Nas's Management synergy which is created with Çelebi Hava in India. Çelebi Nas has evaluated as a single cash-generating unit in question of Çelebi Nas's goodwill which is allocated by management.

In the impairment test, the company compares the actual EBITDA and the projected EBITDA as of 30 June 2012. The summarized table for goodwill of operation groups and geographic operating segments is as follows:

	2011
Ground handling services - Hungary	18,434,543

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
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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 30 June 2012.

Goodwill from purchasing 4% shares of Çelebi Nas

The Company has purchased %4 shares of Çelebi Nas on January 26, 2012 by paying USD 1,000,000 (TL 1,820,300) from Sovika Aviation Private Limited which has already owned %8 shares of Çelebi Nas before. The purchase was recognised in accordance with IFRS 3 "Business Combinations" terms. The goodwill which has been calculated after the purchase as TL 865,699 has also been reflected in consolidated financial statements as of June 30, 2012.

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NOTE 13 – GOODWILL (Continued)

The details for goodwill from the purchase of 4% shares of Çelebi 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	(96,788)
Şerefiye	865,699

The reason of the goodwill amount is the purchase %4 shares of Çelebi Nas on January 26, 2012 by paying USD 1,000,000 (TL 1,820,300) from Sovika Aviation Private Limited which has already owned %8 shares of Çelebi Nas before.

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

2012

Ground handling services – India	865,699
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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.

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

Discount rate	%15.4
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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 30 June 2012.

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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2012	31 December 2011
Short-term provisions		
Provision for investment consultancy (*)	1,806,500	2,455,570
Accrued sales commissions (**)	3,734,009	1,830,775
Provision for unused vacation	2,243,921	1,669,724
Provision for electricity	1,431,547	1,272,693
Provision for litigation	1,034,882	906,470
Cargo subcontractor commission provisions	915,191	813,162
Accrued expenses to authorities of airport (***)	2,997,969	410,322
Other (****)	4,685,287	5,052,185
	18,849,306	14,410,901

(*) The provisions consist of service fees that are arisen 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 paid to State Airport Administration (DHMI) such as royalty, heating and ventilation.

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

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

Movements of short term provisions as of 30 June 2012 are as follows:

	Provision for investment consultancy	Provision for unused vacation	Accrued sales commissions	Provision for borrowing commission expense	Provision for electricity	Provision for litigation	Accrued expenses to authorities of airport	Other provisions	Total
1 January 2012	2,455,570	1,669,724	1,830,775	813,162	1,272,693	906,470	410,322	5,052,185	14,410,901
Increase during the year									
Payments during the year	(531,870)	1,848,991	3,734,009	915,191	1,432,380	164,817	3,408,840	10,543,983	22,048,211
Usage during the year	-	(179,256)	(1,830,775)	(796,534)	(1,247,502)	(34,255)	(787,747)	(9,548,768)	(14,956,707)
Exchange difference	(117,200)	(1,086,304)	-	-	-	-	-	-	(1,086,304)
		(9,234)	-	(16,628)	(26,024)	(2,150)	(33,446)	(1,362,113)	(1,566,795)
30 June 2012	1,806,500	2,243,921	3,734,009	915,191	1,431,547	1,034,882	2,997,969	4,685,287	18,849,306

	Provision for investment consultancy	Provision for unused vacation	Accrued sales commissions	Provision for subcontractor commissions	Provision for litigation	Accrued expenses to authorities of airport	Other provisions	Total
1 January 2011	2,937,400	1,302,657	1,795,263	1,035,199	866,736	33,646	3,615,838	11,586,739
Increase during the year								
Payments during the year	-	851,523	447,040	1,491,215	244,283	12,382,790	7,382,953	22,799,804
Usage during the year	466,292	(113,032)	(1,210,711)	(1,035,199)	(21,201)	(9,909,509)	(4,061,336)	(16,817,280)
Exchange difference	137,210	(179,206)	-	-	(13,579)	-	-	(192,785)
		-	-	-	66,821	407,559	(346,497)	265,093
30 June 2011	2,608,318	1,861,942	1,031,592	1,491,215	1,143,060	2,914,486	6,590,958	17,641,571

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

Contingent assets and liabilities of the Group

	30 June 2012	31 December 2011
Guarantees received:		
Guarantee letters	6,619,373	7,869,438
Guarantee notes	446,467	695,369
Guarantee check	1,269,820	1,287,125
	8,335,660	9,851,932
Guarantees given:		
Guarantee letters	190,725,390	203,762,160
Collateral	35,966,746	37,303,419
Share pledge (Note 26)	19,146,599	26,845,249
	245,838,735	267,910,828

The Company has contingent assets amounting to TL 1,228,441 (31 December 2011: TL 1,621,387), due to the legal cases in favor of the Company and contingent liabilities amounting to TL 22,556,646 due to the legal cases and enforcement proceedings against the Company as of 30 June 2012 (2011: TL 28,127,834). TL 20,051,192 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).

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The details of collaterals, pledges and mortgages ("CPM") of the Company at 30 June 2012 and 31 December 2011 are as follows:

The ratio of other collaterals, pledges and mortgages given by the Company to equity of the Company is 31.7% as of 30 June 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

	30 June 2012	31 December 2011
Short term provisions:		
Provision for employee termination benefits	550,416	358,261
Long term provisions:		
Provision for employee termination benefits	7,636,679	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 30 June 2012 consists of one month's salary limited to a maximum of TL 2,917.27 (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 30 June 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:

	30 June 2012	31 December 2011
Discount rate (%)	4.66	4.66
Turnover rate to estimate the probability of retirement (%)	93.23	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 2,917.27 which is effective from 1 January 2012 (1 January 2011: TL 2,623.23) has been taken into consideration in the calculations. Movements in the provision for employment termination benefits are as follows:

	2012	2011
1 January	7,875,593	7,510,647
Paid during the year	(2,953,218)	(1,852,581)
Increase during the year	3,306,920	1,970,618
Foreign currency translation differences	(42,200)	7,868
31 December	8,187,095	7,636,552

NOTE 16 - OTHER ASSETS AND LIABILITIES

	30 June 2012	31 December 2011
Other current assets		
Fixed asset advances given (*)	21,678,338	16,106,341
Prepaid expenses	9,727,497	6,507,409
Deferred VAT	2,071,320	5,328,039
Prepaid taxes and funds	2,837,273	2,611,382
Value-added tax ("VAT") receivables	2,598,717	1,029,625
Advances given to personnel	254,805	214,154
Other (**)	2,499,476	26,438,757
	41,667,426	58,235,707

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

(**) As of 31 December 2011, TL 23,544,151 of the current assets includes blocked deposit related to Çelebi Delhi Cargo, Group's subsidiary located in India regarding it's loan payment. (Note 7)

	31 June 2012	31 December 2011
Other non-current assets		
Prepaid expenses (*)	21,161,737	15,103,839
Other	1,621,567	1,264,845
	22,783,304	16,368,684

(*) TL 20,233,633 (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 Çelebi Hava operates.

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NOTE 16 - OTHER ASSETS AND LIABILITIES (Continued)

	30 June 2012	31 December 2011
Other current liabilities		
Wages and salaries payable	8,184,630	6,361,284
Social security payables	5,770,142	2,432,140
Order advances received	2,133,644	2,203,699
Accrued bonus payable	1,402,797	1,371,126
Taxes and funds payable	1,310,880	1,030,626
Provision for operational leasing equalization	669,988	668,468
Short term deferred revenues	234,840	465,544
VAT payable	117,297	128,370
Other miscellaneous payables and liabilities	1,757,505	971,016
	21,581,723	15,632,273

	30 June 2012	31 December 2011
Other non-current liabilities		
Deferred revenues (**)	33,903,522	43,888,799
Provision for operating leasing equalization (***)	21,233,520	19,568,334
Deferred insurance claim recovery (*)	2,709,750	2,833,350
Other	4,035,152	2,778,949
	61,881,944	69,069,432

(*) 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 30 June 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 29).

(**) The balance is comprised of deferred revenue stems from intangible assets that are calculated in accordance with IFRIC 12 within the framework of service concession agreement, which Çelebi Delhi Cargo has signed with DIAL.

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

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NOTE 17 - EQUITY

Share Capital

As of 30 June 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 Kr (31 December 2011: 2,430,000,000).

At 30 June 2012 ve 31 December 2011, the shareholding structure of the Group is stated below:

Shareholders	30 June 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 Tokgöz	1,242,720	5.11	1,242,720	5.11
Diğer	5,502,447	22.65	5,502,447	22.65
	24,300,000	100.00	24,300,000	100.00

Restricted Reserves

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

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

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

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

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

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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.

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 30 June 2012 (31 December 2011: TL 26,573,456).

"Equity Effect due to Acquisition" minus item under the equity amounted to TL 34,297,074;

-Shares with historical value of TL 144,000 of Çelebi Kargo Depolama ve Dağıtım Hizmetleri A.Ş. with a capital of 150,000 TL is purchased for TL 146,880 in 20/08/2010 resulting in minus TL 545,407 from Çelebi Holding A.S which is the group company of Çelebi and

-Hungary based Çelebi 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%. Hungary based Çelebi 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. The amount has been considered as an item of retained earnings during the determination of net distributable income for the period.

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NOTE 17 - EQUITY (Continued)

The equity schedules of the Group at 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012	31 December 2011
Capital	24,300,000	24,300,000
Restricted Reserves		
- Legal reserves	26,573,456	26,573,456
Cumulative translation differences	531,466	4,380,047
Additional contribution to shareholders' equity related to share purchase	-	(34,297,074)
Retained earnings	(16,579,892)	10,824,798
Net income for the period	11,314,978	7,623,634
Attributable to the equity holders	46,140,008	39,404,861

NOTE 18 - REVENUE AND COST OF SALES

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Ground handling services	183,708,874	106,703,945	137,733,625	84,895,805
Cargo and warehouse service income	57,095,683	29,482,987	56,959,397	32,278,193
Airport security services	584,204	297,772	1,390,759	542,067
Revenue in the context of IFRIC 12	7,612,985	253,699	10,049,276	2,342,003
Less: Returns and discounts	(5,037,872)	(2,624,320)	(2,526,130)	(1,799,443)
Sales revenue - net	243,963,874	134,114,083	203,606,927	118,258,625
Cost of sales	(187,621,194)	(94,552,428)	(154,356,147)	(83,240,616)
Gross profit	56,342,680	39,561,655	49,250,780	35,018,009

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NOTE 19 - EXPENSES BY NATURE

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Personnel expenses	(80,633,267)	(40,695,974)	(71,951,850)	(40,384,223)
Various payments to authorities and terminal managements (*)	(36,943,354)	(20,663,369)	(28,708,553)	(19,238,026)
Equipment repair, maintenance, fuel and security expenses	(21,320,697)	(10,666,582)	(18,042,889)	(7,471,092)
Consultancy expenses	(17,260,851)	(9,014,348)	(15,547,947)	(9,084,382)
Depreciation and amortization expenses	(16,844,836)	(8,428,376)	(16,018,849)	(8,238,332)
Travel and transportation expenses	(6,648,200)	(3,159,081)	(4,382,799)	(2,477,637)
Taxes and other fees	(2,616,601)	(2,323,036)	(2,197,361)	(1,357,804)
Insurance premiums	(1,919,028)	(1,207,453)	(1,737,476)	(869,738)
Cost of goods sold (*)	(3,673,034)	(429,028)	(1,195,827)	(549,109)
Other expenses	(33,181,380)	(17,936,396)	(22,055,693)	(11,094,036)
Expense in the context of IFRIC 12 (***)	(9,086,142)	(2,028,295)	(10,950,985)	(2,805,988)
	(230,127,390)	(116,551,938)	(192,790,229)	(103,570,367)

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

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

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

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DİPNOT 20 – GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Consultancy expenses	(16,762,445)	(8,687,448)	(15,221,406)	(8,894,497)
Payroll expenses	(14,035,707)	(7,283,725)	(11,754,302)	(6,349,753)
Depreciation and amortization	(4,057,465)	(2,014,027)	(3,895,159)	(1,874,214)
Travel and transportation expenses	(1,154,876)	(520,248)	(1,254,784)	(634,193)
Equipment repair, maintenance, fuel and security expenses	(325,258)	(152,826)	(672,128)	(478,618)
Payments to authorities and terminal managements	(910,452)	(398,137)	(488,396)	(178,630)
Insurance premiums	(291,653)	(146,750)	(235,222)	(45,327)
Taxes and other fees	(745,315)	(559,468)	(521,738)	(466,517)
Other expenses	(4,223,025)	(2,236,881)	(4,390,947)	(1,408,002)
	(42,506,196)	(21,999,510)	(38,434,082)	(20,329,751)

NOTE 21 - OTHER OPERATING INCOME/EXPENSES

	1 January - 30 June 2012	1 Nisan - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Other operating income:				
Gain of foreign currency translation	1,643,372	799,872	2,490,602	21,659,839
Income from insurance claims	140,772	140,772	-	-
Income from provision withdrawals	229,877	201,850	390,768	351,210
Gain on sale of plant, property and equipment	268,049	132,110	444,735	239,545
Other income	837,018	481,914	1,201,124	959,460
	3,119,088	1,756,518	4,527,229	3,210,054

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NOTE 21 - OTHER OPERATING INCOME/EXPENSES (Continued)

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Other operating expenses:				
Loss on foreign currency translation	(1,736,336)	(1,657,693)	(831,021)	(659,820)
Maddi duran varlık değer düşüklüğü	-	-	(1,981,778)	(1,981,778)
Donation and aid expenses	(255,982)	(55,137)	(248,668)	-
Insurance claims expenses	(314,510)	(292,715)	(73,866)	(59,860)
Provision expenses	(165,234)	(165,234)	(143,020)	(143,020)
Other expenses	(934,779)	(504,639)	(959,521)	(815,540)
	(3,406,841)	(2,675,418)	(4,237,874)	(3,660,018)

NOTE 22 - FINANCIAL INCOME

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Foreign exchange gains	15,193,105	7,217,232	4,106,840	978,647
SWAP contracts valuation income	-	-	3,383,368	968,195
Interest income	1,692,981	900,563	1,629,326	980,742
Unaccrued financial income	534,469	340,928	488,689	369,864
Other financial income	119	-	30,133	30,133
	17,420,674	8,458,723	9,638,356	3,327,581

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NOTE 23 - FINANCIAL EXPENSES

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Foreign exchange losses	(2,867,318)	(859,624)	(8,972,506)	(5,703,585)
Interest expenses	(12,734,470)	(6,628,917)	(6,967,747)	(4,207,264)
Financial expenses incurred under scope of IFRIC 12	(1,621,449)	(784,648)	(2,295,661)	(1,151,290)
SWAP contracts valuation losses	-	-	(734,188)	(385,423)
Unaccrued financial expenses	(334,251)	(210,668)	(363,456)	(223,406)
Other financial expenses	(146,193)	(60,225)	(454,258)	(255,082)
	(17,703,681)	(8,544,082)	(19,787,816)	(11,926,050)

NOTE 24 - TAX ASSETS AND LIABILITIES

	30 June 2012	31 December 2011
Corporate and income taxes payable	5,454,849	12,785,111
Less: Prepaid current year corporate tax	(1,878,797)	(12,785,111)

Tax provision, net **3,576,052**

	30 June 2012	31 December 2011
Deferred tax assets	13,791,185	13,311,495
Deferred tax liabilities	(4,478,806)	(4,341,550)
Deferred tax liability - net	9,312,379	8,969,945

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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 utilised within the scope of the Income Tax Law transitional article 61).

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

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

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

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

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

Domestic participation exemption:

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

Share premiums exemption

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

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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 19% since 1 January 2010. The corporation tax rate has been changed as 19% up to fiscal profit HUF 500,000,000 and 10% for fiscal profit over HUF 500,000,000 with the regulation in Hungary in the fiscal year 2011.

In India, the corporate tax rate is 32.45% for fiscal year 2011 (2011: 32.45%). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses).

Tax expense for the periods end 30 June 2012 and 30 June 2011 is presented below:

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
- Current year corporate tax	(5,454,849)	(4,762,682)	(4,878,379)	(2,408,929)
- Deferred tax income / (expenses)	1,674,361	776,442	2,651,901	1,380,176
	(3,780,488)	(3,986,240)	(2,226,478)	(1,028,753)

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Reconciliation of tax expenses stated in consolidated statements of income of the periods ended at 30 June 2012 and 2011 is as follows:

	30 June 2012	30 June 2011
Profit before tax	13,265,724	956,593
Expected tax expense according to parent company (20%)	(2,653,145)	(191,319)
Differences in tax rates of subsidiaries	(317,417)	(1,683,087)
Expected tax expense of the Group	(2,970,562)	(1,874,406)
Tax effect of non deductible expenses	-	410,735
Utilization of previous years losses	-	552,185
Non deductible expenses	(131,989)	(1,303,895)
Discount stems from donations and aids	51,196	239,937
Tax payables even if loss declared on statutory records (*)	(672,397)	(633,725)
Other	(56,736)	382,691
Current period tax expense of the Group	(3,780,488)	(2,226,478)

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

Deferred Taxes

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

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

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

The taxes on income for the years ended 30 June 2012 and 31 December 2011 are summarized as follows:

	Cumulative temporary		Deferred tax	
	Differences		assets / (liabilities)	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Deferred tax assets				
Non-deductible financial losses (*)	(21,723,827)	(28,387,968)	883,516	1,427,268
Personnel bonus accrual	(920,505)	(812,364)	184,101	162,473
Unaccrued financial income	(3,141,331)	(2,705,516)	993,758	877,805
Accrued sales commissions	(2,371,926)	(2,838,160)	474,385	567,632
Provision for employment termination benefits	(7,295,016)	(7,243,571)	1,459,003	1,448,714
Provision for operational leasing equilization	(20,227,606)	(18,382,800)	6,562,847	5,964,300
Provision for unused vacation	(2,082,363)	(1,496,469)	416,473	299,294
Provision for legal claims	(531,271)	(531,271)	106,254	106,254
Provision for investment consultancy expenses	(1,806,500)	(2,455,570)	361,300	491,114
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(18,511,873)	(17,995,217)	5,341,600	5,165,981
Deferred income from insurance claims	(2,709,750)	(2,833,350)	541,950	566,670
Other	(503,611)	(340,944)	50,362	34,094
			17,375,549	17,111,599
Net off			3,584,364	3,800,104
Deferred tax assets			13,791,185	13,311,495

- (*) Tax asset of unused tax losses can be gained in future periods and recognized in case there is a probability of sufficient profit. Çelebi Nas, which has TL 3,598,450 (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 1,167,517 of deferred tax amount as of June 30, 2012 (December 31, 2011: TL 1,126,227). Çelebi GH Delhi's TL 9,290,213 (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 3,014,210 as of June 30, 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)	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Deferred tax liabilities				
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	37,968,177	39,643,338	(7,593,638)	(7,589,440)
Unaccrued financial expenses	-	1,393,367	-	(139,337)
Other	3,471,288	2,307,020	(469,532)	(412,877)
			(8,063,170)	(8,141,654)
Net off			3,584,364	3,800,104
Deferred tax liabilities			(4,478,806)	(4,341,550)
Deferred tax liability, net			9,312,379	8,969,945

Deferred tax movement table is as below:

	1 January- 30 June 2012	1 January- 30 June 2011
1 January	8,969,945	1,923,504
Foreign currency translation difference	(1,331,927)	434,119
Current period deferred tax (expense) / income	1,674,361	2,651,901
30 June	9,312,379	5,009,524

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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:

	1 January - 30 June 2012	1 April - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Net loss attributable to the equity holders of the parent	11,314,978	13,473,598	(1,780,909)	5,045,872
Weighted average number of shares with 1 Kr face value each	2,430,000,000	2,430,000,000	2,430,000,000	2,430,000,000
Earning per share (Kr)	0.005	0.006	(0.001)	0.002

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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

	30 June 2012	31 December 2011
Due from related parties		
Çelebi Havacılık Holding A.Ş. ("ÇHH")	255,960	4,327
Çelebi Spain	113,710	-
Çe-Tur	31,921	-
Çelebi Hizmet Gıda A.Ş.	15,190	-
Other	5,243	156,906
	422,024	161,233

Due from Joint-ventures

	30 June 2012	31 December 2011
Çelebi Nas (*)	-	621,645
Çelebi İC Yatırım	-	36,019
		657,664

Due from related parties

422,024 818,897

(*) As of 31 December 2011, related amount consists of expense reimbursements and fixed asset sales to Çelebi 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 30 June 2012 and 31 December 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

	30 June 2012	31 December 2011
ÇHH (*)	2,331,596	17,605,040
Çe-Tur Çelebi Turizm Ticaret A.Ş. ("Çe-Tur")	469,008	181,973
Çelebi Hizmet Gıda A.Ş.	7,288	-
Other	-	4,404
	2,807,892	17,791,417

(*) As of 31 December 2011, TL 14,171,071 of the relevant amount stems from share transfer of ÇHH, 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

	1 January- 30-Jun 2012	1 April - 30-Jun 2012	1 January- 30-Jun 2011	1 April - 30-Jun 2011
Miscellaneous sales to related parties				
Çelebi Bandırma	17,098	12,196	268,828	2,328
Çelebi Havacılık Holding A.Ş.	189,412	102,604	197,464	78,650
Çelebi Marina ve Yat İşletmeciliği A.Ş.	2,196	2,091	69,149	493
Çe-Tur	207,316	150,910	54,049	31,805
Çelebi Hizmet Gıda İşletmeleri	14,320	13,260	10,288	10,288
Çelebi Ground Services Austria GMBH	52,933	5,215	-	-
Diğer	2,003	2,000	3,458	297
	485,278	288,276	603,236	123,861

Miscellaneous sales to Joint-ventures

Çelebi Nas	-	-	377,848	113,620
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Employee and transportation

expenses payable to related parties

Çe-Tur	1,585,719	964,694	1,375,667	806,875
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Contribution to holding expenses (*)

ÇHH	14,255,049	7,629,954	12,347,807	6,942,049
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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)

	1 January- 30-Jun 2012	1 April - 30-Jun 2012	1 January- 30-Jun 2011	1 April - 30-Jun 2011
Interest received from related parties				
ÇHH	-	-	377	258
			377	258

	1 January- 30-Jun 2012	1 April - 30-Jun 2012	1 January- 30-Jun 2011	1 April - 30-Jun 2011
Other purchases from related parties (*)				
ÇHH	2,005,934	798,277	1,986,980	1,139,702
Çelebi Hizmet Gıda İşletmeleri	11,931	6,947	10,967	4,615
Çe-Tur	579,094	337,555	678,668	355,765
Diğer	51,495	26,172	23,867	-
	2,648,454	1,168,951	2,700,482	1,500,082

- (*) 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.

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

Collaterals given in favor of related parties for borrowings as of 30 June 2012 and 31 December 2011 are as below:

30 June 2012	Euro	US Dollar	INR	Forint	TL	Total TL
ÇHH	-	-	-	-	17,500,000	17,500,000
CGHH (2)	24,200,000	-	-	-	-	55,035,640
Çelebi Nas (1)	-	-	61,200,000	-	-	1,965,132
Çelebi Delhi Cargo (3)	-	-	2,467,800,000	-	-	79,241,058
Çelebi Delhi GH (4)	-	-	1,252,281,494	-	-	40,210,758
Çelebi Cargo GmbH (5)	4,000,000	-	-	-	-	9,096,800

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
Çelebi Nas (1)	-	-	61,200,000	-	-	2,184,840
Çelebi Delhi Cargo (3)	-	-	2,467,800,000	-	-	88,100,460
Çelebi Delhi GH (4)	-	-	1,252,281,494	-	-	44,706,449
Çelebi Cargo GmbH (5)	4,000,000	-	-	-	-	9,775,200

- (1) 15.3% shares of the Company in Çelebi 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 Çelebi Nas and a bank, resident in India, comprise INR640,000,000 as cash credit and INR 130,000,000 as non-cash credit for the long-term project finance and INR100,000,000 as cash working capital credit.
- (2) CCGH signed an agreement for project re-financing of 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 18,5 million as of June 30, 2012.
- (3) Çelebi Delhi Cargo signed an agreement for bridge loan amounting to INR1,250,000,000 and the Company gave a guarantee for full amount of borrowings to related banks. Also since the bridge loan which signed between Çelebi Delhi Cargo, a subsidiary of the Company and a bank resident in India, amounting to INR 1,250,000,000 , was transformed into a long-term cash project loan amounting to INR1,850,000,000 has not been used yet, The Company gave corporate guarantee for full amount of the loan to fulfill the financial obligations stipulated in the agreements with relevant banks and all of the 74% shares of the Company (INR 532,800) in Çelebi Delhi Cargo have been pledged in favor of these banks.
- (4) The company has given guarantees for liabilities arising from the borrowing agreement signed for financing of long term projects with resident banks in India, which is amounted to INR750,000,000 as cash, and amounted to INR 500,000,000 as non-cash, the company will pledge the shares which is corresponding to 23.9% of the total shares of company in Çelebi GH Delhi with 74% in favor of related banks.
- (5) For borrowing agreements which are EUR 7,000,000 amounted, between Çelebi Cargo GmbH and some banks in Germany, Çelebi Cargo GmbH has given guarantees and deposits as same amount as the borrowing amount. The repayments to the loan balance is EUR 6,450,000 as of June 30, 2012.

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

Key management compensation:

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

	1 January - 30-Jun 2012	1 April - 30-Jun 2012	1 January - 30-Jun 2011	1 April - 30-Jun 2011
Short-term employee benefits	6,510,836	3,307,756	4,577,122	2.626.638
Post-employment benefits	104,482	39,130	435,894	125,152
	6,615,318	3,346,886	5,013,016	2,751,790

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 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012	31 December 2011
Fixed interest rate financial instruments		
Financial Assets		
- Cash and cash equivalents	40,737,205	87,773,080
Financial Liabilities	197,877,054	80,020,326
Floating interest rate financial instruments		
Financial liabilities	122,059,098	256,193,278
Derivative financial instruments	-	-

If other variables are kept constant, interest income generated from time deposits would have been either TL 15,175 higher or lower if the interest rates were 2% more or less at 30 June 2012 .
(31 December 2011: TL 65,118).

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Expected repricing and maturity dates have not been presented with an additional statement due to agreement maturity dates of financial assets and liabilities excluding borrowings received are in line with the expected repricing and maturity dates. Maturity analysis of the bank borrowing based on repricing dates as of 30 June 2012 and 31 December 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).

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 241,477,292 as of 30 June 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:

30 June 2012	Carrying value	Total contractual cash outflow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Non derivative financial liabilities						
Financial liabilities	313,758,964	395,487,245	40,416,314	64,534,625	244,976,696	45,559,610
Trade payables						
- Related party	2,807,892	2,807,892	2,807,892	-	-	-
- Other	19,681,663	19,681,663	19,681,663	-	-	-
Other liabilities	4,320,595	4,320,595	319,429	4,001,166	-	-
Total contractual 31 December 2011	Less than Carrying value	cash outflow	3 months	3-12 months	1-5 years	Over 5 years
Non derivative financial liabilities						
Financial liabilities	336,213,604	365,711,259	47,052,522	62,645,175	222,665,329	33,348,233
Trade payables						
- Related party	17,791,417	17,791,417	17,791,417	-	-	-
- Other	17,963,107	17,963,107	17,963,107	-	-	-
Other liabilities	3,383,345	3,383,345	264,136	2,063,330	1,055,879	-

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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 30 June 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 73,515 (31 December 2011: TL 268,909).

As of 30 June 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 16,405,723 (31 December 2011: TL 14,633,866).

As of 30 June 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 3,089,401 (31 December 2011: TL 4,606,534).

Foreign currency denominated assets and liabilities of the Group as of 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012	31 December 2011
Assets denominated in foreign currency	160,014,508	173,404,519
Liabilities denominated in foreign currency (-)	(350,800,684)	(368,170,931)
Net balance sheet position	(190,786,176)	(194,766,412)

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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 30 June 2012 and 31 December 2011:

30 June 2012	US Dollar	Euro	Indian Rupee	Other currencies	Total TL
Assets:					
Cash and cash equivalents	6,019,545	29,827,015	10,471,194	4,865,297	51,183,051
Trade receivables	4,880,196	39,807,428	6,544,706	2,726,609	53,958,939
Due from related parties	-	113,710	-	-	113,710
Other	1,245,397	1,276,932	48,874,220	3,362,259	54,758,808
	12,145,138	71,025,085	65,890,120	10,954,165	160,014,508
Liabilities:					
Short term financial liabilities	(3,978,000)	(51,230,772)	(17,072,900)	-	(72,281,672)
Long term financial liabilities	(3,993,201)	(173,440,243)	(64,043,848)	-	(241,477,292)
Trade payables	(1,632,287)	(7,072,524)	(1,821,962)	(2,880,499)	(13,407,272)
Due to related parties	-	(308,009)	-	-	(308,009)
Short-term provisions	(1,806,500)	(974,251)	(7,594,801)	(503,611)	(10,879,163)
Other	-	(2,056,511)	(6,250,616)	(4,140,149)	(12,447,276)
	(11,409,988)	(235,082,310)	(96,784,127)	(7,524,259)	(350,800,684)
Net balance sheet position	735,150	(164,057,225)	(30,894,007)	3,429,906	(190,786,176)
31 December 2011	US Dollar	Euro	Indian Rupee	Other currencies	Total TL
Assets:					
Cash and cash equivalents	6,706,296	46,694,591	35,102,043	8,587,606	97,090,536
Trade receivables	951,314	20,309,457	7,837,427	1,343,772	30,441,970
Due from related parties	-	621,645	87,172	-	708,817
Other	52,149	697,810	42,159,453	2,253,784	45,163,196
	7,709,759	68,323,503	85,186,095	12,185,162	173,404,519
Liabilities:					
Short term financial liabilities	(3,821,595)	(45,672,384)	(55,697,152)	-	(105,191,131)
Long term financial liabilities	(3,777,800)	(161,357,733)	(65,886,941)	-	(231,022,474)
Trade payables	(2,378,656)	(4,921,284)	(2,515,881)	(1,804,289)	(11,620,110)
Due to related parties	(337,548)	(833,667)	(2,847,485)	-	(4,018,700)
Short-term provisions	(83,245)	(1,877,092)	(6,176,970)	-	(8,137,307)
Other	-	(400,692)	(4,857,780)	(2,922,737)	(8,181,209)
	(10,398,844)	(215,062,852)	(137,982,209)	(4,727,026)	(368,170,931)
Net balance sheet position	(2,689,085)	(146,739,349)	(52,796,114)	7,458,136	(194,766,412)

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

The table below summarizes TL equivalent of export and import amounts for the years ended 30 June 2012 and 31 December 2011:

	1 January - 30-Jun 2012	1 April - 30-Jun 2012	1 January - 30-Jun 2011	1 April - 30-Jun 2011
Total export amount	637,559	351,441	1,536,767	1,143,496
Total import amount	10,459,341	4,543,846	9,603,674	5,390,702

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 30 June 2012 and 31 December 2011 is as follows:

	30 June 2012	31 December 2011
Total financial liabilities	313,758,964	336,213,604
Less: Cash and cash equivalents	(53,255,628)	(99,412,758)
Less: Current assets (*)	-	(23,544,151)
Less: Long term receivables (**)	(3,775,281)	(3,797,404)
Net debt	256,728,055	209,459,291
Equity	55,198,649	50,482,222
Equity + net debt	311,926,704	259,941,513
Net debt / (Equity + net debt) ratio	82%	%81

(*) Note 16

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

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NOTE 28 - FINANCIAL INSTRUMENTS

Fair value estimation

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

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

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

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

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

The Group's assets and liabilities quantified as fair values at 30 June 2012 and 2011 are as below:

30 June 2012	Level 1	Level 2	Level 3	Total
Assets				
Available for sale financial assets	-	1,536,105	-	1,536,105
Total assets	-	1,536,105	-	1,536,105
31 December 2011	Level 1	Level 2	Level 3	Total
Assets				
Available for sale financial assets	-	1,536,105	-	1,536,105
Total assets	-	1,536,105	-	1,536,105

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2012**

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

NOTE 29 - 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 30 June 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 14,204,587 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 5,846,607 in which the Company is the sole defendant. Total legal cases and enforcement proceedings is TL 20,051,194 (Note 14) as of 30 June 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 10,489,850 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 30 June 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.

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

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2012**

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

NOTE 29 - 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 71,753,583 (USD 39,719,670) and to which the Fund Companies are a party, have been solved with conciliation; for TL 44,390,457 (USD 24,572,631) negotiations between the claimants and the fund are ongoing no conciliation has been achieved within the scope of the fund. It is foreseen that the balance amounts remaining in the fund as a result of liquidation will be sufficient for the liquidation of all claims made with all fund parties but for which reconciliation meetings have not been finalised.

In view of the foregoing, the Company believes that all legal claims faced may be settled as part of the insurance policy collected and the fund formed. Since there are no further development which adversely affects the matters disclosed in past, the Company has not booked any provision in consolidated financial statements as of 30 June 2012.

NOTE 30 - SUBSEQUENT EVENTS

- a- The board of directors of the Company decided on July 2, 2012, to meet the equity amounting to 67,034 million Indian Rupees, subject to the legislation within the premium capital increase in India, in order to carry out the anticipated investments and financing of the activities of Çelebi GH Delhi, in this context; decided to be paid 66,748 million Indian Rupees (approximately USD 1.2 million) by Çelebi Ground Handling and to protect a maximum rate of 74% share of partnership that may have been owned by Çelebi Hava, in accordance with the relevant legislation subject to India.
- b- Çelebi Ground Handling put forward a proposal to relevant Liquidation Authority, carrying out the process of liquidation of Newco Airport Services S.A. ("Newco"), which is engaged in the activities of airport ground handling services in Spain, in order to take over the economic integrity of units relating to activities of ground handling services at airports in the cities of Barcelona, Santiago, Oviedo and Vigo in Spain.
- c- According to the information made by Çelebioğlu Family (Can Çelebioğlu, Canan Çelebioğlu Tokgöz and Peters Çelebioğlu) ("Family"), who is the dominant partner of Çelebi Havacılık Holding A.Ş. ("ÇHH"), within the framework of the strategic plan for growth of the aviation sector of the Group in the country and abroad; belonging to "Family", 99.99% of the shares forming the capital of ÇHH and 22.63% of the shares forming the capital of Çelebi Ground Handling, capital, voting rights and management control will be shared equally by the Actera Group, which is the largest private equity investment company focused on Turkey, and the "Family" and a non-binding letter of intent on the subject of the transfer to a company was signed.