

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2005
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

ÇELEBİ HAVA SERVİSİ A.Ş.

**INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD BETWEEN
1 JANUARY-31 DECEMBER 2005**

To the Board of Directors of
Çelebi Hava Servisi A.Ş.

1. We have examined the consolidated balance sheet of Çelebi Hava Servisi A.Ş. (the "Company") at 31 December 2005 and the related consolidated statement of income for the year then ended. Our audit was made in accordance with generally accepted auditing principles issued by the Turkish Capital Market Board ("CMB") and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary under the circumstances.
2. The consolidated financial statements of the Company as of 31 December 2004 were audited by other auditors, whose report, dated 18 March 2005, expressed an unqualified opinion on those financial statements.
3. In our opinion, the consolidated financial statements, present fairly, in all material respects, the financial position of Çelebi Hava Servisi A.Ş. as at 31 December 2005 and the results of its operations for the year then ended in accordance with generally accepted accounting principles issued by the CMB (See Balance Sheet Note 2).
4. Additional paragraph for convenience translation into English:
As of 31 December 2005, the accounting principles described in Notes 2 (defined as CMB Accounting Standards) to the accompanying 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, presentation of the basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Başaran Nas Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi
a member of
PricewaterhouseCoopers

Murat Sancar, SMMM
Istanbul, 7 April 2006

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2005

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEETS	1-2
CONSOLIDATED STATEMENT OF INCOME	3
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	4
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	5-47
NOTE 1 ORGANIZATION AND PRIMARY OPERATIONS OF THE COMPANY	5
NOTE 2 BASIS OF PRESENTATION.....	5-8
NOTE 3 SIGNIFICANT ACCOUNTING POLICIES	9-16
NOTE 4 CASH AND CASH EQUIVALENTS	16
NOTE 5 MARKETABLE SECURITIES	16
NOTE 6 FINANCIAL LIABILITIES.....	17-18
NOTE 7 TRADE RECEIVABLES AND PAYABLES.....	18-19
NOTE 8 FINANCIAL LEASING RECEIVABLES AND PAYABLES.....	19
NOTE 9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	20-24
NOTE 10 OTHER RECEIVABLES AND PAYABLES.....	24
NOTE 11 BIOLOGICAL ASSETS	24
NOTE 12 INVENTORIES	24
NOTE 13 BALANCES RELATED TO CONSTRUCTION CONTRACTS	24
NOTE 14 DEFERRED TAX ASSETS AND LIABILITIES.....	25-26
NOTE 15 OTHER CURRENT/NON-CURRENT ASSETS AND SHORT-/LONG-TERM LIABILITIES.....	26-27
NOTE 16 FINANCIAL ASSETS.....	27
NOTE 17 POSITIVE/NEGATIVE GOODWILL.....	27
NOTE 18 INVESTMENT PROPERTIES	27
NOTE 19 PROPERTY, PLANT AND EQUIPMENT	28-29
NOTE 20 INTANGIBLE ASSETS.....	30
NOTE 21 ADVANCES RECEIVED.....	31
NOTE 22 RETIREMENT PLANS	31
NOTE 23 PROVISIONS	31-32
NOTE 24 MINORITY INTEREST	32
NOTE 25 SHARE CAPITAL/CAPITAL-INVESTMENT NET OFF	33
NOTE 26 CAPITAL RESERVES	33
NOTE 27 PROFIT RESERVES	34
NOTE 28 RETAINED EARNINGS	34-35
NOTE 29 FOREIGN CURRENCY POSITION	36-37
NOTE 30 GOVERNMENT GRANTS	38
NOTE 31 PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES	38
NOTE 32 BUSINESS COMBINATIONS.....	39
NOTE 33 SEGMENT REPORTING.....	39
NOTE 34 SUBSEQUENT EVENTS.....	40
NOTE 35 DISCONTINUED OPERATIONS	40
NOTE 36 OPERATING INCOME	41
NOTE 37 OPERATING EXPENSES.....	42
NOTE 38 OTHER INCOME/EXPENSES AND OTHER PROFIT/LOSSES	42
NOTE 39 FINANCIAL EXPENSES/INCOME-(NET)	42
NOTE 40 MONETARY POSITION GAIN/LOSS	43
NOTE 41 TAXATION.....	43-45
NOTE 42 EARNINGS PER SHARE	45
NOTE 43 STATEMENT OF CASH FLOWS	46
NOTE 44 DISCLOSURE OF OTHER MATTERS, WITH A MATERIAL AFFECT ON FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE FINANCIAL STATEMENTS	47

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated)

	Notes	31 December 2005	Restated 31 December 2004
ASSETS			
Current Assets		65.325.402	25.504.049
Cash and Cash Equivalents	4	46.224.642	13.338.556
Marketable Securities (net)	5	-	-
Trade Receivables (net)	7	10.534.499	7.604.998
Finance Lease Receivables (net)	8	-	-
Due From Related Parties (net)	9	3.969.002	76.235
Other Receivables (net)	10	1.103.966	1.067.876
Biological Assets (net)	11	-	-
Inventories (net)	12	1.645.705	1.288.069
Receivables on Construction Contracts (net)	13	-	-
Deferred Tax Assets	14	-	-
Other Current Assets	15	1.847.588	2.128.315
Non-current Assets		162.556.463	126.048.791
Trade Receivables (net)	7	-	-
Finance Lease Receivables (net)	8	-	-
Due From Related Parties (net)	9	-	-
Other Receivables (net)	10	-	-
Financial Assets (net)	16	-	240.648
Positive/Negative Goodwill (net)	17	-	-
Investment Property (net)	18	-	-
Property, plant and equipment (net)	19	156.207.367	125.071.868
Intangible Assets (net)	20	857.523	627.855
Deferred Tax Assets	14	5.466.421	50.283
Other Non-current Assets	15	25.152	58.137
Total Assets		227.881.865	151.552.840

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (YTL) unless otherwise indicated)

	Notes	31 December 2005	Restated 31 December 2004
LIABILITIES		125.998.544	80.878.648
Current Liabilities		52.715.177	13.826.197
Financial Liabilities (net)	6	6.884.679	1.414
Short-term Portion of			
Long-term Financial Liabilities (net)	6	28.857.535	238.377
Finance Lease Liabilities (net)	8	622.203	1.491.776
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	7.064.743	7.615.894
Due to Related Parties (net)	9	349.667	587.044
Advances Received	21	48.732	-
Construction Contracts Progress Payments (net)	13	-	-
Provisions	23	4.050.264	694.559
Deferred Tax Liability	14	-	-
Other Liabilities (net)	15	4.837.354	3.197.133
Non-current Liabilities		73.283.367	67.052.451
Financial Liabilities (net)	6	59.727.770	54.017.147
Finance Lease Liabilities (net)	8	92.834	64.457
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	2.934	2.684
Due to Related Parties (net)	9	-	-
Advances Received	21	-	-
Provisions	23	3.480.575	4.898.445
Deferred Tax Liability	14	9.979.254	8.069.718
Other Liabilities (net)	15	-	-
MINORITY INTEREST	24	52.343	-
SHAREHOLDERS' EQUITY		101.830.978	70.674.192
Share Capital	25	13.500.000	13.500.000
Investment Capital Net Off	25	-	-
Capital Reserves	26	11.785.483	11.785.483
Share Premiums		-	-
Share Cancellation Profit		-	-
Revaluation Fund		-	-
Financial Assets Revaluation Fund		-	-
Equity Inflation Adjustment Differences	26	11.785.483	11.785.483
Profit Reserves	27	16.729.600	15.094.873
Legal Reserves		6.899.658	6.899.658
Statutory Reserves		-	-
Extraordinary Reserves		9.829.942	8.195.215
Special Reserves		-	-
Investment and Property Sales Gains		-	-
to be transferred to the share capital		-	-
Translation Reserves		-	-
Net Income for the year		31.156.786	1.493.676
Retained Earnings	28	28.659.109	28.800.160
Total Shareholders' Equity and Liabilities		227.881.865	151.552.840
Commitments and Contingent Assets and Liabilities	31		

The consolidated financial statements were approved for issue by the Board of Directors on 7 April 2006 and signed on its behalf by General Manager Salih Samim Aydın and Finance Director H. Tanzer Gücümün.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated)

		31 December 2005	Restated 31 December 2004
	Notes		
Operating revenue			
Sales (net)	36	215.014.711	119.462.696
Cost of sales (-)	36	(159.734.238)	(98.762.072)
Service income (net)	36	-	-
Gross operating profit		55.280.473	20.700.624
Operating expenses (-)	37	(23.180.015)	(22.304.111)
Net operating profit/loss (-)		32.100.458	(1.603.487)
Other income and profits	38	1.764.595	1.033.272
Other expenses and losses (-)	38	(1.044.245)	(821.360)
Financial expenses	39	(4.255.963)	215.352
Income/loss before monetary loss, taxes and minority interests		28.564.845	(1.176.223)
Net monetary gain/loss	40	-	1.503.139
Minority interests	24	(33.325)	-
Income/loss before taxes		28.531.520	326.916
Taxes on income	41	2.625.266	1.166.760
Net income/loss for the year		31.156.786	1.493.676
Earnings per share (YTL)	42	2,30	0,11

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

	Share capital	Inflation adjustments to shareholders' equity	Legal reserves	Extraordinary reserves	Retained earnings	Net income/(loss) for the year	Total Shareholders' equity
1 January 2004 previously reported	9.000.000	13.082.040	6.327.363	21.603	26.675.986	13.030.047	68.137.039
Prior period adjustment (Note 2.5)	-	-	-	-	-	1.043.477	1.043.477
1 January 2004 adjusted	9.000.000	13.082.040	6.327.363	21.603	26.675.986	14.073.524	69.180.516
Transfers to retained earnings	-	-	-	-	14.073.524	(14.073.524)	-
Capital increase	4.500.000	(1.663.797)	6.226	-	(2.842.429)	-	-
Transfers to reserves	-	367.240	566.069	8.173.612	(9.106.921)	-	-
Net profit for the year	-	-	-	-	-	1.493.676	1.493.676
31 December 2004	13.500.000	11.785.483	6.899.658	8.195.215	28.800.160	1.493.676	70.674.192
1 January 2005, previously reported	13.500.000	11.785.483	6.899.658	8.195.215	27.756.683	1.634.727	69.771.766
Prior period adjustment (Note 2.5)	-	-	-	-	1.043.477	(141.051)	902.426
1 January 2005 adjusted	13.500.000	11.785.483	6.899.658	8.195.215	28.800.160	1.493.676	70.674.192
Transfers to retained earnings	-	-	-	-	1.493.676	(1.493.676)	-
Transfers to reserves	-	-	-	1.634.727	(1.634.727)	-	-
Net profit for the year	-	-	-	-	-	31.156.786	31.156.786
31 December 2005	13.500.000	11.785.483	6.899.658	9.829.942	28.659.109	31.156.786	101.830.978

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND PRIMARY OPERATIONS OF THE COMPANY

Çelebi Hava Servisi A.Ş (the “Company”) established in 1958 was the first private ground handling service company in the Turkish aviation sector. The Company provides ground handling services (representation, ramp, traffic, cargo, flight operations, airshaft maintenance etc.) and fuel supply to domestic and foreign airlines and cargo companies. The Company operates in İstanbul, İzmir, Ankara, Adana , Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Gaziantep, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Van, Malatya, Kars and Sivas airports, which are under the control of the State Airports Administration (DHMI).

The address of the Company is as follows:

Atatürk Havalimanı, Yeşilköy
34149 Bakırköy, İstanbul

The Company was consolidated with Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. (“Çelebi IC”) with 49.99% shares using the joint venture consolidation method as of 31 December 2005. Çelebi IC was established in 23 March 2004 based on the “Antalya Airport 2nd International Terminal (Terminal) construction, management and transfer agreement” between the Company and DHMI. Based on this agreement and an additional contract prepared on 10 November 2004, the construction of the building was finished and operations started as of 4 April 2005. Çelebi IC will run this terminal for 54 months and then transfer to DHMI without any charge. The other main shareholder of Çelebi IC is İctaş İnşaat Sanayi ve Ticaret A.Ş. with 49.99% shares.

The Company has also consolidated Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. (“Çelebi Güvenlik”) whose 94,8% (2004: 94,8%) of shares belong to the Company. Çelebi Güvenlik maintains security at the Terminal and provides security services to the airline companies.

As of 31 December 2005, the consolidated financial statements of the Company include the Company, Çelebi IC and Çelebi Güvenlik (collectively, the “Group”).

As of 31 December 2005 and 2004, the average number of employees of the Group was 2.932 and 2.267 respectively.

NOTE 2 – BASIS OF PRESENTATION

2.1 Accounting policies

The consolidated financial statements of the Group have been prepared in accordance with accounting and reporting principles published by the Capital Markets Board (“CMB”), namely “CMB Accounting Standards”. The CMB published a comprehensive set of accounting principles in Communiqué No: XI-25 “The Accounting Standards in the Capital Markets”. In the aforementioned communiqué, it has been stated that applying the International Financial Reporting Standards “IFRS” issued by the International Accounting Standards Board (“IASB”) is accepted as an alternative to conform to the CMB Accounting Standards.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 2 – BASIS OF PRESENTATION (Continued)

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards, the application of inflation accounting is no longer required. Accordingly, the Group did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by the IASB in its financial statements for the accounting periods starting 1 January 2005. The consolidated financial statements dated 31 December 2004 are expressed in the purchasing power of YTL at 31 December 2004. The consolidated financial statements and the related notes have been prepared in accordance with the alternative method mentioned above and presented in accordance with the formats required by the CMB with the announcement dated 20 December 2004.

The Group prepares their books of account and statutory financial statements in New Turkish lira (“YTL”) based on Turkish Commercial Code and Tax Procedural Law. The consolidated financial statements, which are in accordance with CMB Accounting Standards, are prepared in New Turkish lira (“YTL”) based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

2.2 Financial reporting in hyperinflationary periods

At 31 December 2004, the consolidated financial statements are expressed in terms of the purchasing power of YTL at 31 December 2004. As disclosed in the “accounting policies” note, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Therefore, the Company has not applied inflation accounting since 1 January 2005.

International Accounting Standard 29 (“IAS 29”), requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. The restatement of the comparative amounts was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index (“WPI”) published by the State Institute of Statistics (“SIS”). Indices and conversion factors used to restate the comparative amounts in consolidated financial statements until 31 December 2004 are given below:

<u>Dates</u>	<u>Index</u>	<u>Conversion factors</u>	<u>Cumulative three-year inflation rate (%)</u>
31 December 2004	8.403,8	1,000	69,7
31 December 2003	7.382,1	1,138	181,1

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 2 – BASIS OF PRESENTATION (Continued)

2.3. New Turkish lira

Through the enactment of the Law numbered 5083 concerning the “Currency of the Republic of Turkey” in the Official Gazette dated 30 January 2004, New Turkish lira (“YTL”) and the New Kuruş (“YKr”) have been introduced as the new currency of the Republic of Turkey, effective from 1 January 2005. The hundredth part of the YTL is the YKr (1 YTL=100YKr). When the prior currency, Turkish lira (“TL”), values are converted into the YTL, one million TL is equivalent to one YTL (1 YTL). Accordingly, the currency of the Republic of Turkey is simplified by removing 6 zeroes from the TL.

All references made to Turkish lira or lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to YTL at the conversion rate indicated as above. Consequently, effective from 1 January 2005, the YTL replaces the TL as a unit of account in keeping and presenting of the books, accounts and financial statements.

As stated in the announcement of the CMB dated 30 November 2004, financial statements for the period ended 31 December 2005, including the prior period financial data which will be used for comparison purposes, are presented in YTL, and prior period financial statements are to be presented in YTL only for comparative purposes.

2.4 Consolidation Principles

- a) The consolidated financial statements include the accounts of the parent company, Çelebi Hava Servisi A.Ş., its Subsidiaries and its Joint Ventures on the basis set out in sections (a) to (d) below. The financial statements of the companies included in the scope of consolidation and prepared according to the historical cost method have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with CMB Accounting Standards and the application of uniform accounting policies and presentation.
- b) Subsidiaries are companies over which the Company has the power to control the financial and operating policies, either (a) through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of ownership interest owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the ownership interest, otherwise has the power to exercise control over financial and operating policies.

The balance sheets and statements of income of the Subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries eliminated against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from shareholders' equity and income for the period, respectively.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 2 – BASIS OF PRESENTATION (Continued)

The subsidiaries and their ownership included in the consolidation as of 31 December 2005 is as follows:

31 December 2005	Direct/Indirect control of the Company (%) 31 December 2004	Direct/Indirect control of the Company (%)
Çelebi Güvenlik (*)	94.8%	94.8%

(*) Çelebi Güvenlik was classified as an available-for-sale financial asset in the consolidated financial statements until 30 June 2005 due to the small size of its assets, revenue and operations. However, taking into consideration the development in operating size of Çelebi Güvenlik and the increase in its revenue, the consolidated financial statements dated 30 September 2005 and 31 December 2005 have also been consolidated.

- c) 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. Çelebi IC is a 49,99% participation of the Company jointly managed by the other shareholders of Çelebi IC.
- d) The minority shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated balance sheets and statements of income as "minority interest".

2.5 Comparatives and restatement of prior periods' financial statements

Where necessary, comparative figures have been adjusted to conform to changes in presentation of the current year's consolidated financial statements.

Financial statements prepared on 31 December 2004 were restated due to the correction in the provision of employment termination benefits. After the restatement, net profit, provision for the employment termination benefits and deferred tax liability (net) for the year as of 31 December 2004 has changed from YTL1.634.727, YTL6.187.624 and YTL7.632.681 to YTL1.493.676, YTL4.898.445 and YTL8.019.435, respectively.

2.6 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are summarized below:

3.1 Revenue recognition

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 (Note 36).

Passenger service income is recognized on an accrual basis, invoiced over amounts determined per traveler with reference to the service contracts to the airport firms or their representatives for the services rendered to the passengers going abroad at the terminal. In accordance with the “Antalya Airport 2nd International Terminal construction, management and transfer agreement” signed between Çelebi IC and DHMI and also with the conditions of the contract, DHMI committed to foreign lines service revenue of 2.211.138 passengers and agreed USD15 per person as the foreign line passenger service price. After reaching the guaranteed passenger number in one operating year, the entire passenger income will be transferred DHMI.

3.2 Inventories

Inventories are valued at the lower of cost, or net realizable value. Stocks are valued with the moving average cost method (Note 12).

3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, restated to 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. Where the carrying amount of an asset is greater than its recoverable amount, it is written down to its recoverable amount, its is written down to its recoverable amount (Note 19). Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Machinery and equipment	5-20 years
Vehicles	5 years
Furniture and fixtures	5 years
Leasehold improvements	5-15 years
Software	5 years

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in operating profit.

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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amortization of the leasehold improvements related with the construction of the terminal has been amortized using the straight-line method based on the operation of the terminal for 54 months.

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.

3.4 Intangible assets

Intangible assets comprise computer programmers and rights. They are stated at cost less amortization, restated to equivalent purchasing power at 31 December 2004 for the items purchased before 1 January 2005 and stated at cost less amortization for the items purchased after 1 January 2005. Amortization is calculated using the straight-line method over a period not exceeding five years (Note 20). Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

3.5 Impairment of assets

The Company assesses at each reporting date whether there is any indication that an asset, except for deferred tax asset is impaired (Note 3.22 and Note 14). If any such indication exists, the recoverable amount of the asset would be estimated. Impairment is recognized in income statement as expense.

An impairment loss recognized in prior periods for an asset is reversed, not exceeding the previously recognized impairment loss amount, if there is a subsequent increase in the recoverable amount due to an event occurred since the last impairment loss was recognized.

3.6 Borrowing costs

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Trade receivables and impairment

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortized cost. Short duration receivables with no stated interest rate there on are measured at the original invoice amount unless the effect of imputed interest is significant (Note 7).

A credit risk provision for trade receivables is established if there is objective evidence that the Company 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.

3.8 Financial instruments and risk management

Collection risk

The collection risk of the Group results mainly from trade receivables. Trade receivables are evaluated in view of past experiences and the current economic situation by the group management, and following the provision of the appropriate level of doubtful receivables, they are stated with their net values in the balance sheet. Risk related to liquid funds is limited due to the fact that relevant funds are deposited to bank deposits.

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 by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Foreign exchange rate risk

The Group is exposed to foreign exchange rate risk through the impact of rate changes in the translation of New Turkish lira pertaining to foreign currency denominated assets and liabilities. These risks are monitored and limited by the analysis of the foreign currency position.

Liquidity risk

The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities for example by collecting the receivables and the availability of funding through an adequate amount of committed credit lines.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value of financial instruments

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.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practical to estimate fair value.

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate carrying values.

The fair values of certain financial assets carried at cost, including cash and cash equivalents and held to maturity investments plus the respective accrued interest are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

The fair values of investment securities, which have been determined by reference to market values, approximate carrying values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Trading liabilities have been estimated at their fair values.

Borrowings that are denominated in foreign currencies are translated at period-end exchange rates and accordingly their fair values approximate their carrying values. The carrying values of borrowings along with the related accrued interest are estimated to be their fair values.

3.9 Business Combinations

None.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Foreign currency transactions

Transactions in foreign currencies have been translated into New Turkish lira at the foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical costs are translated into New Turkish lira at the foreign exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on translation are recognized in the consolidated statements of income.

3.11 Earnings per share

Earnings per share disclosed in the consolidated statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned (Note 42).

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 share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration.

Earnings per share are determined by dividing net profit of shareholders to the weighted number of issued ordinary shares.

3.12 Subsequent events

When events after the balance sheet date occur, following an announcement regarding the decision or disclosure of selected financial information, these financial statements cover all the events between the balance sheet date and authorization date of the publication of the balance sheet (Note 34).

In cases where events requiring adjustment after the balance sheet date occur, the amounts included in the consolidated financial statements are adjusted in accordance with this new situation.

3.13 Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made (Note 31).

Possible assets or obligations 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 not wholly within the control of the Company are not included in financial tables and treated as contingent assets or liabilities.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Change in the accounting policies

Significant changes and errors in the accounting policies are adjusted retrospectively and previous period's financial statements are prepared accordingly. Significant changes in management estimates are adjusted in the period in which the changes have occurred if the changes are related to only one period. If the estimate changes have effects on the prospective periods, they are adjusted in the period in which the changes have occurred and in the prospective periods.

3.15 Leases

Finance 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. Principal 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 to the consolidated income statement as loss. Depreciation on the relevant asset is also charged to the statement of income over its useful life (Note 8).

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

3.16 Related parties

For the purpose of these financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, investments, associated companies and joint venture partners are considered and referred to as related parties (Note 9).

3.17 Segment reporting

The Group operates in ground handling and airport terminal management. All the facilities of the Company are located in Turkey (Note 33).

3.18 Construction type contracts

None.

3.19 Discontinued operations

None.

3.20 Government grants and incentives

Government grants, including non-monetary grants at fair value, are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received (Note 30).

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Investment properties

None.

3.22 Taxes on income

Taxes on income included in the statement of income comprise of current and deferred tax (Note 14 and Note 41). Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred income tax is provided in full, using the liability method, on all 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.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred 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. Deferred tax asset is booked where there is a probability of tax advantage can be gained in future periods. This asset is removed from the related asset where there is no probability of utilizing this asset.

3.23 Employment termination benefits

Provision for employment termination benefit represents the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labor Law (Note 23).

3.24 Retirement plans

None.

3.25 Agricultural operations

None.

3.26 Reporting of cash flows

Cash flows related to the period are reported, classified according to operating, investment and financial activities (Note 43).

Cash flows resulting from operating activities indicate cash flows resulting from the Group's operating activities.

Cash flows from investment operations indicate cash flows acquired and used in the Group's investment activities (fixed investment and financial investment).

Cash flows from financial operations, indicate sources used in financial activities of the Group and repayments thereof.

Cash and cash equivalents include cash, bank deposits and short-term investments that can be easily converted to cash with a due date three months or shorter.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.27 Financial non-current assets

Investment securities 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. These are included in non-current assets unless management has the intention of holding the investment securities for less than 12 months from the balance sheet date, or unless they will need to be sold to raise working capital, in which case they are included in current assets. Management determines the appropriate classification of its investment securities at the time of the purchase and re-evaluates such designation on a regular basis.

Available-for-sale investments, which are either immaterial or where a significant influence is not exercised by the Group are carried to consolidated financial statements at cost less any provision for impairment (Note 16).

3.28 Changes in accounting estimates, assumptions

Preparation of financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of 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.

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2005	31 December 2004
Cash	26.318	17.192
Bank	45.978.324	13.321.364
-Demand deposit	7.290.629	8.301.524
-Time deposit	38.687.695	5.019.840
Other liquid assets	220.000	-
	46.224.642	13.338.556

Average interest rates for YTL, EUR and USD time deposits are 12,83-15,00%, 1,20-3,80% and 2,17-4,25%, respectively as of 31 December 2005 (31 December 2004: YTL: 18,25%, USD: 1,25-2,60% and EUR: 2,60%).

NOTE 5 – MARKETABLE SECURITIES

None (2004: None).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 6 – FINANCIAL LIABILITIES

	31 December 2005		
	Interest Rate (%)	Original Amount	YTL
Short-term borrowings			
<u>Short-term borrowings</u>			
YTL borrowings	-	697	697
EURO borrowings	3,2 %	1.999.760	3.174.619
USD borrowings	5,5 %	1.000.000	1.341.800
Interest accruals	-	-	2.367.563
			6.884.679
<u>Short-term portion of long-term borrowings</u>			
USD Borrowings	5,5% -Libor+2,9 %	21.506.584	28.857.535
			28.857.535
Long-term borrowings			
USD borrowings	5,5 %-Libor+2,9%	44.513.169	59.727.770
			59.727.770

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 6 – FINANCIAL LIABILITIES (Continued)

	31 December 2004		
	Interest Rate (%)	Original amount	YTL
Short-term borrowings			
<u>Short-term bank borrowings</u>			
YTL borrowings	-	1.414	1.414
			1.414
<u>Short-term portion of long-term borrowings</u>			
USD borrowings	5,5 %	177.615	238.377
Long-term borrowings			238.377
USD borrowings	5,5 %-Libor+2,9 %	40.248.226	54.017.147
			54.017.147

The redemption schedule of the long-term bank borrowings as of 31 December 2005 and 31 December 2004 are as follows:

	31 December 2005	31 December 2004
2006	-	17.334.666
2007	28.857.535	17.334.666
2008	28.857.535	19.347.815
2009 and over	2.012.700	-
	59.727.770	54.017.147

The borrowings amounting to USD 43.719.753 comprise of the loans used by the joint venture of the company Çelebi IC in the terminal construction as of 31 December 2005. The maturities of the loans which do not have to be repaid in the first two years range from 3,5-4, and repayment will begin in April 2006 and will be realized through six monthly equal installments.

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	31 December 2005	31 December 2004
Short-term trade receivables		
Trade receivables	13.317.095	9.966.462
Notes receivable	-	1.342
Deposits and guarantees given	7.833	24.665
Less: Provision for doubtful receivables	(2.418.211)	(2.387.471)
Less: Unearned credit finance income	(372.218)	-
	10.534.499	7.604.998

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Continued)

Movements of the provision for doubtful receivables for the years ended 31 December 2005 and 31 December 2004 are as follows:

	31 December 2005	31 December 2004
Opening balance	2.387.471	2.193.003
Additions/(disposals)	30.740	461.084
Monetary gain	-	(266.616)
Ending balance	2.418.211	2.387.471

	31 December 2005	31 December 2004
Short-term trade payables		
Trade payables	7.157.634	7.615.894
Less: Unearned credit finance charges	(92.891)	-
	7.064.743	7.615.894

	31 December 2005	31 December 2004
Long-term trade payables		
Deposits and guarantees received	2.934	2.684
	2.934	2.684

NOTE 8 - FINANCIAL LEASING RECEIVABLES AND PAYABLES

The details of financial leasing receivables and payables as of 31 December 2005 and 2004 are as follows:

	31 December 2005			31 December 2004		
	Minimum lease payments	Interest	Total obligation	Minimum lease payments	Interest	Total obligation
Less than 1 year	658.559	(36.356)	622.203	1.536.272	(44.496)	1.491.776
1 to 2 years	95.322	(2.488)	92.834	66.304	(1.847)	64.457
2 to 3 years	25.578	(25.578)	-	-	-	-
4 years and more	736	(736)	-	-	-	-
	780.195	(65.158)	715.037	1.602.576	(46.343)	1.556.233

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Amounts due from and due to related parties at year ends and a summary of major transactions with related parties during the year are as follows:

	31 December 2005	31 December 2004
Due from related parties		
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	2.801.684	-
İçtaş İnşaat Sanayi ve Ticaret A.Ş.	750.219	-
IC Antbel Antalya Belek Turizm Yatırım A.Ş.	30.397	-
Çelebi Holding A.Ş.	10.730	-
Çelebi Hizmet Restorant İşletmeleri ve Gıda Turizm İnşaat Sanayi ve Ticaret A.Ş.	84	556
Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.	-	75.679
Less: Unearned financial income from sales on credit terms	(16.205)	-
	3.576.909	76.235
Due from joint ventures		
Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş.	393.870	-
Less: Unearned financial income from sales on credit terms	(1.777)	-
	392.093	-
Total due from related parties	3.969.002	76.235

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2005	31 December 2004
Due to related parties		
Çe-Tur Çelebi Turizm Ticaret A.Ş.	352.680	213.759
İçtaş İnşaat Sanayi ve Ticaret A.Ş.	-	219.437
Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.	-	151.984
Payables to shareholders	2.276	1.864
Less: Unearned credit finance charges	(5.289)	-
	349.667	587.044

	31 December 2005	31 December 2004
Sales to related parties		
Çelebi-IC Terminali İşletme ve Ticaret A.Ş.	620.528	-
Çe-Tur Çelebi Turizm Ticaret A.Ş.	243.477	103.690
İçtaş İnşaat Sanayi ve Ticaret A.Ş.	213.600	-
IC Antbel Antalya Belek Turizm Yatırım A.Ş.	184.403	-
Çelebi Holding A.Ş.	118.162	6.132
Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.	-	44.102
Çelebi Hizmet Restorant İşletmeleri ve Gıda Turizm İnşaat Sanayi ve Ticaret A.Ş.	-	17.313
Çelebi Hizmet Gıda İşletmeleri Turizm Sanayi ve Ticaret A.Ş.	2.281	527
	1.382.451	171.764

	31 December 2005	31 December 2004
Sales to joint ventures		
Çelebi IC Antalya Havalimanı Yatırım ve İşletme A.Ş.	2.377.682	-
	2.377.682	-

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2005	31 December 2004
Rent income from related parties		
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	16.280.942	-
	16.280.942	-
	31 December 2005	31 December 2004
Transportation expenses payable to related parties		
Çe-Tur Çelebi Turizm Ticaret A.Ş.	3.553.288	3.119.704
	3.553.288	3.119.704
	31 December 2005	31 December 2004
Contribution to holding expenses (*)		
Çelebi Holding A.Ş.	5.444.364	3.757.067
	5.444.364	3.757.067
	31 December 2005	31 December 2004
General expenses contribution Income from related companies (**)		
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	2.060.756	-
	2.060.756	-
	31 December 2005	31 December 2004
Other purchases from related parties (***)		
Çe-Tur Çelebi Turizm Ticaret A.Ş.	1.665.461	1.134.425
IC Antbel Antalya Belek Turizm Yatırım A.Ş.	509.213	-
Çelebi Holding A.Ş.	289.178	69.035
İçtaş İnşaat Sanayi ve Ticaret A.Ş.	249.174	-
Çelebi Hizmet Restorant İşletmeleri ve Gıda Turizm İnşaat Sanayi ve Ticaret A.Ş.	7.540	77.954
Çelebi Hizmet Gıda İşletmeleri Turizm Sanayi ve Ticaret A.Ş.	4.433	15.524
Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş.	-	577.011
	2.724.999	1.873.949

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2005	31 December 2004
Other purchases from joint ventures		
Çelebi IC Antalya Havalimanı Yatırım ve İşletme A.Ş.	580.196	-
	580.196	-
	31 December 2005	31 December 2004
Fixed asset purchases from related parties		
Çelebi Hizmet Restorant İşletmeleri ve Gıda Turizm İnşaat Sanayi ve Ticaret A.Ş.	16.422	2.110.378
Çelebi Holding A.Ş.	14.200	-
	30.622	2.110.378
	31 December 2005	31 December 2004
Fix asset sales gain/(loss) from/to related parties		
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	5.440	-
IC Tahal Tarım İşletmeleri Sanayi ve Ticaret A.Ş.	(667)	-
İçtaş İnşaat Sanayi ve Ticaret A.Ş.	(295.653)	-
	(290.880)	-

(*) Contribution paid to Çelebi Holding A.S are for services (legal counseling, financial consultancy and human resource consultancy) provided to Çelebi Hava Servisi and Çelebi Güvenlik by Çelebi Holding A.Ş. These expenses have been consistently incurred between periods and participations in Çelebi Holding A.Ş, in the consideration of the criteria such as staff numbers, company turnovers and asset sizes.

(**) Contribution income comprise of rent income of offices and locations rented to Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş. in accordance with the agreement and management plans and contributions to commonly used electricity, heating and other expenses incurred with in the terminal.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Guarantees given to related parties as of 31 December 2005 and 2004 is given below:

	31 December 2005		31 December 2004	
	USD	YTL	USD	YTL
Çelebi Holding A.Ş.	2.000.000	970.000	-	6.730.000
Çelebi IC (*)	45.154.400	-	28.462.000	-

(*) Çelebi IC signed an agreement for the borrowings amounting to USD90.308.800 (2004: USD56.924.000). The Company gave a guarantee for 50% of these borrowings.

Remuneration paid to top management:

	31 December 2005	31 December 2004
Remuneration paid to top management	2.206.840	2.195.866
	2.206.840	2.195.866

NOTE 10 - OTHER RECEIVABLES AND LIABILITIES

	31 December 2005	31 December 2005
Other short-term receivables		
Value-added tax (VAT) to be refunded	676.713	691.127
Advances given to suppliers	237.045	234.532
Income accruals	90.477	5.530
Advances given to personnel	85.978	117.475
Other miscellaneous receivables	13.753	19.212
	1.103.966	1.067.876

NOTE 11 - BIOLOGICAL ASSETS

None (31 December 2004: None).

NOTE 12 - INVENTORIES

	31 December 2005	31 December 2004
Trade goods	337.586	414.021
Other inventories	1.307.764	862.016
Order advances given	355	12.032
	1.645.705	1.288.069

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

NOTE 13 - BALANCES RELATED TO CONSTRUCTION CONTRACTS

None (31 December 2004: None).

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for the CMB Communique purposes and their statutory tax financial statements.

Deferred income taxes will be calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 30% (2004: 33%).

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) provided at 31 December 2005 and 2004 using the enacted future tax rates is as follows:

	Cumulative Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Deferred tax assets				
Unutilized investment				
incentive	19.987.758	6.276.226	5.996.327	1.882.868
Provision for doubtful receivables	49.781	344.734	14.934	103.420
Unearned finance charges	390.200	-	117.059	-
Accrued personnel expenses	401.248	462.122	120.375	138.637
Provision for vacation pay	1.010.632	-	303.189	-
Accrued sales commissions	1.231.390	694.559	369.417	208.368
Tax losses carried forward	48.154	1.834.476	14.446	550.343
Provision for employment termination benefits	3.480.575	4.898.445	1.044.172	1.469.533
Other	182.801	-	54.840	-
<hr/>				
Deferred tax liabilities				
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	41.318.247	41.241.615	(12.395.472)	(12.372.484)
Unearned financial income	506.666	-	(151.999)	-
Other	402	400	(121)	(120)
<hr/>				
Net deferred tax liability			(4.512.833)	(8.019.435)

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

	1 January 2005	Charged/(credited) to profit and loss	31 December 2005
Deferred tax assets			
Unutilized investment incentive	1.882.868	4.113.459	5.996.327
Provision for doubtful receivables	103.420	(88.486)	14.934
Unearned finance charges	-	117.059	117.059
Accrued personnel expenses	138.637	(18.262)	120.375
Provision for vacation pay	-	303.189	303.189
Accrued sales commissions	208.368	161.049	369.417
Tax losses carried forward	550.343	(535.897)	14.446
Provision for employment termination benefits	1.469.533	(425.361)	1.044.172
Other	-	54.840	54.840
Deferred tax liabilities			
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(12.372.484)	(22.988)	(12.395.472)
Unearned financial income	-	(151.999)	(151.999)
Other	(120)	(1)	(121)
Net deferred tax liabilities	(8.019.435)	3.506.602	(4.512.833)

NOTE 15 - OTHER CURRENT/NON-CURRENT ASSETS AND OTHER CURRENT/NON-CURRENT LIABILITIES

	31 December 2005	31 December 2004
Other current assets		
Prepaid expenses	1.331.347	1.543.120
Taxes receivable (Note 41)	285.480	-
Prepaid taxes	145.386	37.865
Value-added tax ("VAT") receivable	85.375	547.330
	1.847.588	2.128.315
Other non-current assets		
Prepaid expenses	24.750	57.198
Deposits and guarantees given	402	939
	25.152	58.137

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 15 - OTHER CURRENT/NON-CURRENT ASSETS AND OTHER CURRENT/NON-CURRENT LIABILITIES (Continued)

	31 December 2005	31 December 2004
Other short-term liabilities		
Wages payable	2.075.061	1.331.284
Social security payables	1.067.601	620.159
Taxes and duties payable	962.886	697.926
Accrued bonus payable	401.248	462.122
Deferred income	287.277	-
Other	43.281	85.642
	4.837.354	3.197.133

NOTE 16 – FINANCIAL ASSETS

The breakdown of available-for-sale financial assets at 31 December 2005 and 2004 is as follows:

31 December 2005	Share%	Cost YTL	Provision for impairment YTL	Net Book Value YTL
Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. (*)	-	-	-	-

31 December 2004

Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. (*)	94,80	1.140.368	(899.720)	240.648
---	-------	-----------	-----------	---------

(*) Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. (“Çelebi Güvenlik”) serves security services to airline companies in Turkish airports. Çelebi Güvenlik was not consolidated on the grounds of immateriality of assets, revenue and operational volume on the consolidated accounts of the Group as of 31 December 2004.

NOTE 17 – POSITIVE/NEGATIVE GOODWILL

None (2004: None).

NOTE 18 – INVESTMENT PROPERTY

None (2004: None).

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 19 – PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment movement for the year ended 31 December 2005 are as follows:

	1 January 2005	Additions from the consolidation	Additions	Disposals	Transfers	31 December 2005
Costs						
Machinery and equipment	109.917.033	70.543	3.614.820	(1.069)	-	113.601.327
Vehicles	4.581.039	-	94.460	(1.002.947)	-	3.672.552
Furniture and fixtures	9.595.976	239.822	842.802	(523.614)	314.677	10.469.663
Leasehold improvements (*)	44.845.597	4.105	2.418.643	(819.284)	89.875.970	136.325.031
Construction in progress	3.341.331	-	1.532.135	-	(4.873.466)	-
Advances given	353.535	-	2.920.441	(2.983.619)	(46.513)	243.844
Build-operate-transfer investment	37.071.623	-	-	-	(85.270.668)	-
	209.706.134	314.470	59.622.346	(5.330.533)	-	264.312.417
Accumulated depreciation						
Machinery and equipment	61.009.092	22.883	6.548.928	(7)	-	67.580.896
Vehicles	3.196.490	-	432.139	(804.186)	-	2.824.443
Furniture and fixtures	8.194.398	166.574	644.105	(94.736)	-	8.910.341
Leasehold improvements (*)	12.234.286	37	17.021.277	(466.230)	-	28.789.370
	84.634.266	189.494	24.646.449	(1.365.159)	-	108.105.050
Net book value	125.071.868					156.207.367

(*) Leasehold improvements of which the net book value amounts to YTL71.534.724 comprise of advances and progress payments given to contracting firms related to the construction of Antalya Airport 2. International Terminal (“Terminal”) with reference to terminal building construction, management and the transfer agreement between Çelebi IC and DHMI. The Group will amortize the special costs regarding the terminal construction over an operating period of 54 months.

The land plots where the stations constructed by Çelebi Hava Servisi A.Ş in the airports within which it operates were rented from DHMI. The station buildings on this land were constructed using the Group initiative and recorded in the tangible assets of the Group as leasehold improvements. As of 31 December 2005 the net book value of these stations was YTL35.996.945. The lease contract signed by the Group and DHMI is valid for one year. If no objection arises from any of the parties, the agreement is renewed automatically. The Group amortizes these station buildings over 15 years which corresponds to their economic life. If DHMI does not renew the lease contract within this period, the Group may have to amortize the relevant leasehold improvements over a shorter period.

For the year ended 31 December 2005, of the current year total depreciation expense, YTL 2.133.021 is allocated to operating expenses and YTL22.513.428 is allocated to cost of sales.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 19 – PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment movement for the period ended 31 December 2004 are as follows:

	1 January 2004	Additions	Disposals	31 December 2004
Costs				
Machinery and equipment	88.016.527	22.294.700	(394.200)	109.917.027
Vehicles	3.849.005	782.745	(50.713)	4.581.037
Furniture and fixtures	9.047.121	566.612	(17.759)	9.595.974
Leasehold improvements (*)	42.617.231	2.228.366	-	44.845.597
Construction in progress	-	3.341.330	-	3.341.330
Advances given	106.580	246.956	-	353.536
	143.636.464	29.460.709	(462.672)	172.634.501
Accumulated depreciation				
Machinery and equipment	55.339.337	6.063.951	(394.200)	61.009.088
Vehicles	2.838.733	408.469	(50.713)	3.196.489
Furniture and fixtures	7.713.719	498.435	(17.759)	8.194.395
Leasehold improvements	9.143.373	3.090.911	-	12.234.284
	75.035.162	10.061.766	(462.672)	84.634.256
Net book value	68.601.302			88.000.245
Build-operate-transfer investment (**)	-	37.071.623	-	37.071.623
Total tangible assets	68.601.302			125.071.868

(*) Leasehold improvements include stations and other buildings constructed on the rented area of airports of DHMI.

(**) Build-operate-transfer investment consists of advance payments and progress payments of Antalya Airport 2. International Terminal with reference to the terminal building construction, management and transfer agreement, signed on 24 February 2004, between Çelebi IC, in which the Company has a shareholding of 49.99% and DHMI.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 20 – INTANGIBLE ASSETS

Movements in intangible assets for the year ended 31 December 2005 are as follows:

	1 January 2005	Additions resulted from consolidation	Additions	Disposals	Transfers	31 December 2005
Costs						
Rights	1.786	539.075	1.033	-	-	541.894
Software	1.763.829	-	421.345	(74.106)	-	2.111.068
	1.765.615	539.075	422.378	(74.106)	-	2.652.962
Accumulated depreciation						
Rights	200	378.753	14.190	-	-	393.143
Software	1.137.560	-	285.291	(20.555)	-	1.402.296
	1.137.760	378.753	299.481	(20.555)	-	1.795.439
Net book value	627.855					857.523

Movements in intangible assets for the period ended 31 December 2004 are as follows:

	1 January 2004	Additions	31 December 2004
Costs			
Rights	-	1.786	1.786
Software	1.335.035	428.794	1.763.829
	1.335.035	430.580	1.765.615
Accumulated depreciation			
Rights	-	200	200
Software	952.643	184.917	1.137.560
	952.643	185.117	1.137.760
Net book value	382.392		627.855

For the year ended 31 December 2005, of the current year total depreciation expenses, YTL 240.505 is allocated to operating expenses and YTL 58.976 is allocated to cost of sales.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 21 - ADVANCES RECEIVED

	31 December 2005	31 December 2004
Advances received	48.732	-
	48.732	-

NOTE 22 - RETIREMENT PLANS

There are no pension plans other than the provision for employment termination benefits explained in Note 23 - Provisions.

NOTE 23 - PROVISIONS

	31 December 2005	31 December 2004
Short-term provisions		
DHMI depreciation provision (*)	1.713.781	-
Accrued sales commissions	1.231.390	694.559
Provision for vacation pay	1.010.632	-
Financial consultancy expenses	94.461	-
	4.050.264	694.559
Long-term provisions		
Provision for employment termination benefits	3.480.575	4.898.445
	3.480.575	4.898.445

(*) DHMI agreement depreciation is the amount that will be paid to DHMI for the depreciation of the fixed assets in the Antalya terminal run by Çelebi IC in the context of the build-operate-transfer investment when the terminal is delivered to DHMI in 2009.

Provision for employment termination benefits is booked according to the explanations below:

Under the Turkish Labor Law, the Company and its Turkish subsidiaries and associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men). 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 consists of one month's salary limited to a maximum of YTL1.727,15 (31 December 2004: YTL1.574,74) for each period of service at 31 December 2005.

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

The provision has been calculated by estimating the present value of the future probable obligation of the Company registered in Turkey arising from the retirement of employees.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 23 – PROVISIONS (Continued)

IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2005	31 December 2004
Discount Rate (%)	5,49	5,45
Turnover rate to estimate the probability of retirement (%)	93,9	96,4

The principal assumption is that the maximum liability 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 reserve for employment termination benefits in every six months the maximum amount of YTL1.770,62 which is effective from 1 January 2006 (1 January 2005: YTL1.648,90) has been taken into consideration in calculations.

Movements in the provision for employment termination benefits are as follows:

	31 December 2005	31 December 2004
Balance at the beginning of the year	4.898.445	2.950.308
Paid during the year	(917.062)	(550.441)
Decrease/increase during the year	(500.808)	3.038.495
Monetary gain	-	(539.917)
Balance at the end of the year	3.480.575	4.898.445

NOTE 24 - MINORITY INTEREST

Changes in the minority interest are as follows:

	31 December 2005	31 December 2004
Balance at the beginning of the periodyear	-	-
Increase in the affiliates subsidiaries included in the consolidation (Çelebi Güvenlik)	52,343	-
Ending balance	52,343	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 25 - SHARE CAPITAL/ INVESTMENT CAPITAL NET OFF

At 31 December 2005, the authorized and paid-in share capital of the Company is YTL13.500.000 comprising of 1.350.000.000 registered shares with a YKr1 (TL10.000) face value each (31 December 2004: 350.000.000 shares).

At 31 December 2005 and 2004, the shareholding structure can be summarised as follows:

	Shares (%)	31 December 2005	Shares (%)	31 December 2004
Çelebi Holding A.Ş.	52,35	7.067.250	52,35	7.067.250
Engin Çelebioğlu	10,01	1.351.350	10,01	1.351.350
Can Çelebioğlu	10,45	1.411.200	10,45	1.411.200
Canan Çelebioğlu Tokgöz	10,45	1.411.200	10,45	1.411.200
Other	16,74	2.259.000	16,74	2.259.000
	100,00	13.500.000	100,00	13.500.000

NOTE 26 - CAPITAL RESERVES

The restated amounts and the shareholders' equity restatement differences are as follows:

31 December 2005

	Historical Amounts	Restated Amounts	Restatement Difference
Capital	13.500.000	14.992.722	1.492.722
Legal Reserves	6.899.658	16.840.098	9.940.440
Extraordinary Reserves	9.829.942	10.182.263	352.321
	30.229.600	42.015.083	11.785.483

31 December 2004

	Historical Amounts	Restated Amounts	Restatement Difference
Capital	13.500.000	14.992.722	1.492.722
Legal Reserves	6.899.658	16.840.098	9.940.440
Extraordinary Reserves	8.195.215	8.547.536	352.321
	28.594.873	40.380.356	11.785.483

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOT 27 - PROFIT RESERVES

The statutory amounts of profit reserves as of 31 December 2005 and 31 December 2004 are as follows:

	31 December 2005	31 December 2004
Legal Reserves	6.899.658	6.899.658
Extraordinary Reserves	9.829.942	8.195.215
	16.729.600	15.094.873

NOTE 28- RETAINED EARNING

Retained earnings as per the statutory financial statements, other than legal reserve requirements, are available for distribution subject to the legal reserve requirement referred to below. 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 Group's paid-in share 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 share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

Effective from 1 January 2004, the IFRS net income computed in accordance with Communiqué No: XI-25 must be distributed in the ratio of a minimum of 30% of total distributable profit. This distribution may be made either as cash; as pro-rata shares in condition not to be less than 30% of profits distributed; or as a combination of both.

Among the accounts of shareholders' equity resulting from the first financial table arrangement that is inflation restated according to Communiqué No XI-25, 'Capital, Emission Premium, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves' are shown with booked value on the balance sheet. Restatement differences of these accounts are shown in the "shareholders' equity restatement differences" account in the Shareholders' Equity group.

Shareholders' equity restatement differences can only be netted-off against prior years' losses and used as an internal source in capital increases where extraordinary reserves can be netted-off against prior years' losses, used in the distribution of bonus shares and distributions of dividends to shareholders. Additionally, for capital increases made by internal resources, the lower of the amount found by IFRS account applications and legal booking amounts should be recorded.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 28- RETAINED EARNING (Continued)

The details of retained earnings as of 31 December 2005 and 2004 are as follows:

	Retained Earnings
31 December 2003 balance	26.675.986
Capital increase	(2.842.429)
Transfer to reserves	(9.106.921)
Transfer from net profit for the year 2003	13.030.047
Employment termination benefit adjustment-net	1.043.477
31 December 2004 balance	28.800.160
Transfer to reserves	(1.634.727)
Transfer from net profit for the year 2004	1.634.727
Employment Termination Benefit Adjustment	(141.051)
31 December 2005 balance	28.659.109

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 29 – FOREIGN CURRENCY POSITION

31 December 2005

	USD		EUR		Other	Total
	Original Amount	YTL	Original Amount	YTL	YTL	
Assets:						
Cash and cash equivalents	9.426.334	12.648.255	15.596.470	24.759.396	46.623	37.454.274
Trade receivables	4.758.610	6.385.103	2.525.601	4.009.392	-	10.394.495
Due from related parties	61.505	82.527	448.976	712.749	-	795.276
Other	232.371	311.795	4.476	7.106	-	318.901
	14.478.820	19.427.680	18.575.523	29.488.643	46.623	48.962.946
Liabilities						
Short-term financial liabilities	(2.764.468)	(3.709.363)	(1.999.760)	(3.174.619)	-	(6.883.982)
Short portion of long-term liabilities	(21.506.584)	(28.857.535)	-	-	-	(28.857.535)
Long-term financial liabilities	(44.513.169)	(59.727.770)	-	-	-	(59.727.770)
Trade payables	(1.352.747)	(1.815.116)	(169.718)	(269.427)	(4.999)	(2.089.542)
Due to related parties	(89.431)	(119.999)	-	-	-	(119.999)
Short-term financial leasing liabilities	(463.711)	(622.203)	-	-	-	(622.203)
Long-term financial leasing liabilities	(69.186)	(92.834)	-	-	-	(92.834)
Other	(36.765)	(49.331)	(1.368)	(2.172)	-	(51.503)
	(70.796.061)	(94.994.151)	(2.170.846)	(3.446.218)	(4.999)	(98.445.368)
Net foreign currency position:	(56.317.241)	(75.566.471)	16.404.677	26.042.425	41.624	(49.482.422)

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

31 December 2004

	USD		EUR		Other			
	Original	Amount	YTL	Original	Amount	YTL	YTL	Total
Assets:								
Cash and cash equivalents		5.860.211	7.864.989		2.532.516	4.626.400	4.468	12.495.857
Trade receivables		4.159.233	5.582.107	1.050.986		1.919.941	-	7.502.048
Due from related parties		165	221		-	-	-	221
		10.019.609	13.447.317		3.583.502	6.546.341	4.468	19.998.126
Liabilities:								
Short portion of long-term financial liabilities		(177.615)	(238.377)		-	-	-	(238.377)
Short-term financial leasing liabilities		(1.111.524)	(1.491.776)		-	-	-	(1.491.776)
Trade payables		(559.303)	(750.641)	(1.965.775)		(3.591.078)	-	(4.341.719)
Due to related parties		(3.067)	(4.116)		-	-	-	(4.116)
Long-term financial liabilities		(40.248.226)	(54.017.147)		-	-	-	(54.017.147)
Long-term financial leasing liabilities		(48.027)	(64.457)		-	-	-	(64.457)
		(42.147.762)	(56.566.514)		(1.965.775)	(3.591.078)	-	(60.157.592)
Net foreign currency position		(32.128.153)	(43.119.197)		1.617.727	2.955.263	4.468	(40.159.466)

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 30 – GOVERNMENT GRANTS

The Group holds investment incentive allowance certificates granted by the Turkish Government authorities in connection with certain major capital expenditures, which entitle the Group to:

- i) 100% exemption from customs duty on machinery and equipment to be imported;
- ii) investment allowance of 40% of the cost of purchases and construction incurred for the expansion of the facilities; and
- iii) custom exemption for import materials, VAT exemption for domestic purchases, exemption from stamp tax and dues

The amount of actual investment incentive allowance to be utilized by the Group is YTL19.987.758 (2004: YTL6.276.226).

NOTE 31 – PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES

Provisions

Provisions in consolidated financials as at 31 December 2005 and 2004 are explained in Note 23.

Commitments and Contingent liabilities

	31 December 2005	31 December 2004
Guarantees received:		
Guarantee letters received	7.219.872	2.673.061
Guarantee notes received	780.003	474.712
Guarantee checks received	468.157	1.538.050
	8.468.032	4.685.823
Guarantees given:		
Guarantee letters given	8.011.059	7.151.600
Guarantee notes given	-	1.406.387
	8.011.059	8.557.987

Guarantees given concerning credits to related parties as of 31 December 2005 and 2004 are stated below:

	31 December 2005		31 December 2004	
	USD	YTL	USD	YTL
Çelebi Holding A.Ş.	2.000.000	970.000	-	6.730.000
Çelebi IC (*)	45.154.400	-	28.462.000	-

(*) Çelebi IC signed an agreement for the borrowings amounting to USD90.308.800 (2004:USD56.924.000). The Company gave a guarantee for 50% of these borrowings.

Furthermore, the Company has contingent assets amounting to YTL1.087.517 due to the legal cases in favor of the Company as of 31 December 2005.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 32 – BUSINESS COMPINATIONS

None (2004: None).

NOTE 33 – SEGMENT REPORTING

1 January -31 December 2005

	Reportable segments			Consolidation Eliminations	After Consolidation
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management		
Sales income (net)	142.862.233	6.735.806	69.229.324	(3.812.652)	215.014.711
Cost of sales	(110.921.653)	(5.627.803)	(46.935.869)	3.751.087	(159.734.238)
Gross operating profit	31.940.580	1.108.003	22.293.455	(61.565)	55.280.473
Operating expenses	(18.508.413)	(516.090)	(4.369.486)	213.974	(23.180.015)
Operating profit	11.163.273	604.552	16.797.020	-	28.564.845
Net income	8.372.403	607.531	22.176.852		31.156.786

31 December 2005

Balance sheet

Total assets	136.658.888	1.771.677	107.920.561	(18.469.261)	227.881.865
Total equity	79.209.014	1.006.591	38.704.226	(17.088.853)	101.830.978

1 January -31 December 2004

	Reportable segments			Consolidation Eliminations	After Consolidation
	Ground Handling Services		Airport Terminal Construction and Management		
Sales income (net)	119.462.696		-	-	119.462.696
Cost of sales	(98.762.072)		-	-	(98.762.072)
Gross operating profit	20.700.624		-	-	20.700.624
Operating expenses	(19.704.928)		(2.600.112)	929	(22.304.111)
Operating profit/(loss)	995.696		(2.600.112)	929	(1.603.487)
Net income/(loss)	1.656.143		(162.467)		1.493.676

31 December 2004

Balance sheet

Total assets	113.490.570		44.762.007	(6.699.737)	151.552.840
Total equity	70.836.660		6.463.249	(6.625.717)	70.674.192

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 34 – SUBSEQUENT EVENTS

- Ahmet Cemil Erman, the prior General manager of the Company, has resigned from this role as of 31 March 2006 and Salih Samim Aydın has been assigned for this position.
- As a result of the shareholders' transactions of the shares after the balance sheet date, their shares in the capital of the Company have been changed as follows:

<u>Capital</u>	<u>Current Status</u>		<u>31 December 2005</u>	
Çelebi Holding A.Ş.	52.68%	7,112,250	52.35%	7,067,250
Engin Çelebioğlu	10.01%	1,351,350	10.01%	1,351,350
Can Çelebioğlu	7.45%	1,006,200	10.45%	1,411,200
Canan Çelebioğlu Tokgöz	7.45%	1,006,200	10.45%	1,411,200
Other	22.41%	3,024,000	16.74%	2,259,000
Total	100.00%	13,500,000	100.00%	13,500,000

2004: Loan agreement between T.Garanti Bankası A.Ş. Luxemburg and Çelebi IC in the amount of USD56.924.000 was adjusted to increase the loan amount to USD68.308.800; accordingly the Company guaranteed a maximum of 50% percent of the relevant loan amount.

NOTE 35 – DISCONTINUED OPERATIONS

None (2004: None).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 36 - OPERATING INCOME

	31 December 2005	31 December 2004
Ground handling services	134.400.976	114.659.380
Passenger service income (*)	46.164.928	-
Rent income not related to aviation	17.921.577	-
Aviation fuel sold	11.569.537	9.080.346
Airport security services	3.586.536	-
Rent income related to aviation (***)	3.331.479	-
Contribution income to general expenses (****)	2.382.534	-
Less: Returns and discounts	(4.342.856)	(4.277.030)
Sales (net)	215.014.711	119.462.696
Cost of service given	(148.079.987)	(90.243.203)
Cost of aviation fuel sold	(11.654.251)	(8.518.869)
Cost of sales (-)	(159.734.238)	(98.762.072)
Gross operating profit	55.280.473	20.700.624

(*) In accordance with the "Antalya Airport 2nd International Terminal Building construction, management and transfer agreement" signed between Çelebi IC and DHMI and also with the conditions of the contract, DHMI committed to foreign lines service revenue of 2.211.138 passengers and agreed USD15 per person as the foreign line passenger service price; in subsequent years this figure will be increased by a 3% over the previous year. After reaching the guaranteed passenger number in one operating year, the entire passenger fare will be transferred DHMI.

(**) The rent income, which does not relate to aviation, consists of the rent of certain commercial places and officers.

(***) Rent income related to aviation comprise of income from services such as bridges, desk, water, pca income and 400Hz income that Çelebi IC obtained in the 2nd International Terminal Building.

(****) Contribution income comprise of rent income of offices and locations rented to Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş. in accordance with the agreement and management plans and contributions to commonly used electricity, heating and other expenses incurred with in the terminal.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 37 - OPERATING EXPENSES

	31 December 2005	31 December 2004
General administrative expenses	23.180.015	22.304.111
	23.180.015	22.304.111

NOTE 38 - OTHER INCOME/EXPENSES AND OTHER PROFIT/LOSSES

	31 December 2005	31 December 2004
Other income:		
Rent income	453.728	477.131
Provisions released	344.734	-
Other income	966.133	556.141
	1.764.595	1.033.272
Other operating expenses:		
Provision expenses	(38.336)	(518.562)
Provisions for doubtful receivables	(49.781)	-
Impairment for financial assets	-	(5.306)
Other expenses	(956.128)	(297.492)
	(1.044.245)	(821.360)
	720.350	211.912

NOTE 39 - FINANCIAL EXPENSES/INCOME- (NET)

	31 December 2005	31 December 2004
Foreign exchange gains	11.139.562	5.937.720
Interest income	951.980	184.124
Unearned financial income	506.666	-
Foreign exchange losses	(11.367.717)	(4.615.755)
Interest expense	(4.957.760)	(1.290.737)
Unearned financial expenses	(390.200)	-
Other financial expenses	(138.494)	-
	(4.255.963)	215.352

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 40 - MONETARY POSITION GAIN/LOSS

With the decision taken on 17 March 2005, the CMB has announced that the application of inflation accounting is no longer required for the companies operating in Turkey (Note 2).

Consequently, since inflation adjustment is not made for periods beginning on or after 1 January 2005, there is no monetary gain/loss for the year ended at 31 December 2005.

	31 December 2005	31 December 2004
Monetary position gain, net	-	1.503.139
	-	1.503.139

NOTE 41 – TAXATION

	31 December 2005	31 December 2004
Corporate Tax	881.336	-
Less: Prepaid taxes	(1.166.816)	-
Taxes receivable (net) - (Note 15)	(285.480)	-
Deferred tax liability (net)- (Note 14)	4.512.833	8.019.435
	4.227.353	8.019.435

The corporation tax rate of the fiscal year 2005 is 30% (2004: 33%). Corporation tax is payable at a rate of 30% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed (except for the stoppage paid in the ratio of 19,8% calculated from the allowance amount if the interest allowance falls within the scope of article 61 of the Temporary Tax Law).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 30% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set-off against other liabilities to the government.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 41 – TAXATION (Continued)

In accordance with Tax Law No.5024 “Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law” published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, income and corporate taxpayers prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish currency. For inflation adjustment according to aforementioned law article, the last 36-month cumulative inflation rate (SIS WPI increase rate) must exceed 100% and the last 12-month inflation rate (SIS WPI increase rate) must exceed 10%. Since the conditions in question do not exist, an inflation adjustment has not been done in 2005.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 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.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

There are several exemptions provided in Corporate Tax Law. Those concerning the Company are explained below:

Investment income exception

Income earned from investment in another company shares is an exception in the calculation of the corporate tax (Dividend income gained related to the participation in investment funds and investment trust shares is excluded).

Investment allowance exception

Capital expenditures, with some exceptions, over YTL10.000 are eligible for an investment incentive allowance of 40%, which is deductible from taxable income prior to the calculation of corporate income tax, without the requirement of an investment incentive certificate. The amount of allowance is not subject to withholding tax. If the investment allowance exceeds taxable income of the Company, it is transferred to the following years. Investment allowances utilized within the scope of investment incentive certificates granted prior to 24 April 2003 in the scope of temporary article 61 of Income Tax Law, are subject to withholding tax at the rate of 19,8%, irrespective of profit distribution.

Therefore, in the calculation of corporate tax, the matters mentioned have been taken into consideration for the determination of the tax base of the Company.

In addition to the exceptions above, exceptions according to the Corporate Tax Law No.14 and Tax Law No.40 are also valid in calculating the corporation tax base.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 41 – TAXATION (Continued)

Tax income in the consolidated statement of income for the year ended 31 December 2005 is summarized below:

	31 December 2005	31 December 2004
- Current year corporate tax	(881,336)	
- Deferred tax income	3,506,602	1,166,760
	2,625,266	1,166,760

NOTE 42 - EARNINGS PER SHARE

Earnings per share is determined by dividing net income amounting to YTL31.156.786 attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned (1.350.000.000 shares, 2004: 1.350.0000 shares). The calculation is as follows:

Net profit/(loss) per share

	31 December 2005	31 December 2004
Net profit/loss(-) for the period	31.156.786	1.493.676
Weighted average number of share		
Weighted average number of ordinary shares (Unit-thousand)	1.350.000.000	1.350.000.000
Earnings per share with face value of YTL1 each	2,30	0 ,11

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

NOTE 43 – STATEMENT OF CASH FLOWS

		31 December 2005	31 December 2004
Cash flow from operating activities			
Profit before tax		28.531.520	326.916
Adjustments to reconcile gain before tax to net cash inflows from operating activities			
Depreciation	19-20	24.945.930	10.246.883
Provision for employment termination benefits	23	(500.808)	3.038.495
Tax provisions offset by monetary revenue		-	(2.669.899)
Interest income	39	(951.980)	(184.124)
Interest expenses	39	4.957.760	1.290.737
Change in provision for doubtful receivable	7	(30.740)	(194.468)
Net cash before changes in assets and liabilities		56.951.682	(12.243.476)
Changes in assets and liabilities			
Change in trade receivables		(2.898.761)	(1.130.116)
Change in due from related parties		(3.892.767)	173.402
Change in inventories		(357.636)	(555.923)
Change in other current receivables		(36.090)	578.219
Change in other current/non-current assets		(853.104)	(695.240)
Change in trade payables		(550.902)	3.175.173
Change in due to related parties		(237.377)	359.870
Change in short-term liability provisions		3.355.705	694.559
Change in other short-term liabilities		1.640.221	(694.559)
Change in advances received		48.732	-
Change long-term liability provisions		(917.062)	(550.441)
Cash flow from operating activities		52.252.641	13.598.420
Investment operations			
Purchase of tangible assets	19	(58.404.681)	(63.191.002)
Purchase of intangible assets	20	(961.453)	(430.580)
Change in construction in progress	19	(1.532.135)	(3.341.330)
Change in financial assets	16	240.648	(22.663)
Income from sale of tangible assets		4.924.996	1.045.485
Cash flow from investment operations		(55.732.625)	(65.940.090)
Financial operations			
Change in borrowings	6	41.213.046	55.277.541
Change in short-term leasing liabilities	8	(869.573)	1.491.776
Change in long-term leasing liabilities	8	28.377	64.457
Interest received		951.980	184.124
Interest paid		(4.957.760)	(1.290.737)
Cash flow from financial operations		36.366.070	55.727.161
Net change in cash and cash equivalents		32.886.086	3.385.491
Beginning balance of cash and cash equivalents		13.338.556	9.953.065
Ending balance of cash and cash equivalents		46.224.642	13.338.556

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 44**

ÇELEBİ HAVA SERVİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2005**

(Amounts expressed in thousands of New Turkish lira (YTL) unless otherwise indicated)

**NOTE 44 -DISCLOSURE OF OTHER MATTERS, WITH A MATERIAL EFFECT ON
FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF
UNDERSTANDING AND INTERPRETING THE FINANCIAL STATEMENTS**

Explanation added for convenience translation into English:

As of 31 December 2005, the accounting principles described in Notes 2 (defined as CMB Accounting Standards) to the accompanying 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, presentation of the basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

.....