

ÇELEBİ HAVA SERVİSİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2007
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH
SEE NOTE 2.6**

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Çelebi Hava Servisi A.Ş., its Subsidiaries and Joint-venture (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2007 and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Çelebi Hava Servisi A.Ş. as of 31 December 2007, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

Emphasis of matter

5. As explained in Note 44 to the consolidated financial statements, the cargo building of Çelebi Hava Servisi A.Ş. (the "Company") located in Atatürk Airport Terminal C in which the Company carries out its cargo-antrepo operations was damaged due to the fire that broke out on 24 May 2006. As a result of the fire, the goods belonging to third parties located in the cargo building during the fire was also damaged. As of 31 December 2007, some of the owners of the goods, insurance companies and airline transportation companies have applied to the Company and its insurance company for the compensation of their losses by filing law suits against the Company and through enforcement proceedings. The Company was not found to be responsible for the fire and therefore, was not considered to be legally responsible for the losses of the third parties. Although, the Company believes that the probability of being liable for the losses is remote, the indemnities related to the damaged goods of the third parties is estimated by the Company as YTL 7.155.428 at most, in reference to existing legal cases and demands considering the international airline transportation rules and related regulations. Since the assessment of the damage to the goods in the cargo building can not be determined reliably and the probability of being liable for the losses is considered to be remote, no provision has been accounted for in the accompanying consolidated financial statements as of 31 December 2007.

Additional paragraph for convenience translation into English

6. The financial reporting standards described in Note 2 (defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005 and presentation of the basic financial statements and the notes to them. Accordingly, the consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Murat Sancar, SMMM
Partner

Istanbul, 10 March 2008

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH-SEE NOTE 2.6**

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007 AND 2006

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

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ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006

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

	Notes	31 December 2007	31 December 2006
ASSETS			
Current assets		74.267.966	98.742.459
Cash and cash equivalents	4	45.968.249	67.010.705
Marketable Securities - net	5	-	-
Trade receivables - net	7	18.181.981	15.605.256
Finance lease receivables - net	8	-	-
Due from related parties - net	9	284.609	270.452
Other receivables - net	10	2.166.058	9.229.900
Biological assets - net	11	-	-
Inventories - net	12	4.380.520	3.381.292
Construction contract receivables - net	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	3.286.549	3.244.854
Non-current assets		176.140.829	199.744.792
Trade receivables (net)	7	-	-
Finance lease receivables (net)	8	-	-
Due from related parties (net)	9	-	-
Other receivables (net)	10	-	-
Financial assets (net)	16	-	-
Goodwill/negative goodwill (net)	17	15.830.639	18.160.526
Investment property (net)	18	-	-
Property, plant and equipment (net)	19	98.869.546	96.911.569
Intangible assets - net	20	58.427.621	83.246.005
Deferred tax assets	14	2.960.914	1.296.573
Other non-current assets	15	52.109	130.119
TOTAL ASSETS		250.408.795	298.487.251

These consolidated financial statements as at and for the year ended 31 December 2007 have been approved for issue by the Board of Directors ("BOD") on 10 March 2008 and signed on its behalf of BOD by S. Samim Aydın, General Manager and by H. Tanzer Gücüm, Finance Director.

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

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006

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

	Notes	31 December 2007	31 December 2006
LIABILITIES		127.315.651	181.211.388
Current liabilities		58.034.788	133.269.918
Financial liabilities - net	6	3.442.649	59.630.749
Short-term portion of			
long-term financial liabilities - net	6	29.782.920	32.404.573
Finance lease obligations - net	8	-	97.245
Other financial liabilities - net	10	-	-
Trade payables - net	7	10.880.008	25.933.505
Due to related parties - net	9	1.740.927	2.267.511
Advances received	21	204	61.890
Construction contracts progress payments - net	13	-	-
Provisions	23	3.191.791	3.018.507
Deferred tax liability	14	-	-
Other liabilities - net	15	8.996.289	9.855.938
Non-current liabilities		69.280.863	47.941.470
Financial liabilities - net	6	48.946.861	33.066.453
Finance lease obligations - net	8	-	-
Other financial liabilities - net	10	-	-
Trade payables - net	7	2.329	2.808
Due to related parties - net	9	-	-
Advances received	21	-	-
Provisions	23	11.102.995	8.675.601
Deferred tax liability	14	5.098.855	6.196.608
Other liabilities - net	15	4.129.823	-
MINORITY INTEREST	24	3.163.380	4.672.871
SHAREHOLDERS' EQUITY		119.929.764	112.602.992
Share capital	25	24.300.000	13.500.000
Investment capital net-off		-	-
Capital reserves	26	985.483	11.785.483
Share premiums		-	-
Share cancellation gains		-	-
Revaluation fund		-	-
Financial assets fair value reserve		-	-
Inflation adjustments to shareholders' equity	26	985.483	11.785.483
Profit reserves	27	39.844.103	36.453.445
Legal reserves		11.351.163	8.455.399
Statutory reserves		-	-
Extraordinary reserves		28.137.614	27.229.058
Special reserves		-	-
Investment and property sales gains to be added to the share capital		-	-
Translation reserves		355.326	768.988
Net income for the year		26.141.069	22.204.955
Prior years' income	28	28.659.109	28.659.109
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		250.408.795	298.487.251
Commitments, Contingent Assets and Liabilities	31		

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 2.6

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED
31 DECEMBER 2007 AND 2006

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

	Notes	31 December 2007	31 December 2006
OPERATING REVENUE			
Net sales	36	276.308.641	231.774.015
Cost of sales (-)	36	(196.698.650)	(153.800.213)
Service revenues-net	36	-	-
Other operating income	36	-	-
GROSS OPERATING PROFIT		79.609.991	77.973.802
Operating expenses (-)	37	(42.817.136)	(40.299.307)
NET OPERATING PROFIT		36.792.855	37.674.495
Other income and gains	38	1.774.868	3.364.892
Other expenses and losses (-)	38	(1.970.083)	(7.485.688)
Financial expenses	39	(6.459.387)	(7.598.355)
OPERATING PROFIT		30.138.253	25.955.344
Net monetary gain/ loss	40	-	-
MINORITY INTEREST		2.959.953	1.358.637
INCOME BEFORE TAXATION		33.098.206	27.313.981
Taxes on income	41	(6.957.137)	(5.109.026)
NET INCOME FOR THE YEAR		26.141.069	22.204.955
EARNINGS PER SHARE (YTL)		1,94	1,64

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 2.6

ÇELEBİ HAVA SERVİSİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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

	Share capital	Inflation adjustments to shareholders' equity	Legal reserves	Extraordinary reserves	Prior years' income	Currency translation reserves	Net income for the year	Total shareholders' equity
Balance at 1 January 2006	13.500.000	11.785.483	6.899.658	9.829.942	28.659.109	-	31.156.786	101.830.978
Transfers to prior years' income	-	-	-	-	31.156.786	-	(31.156.786)	-
Transfers to reserves	-	-	1.555.741	23.095.819	(24.651.560)	-	-	-
Dividends paid	-	-	-	(5.696.703)	(6.505.226)	-	-	(12.201.929)
Currency Translation Reserve	-	-	-	-	-	768.988	-	768.988
Net income for the year	-	-	-	-	-	-	22.204.955	22.204.955
Balance at 31 December 2006	13.500.000	11.785.483	8.455.399	27.229.058	28.659.109	768.988	22.204.955	112.602.992
Balance at 1 January 2007	13.500.000	11.785.483	8.455.399	27.229.058	28.659.109	768.988	22.204.955	112.602.992
Capital increase	10.800.000	(10.800.000)	-	-	-	-	-	-
Transfers to retained earnings	-	-	-	-	22.204.955	-	(22.204.955)	-
Transfers to reserves	-	-	2.895.764	908.556	(3.804.320)	-	-	-
Dividends paid	-	-	-	-	(18.400.635)	-	-	(18.400.635)
Currency translation reserves	-	-	-	-	-	(413.662)	-	(413.662)
Net income for the period	-	-	-	-	-	-	26.141.069	26.141.069
Balance at 31 December 2007	24.300.000	985.483	11.351.163	28.137.614	28.659.109	355.326	26.141.069	119.929.764

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

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ÇELEBİ HAVA SERVİSİ A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2007 AND 2006**

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

	Notes	31 December 2007	31 December 2006
Cash flow from operating activities			
Income before tax		33.098.206	27.313.981
Minority interest		(2.959.953)	4.620.528
Adjustments to reconcile income before tax to net cash provided from operating activities			
Depreciation	19-20	38.648.358	31.822.468
Provision for employment termination benefits	23	1.660.709	515.904
Interest income	39	(3.042.161)	(2.930.514)
Interest expense	39	7.745.953	8.698.297
Change in provision for doubtful receivable	7	1.929	38.103
Currency translation adjustment		1.036.800	768.988
Net cash provided from operating activities before changes in assets and liabilities		76.189.841	70.847.755
Changes in assets and liabilities			
Change in trade receivables	7	(2.578.654)	(926.228)
Change in due from related parties	9	(14.157)	2.917.934
Change in inventories	12	(999.228)	(1.708.754)
Change in other receivables	10	9.393.729	(1.227.001)
Change in other current/non-current assets	15	(1.628.026)	4.439.167
Change in trade payables	7	(15.053.497)	6.354.994
Change in due to related parties	9	(526.584)	1.917.844
Change in short-term liability provisions	23	173.284	682.024
Change in other short-term liabilities	15	(8.914.539)	(7.498.673)
Change in other long-term liabilities	15	4.129.823	-
Change in long-term liability provisions	23	1.976.273	3.868.435
Change in advances taken	21	(61.686)	13.159
Employment termination benefits paid	23	(1.210.067)	(903.220)
Net cash provided from operating activities		60.876.512	78.777.436
Investing activities			
Purchase of tangible assets	19	(16.269.082)	(9.961.342)
Purchase of intangible assets	20	348.275	(1.523.424)
Interest Received	39	2.414.257	986.107
Proceeds from sale of tangible assets	19-20	132.856	529.650
Cash outflows due to investment in associates		-	(33.305.149)
Net cash used in investing activities		(13.373.694)	(43.274.158)
Financing activities			
Change in borrowings	6	(42.225.295)	1.404.748
Change in short-term finance lease obligations	8	(97.245)	(524.958)
Change in long-term finance lease obligations	8	-	(92.834)
Dividends paid		(18.400.635)	(12.201.929)
Interest paid	39	(7.822.099)	(3.392.719)
Net cash used in financing activities		(68.545.274)	(14.807.692)
Net change in cash and cash equivalents		(21.042.456)	20.695.586
Beginning balance of cash and cash equivalents		67.010.705	46.315.119
Ending balance of cash and cash equivalents		45.968.249	67.010.705

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 2.6**

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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, traffic, ramp, cargo, flight operations and aircraft maintenance etc) and fuel supplies to domestic and foreign airline and private cargo companies. The Company operates in İstanbul, İzmir, Ankara, Adana, Antalya, Dalaman, Bodrum, Çorlu, Bursa Yenişehir, Gaziantep, Diyarbakır, Erzurum, Kayseri, Samsun, Trabzon, Tokat, Van, Malatya, Kars, Mardin and Isparta airports, which are under the control of the State Airports Administration ("DHMI").

The address of the Company is as follows:

Atatürk Havalimanı, Yeşilköy
34149 Yeşilköy, İstanbul

The Company has consolidated Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş. ("Çelebi IC") with %49,99 of shares using the joint-venture consolidation method as of 31 December 2007. Çelebi IC was established on 23 March 2004 based on the "Antalya Airport 2nd International Terminal (Terminal) construction, management and transfer agreement" between the Company and the DHMI on 24 February 2004. 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 it to the DHMI without any charge. The other main shareholder of Çelebi IC is İċtař İnřaat Sanayi ve Ticaret A.ř. with %49,99 of shares.

The Company has also consolidated Çelebi Güvenlik Sistemleri ve Danıřmanlık A.ř. ("Çelebi Güvenlik") in which it holds %94,8 (2006: %94,8) of shares. Çelebi Güvenlik maintains security at the Terminal and provides security services to the airline companies.

The Company has also participated in a tender offer as of 7 August 2006 called by the Budapest Airport Budapest Ferihegy Nemzetkőzi Repülőter Üzemeltető Zártkörűen Működő Reszvenytársaság ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi és Szolgáltatató Korlátolt Felelősségű Társaság ("BAGH") company that provides ground handling services at Budapest Airport and in which ("Ba Zrt") has a % 100 share. The Company was informed of winning the tender offer on 14 August 2006 and participates in the Celebi Tanácsadó Korlátolt Felelősségű Társaság ("Celebi Kft.") company that was founded on 22 September 2006 as founding shareholder for the realisation of the abovementioned share transfer. Celebi Kft acquired all the shares of BAGH on 26 October 2006 and the trade name of BAGH has been changed to Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH"). Celebi Kft has share capital of 2.700.000 Hungary Forint ("HUF") in which the Company has a share of HUF 1.890.000 (%70). The other shares belong to Çelebi Holding A.ř which is also the shareholder of the Company. Celebi Kft has been taken over by CGHH with all assets and liabilities and merger transactions have been completed at 31 October 2007 after the completion of the registration, related changes in Articles of Association and General Assembly decisions carried out within the legal framework effective in Hungary. Since Celebi Kft owned %100 of CGHH shares before the merger, the Company's share has remained %70 in CGHH share capital which is determined as HUF 900.000.000. The capital of CGHH has been increased to HUF 910.000.000 after the merger and as of 31 December 2007 the Company has share capital of HUF 637.000.000 (%70). Remaining part amounted HUF 273.000.000 (%30) is owned by Çelebi Holding A.ř.

As of 31 December 2007, the consolidated financial statements of the Company include the Company, Çelebi IC, Çelebi Güvenlik and CGHH (collectively, referred to as the "Group").

As of 31 December 2007 and 2006, the average number of employees of the Group is 4.200 and 4.003, respectively.

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ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

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.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, the Company did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by the IASB in its financial statements for the accounting periods starting 1 January 2005. 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 consolidated financial statements are based on the statutory records with adjustments and reclassifications made for the purpose of fair presentation and measurement in accordance with CMB Accounting Standards. Consequently, the Company, its Subsidiaries and Affiliates (the “Group”) that are resident in Turkey have conformed to the CMB, Turkish Commercial Code, Turkish Corporate Tax Law standards and regulations and the Uniform Chart of Accounts as defined by the Ministry of Finance in the preparation of the statutory financial statements and in the accounting principles adopted. Foreign affiliates are subject to rules and regulations defined in their countries.

The consolidated financial statements have been 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.

The financial statements of the foreign affiliates have been prepared in accordance with the rules and standards defined by the country in which the affiliates are resident; however required adjustments and reclassifications have been made to the financial statements to reflect the accounting policies and presentation principles of the Group’s consolidated financial statements. The assets and liabilities of the foreign affiliates have been translated using the foreign exchange rate as the balance sheet date. Revenues and expenses have been translated into New Turkish lira using the average foreign exchange rate. The foreign exchange differences resulting from the translation of net assets at the opening period and the utilisation of average exchange rates, have been followed as cumulative translation adjustments under equity.

2.2 Adjustments on balance sheet items for hyperinflationary periods

Inflation adjustments were not performed for the periods 1 January-31 December 2007 and 2006.

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ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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

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

2.3 Consolidation principles

The consolidated financial statements have been prepared based on explanations mentioned in paragraphs (a) to (c) and the accounts of the Company, Çelebi Hava Servisi A.Ş., the Subsidiaries and Joint-ventures prepared based on paragraphs (a) and (b). 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. Positive goodwill due to the consolidation of the Subsidiaries and Joint-ventures has been presented separately from the carrying value in the balance sheet.

- a) 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, the power to exercise control over financial and operating policies.

The balance sheets and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries eliminated against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during 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.

Subsidiaries are consolidated beginning from the date control is transferred to the Group and are excluded from the consolidation beginning from the date control is ended. If required, accounting principles adopted by the Subsidiaries are altered to reflect the accounting principles adopted in the preparation of the Group's consolidated financial statements.

The Subsidiaries and their ownership included in the consolidation as of 31 December 2007 and 31 December 2006 are as follows:

	Direct/indirect control of the Company (%) 31 December 2007	Direct/Indirect control of the Company (%) 31 December 2006
Çelebi Güvenlik	%94,8	%94,8
CGHH (*)	%70,0	%70,0
Celebi Kft. (*)	-	%70,0

- (*) The Company, as disclosed in Note 1, participated in Celebi Tanacsado Korlatolt Felelossegu Tarsasag" ("Celebi Kft") established on 22 September 2006 as a founding partner in order to realise the share transfer following the winning of the tender offer opened on 7 August 2006. The Company has a share of HUF 1.890.000.000 (70%) (YTL 13.182.399) in total equity capital of HUF 2.700.000.000 of Celebi Kft and Celebi Kft has been consolidated in the financial statements for the period ended 31 December 2006. As of 31 December 2007, CGHH has been included in the scope of consolidation following the merge of CGHH and Celebi Kft (Note 1).

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

- b) 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.
- c) 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”.
- d) In preparing the consolidated financial statements, all balances and unrealised revenues resulting from intercompany transactions have been eliminated. Unrealized revenue transactions with the joint ventures have been eliminated by the rate of the controlling power of the Group over the Affiliate. Dividends from the shares the Company owns have, also been eliminated from the related equity and income statement accounts.
- e) The assets and liabilities of the foreign affiliates have been translated by using the foreign exchange rate at the balance sheet date. Revenues and expenses have been translated into New Turkish lira by using average foreign exchange rates. The foreign exchange differences resulting from the translation of net assets at the beginning period and utilisation of average exchange rates, have been followed as cumulative translation adjustments under equity.

2.4 Comparatives and restatement of prior periods’ financial statements

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

2.5 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 recognised amounts and there is an intention to settle on a net basis, or when the acquisition of the assets and settlement of the liabilities are concurrent.

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

The accounting principles described in Note 2.1 to the consolidated financial statements (defined as CMB Accounting Standards) differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, for the period between 1 January - 31 December 2005 and 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.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, deposits at banks and highly liquid investments with maturity periods of less than three months (Note 4).

3.2 Revenue recognition

Revenues are the invoiced values of trading goods sold and services given. Revenues are recognised 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). Rent income is recorded on an accrual basis, while interest income is recorded on an effective interest yield method basis. Dividend income is recorded as income as of the collection right transfer date.

Passenger service income is recognised on an accrual basis, invoiced over amounts determined per traveller with reference to the service contracts to the airport firms or their representatives for the services rendered to the passengers going abroad from 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, the DHMI committed to the foreign lines service revenue from 2.345.796 (2006: 2.277.472) passengers and agreed USD15 per person as the foreign line passenger service price. After reaching the guaranteed passenger number in one operating year, the remainder of the passenger income will be transferred to the DHMI.

3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, restated to the equivalent purchasing power at 31 December 2004 for the items purchased before 1 January 2005 and stated at cost less depreciation for the items purchased after 1 January 2005. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets (Note 19).

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

Where the carrying amount of the asset is greater than its recoverable amount, it is written down immediately to its recoverable amount. Revenue and losses due to fixed asset disposals are calculated over restated fixed asset balances and recorded in profit and loss accounts.

Expenses for the repair and maintenance of property, plant and equipment are normally charged to the statement of income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets and amortised based on the remaining useful life of the fixed asset.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Intangible assets

Intangible assets comprise computer programmers, information systems and rights. They are stated at cost less amortisation, restated to the equivalent purchasing power at 31 December 2004 for the items purchased before 1 January 2005 and stated at cost less amortisation for the items purchased after 1 January 2005. Amortisation 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 (Note 20).

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

Borrowing costs that are directly attributable to the build-operate-transfer investment are capitalised 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.

Customer relationship was recognized as an intangible asset during the acquisition of 100% of CGHH shares as a result of valuation studies performed by an independent valuation company on 26 October 2006. Amortisation is calculated on a straight-line basis over their estimated useful lives for a period not exceeding seven years from the date of acquisition.

3.5 Inventories

Inventories are valued at the lower of cost, or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories are cost of purchases, cost of conversion and other costs for maintenance. Stocks are valued with the moving average cost method (Note 12).

3.6 Impairment of assets

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

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

3.7 Borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. They are stated at amortised cost using the effective interest yield method; any difference between proceeds (except cost of operation) and the redemption value is recognised in the income statement over the period of the borrowings. Financial expenses related with borrowings are recorded in the consolidated income statement when realised (Note 39). The difference between the total amount of the borrowing (less the transaction fees) and that at the repayment date is recorded in the consolidated income statement during the period the borrowing is effective.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Financial assets

Financial assets are classified based on the intent of the investment. Group management determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates such designations on a regular basis. The Group classifies its financial assets as below:

a) Borrowings and receivables

Credits and receivables comprise non-derivative financials assets which are not quoted in an active market, and which comprise of fixed or certain payments. Credits and receivables arise when they are not held-for-trading, and when the Group supplies money, goods and services to a debtor directly. If their maturities are 12 months shorter than the balance sheet date, they are recognised in current assets, if more than that, they are recognised in non-current assets. Credits and receivables are included in the trade receivables and other receivables in the balance sheet. Credits and receivables are recognised over values after deducting the transaction costs of the related amounts. Credits and receivables are recognised afterwards over the cost value discounted by the effective interest yield method.

b) Available-for-sale assets

Financial instruments held for an indefinite period, and which can be sold to meet liquidity requirements, or changes in the interest rates, and which are not subject to other classifications are classified as available-for-sale assets. These are included in non-current assets if management does not plan to hold the financial asset for a period of less than 12 months, and if no need will arise to increase operating capital (otherwise it is included in the current assets). Group management classifies these financial instruments when they are acquired, and reviews classifications regularly.

Unrealised gains and losses due to changes in the reasonable value of available for sale financial assets, are booked under equity and disclosed as "Financial assets revaluation fund" after the reflection of the deferred tax effect in line with the alterations made in IAS 39.

All financial investments are recognised over the cost values including the reasonable value, and acquisition costs related to the investment. The Group values the available-for-sale assets at the balance sheet date over the reasonable value and accounts for the arising reasonable value differences under equity capital. The Group accounts for the losses and gains related to available-for-sale assets under equity capital directly until these assets are removed from the financial statements. Negative differences between the acquisition cost of available-for-sale assets, and their reasonable values are related to the consolidated financial statements if differences are permanent.

When affiliates are not quoted in stock exchange in which the Group has less than a 20 % share, and other methods in determining the fair value of the financial asset are not applicable and therefore the fair value of the affiliate cannot be assessed, impairment losses (if they exist) are deducted from the acquiring cost of the financial asset.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Trade Payables

Trade payables are initially recognised at historical cost and subsequently carried at amortised cost using the effective yield method (Note 7).

3.10 Unincurred financial income/expense due to credit sales and purchases

Deferred financial income/expense represents financial income and expenses on credit sales and purchases. These, income and expenses are recognized using the effective yield method during the due date of the credit sales and purchases and disclosed under financial income and expenses (Note 39).

3.11 Mergers and acquisitions

The accounting of mergers and acquisitions depends on the purchase method used. The cost of a business combination is allocated by recognising the acquiree’s identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is recognised as an asset and is initially measured as the excess of the cost of the combination over the fair value of the acquiree’s assets, liabilities and contingent liabilities. Goodwill arising due to business combinations is not amortized, rather the carrying value of goodwill is reviewed annually for permanent impairment and the impairment provision, if any, is immediately recognised in the income statement.

3.12 Foreign exchange rate risk

Income and expenses arising in foreign currencies have been translated into YTL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into YTL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the statements of income. Foreign currency non-monetary items which are carried with costs are translated into YTL at the exchange rates prevailing at the purchase dates.

3.13 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 in Turkey. 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.

3.14 Subsequent events

Possible assets or obligations arising at subsequent balance sheet dates that require the correction in the financial statements be corrected accordingly and assets and obligations arising subsequently which do not require correction to the financial statements but will possibly affect the economic decisions of the financial statement users will be disclosed under notes to the financial statements (Note 34).

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Provisions, contingent assets and liabilities

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

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

Liabilities or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the entity should not be recognised as liabilities or assets, however they should be disclosed as contingent liabilities or assets (Note 31).

3.16 Changes and errors in the accounting policies and estimates

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

3.17 Leases

Finance leases

Assets acquired under finance lease agreements are capitalised 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 of capital and interest elements, the capital element is treated as reducing the capitalised 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.

3.18 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).

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Trade receivables and provision for doubtful receivables

Trade receivables that are originated by the Group by way of providing goods or services directly to a debtor are carried at amortised cost using the effective yield method. Short-term trade receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 7).

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

3.20 Segment reporting

Reportable segments are industrial or geographical segments in which segment information is compulsory to disclose. Industrial segments include operations or assets which are different to services or products served by other service areas of the Group from a risk and advantage view. Geographic segments include economic environments in which different services or products are served by other service areas of the Group from a risk and advantage view.

In order for an industrial or a geographic segment to be identified as a reportable segment, most of the segment revenue should be generated from the sales made out of the Group and each segment revenue should be at least 10% of all segments reported, segment assets should be at least 10% of total assets of segments reported or each segment result should be 10% of total of segment results making profit and making loss.

In Turkey, the Group operates in handling services, airport security services and airport construction and management and in Hungary operates in handling services. The first format type identified by the Group for segment reporting is industrial sections. Industrial sections include operations or assets which are different to services or products served by other service areas of the Group from a risk and advantage view. Geographic segment reporting was performed as a secondary format rather than a reportable segment since the Group delivers products and services in geographical areas that are affected by economic environments by risk and advantages of a similar nature (Note 33).

3.21 Construction agreements

None (2006: None).

3.22 Discontinued operations

None (2006: None).

3.23 Government grants and incentives

Government grants, including non-monetary grants at fair value, are not recognised 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).

3.24 Investment properties

None (2006: None).

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.25 Taxes on income

Taxes include current period income taxes and deferred taxes (Note 14 and Note 41). Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to previous years' tax liabilities.

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilised or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax asset is booked where there is a probability that a tax advantage can be gained in future periods. This asset is removed from the related asset where there is no probability of utilising this asset.

3.26 Employment termination benefits

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee whose employment is terminated without due cause, is called up for military service, or dies. Employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees calculated in accordance with the Turkish Labour Law (Note 23).

3.27 Retirement plans

None (2006: None).

3.28 Agricultural activity

None (2006: None).

3.29 Reporting of cash flows

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

Cash flows resulting from operating activities indicate cash flows resulting from the Group's handling and airport construction and management operations.

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 the financial activities of the Group and the repayments thereof.

Cash and cash equivalents include cash and banks.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.30 Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Dividend receivables are accounted for income at the date dividend collection is eligible.

3.31 Accounting of Financial Derivatives and Hedging

The derivative instruments of the Group mainly consist of foreign exchange forward contracts and foreign currency and interest rate swap transactions. These derivative financial instruments, even though providing effective economic hedges under the Group risk management position, do not qualify for hedge accounting under the specific rules in IAS 39, "Financial Instruments: Recognition and Measurement", and are therefore accounted for as derivatives held-for-trading in the consolidated financial statements.

Held-for-trading derivative financial instruments are initially recognised in the consolidated financial statements at cost and are subsequently remeasured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income.

Forward foreign exchange contracts are valued at quoted market prices or discounted cash flow models as appropriate. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

3.32 Financial instruments and financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

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

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. The Group also manages these risks by offsetting interest bearing assets and liabilities and using derivative instruments for hedging purposes.

If other variables are kept constant, interest income generated from time deposits would have been either YTL82.725 higher or lower if the interest rates were 2% more or less in the interim financial statements for the nine-month period ended 31 December 2007.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funding risk

Cash flow generated through amount and term of borrowing back payments is managed by considering the amount of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities when necessary, and on the other hand sufficient and reliable sources of high quality loans are accessible.

Credit Risk

Credit risk consists of cash and cash equivalents, bank deposits and receivables from customers exposed to credit risk.

In order to manage credit risk, the Company determines a risk limit for each customer (excluding related parties) through the use of bank guarantees, mortgages, receivable insurance policies and other guarantees and continues its business transactions considering the customer risk level. Where guarantees are not present or should be passed over, business transactions are managed through the company procedures identified but not all the transactions could be covered by guarantees.

Currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to local currency. Foreign currency positions relative to total equity is determined to be kept in a certain level. Foreign currency position is periodically reviewed and currency risk is managed through the use of balance sheet related transactions or off balance sheet derivatives.

As of 31 December 2007, other things being constant, if the YTL was to appreciate/depreciate by 10% against the USD, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease nine-month net income by YTL1.471.701 (31 December 2006: YTL299.866).

As of 31 December 2007, other things being constant, if the YTL was to appreciate/depreciate by 10% against the Euro, foreign exchange gains/losses resulting from trade receivables and payables, cash and cash equivalents and advances received and given would increase/decrease nine-month net income by YTL 5.289.595 (31 December 2006: YTL6.756.599).

Liquidity risk

Prudential liquidity risk management stands for holding sufficient amount of cash and marketable securities, the ability to utilize sufficient amount of borrowing and fund resources and the ability of the power of closing market positions. Management reviews the Company's liquidity reserves considering the forecasted cash flows.

As of the balance sheet date, below table summarizes maturity analysis of the assets and liabilities based on their due dates:

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

31 December 2007	0 - 3 months	3 - 12 months	Over 1 year	Without maturities	Total
ASSETS					
Cash and cash equivalents	39.468.249	6.500.000	-	-	45.968.249
Trade receivables -net	18.181.981	-	-	-	18.181.981
Due from related parties -net	284.609	-	-	-	284.609
Other receivables -net	395.064	1.770.994	-	-	2.166.058
Inventories -net	448.479	3.932.041	-	-	4.380.520
Other current assets	1.686.250	1.600.299	-	-	3.286.549
Property, plant and equipment -net	-	-	-	98.869.546	98.869.546
Intangible assets -net	-	-	-	58.427.621	58.427.621
Other non-current assets	-	-	52.109	-	52.109
Deferred tax assets	-	-	-	2.960.914	2.960.914
Goodwill -net	-	-	-	15.830.639	15.830.639
Total Assets	60.464.632	13.803.334	52.109	176.088.720	250.408.795
LIABILITIES					
Financial liabilities -net	3.442.649	29.782.920	48.946.861	-	82.172.430
Trade payables -net	10.880.008	-	2.329	-	10.882.337
Due to related parties -net	1.740.927	-	-	-	1.740.927
Advances received	-	204	-	-	204
Provisions	250.956	2.940.835	11.102.995	-	14.294.786
Deferred tax liability	-	-	-	5.098.855	5.098.855
Other liabilities -net	5.496.630	3.499.659	4.129.823	-	13.126.112
Total liabilities	21.811.170	36.223.618	64.182.008	5.098.855	127.315.651
Net liquidity position	38.653.462	(22.420.284)	(64.129.899)	170.989.865	123.093.144
31 December 2006					
	0 - 3 months	3 - 12 months	Over 1 year	Without maturities	Total
ASSETS					
Cash and cash equivalents	52.008.637	15.002.068	-	-	67.010.705
Trade receivables -net	11.006.791	4.598.465	-	-	15.605.256
Due from related parties -net	270.452	-	-	-	270.452
Other receivables -net	9.220.022	4.709	5.169	-	9.229.900
Inventories -net	356.528	3.024.764	-	-	3.381.292
Other current assets	1.400.224	1.844.630	-	-	3.244.854
Property, plant and equipment -net	-	-	-	96.911.569	96.911.569
Intangible assets -net	-	-	-	83.246.005	83.246.005
Deferred tax assets	-	-	-	1.296.573	1.296.573
Other non current assets	-	130.119	-	-	130.119
Goodwill -net	-	-	-	18.160.526	18.160.526
Total Assets	74.262.654	24.604.755	5.169	199.614.673	298.487.251
LIABILITIES					
Financial liabilities -net	839	91.495.079	33.703.102	-	125.199.020
Trade payables -net	8.399.063	-	17.537.250	-	25.936.313
Due to related parties -net	2.267.511	-	-	-	2.267.511
Advances received	-	61.890	-	-	61.890
Provisions	123.969	2.894.538	8.675.601	-	11.694.108
Deferred tax liability	-	-	-	6.196.608	6.196.608
Other liabilities -net	8.916.448	939.490	-	-	9.855.938
Total liabilities	19.707.830	95.390.997	59.915.953	6.196.608	181.211.388
Net liquidity position	54.554.824	(70.786.242)	(59.910.784)	193.418.065	117.275.863

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

	31 December 2007	31 December 2006
Total borrowings	94.795.694	153.402.844
<u>Less: Cash and cash equivalents (Note 4)</u>	<u>(45.968.249)</u>	<u>(67.010.705)</u>
<u>Net debt</u>	<u>48.827.445</u>	<u>86.392.139</u>
Shareholders' equity	119.929.764	112.602.992
Total equity	168.757.209	198.995.131
Gearing ratio	0,29	0,43

	31 December 2007	31 December 2006
Financial liabilities	82.172.430	125.199.020
Shareholders' equity	119.929.764	112.602.992
Liability/Shareholders' equity	0,69	1,11

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.33 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 Company could realise 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 practicable 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 value.

The fair values of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature.

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

The fair values of financial assets which are not quoted on the market are determined through the application of generally accepted valuation techniques or by their historical costs after impairment losses are deducted.

Monetary liabilities

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

Long-term borrowings, which are denominated in foreign currencies, are translated at period-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trading liabilities have been estimated at their fair values.

3.34 Comparatives

Comparative financial information is reclassified to enable conformity with the presentation of the current period financial statements where necessary.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.35 Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

3.36 Share Premiums

Share premiums represent the difference between the nominal values and the fair values of the Group shares issued or the difference between the sale price of shares of subsidiaries and their nominal values.

3.37 Significant accounting estimates, assumptions

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2007	31 December 2006
Cash	84.423	85.702
Banks		
-time deposits	33.547.984	53.564.761
- USD	25.492.465	21.935.901
- YTL	4.563.264	5.855.661
- EUR	3.492.255	21.418.701
- Hungarian Forint	-	4.354.498
- demand deposits	12.335.842	13.352.837
- EUR	5.333.626	1.807.161
- Hungarian Forint	5.086.307	8.872.469
- USD	1.205.436	2.050.564
-YTL	630.005	564.015
-GBP	80.468	58.628
- Other liquid assets	-	7.405
	45.968.249	67.010.705

Effective interest rates for YTL, Euro and USD time deposits are %18,11, %4,48 and %4,97 respectively, as of 31 December 2007. (31 December 2006: YTL: %19,55, Euro: %3,33 USD: %5,37 and Hungarian Forint: 7,2%). Maturities of time deposits as of 31 December 2007 are YTL: 1-113 days, Euro: 1-32 days and USD: 1-36 days (31 December 2006: YTL: 3-32 days, Euro: 3-62 days USD: 3-182 days, and Hungarian Forint: 7 days).

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NOTE 5 - MARKETABLE SECURITIES

None (31 December 2006: None).

NOTE 6 - FINANCIAL LIABILITIES

	<u>31 December 2007</u>			
	Effective interest rate (%)	Original amount	YTL	
Short-term borrowings				
<u>Short-term borrowings</u>				
YTL borrowings	-	22.249	22.249	
Euro borrowings	% 5,58	2.000.000	3.420.400	
			3.442.649	
<u>Short-term portion of long-term borrowings</u>				
Interest expense accrual-EUR		150.172	256.824	
Interest expense accrual-USD		124.703	145.242	
USD borrowings	% 6,80	6.933.334	8.075.254	
EUR borrowings	% 7,45	12.457.958	21.305.600	
			29.782.920	
Long-term borrowings				
USD borrowings	% 5,5	1.500.000	1.747.050	
EUR borrowings	% 6,96	27.599.000	47.199.811	
			48.946.861	
	<u>Carrying Amount</u>		<u>Fair Value</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Long - term borrowings	48.946.861	33.066.453	48.863.216	30.833.524

The fair value of current borrowings equals their carrying amount and the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of % 6,38 (2006: % 6,42).

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

	31 December 2006		YTL
	Effective Interest rate (%)	Original amount	
Short-term borrowings			
<u>Short-term bank borrowings</u>			
YTL borrowings	-	839	839
Hungary Forint borrowings	-	500.000.000	3.695.000
Euro borrowings	%5,77	30.000.000	55.934.910
			59.630.749
<u>Short-term portion of long-term borrowings</u>			
Interest expense accrual-EUR		605.575	1.121.222
Interest expense accrual-USD		231.431	325.300
USD borrowings	%6,95	6.933.333	9.745.493
EUR borrowings	%6,59	11.456.958	21.212.558
			32.404.573
Long-term borrowings			
USD borrowings	%6,95	8.433.333	11.853.895
EUR borrowings	%6,59	11.456.958	21.212.558
			33.066.453

The redemption schedule of the long-term bank borrowings as of 31 December 2007 and 31 December 2006 is as follows:

	31 December 2007	31 December 2006
2008	-	30.958.051
2009	4.107.041	2.108.402
2010	3.766.546	-
2011	5.093.086	-
2012 and over	35.980.188	-
	48.946.861	33.066.453

As of 31 December 2007, the borrowings amounting to EUR 11.456.958 comprise of the loans used by the Joint-venture of the Group, Çelebi IC for the terminal construction. The maturities of the loans which do not have to be repaid in the first two years range from 3,5-4 years; repayment began on April 2006 and will be realised through equal instalments in every six months.

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2007	31 December 2006
Short-term trade receivables		
Trade receivables	18.190.780	15.615.607
Deposits and guarantees given	15.692	14.862
Doubtful receivables	2.458.243	2.456.314
	20.664.715	18.086.783
Less: Provision for doubtful receivables	(2.458.243)	(2.456.314)
Less: Unearned financial income from credit sales	(24.491)	(25.213)
	18.181.981	15.605.256

Yearly effective interest rates for trade receivables as of 31 December 2007 for the YTL, USD and EUR are %16,15, %4,86 and %4,44, respectively(31 December 2006: %16,80, %5,33 and %3,63).

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

Movements of the provision for doubtful receivables for the years ended 31 December 2007 and 31 December 2006 are as follows:

	31 December 2007	31 December 2006
Opening balance	2.456.314	2.418.211
Additions	1.929	38.103
Ending balance	2.458.243	2.456.314

Short-term trade payables

Trade payables	10.885.170	25.973.607
Less: Unearned credit finance charges	(5.162)	(40.102)
	10.880.008	25.933.505

Effective interest rates for unearned credit finance charges as of 31 December 2007 for USD, Euro, GBP and YTL are %4,86, %4,44, %6,10 and %15,96, respectively (31 December 2006: 5,32, %3,63, %5,26 ve %16,8).

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

	31 December 2007	31 December 2006
Long-term trade payables		
Deposits and guarantees received	2.329	2.808

NOTE 8 - FINANCE LEASE RECEIVABLES AND PAYABLES

	<u>31 December 2007</u>			<u>31 December 2006</u>		
	Minimum lease payments	Interest	Total Obligation	Minimum lease payments	Interest	Total Obligation
Less than 1 year	22.202	(22.202)	-	99.851	(2.606)	97.245
1 to 2 years	249	(249)	-	26.794	(26.794)	-
2 to 3 years	564	(564)	-	292	(292)	-
4 years and more	-	-	-	479	(479)	-
	23.015	(23.015)	-	127.416	(30.171)	97.245

NOTE 9 - DUE FROM AND DUE TO RELATED PARTIES

Amounts due from and due to related parties during the periods and a summary of major transactions with related parties during the period are as follows:

	31 December 2007	31 December 2006
Due from related parties		
Ortadoğu Antalya Liman İşletmeleri A.Ş.	35.189	31.997
Çelebi-IC Hava Terminali İşletme ve Ticaret A.Ş.	-	75.852
Other	23.507	47
	58.696	107.896
Less: Unearned financial income from sales on credit terms	-	(2.341)
	58.696	105.555
Due from Joint-ventures		
Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş.	225.913	164.897
Due from related parties - net	284.609	270.452

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NOTE 9 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

	31 December 2007	31 December 2006
Due to related parties		
Çelebi Holding A.Ş. (*)	703.323	1.306.176
Çe-Tur Çelebi Turizm Ticaret A.Ş.	765.680	960.872
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	260.617	-
Payables to shareholders	1.309	2.848
Çelebi Hizmet Gıda İşletmeleri A.Ş.	9.998	112
	1.740.927	2.270.008
Less: Unincurred financial expense from purchase on credit terms	-	(2.497)
	1.740.927	2.267.511

(*) YTL506.838 portion of due to Çelebi Holding (31 December 2006: YTL1.005.534) consists of invoices issued for the Company and Çelebi Güvenlik as contributions to holding expenses.

	31 December 2007	31 December 2006
Sales to related parties		
Ortadoğu Antalya Liman İşletmeleri A.Ş.	408.979	53.283
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	383.851	386.899
Çelebi Holding A.Ş.	235.500	224.575
Çe-Tur Çelebi Turizm Ticaret A.Ş.	224.215	141.926
Çelebi Marina ve Yat İşletmeciliği A.Ş.	124.691	-
Çelebi Hizmet Gıda İşletmeleri Turizm Sanayi ve Ticaret A.Ş.	5.155	739
Çelebi Hizmet Restorant İşletmeleri ve Gıda Turizm İnşaat Sanayi ve Ticaret A.Ş.	615	629
	1.383.006	808.051

	31 December 2007	31 December 2006
Sales to Joint-ventures		
Çelebi IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş.	3.091.653	3.207.348

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NOTE 9 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

	31 December 2007	31 December 2006
Rent income from related parties		
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	21.318.741	21.799.884

	31 December 2007	31 December 2006
Transportation and employee expenses payable to related parties		
Çe-Tur Çelebi Turizm ve Ticaret A.Ş.	4.540.360	4.072.637
Çelebi-IC Hava Terminali İşletme ve Ticaret A.Ş.	2.938.931	2.647.943
	7.479.291	6.720.580

	31 December 2007	31 December 2006
Contribution to holding expenses (**)		
Çelebi Holding A.Ş.	9.910.720	9.172.638

	31 December 2007	31 December 2006
General expenses contribution income from related companies (***)		
Çelebi IC Hava Terminali İşletme ve Ticaret A.Ş.	4.263.748	4.359.977

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NOTE 9 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

	31 December 2007	31 December 2006
Other purchases from related parties (****)		
Çe-Tur Çelebi Turizm Ticaret.A.Ş.	2.441.731	2.597.160
Çelebi Holding A.Ş.	2.112.714	490.375
Çelebi- IC Hava Terminali İşletme ve Ticaret A.Ş.	8.901	373.549
Çelebi Hizmet Gıda İşletmeleri Turizm Sanayi ve Ticaret A.Ş.	6.155	25.260
Çelebi Hizmet Restorant İşletmeleri Gıda Turizm İnşaat Sanayi ve Ticaret A.Ş.	-	5.449
	4.569.501	3.491.793

	31 December 2007	31 December 2006
Other purchases from Joint-ventures		
Çelebi - IC Antalya Havalimanı Terminal Yatırım ve İşletme A.Ş.	303.360	355.310

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NOTE 9 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

31 December 2007 31 December 2006

**Tangible and intangible asset purchases
from related parties**

Çelebi Holding A.Ş.	21.782	169.504
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(**) Contribution paid to Çelebi Holding A.S for services (legal counselling, financial consultancy and human resource consultancy) provided to Çelebi Hava Servisi and Çelebi Güvenlik Sistemleri ve Danışmanlık A.Ş. by Çelebi Holding A.Ş. These expenses have been consistently incurred between periods and participations in Çelebi Holding A.Ş, in the consideration of criteria such as staff number, company turnover and asset size.

(***) Contribution income comprises of rental income from offices and locations leased 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 within the terminal.

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

Guarantees given to related parties as of 31 December 2007 and 31 December 2006 are detailed below:

	<u>31 December 2007</u>		<u>31 December 2006</u>	
	USD	YTL	USD	YTL
Çelebi Holding A.Ş.	-	25.750.000	-	25.750.000
Çelebi IC (*)	45.154.400	-	45.154.400	-

(*) Çelebi IC signed an agreement for the borrowings amounting to USD 90.308.800 (2006: USD 90.308.800). The Company gave a guarantee for %50 of these borrowings. Related borrowing amount has been EUR 11.456.958 as of 31 December 2007 after repayments.

31 December 2007 31 December 2006

Remuneration paid to top management:

Remuneration paid to top management	5.519.858	4.998.693
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NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	31 December 2007	31 December 2006
Other short-term receivables		
Value-added tax ("VAT") to be refunded	1.436.820	6.634.312
Receivables from Tax Office	276.800	104.028
Advances given to suppliers	172.523	113.374
Income accruals	150.383	-
Advances given to personnel	110.480	56.742
Receivables from the previous shareholders of CGHH (*)	-	2.274.369
Other miscellaneous receivables	19.052	47.075
	2.166.058	9.229.900

(*) The receivables from the previous shareholders of CGHH are composed of the amounts paid to the accounts of founding members in place of CGHH in return for the services rendered by CGHH to its customers and furthermore, include the credit note amounting to YTL827.657 regarding the completion procedure of the acquisition of CGHH. This amount has been deducted from trade payables as of 27 April 2007.

NOTE 11 - BIOLOGICAL ASSETS

None (31 December 2006: None).

NOTE 12 - INVENTORIES

	31 December 2007	31 December 2006
Trade goods	348.645	450.319
Other inventories	4.010.729	2.930.973
Order advances given	21.146	-
	4.380.520	3.381.292

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

NOTE 13 - BALANCES RELATED TO CONSTRUCTION CONTRACTS

None (31 December 2006: None).

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NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax

Turkish Tax Legislation does not allow the main company to declare its tax return in the consolidated financial statements of all its affiliates and subsidiaries. For this purpose, tax provisions disclosed in consolidated financial statements are calculated separately for each company that is in the context of full consolidation.

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for CMB Communiqué purposes and its statutory tax financial statements. Temporary differences generally arise due to the recording of incomes and expenses in different reporting periods according to Tax Laws and CMB Accounting Standards. Deferred income taxes will be calculated on temporary differences that are expected to be realised or settled based on the taxable income in the coming years under the liability method using a principal tax rate of %20 (31 December 2006: %20). The related ratio for Hungary is 20%.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) provided at 31 December 2007 and 31 December 2006 using the enacted future tax rates is as follows:

	Cumulative Taxable Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Non deductible financial losses (*)	(11.905.332)	(6.421.507)	2.381.066	1.284.301
SWAP contracts foreign currency valuations	(1.998.977)	-	399.796	-
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	(676.019)	66.460	135.204	(13.292)
Provision for vacation pay	(201.367)	(123.969)	40.273	24.794
Provision for employment termination benefits	(22.874)	(3.850)	4.575	770
Net deferred tax asset			2.960.914	1.296.573
Net difference between the tax base and carrying amount of property plant and equipment and intangible assets	33.818.736	37.617.492	(6.763.747)	(7.523.498)
Provision for employment termination benefits	(3.521.027)	(3.089.409)	704.205	617.882
Deferred insurance claim recovery	(1.747.050)	-	349.410	-
Provision for vacation pay	(1.406.203)	(1.139.875)	281.241	227.975
Accrued sales commissions	(1.011.487)	(1.430.315)	202.297	286.063
Provision for legal claims	(312.735)	(297.412)	62.547	59.482
Personnel bonus accrual	(256.850)	(614.008)	51.370	122.802
Provision for doubtful receivables	(49.781)	(49.781)	9.956	9.956
Unincurred financial expenses	(24.491)	(25.213)	4.898	5.043
Unearned financial income	5.162	52.845	(1.032)	(10.569)
Other	-	(41.285)	-	8.256
Net deferred tax liability			(5.098.855)	(6.196.608)

(*) There is no expiration of the carry-forward tax losses in the Hungary Tax System.

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NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax movement table is indicated below:

	31 December 2007	31 December 2006
Beginning balance	(4.900.035)	(4.512.833)
Currency translation adjustment	(178.447)	6.012
Increase in deferred tax asset due to acquisition of affiliates	-	1.255.725
Current period deferred tax income/(expense) (Note 41)	2.940.541	(1.648.939)
Ending balance	(2.137.941)	(4.900.035)

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

	31 December 2007	31 December 2006
Other current assets		
Prepaid expenses	2.586.119	2.592.414
Prepaid taxes and funds	-	267.654
Transferred VAT	16.128	384.786
Corporate taxes receivable	684.302	-
	3.286.549	3.244.854

	31 December 2007	31 December 2006
Other non-current assets		
Prepaid expenses	6.215	5.875
Deposits and guarantees given	2.283	18.984
Other receivables	43.611	105.260
	52.109	130.119

	31 December 2007	31 December 2006
Other short-term liabilities		
Wages and salaries payable	3.589.990	3.178.518
Social security payables	1.949.335	2.846.197
Taxes and funds payable	1.512.726	1.748.325
Deferred income	378.237	325.630
Accrued bonus payable	364.425	743.673
Corporate taxes payable (Note 41)	259.078	212.049
Other miscellaneous liabilities	942.498	801.546
	8.996.289	9.855.938

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

	31 December 2007	31 December 2006
Other long-term liabilities		
SWAP agreements (Note 31)	2.369.158	-
Deferred insurance claim recovery (*)	1.747.050	-
Deferred other revenues	13.615	-
	4.129.823	-

(*) The deferred insurance claim recovery amount is comprised of the insurance policy related to the goods of third parties amounting to USD1.500.000 which has been fully collected as of 31 December 2007 and is planned to be utilized by the Company under the circumstances that the Company is found to be liable for the losses incurred during the fire that broke out in Atatürk Airport ("AHL") Terminal C (Note 44).

NOTE 16 - FINANCIAL ASSETS

None (31 December 2006: None).

NOTE 17 - POSITIVE/NEGATIVE GOODWILL

Positive goodwill for the years ended 31 December 2007 and 31 December 2006 is as follows:

	31 December 2007	31 December 2006
Goodwill due to acquisition of CGHH	15.830.639	18.160.526

The Company participated in the tender offer on 7 August 2006 opened by the Budapest Airport Budapest Ferihegy Nemzetközi Repülőtér Üzemeltető Zártkörűen Működő Reszvenytársaság ("Ba Zrt") company resident in Budapest, Hungary for the acquisition of the Budapest Airport Handling Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság ("BAGH") company that provides ground handling services at Budapest Airport and in which ("Ba Zrt") has a %100 share. The company was informed of winning the tender offer on 14 August 2006 and is participating in the Celebi Tanácsadó Korlátolt Felelősségű Társaság ("Celebi Kft.") company founded on 22 September 2006 as a founding shareholder for the realisation of the abovementioned share transfer. The trade name of the company BAGH was changed to Celebi Ground Handling Hungary Földi Kiszolgáló Korlátolt Felelősségű Társaság ("CGHH") after the acquisition dated 26 October 2006.

After the studies of the independent valuation company named American Appraisal Hungary Ltd., fair value of the net assets of CGHH was determined to be YTL31.287.893 as of 26 October 2006 and acquired by Celebi Kft at a price of YTL49.448.419 which is the YTL equivalent of 6.691.261 thousand Hungarian Forint (EUR25.593.870). The acquisition has been accounted for according to the clauses of IFRS 3 "Business Combinations" and the goodwill amounting to YTL18.160.526 projected after the acquisition has been reflected in the financial statements at 31 December 2006. At 31 December 2007, after finalizing the completion statements the final purchase price of the Company has been determined to be less than the amount paid at 31 December 2006 by YTL827.657.

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NOTE 17 - POSITIVE/NEGATIVE GOODWILL (Continued)

It is assumed that there is no impairment for the goodwill arising from the acquisition at 31 December 2007 and 31 December 2006, since the transaction has been realised at a date close to the balance sheet date and the acquisition price has been determined by a sealed tender. Goodwill details relating to the acquisition of the Subsidiary (CGHH) in 2007 are below (Other explanations regarding to business combinations are presented in the Note 32).

Acquisition amount	49.448.419
Less: Fair values of assets, liabilities and contingent liabilities	(31.287.893)
Final purchase price adjustment	(827.657)
Currency translation adjustment	(1.502.230)

Goodwill **15.830.639**

NOTE 18 - INVESTMENT PROPERTY

None (31 December 2006: None).

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the year ended 31 December 2007 are as follows:

	Opening 1 January 2007	Additions	Disposals	Transfers	Currency translation adjustments	Closing 31 December 2007
Cost						
Machinery and equipment	117.755.698	5.392.002	(1.449.216)	470.271	(219.865)	121.948.890
Vehicles	16.386.396	2.942.254	(63.065)	-	(879.802)	18.385.783
Furniture and fixtures	10.949.169	906.452	(10.670)	(2.248)	(42.990)	11.799.713
Leasehold improvements (*)	54.257.932	9.139.654	(3.431)	-	-	63.394.155
Advances given	1.167.366	577.208	-	(1.656.925)	-	87.649
	200.516.561	18.957.570	(1.526.382)	(1.188.902) (**)	(1.142.657)	215.616.190
Accumulated depreciation						
Machinery and equipment	(73.021.216)	(7.184.935)	920.403	-	4.531	(79.281.217)
Vehicles	(3.408.910)	(2.368.501)	60.474	-	31.611	(5.685.326)
Furniture and fixtures	(9.485.483)	(633.595)	9.313	-	10.208	(10.099.557)
Leasehold improvements	(17.689.383)	(3.991.218)	57	-	-	(21.680.544)
	(103.604.992)	(14.178.249)	990.247	-	46.350	(116.746.644)
Net book value	96.911.569					98.869.546

(*) The land plots where the stations were constructed by Çelebi Hava Servisi A.Ş in the airports within which it operates were rented from the DHMI. The station buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 December 2007 the net book value of these stations was YTL38.437.244. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The agreement is renewed automatically. The Group amortises these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortise the relevant leasehold improvements over a shorter period.

(**) Comprised of transfers to intangible assets.

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

As explained in details in Note 44, the warehouse located at Atatürk Airport Terminal C in which the Company carries out cargo - warehouse operations was damaged due to a fire that broke out on 24 May 2006. As a consequence of the fire, leasehold improvements, the machinery and equipment and furniture & fixtures whose net book value were YTL3.932.522, YTL522.232 and YTL29.851 respectively as of 31 December 2006 were written off from accounting records since the DHMI cancelled the rent agreement related to the mentioned warehouse and the leasehold improvements were partially damaged. As a consequence, although insurance specialists have not completed their reports yet, the machinery and equipment and furniture and fixtures whose net book value were YTL1.579.944 and YTL47.257 were written off from accounting records. However, it is not possible to determine the damage to the machinery and equipment and furniture and fixtures in the warehouse as the date of the fire whose net book values are YTL56.140 and YTL4.092, respectively as of 31 December 2007 and that to the goods of third parties as insurance specialist reports have not been concluded as yet. The Company has insurance policies including fire risk amounting to USD2.200.000 for leasehold improvements, USD2.000.000 in total which consists of USD1.000.000 for machinery and equipment and general content, USD600.000 of which is for broken machinery and USD400.000 of which is for electronic equipment and USD150.000 for furniture and fixtures. In addition, the Company has an insurance policy also covering fire risk amounting to USD41.000.000 related to the equipment. Prepayment amounting to USD1.524.088 has been made to the Company under the coverage of aforementioned insurance policies as of 31 December 2007.

The annual depreciation charges for the period ended 31 December 2007 amounting to YTL4.380.230 and YTL9.798.019 are included in operating expenses and cost of sales, respectively. The net book value of financial lease assets that are included in machinery and equipment is YTL845.085 as of 31 December 2007 (31 December 2006: YTL927.564).

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in property, plant and equipment for the year ended 31 December 2006 are as follows:

	Opening Balance 1 January 2006	Additions	Disposals	Transfers	Currency translation adjustments	Increase in tangible fixed assets due to acquisition of affiliates	Closing Balance 31 December 2006
Cost							
Machinery and equipment	113.601.327	6.365.743	(3.900.914)	-	4.139	1.685.403	117.755.698
Vehicles	3.672.552	408.922	(47.585)	-	1.958	12.350.549	16.386.396
Furniture and fixtures	10.469.663	636.728	(666.148)	16.303	118	492.505	10.949.169
Leasehold improvements (*)	51.249.046	7.898.280	(4.889.394)	-	-	-	54.257.932
Advances given	243.844	1.343.388	(182.553)	(237.313)	-	-	1.167.366
	179.236.432	16.653.061	(9.686.594)	(221.010)	6.215	14.528.457	200.516.561
Accumulated depreciation							
Machinery and equipment	(67.580.896)	(6.891.847)	1.453.270	-	(254)	(1.489)	(73.021.216)
Vehicles	(2.824.443)	(696.325)	137.980	-	(1.695)	(24.427)	(3.408.910)
Furniture and fixtures	(8.910.341)	(690.915)	134.345	-	(499)	(18.073)	(9.485.483)
Leasehold improvements	(15.248.111)	(3.398.144)	956.872	-	-	-	(17.689.383)
	(94.563.791)	(11.677.231)	2.682.467	-	(2.448)	(43.989)	(103.604.992)
Net book value	84.672.641						96.911.569

(*) The land plots where the stations were constructed by Çelebi Hava Servisi A.Ş in the airports within which it operates were rented from the DHMI. The station buildings on this land were constructed by the Group and recorded under the tangible assets of the Group as leasehold improvements. As of 31 December 2006 the net book value of these stations was YTL36.455.992. The lease contract signed by the Group and the DHMI is valid for one year and the agreement is renewed every year. The Group amortises these station buildings over 15 years which correspond to their economic lives. If the DHMI does not renew the lease contract within this period, the Group may have to amortise the relevant leasehold improvements over a shorter period.

The annual depreciation charges for the period ended 31 December 2006 amounting to YTL3.028.615 and YTL8.648.616 are included in operating expenses and cost of sales, respectively.

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NOTE 20 - INTANGIBLE ASSETS

Movements in intangible assets for the year ended 31 December 2007 are as follows:

	Opening 1 January 2007	Additions	Disposals	Transfers	Currency translation adjustments	Closing 31 December 2007
Cost						
Rights	542.969	-	-	2.250	-	545.219
Software	2.705.348	475.197	-	-	(19.839)	3.160.706
Customer Relations	29.468.201	-	-	-	(2.450.257)	27.017.944
Build-operate-transfer investments (*)	85.955.470	396.356	(4.974)	1.186.652	-	87.533.504
	118.671.988	871.553	(4.974)	1.188.902	(2.470.096)	118.257.373
Accumulated Depreciation						
Rights	(447.513)	(52.040)	-	-	-	(499.553)
Software	(1.666.412)	(347.042)	-	-	391	(2.013.063)
Customer Relations	(761.216)	(4.248.565)	-	-	63.296	(4.946.485)
Build-operate-transfer investments (*)	(32.550.842)	(19.822.462)	2.653	-	-	(52.370.651)
	(35.425.983)	(24.470.109)	2.653	-	63.687	(59.829.752)
Net book value	83.246.005					58.427.621

(*) The build-operate-transfer investment the net book value of which is YTL35.162.855 comprises of the advances and progress payments given to contracting firms which were capitalised as of 31 December 2007 related to the construction of Antalya Airport 2. International Terminal with respect to the terminal building operation and transfer processes between Çelebi IC and the DHMI. The Group will depreciate the leasehold improvements related to the terminal building within the operating period of 54 months.

Depreciation charges for the period ended 31 December 2007 amounting to YTL2.842.497 and YTL21.627.612 are included in operating expenses and cost of sales.

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NOTE 20 - INTANGIBLE ASSETS (Continued)

Movements in intangible assets for the period ended 31 December 2006 are as follows:

	Opening Balance 1 January 2006	Additions	Disposals	Transfers	Cumulative translation adjustments	Increase in intangible fixed assets due to acquisition of affiliates	Closing balance 31 December 2006
Cost							
Rights	541.894	710	-	-	-	365	542.969
Software	2.111.068	582.904	-	-	1.087	10.289	2.705.348
Customer relations	-	-	-	-	-	29.468.201	29.468.201
Build-operate-transfer investment (*)	85.075.985	936.429	(277.954)	221.010	-	-	85.955.470
	87.728.947	1.520.043	(277.954)	221.010	1.087	29.478.855	118.671.988
Accumulated depreciation							
Rights	(393.143)	(50.573)	-	-	(3.797)	-	(447.513)
Software	(1.402.296)	(261.186)	-	-	(8)	(2.922)	(1.666.412)
Customer relations	-	-	-	-	-	(761.216)	(761.216)
Build-operate-transfer investment	(13.541.259)	(19.072.262)	62.679	-	-	-	(32.550.842)
	(15.336.698)	(19.384.021)	62.679	-	(3.805)	(764.138)	(35.425.983)
Net book value	72.392.249						83.246.005

(*) The build-operate-transfer investment the net book value of which is YTL 53.404.625, comprises of the advances and progress payments given to contracting firms which were capitalised as of 31 December 2006 related to the construction of Antalya Airport 2. International Terminal with respect to the terminal building operation and transfer processes between Çelebi IC and the DHMI. The Group will depreciate the leasehold improvements related to the terminal building within the operating period of 54 months.

The annual depreciation charges for the period ended 31 December 2006 amounting to YTL 69.146 and YTL 20.076.091 are included in operating expenses and cost of sales.

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NOTE 21 - ADVANCES RECEIVED

	31 December 2007	31 December 2006
Advances received	204	61.890

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 2007	31 December 2006
Short-term provisions		
Provision for vacation pay	1.607.570	1.263.844
Accrued sales commissions	1.011.487	1.430.315
Provision for legal claims	312.735	297.412
Other liability provisions	259.999	26.936
	3.191.791	3.018.507

	31 December 2007	31 December 2006
Long-term provisions		
DHMI agreement depreciation provision (*)	7.559.094	5.582.342
Provision for employment termination benefits	3.543.901	3.093.259
	11.102.995	8.675.601

(*) The DHMI agreement depreciation provision is the amount that will be paid to the DHMI for the depreciation of the fixed assets in the Antalya terminal operated by Çelebi IC in the context of the build-operate-transfer investment when the terminal is delivered to the DHMI in 2009. Also according to the related agreement, a guarantee letter is to be given for the depreciation accrued from the ask rate of the USD declared by the Central Bank of Turkish Republic ("CBTR") no later than four months following the year-end. Since the Company's liabilities at period end are in terms of USD, foreign exchange gains or losses that have arisen from the valuation of the guarantee letter under consideration are included in the provision.

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NOTE 23 - PROVISIONS (Continued)

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

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service, who achieves the retirement age (58 for women and 60 for men), who has charged 25 years of services (20 years for women) and whose employment is terminated without due cause, is called up for military service or who dies Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement. The amount payable at 31 December 2007 consists of one month's salary limited to a maximum of YTL 2.030,19 (31 December 2006: YTL 1.857,44) for each year of service.

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

IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Employee termination benefit liability is calculated by estimating the present value of the future probable obligation to the employees of the group in its subsidiaries that are registered in Turkey arising from the retirement of the employees. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2007	31 December 2006
Discount rate (%)	5,71	5,71
Turnover rate to estimate the probability of retirement (%)	93,85	93,82

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 the reserve for employment termination benefits every six months the maximum amount of YTL 2.087,92 which is effective from 1 January 2008 (31 December 2006: YTL 1.960,69) has been taken into consideration in the calculations.

	31 December 2007	31 December 2006
Balance at the beginning of the year	3.093.259	3.480.575
Paid during the year	(1.210.067)	(903.220)
Increase/(Decrease) during the year	1.660.709	515.904
Ending balance	3.543.901	3.093.259

NOTE 24 - MINORITY INTEREST

Changes in the minority interest are as follows:

	31 December 2007	31 December 2006
Balance at the beginning of the year	4.672.871	52.343
Increase in subsidiaries included in the consolidation	-	5.649.599
Increase in minority interest	1.627.445	-
Minority (loss)/income	(2.959.953)	(1.358.637)
Currency translation adjustment	(176.983)	329.566
Ending balance	3.163.380	4.672.871

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NOTE 25 - SHARE CAPITAL/ADJUSTMENT TO SHARE CAPITAL

As of 31 December 2007, the authorised share capital of the Group is YTL 24.300.000 comprising of 2.430.000.000 registered shares with a face value each of 1 YKr (TL10.000) (31 December 2006: 1.350.000.000 shares).

At 31 December 2007 and 31 December 2006, the shareholding structure can be summarised as follows:

	Shares	31 December	Shares	31 December
	(%)	2007	(%)	2006
Çelebi Holding A.Ş.	52,69	12.802.050	52,69	7.112.250
Engin Çelebioğlu	10,01	2.432.430	10,01	1.351.350
Can Çelebioğlu	7,50	1.822.770	7,49	1.011.650
Canan Çelebioğlu Tokgöz	7,49	1.820.970	7,49	1.011.650
Other	22,31	5.421.780	22,32	3.013.100
	100,00	24.300.000	100,00	13.500.000

NOTE 26 - CAPITAL RESERVES

The restated amounts of the capital and legal reserves stated as their historical amounts in the consolidated financial statements and the inflation adjustment differences are as follows:

31 December 2007

	Historical	Restated	Equity
	amounts	amounts	Inflation
			adjustment
Capital	24.300.000	24.300.000	-
Legal reserves	11.351.163	11.984.325	633.162
Extraordinary reserves	28.137.614	28.489.935	352.321
	63.788.777	64.774.260	985.483

31 December 2006

	Historical	Restated	Equity
	amounts	amounts	Inflation
			adjustment
Capital	13.500.000	14.992.722	1.492.722
Legal reserves	8.455.399	18.395.839	9.940.440
Extraordinary reserves	27.229.058	27.581.379	352.321
	49.184.457	60.969.940	11.785.483

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NOTE 27 - PROFIT RESERVES

The historical amounts of profit reserves as of 31 December 2007 and 31 December 2006 are as follows:

	31 December 2007	31 December 2006
Legal reserves	11.351.163	8.455.399
Extraordinary reserves	28.137.614	27.229.058
Currency translation adjustments	355.326	768.988
	39.844.103	36.453.445

NOTE 28 - RETAINED EARNINGS

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:

In accordance with the decision of Capital Markets Board on 8 January 2008 number 4/138 the minimum profit distribution ratio shall be applied as 20% (31 December 2006: 20%) in relation to publicly-listed joint stock partnerships as of 1 January 2008. Accordingly, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the partners free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further enabled that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount. Nevertheless, with regard to the joint stock partnerships, which have increased its capital without performing a dividend distribution as to the previous period and which separates its shares as "new" and "old", it has been made obligatory for those partnerships, which will distribute dividend out of its 2007 profits, to distribute the initial dividend amount in cash.

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 their book values on the balance sheet. Restatement differences of these accounts are shown in the "shareholders' equity restatement differences" accounted in the Shareholders' Equity group.

Equity inflation adjustment 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, or used in the distribution of bonus shares and dividends to shareholders. Additionally, for capital increases made by internal resources, the lower of the amount found by CMB account applications and legal booking amounts should be recorded.

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NOTE 28 - RETAINED EARNINGS (Continued)

According to the Board of Directors minutes regarding the dividend policy defined for profit distributions in 2006 and the following years in line with decree 4/67 of the Capital Markets Board dated 27 January 2006;

- Starting from 2006 and for the following years, at least %50 of distributable profit will be distributed unless contradicted by the rules and regulations of the Capital Markets Board;
- Dividends will be distributed either as cash or bonus shares generated through the addition of dividends to the share capital or bonus shares distributed at a specified rate considering investment and financing needs of the Company for long-term growth;
- The Company's dividend policy will be maintained unless there are extraordinary developments in the general economic environment or financing and investment needs of the Company.

The details of prior years' income as of 31 December 2007 and 31 December 2006 are as follows:

	Prior years' income
31 December 2005 balance	28.659.109
Transfer to reserves	(24.651.560)
Transfer from net profit for the year 2005	31.156.786
Dividend payment from net profit for the year 2005	(6.505.226)
31 December 2006 balance	28.659.109
Transfer to reserves	(3.804.320)
Transfer from net profit for the year 2006	22.204.955
Dividend payment	(18.400.635)
31 December 2007 balance	28.659.109

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NOTE 29 - FOREIGN CURRENCY POSITION

31 December 2007	USD		EUR		Other	Total
	Original Amount	YTL	Original Amount	YTL	YTL	YTL
Assets:						
Cash and cash equivalents	22.932.093	26.709.008	5.167.717	8.837.830	5.222.586	40.769.424
Trade receivables	3.282.406	3.823.019	5.988.865	10.242.156	973.812	15.038.987
Due from related parties	83.830	97.637	142.852	244.306	6.822	348.765
Other	61.809	71.989	909	1.554	-	73.543
	26.360.138	30.701.653	11.300.343	19.325.846	6.203.220	56.230.719
Liabilities:						
Short term financial liabilities	-	-	(2.000.000)	(3.420.400)	-	(3.420.400)
Short portion of long- term financial liabilities	(7.058.037)	(8.220.496)	(12.608.130)	(21.562.424)	-	(29.782.920)
Long-term financial liabilities	(1.500.000)	(1.747.050)	(27.599.000)	(47.199.810)	-	(48.946.860)
Trade payables	(1.009.043)	(1.175.233)	(147.485)	(252.229)	(4.120.649)	(5.548.111)
Due to related parties	(96.600)	(112.509)	(16.466)	(28.160)	(35.210)	(175.879)
Long-term provisions	(4.060.582)	(4.729.359)	-	-	-	(4.729.359)
Other	-	-	-	-	(4.872)	(4.872)
	(13.724.262)	(15.984.647)	(42.371.081)	(72.463.023)	(4.160.731)	(92.608.401)
Net foreign currency position	12.635.876	14.717.006	(31.070.738)	(53.137.177)	2.042.489	(36.377.682)

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NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

31 December 2006	USD Original Amount	YTL	EUR Original Amount	YTL	Other YTL	Total YTL
Assets:						
Cash and cash equivalents	17.068.068	23.990.876	12.549.805	23.235.964	62.481	47.289.321
Trade receivables	2.982.836	4.192.674	4.168.789	7.718.513	70.428	11.981.615
Due from related parties	516.089	725.415	54.955	101.749	-	827.164
Other	385.728	542.178	124.629	230.751	-	772.929
	20.952.721	29.451.143	16.898.178	31.286.977	132.909	60.871.029
Liabilities:						
Short portion of long- term financial liabilities	(7.168.291)	(10.075.750)	(264.576)	(489.862)	-	(10.565.612)
Short term financial liabilities	-	-	(41.456.958)	(76.757.558)	-	(76.757.558)
Long-term financial liabilities	(8.433.333)	(11.853.893)	(11.456.958)	(21.212.558)	-	(33.066.451)
Trade payables	(590.588)	(830.130)	(98.184)	(181.788)	(13.128)	(1.025.046)
Due to related parties	(469.158)	(659.448)	(82.209)	(152.210)	-	(811.658)
Short-term finance lease obligations	(69.185)	(97.246)	-	-	-	(97.246)
Long-term provisions	(2.042.770)	(2.871.318)	-	-	-	(2.871.318)
Other	(46.030)	(64.700)	(31.862)	(58.992)	-	(123.692)
	(18.819.355)	(26.452.485)	(53.390.747)	(98.852.968)	(13.128)	(125.318.581)
Net foreign currency position	2.133.366	2.998.658	(36.492.569)	(67.565.991)	119.781	(64.447.552)

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NOTE 30 - GOVERNMENT INCENTIVES AND 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.

There is no projected investment incentive allowance to be utilized by the Group for the reporting period (2006: None).

NOTE 31 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Provisions

Provisions of the Group as at 31 December 2007 and 31 December 2006 are explained in Note 23.

Commitments and contingent liabilities

Guarantees received:	31 December 2007	31 December 2006
Guarantee letters received	6.953.598	6.515.391
Guarantee notes received	1.532.549	1.224.877
Guarantee cheque received	2.003.816	1.557.468
	10.489.963	9.297.736

Guarantees given:

Guarantee letters given	19.083.380	18.711.392
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The Group has contingent assets amounting to YTL1.893.718 due to the legal cases in favour of the Group and contingent liabilities amounting to YTL45.970.010 due to the legal cases and enforcement proceedings against the Group as of 31 December 2007. YTL42.194.525 portion of contingent liabilities are comprised of legal cases and enforcement proceedings related with the fire in warehouse (Note 44) in which Company is a co-defendant with the DHMI, other warehouse management companies and insurance companies.

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NOTE 31 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Derivative Instruments

	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Interest rate SWAP	-	370.181	-	-
Currency forward contracts	-	1.998.977	-	-
	-	2.369.158	-	-

a) Interest rate SWAP

Within the framework of the project finance agreement entered into with the related bank, CGHH has entered into a knock in radial swap transaction corresponding to the amount used for the project amounting to EUR28.600.000 as of 31 December 2007 in order to hedge interest rate risk. The mentioned amount will decrease parallel to the redemption schedule of the project borrowing. Details of the terms and conditions of the interest rate swap are as follows:

Termination date	31 December 2015	
Amount	EUR28.600.000	
Index - Banka	6 month Euribor	
Index - Celebi Kft	First 6 months (1.semester)	% 4,00 (excluding spread)
	Thereafter each semester	previous coupon+ C * (Index - Strike)
	C = 1, If Index > Barrier	C = 0, If Index < Barrier
Previous Coupon	Coupon rate paid in the previous semester	
Barrier	5,40 %	
Strike	5,15 %	
Index	6 month Euribor	

As long as nine-month Euribor is below %5,40, the effective interest rate for CGHH is %4,00. In circumstances where Euribor is equal or higher than %5,40, the aforementioned formula will be put into service and for each semester a new formula will be calculated.

b) Currency forward contracts

Within the framework of the project finance agreement entered into with the related bank, CGHH has entered into a risk reversal option transaction corresponding to the amount used for the project amounting to EUR28.600.000 as of 31 December 2007 in order to hedge foreign exchange risk. Taking into consideration the cash flow projection presented to the Bank, the Company has made the a commitment to sell Euros and to buy Hungarian forint each month until 31 December 2011.

Finance losses related to aforementioned agreements amount to YTL2.369.158 (31 December 2006: None).

As a consequence of the fact that the subsidiary CGHH and a bank located in Turkey granted a loan agreement amounting to EUR28.600.000 for the preliminary financing of the continuing project, the Company pledged %70 of its share of CGHH in accordance with the agreement.

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NOTE 32 - BUSINESS COMBINATIONS

Celebi Kft has purchased 100 % of the shares of CGHH from YTL 49.448.419 at 26 October 2006
Fair values of the purchased assets and liabilities as of 26 October 2006 are presented below:

Acquisition cost (*)	49.448.419
Fair value of definable assets, liabilities and contingent liabilities	31.287.893
Final purchase price adjustment	(827.657)
Currency translation adjustment	(1.502.230)
Goodwill	15.830.639
Cash, cash equivalents and marketable securities	16.143.270
Tangible assets	14.484.467
Intangible assets	7.368
Intangible assets (customer relations) (**)	29.468.201
Inventories	26.833
Trade receivables	3.402.016
Other receivables - net	6.989.410
Other current assets	1.771.553
Trade payables - net	(12.513.768)
Financial liabilities- net	(24.865.872)
Other liabilities - net	(3.625.585)
Fair value of definable assets, liabilities and contingent liabilities	31.287.893
(*) Cost of purchase was paid in cash. After finalizing the completion statements, the final purchase price of the Company has been determined to be less than the amount paid by YTL827.657.	
(**) During the valuation analysis of the acquisition of CGHH, customer relations have been defined as a definable asset and disclosed under intangible fixed assets. The amortisation allowance is calculated using Straight- line method as of 7 years.	
Acquisition cost	49.448.419
Cash and cash equivalents of the acquired subsidiary	(16.143.270)
Net cash outflow of due to acquisition of affiliate	33.305.149

NOTE 33 - SEGMENT INFORMATION

In the consolidated financial statements as at 31 December 2007 and 31 December 2006, industrial segments are defined as a primary reporting format. Industrial segments represent assets or operations that have a different nature to the production of either services or goods or the risks and benefits. Geographical segments are presented as a secondary reporting format in the consolidated financial statements at 31 December 2007 and 31 December 2006. Geographical segments represent economic regions that are different to other regions in terms of risk and return.

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NOTE 33 - SEGMENT INFORMATION (Continued)

1 January - 31 December 2007

	Reportable Segments			Consolidation Eliminations	After Consolidation
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management		
Sales income (net)	216.339.540	9.508.782	55.033.132	(4.572.813)	276.308.641
Cost of sales	(161.052.002)	(7.221.525)	(33.096.134)	4.671.011	(196.698.650)
Gross operating profit	55.287.538	2.287.257	21.936.998	98.198	79.609.991
Operating expenses	(38.646.584)	(1.188.970)	(3.280.021)	298.439	(42.817.136)
Net operation profit/loss	16.640.954	1.098.287	18.656.977	396.637	36.792.855
Operating profit	24.836.551	1.180.846	17.206.529	(13.085.673)	30.138.253
Net income/(loss)	21.004.770	943.913	14.318.108	(10.125.722)	26.141.069

31 December 2007

Balance Sheet

Total Assets	216.570.931	4.314.468	65.403.726	(35.880.330)	250.408.795
Shareholders' equity	115.719.490	3.196.593	35.594.246	(34.580.565)	119.929.764

1 January - 31 December 2006

	Reportable Segments			Consolidation Eliminations	After Consolidation
	Ground Handling Services	Airport Security Services	Airport Terminal Construction and Management		
Sales income (net)	169.726.516	8.520.700	57.440.814	(3.914.015)	231.774.015
Cost of sales	(117.693.449)	(6.526.668)	(33.617.262)	4.037.166	(153.800.213)
Gross operating profit	52.033.067	1.994.032	23.823.552	123.151	77.973.802
Operating expenses	(36.724.856)	(935.532)	(2.868.781)	229.862	(40.299.307)
Net operation profit/loss	15.308.211	1.058.500	20.954.771	353.013	37.674.495
Operating profit	23.575.834	1.154.060	13.118.703	(11.893.253)	25.955.344
Net income/(loss)	24.399.235	908.555	7.431.781	(10.534.616)	22.204.955

31 December 2006

Balance Sheet

Total Assets	242.018.263	2.847.875	85.482.887	(31.861.774)	298.487.251
Shareholders' equity	106.763.591	1.915.146	34.318.622	(30.394.367)	112.602.992

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NOTE 33 - SEGMENT INFORMATION (Continued)

b) Geographical segments

i) Geographical Analysis as of 1 January - 31 December 2007

	Turkey	Hungary	Total Combined	Elimination	Total
Net sales	233.543.897	42.764.744	276.308.641	-	276.308.641
Cost of sales (-)	(158.620.221)	(38.078.429)	(196.698.650)	-	(196.698.650)
Gross operating profit	74.923.676	4.686.315	79.609.991	-	79.609.991
Operating expenses (-)	(34.240.714)	(8.576.422)	(42.817.136)	-	(42.817.136)
Net operating profit	40.682.962	(3.890.107)	36.792.855	-	36.792.855

Geographical Analysis as of 1 January - 31 December 2006

	Turkey	Hungary	Total Combined	Elimination	Total
Net sales	225.665.255	6.108.760	231.774.015	-	231.774.015
Cost of sales (-)	(153.178.860)	(621.353)	(153.800.213)	-	(153.800.213)
Gross operating profit	72.486.395	5.487.407	77.973.802	-	77.973.802
Operating expenses (-)	(27.855.660)	(12.443.647)	(40.299.307)	-	(40.299.307)
Net operating profit	44.630.735	(6.956.240)	37.674.495	-	37.674.495

ii) Total assets

	31 December 2007	31 December 2006
Turkey	177.216.789	201.791.609
Hungary	70.231.092	95.399.069
Unallocated assets	2.960.914	1.296.573
	250.408.795	298.487.251

iii) Investment expenditures, depreciation and amortisation expenses

	31 December 2007	31 December 2006
<u>Investments</u>		
Turkey	16.648.155	16.558.401
Hungary	3.180.968	1.614.703
	19.829.123	18.173.104
<u>Depreciation and amortisation</u>		
Turkey	31.807.629	30.552.133
Hungary	6.840.729	1.270.335
	38.648.358	31.822.468

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NOTE 34 - SUBSEQUENT EVENTS

- a) The Central Bank of Hungary declared on 26 February 2008 that floating exchange system was put into practice in Hungary. The system of banding Hungarian Forint against Euro which was used since 2001, has been terminated after the decision the Central Bank in Hungary.
- b) The Company participated in a sealed tender for providing ground handling services and passenger traffic services for flights of Türk Hava Yolları A.O. and Sun Express-Güneş Express Havacılık A.Ş. in terminals determined under 3 different groups on 14 February 2008.
- c) The Company has withdrawn its appeal related to the disqualification from the tender of operational rights of the Antalya Airport I and II stage International Airport Terminal against DHMI (State Airports Administration).

NOTE 35 - DISCONTINUED OPERATIONS

None (31 December 2006: None).

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NOTE 36 - OPERATING REVENUE

	31 December 2007	31 December 2006
Ground handling services	207.605.892	154.167.545
Passenger service income (*)	23.087.411	25.294.461
Rent income not related to aviation (**)	24.252.215	24.722.303
Antrepo services income	14.080.188	13.264.089
Airport security services	4.937.558	4.647.590
Rent income related to aviation (***)	3.049.531	2.848.035
Contribution income to general expenses (****)	4.655.584	4.778.081
Aviation fuel sold and commission income	437.025	5.817.503
	<hr/>	<hr/>
Less: Returns and discounts	(5.796.763)	(3.765.592)
	<hr/>	<hr/>
Sales (net)	276.308.641	231.774.015
	<hr/>	<hr/>
Cost of service given	(196.312.533)	(148.339.168)
Cost of aviation fuel sold	(386.117)	(5.461.045)
	<hr/>	<hr/>
Cost of sales (-)	(196.698.650)	(153.800.213)
	<hr/>	<hr/>
Gross Operating Profit	79.609.991	77.973.802

(*) 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, the DHMI committed to foreign lines service revenue from 2.345.796 (2006: 2.277.472) passengers and agreed USD 15 per person as the foreign line passenger service price; in subsequent years this figure will be increased by %3 over the previous year. After reaching the guaranteed passenger number in one operating year, the entire passenger fare will be transferred to the DHMI. This mentioned passenger fare, which belongs to the DHMI, has been offset in the Group's consolidated financial statements between the sales and cost of sales as of 31 December 2007 and 2006. As of 31 December 2007, the offsetting between sales and cost of sales is YTL 19.956.952 (31 December 2006 YTL 13.571.093).

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

(***) Rent income related to aviation comprises income from services such as bridges, desks, water, PCA and 400Hz that Çelebi IC obtained in the Second International Terminal Building.

(****) Contribution income comprises rent income from offices and locations leased 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 within the context of build-operate-transfer in the 2nd International Terminal.

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NOTE 37 - OPERATING EXPENSES

	31 December 2007	31 December 2006
General administrative expenses	42.817.136	40.299.307

General administrative expenses consist of personnel, management, depreciation and amortisation of tangible and intangible assets, representation and accomodation, rent, insurance, travel, advertising, repair and maintenance costs, stationery, taxes, transportation and cargo expenses.

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

	31 December 2007	31 December 2006
Other operating income:		
Rent income	445.010	498.842
Income from insurance claims	201.728	2.469.333
Fixed asset sales income	100.337	15.047
Scrap sales income	23.898	10.416
Other income	1.003.895	371.254
	1.774.868	3.364.892

Other operating expenses:

Insurance claim recoveries	(203.374)	(428.896)
Provision expense	(15.323)	(357.436)
Amortisation of fixed assets	-	(6.111.806)
Provisions for doubtful receivables	-	(38.103)
Other expense	(1.751.386)	(549.447)
	(1.970.083)	(7.485.688)

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NOTE 39 - FINANCIAL EXPENSES

	31 December 2007	31 December 2006
Financial Income:		
Foreign exchange gains	13.748.634	25.836.942
Interest income	3.042.161	2.930.514
Unearned financial income	497.193	553.664
	17.287.988	29.321.120
Financial Expenses:		
Foreign exchange losses	(13.403.972)	(27.492.476)
Interest expense	(7.745.953)	(8.698.297)
SWAP contracts valuation losses	(2.095.694)	-
Unincurred financial expenses	(276.138)	(612.534)
Other financial expenses	(225.618)	(116.168)
	(23.747.375)	(36.919.475)
	(6.459.387)	(7.598.355)

NOTE 40 - MONETARY POSITION GAIN/LOSS

None (31 December 2006: None).

NOTE 41 - TAXATION

	31 December 2007	31 December 2006
Corporate tax	9.897.678	4.715.812
Less: Prepaid taxes	(9.638.600)	(4.503.763)
Taxes liability/(receivable) - net (Note 15)	259.078	212.049

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH-SEE NOTE 2.6**

ÇELEBİ HAVA SERVİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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

NOTE 41 - TAXATION (Continued)

Turkey

The corporation tax rate for the fiscal year 2007 is %20 (2006: % 20). Corporation tax rate is applicable on the total income of companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment allowance exemption, etc) and income tax deductions (like research and development expenses). No further tax is payable unless the profit is distributed (except withholding tax at the rate of %19,8 on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

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

Corporations are required to pay advance corporation tax quarterly at the rate of %20 on their corporate income (2006: %20). Advance tax is declared by the 10th and paid 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. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

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

Domestic participation exemption

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

Preferential right certificate sales and issued premiums exemption

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

Foreign company participation exemption

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

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

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

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NOTE 41 - TAXATION (Continued)

Investment allowance exemption

The investment allowance application of %40 for fixed asset purchases over a specified amount, which had been in force for a significant period of time, was abolished by Law No.5479 dated 30 March 2006. However, in accordance with temporary article 69 of the Income Tax Law, income and corporate taxpayers can also deduct the following as the investment allowances from their income related to the years 2006, 2007 and 2008 which were present as of 31 December 2005, in accordance with the legislation (including the provisions related to tax rates) in force as of 31 December 2005:

- a) in the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the regulatory provisions; the ratio of investment tax credit is %19,8.
- b) in the scope of the abolished 19th article of Income Tax Law, the investment allowance amounts to be calculated in accordance with the legislation in force at 31 December 2005 for investments which were started before 1 January 2006 and which display an economic and technical integrity. The ratio of investment tax credit for this is %40.

Investment allowances can be deducted from revenues for the years 2006, 2007 and 2008 in accordance with the legislation (including the provisions related to tax rates of the article of Income Tax Law No.5422) in force as of 31 December 2005.

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

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

Corporations established abroad and controlled directly or indirectly by tax resident companies and real persons by means of separate or joint participation in the capital or dividends or voting rights at the rate of a minimum 50% are considered as Controlled Foreign Corporations “CFC” provided that the below conditions are fulfilled:

- a) 25% or more of the gross revenue of the foreign subsidiary must be composed of passive income like interest, dividend, rent, license fee, or marketable securities sales income;
- b) Controlled Foreign Corporations “CFC” must be subject to an effective income tax rate lower than 10% for its commercial profit in its home country; and,
- c) Gross revenue of the CFC must exceed the equivalent of YTL 100 in a foreign currency in the related period.

CFC profit is included in the corporate income tax base of the controlling resident corporation, irrespective of whether it is distributed or not, at the rate of the shares controlled, in the fiscal period covering the month of closing of the fiscal period of the CFC. CFC profit that has already been taxed in Turkey as per this article will not be subject to additional tax in Turkey in the event of dividend distribution; whereas the portion of the profit distributed that has not been previously taxed in Turkey will be subject to taxation.

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NOTE 41 - TAXATION (Continued)

Hungary

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

The taxes on income for the years ended 31 December 2007 and 2006 are summarised as follows:

	31 December 2007	31 December 2006
Current period tax (expense)	(9.897.678)	(4.715.812)
Tax obligations due from subsidiaries	-	1.255.725
Deferred tax (expense)/income (Note 14)	2.940.541	(1.648.939)
Total tax (expense)/income	(6.957.137)	(5.109.026)

NOTE 42 - EARNINGS PER SHARE

Earnings per share is determined by dividing net income amounting to YTL 26.141.069 to that class of shares by the weighted average number of such shares outstanding during the year concerned (2007:24.300.000 shares, 2006: 13.500.000 shares). The calculation is as follows:

	31 December 2007	31 December 2006
Net income for the year	26.141.069	22.204.955
Weighted average number of share		
Weighted average number of ordinary shares	13.500.000	13.500.000
Earnings per share with face value of YTL 1 each	1.94	1.64

NOTE 43 - STATEMENTS OF CASH FLOWS

The consolidated statements of cash flows for the year ending 31 December 2007 and 2006 are presented together with the consolidated financial statements.

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

The cargo building of the Company located at Atatürk Airport (“AHL”) Terminal C in which the Company carries out cargo - warehouse operations has been damaged due to the fire that broke out on 24 May 2006.

As a result of the fire, goods belonging to third parties were also damaged in addition to the damage of the property, plant and equipment and leasehold improvements of the Company (as explained in Note 19). As of 31 December 2007; some of the owners of the goods have applied to the Company and its insurance company for the compensation of their losses by filing law suits against the Company and through enforcement proceedings.

Because of the aforementioned fire, judicial inquiry has been held with the inquiry file 2006/37927 E. at Bakırkoy Office of the Directorate of Public Prosecutions and in accordance with the results of the judicial inquiry criminal prosecution has been initiated for the four security guards of the DHMI and a security guard of Atatürk Airport that have been found responsible concerning the fire for their acts with the inquiry number 2006/817 E. at Third Bakırköy Magistrate Criminal Court. The Company has been described as aggrieved party in the indictment prepared by the Bakırköy Office of the director of public prosecutions. The Company, with all rights related to private Law reserved, has submitted a petition to be a participant in court proceedings for the penalty of the perpetrators since it has been described as aggrieved party.

As a result of the inquiries; the management, the legal adviser and the lawyers of the Company believes that the Company is not found to be responsible for the fire and therefore is not considered to be legally responsible for the losses of the third parties. Consequently, since the Company that has not caused the fire by its own acts (or by the acts of the individuals under the responsibility of the Company) and any legal negligence of the Company has not been identified until now related with the prevention of the losses occurred in the fire, the probability of being liable for the losses of the fire is remote.

As of 31 December 2007, although the Company believes that the probability of being liable for the losses is remote, the indemnities related to the damaged goods of the third parties is estimated by the Company management as YTL7.155.428. On the other hand, there are legal cases and enforcement proceedings amounting to YTL45.042.569 comprised of legal cases and enforcement proceedings amounting to YTL42.194.526 (Note 31) in which the Company is a co-defendant along with the DHMI, other warehouse management companies and insurance companies and legal cases and enforcement proceedings amounting to YTL2.848.044 in which the Company is the sole defendant. The Company has an insurance policy related with the goods of third parties amounting to USD1.500.000 which has been fully collected and is planned to be utilized by the Company under the circumstances that the Company is found to be liable for the losses incurred during the fire and additionally, there is another insurance policy amounting to USD10.000.000 that will be effective if the Company is held legally liable for the losses.

The Company has not accounted for any provision in the consolidated financial statements at 31 December 2007 and 2006 because damage related with the goods belonging to third parties in the warehouse during the fire could not be determined precisely and the remote probability of being liable for the losses.

In addition, the Company is continuing its warehouse operations at Gunesli Antrepo and Ataturk Airport Terminal facilities rented from THY A.O. through the approval of the DHMI.

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