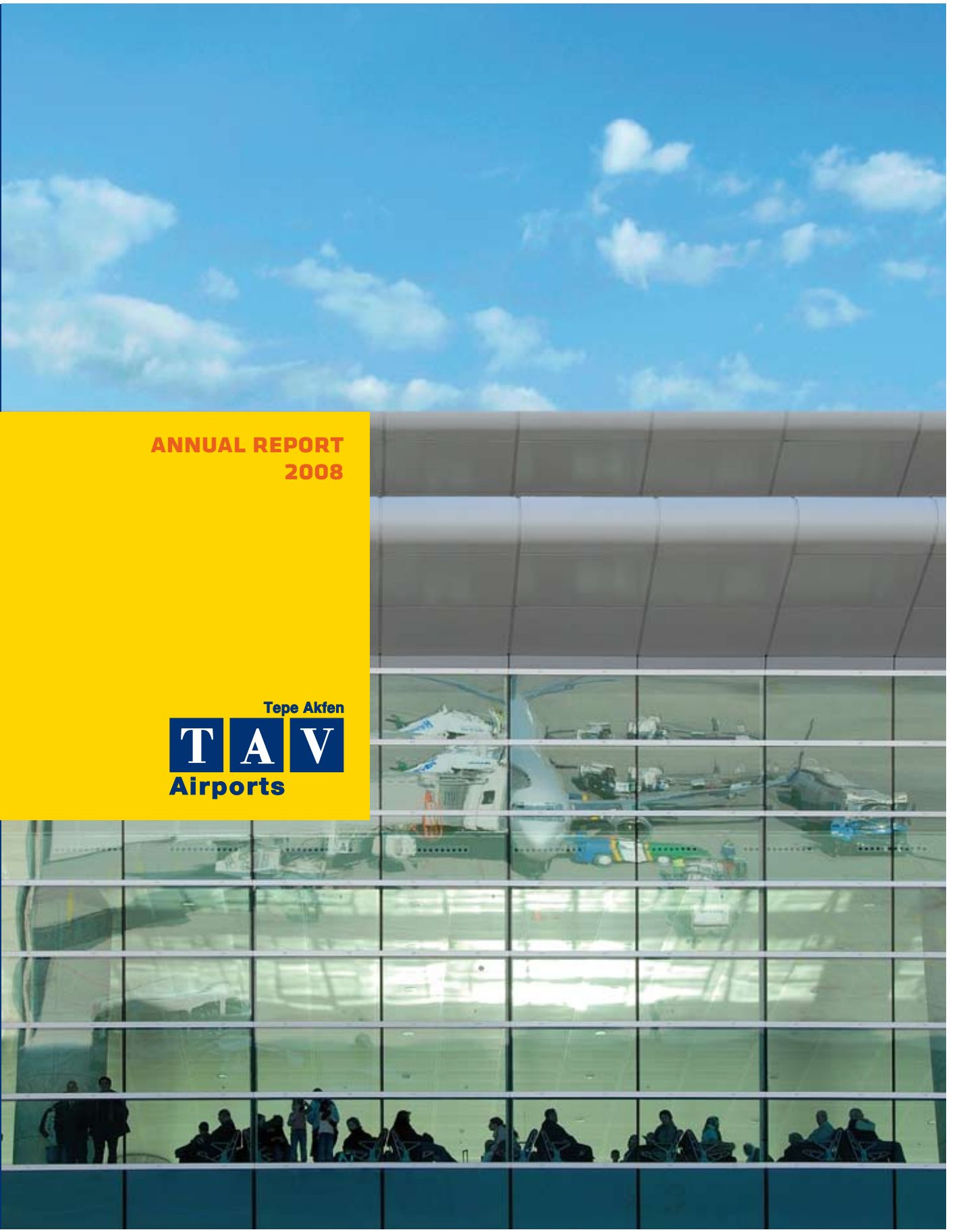
ANNUAL REPORT 2008

Tepe Akfen

TAV Airports



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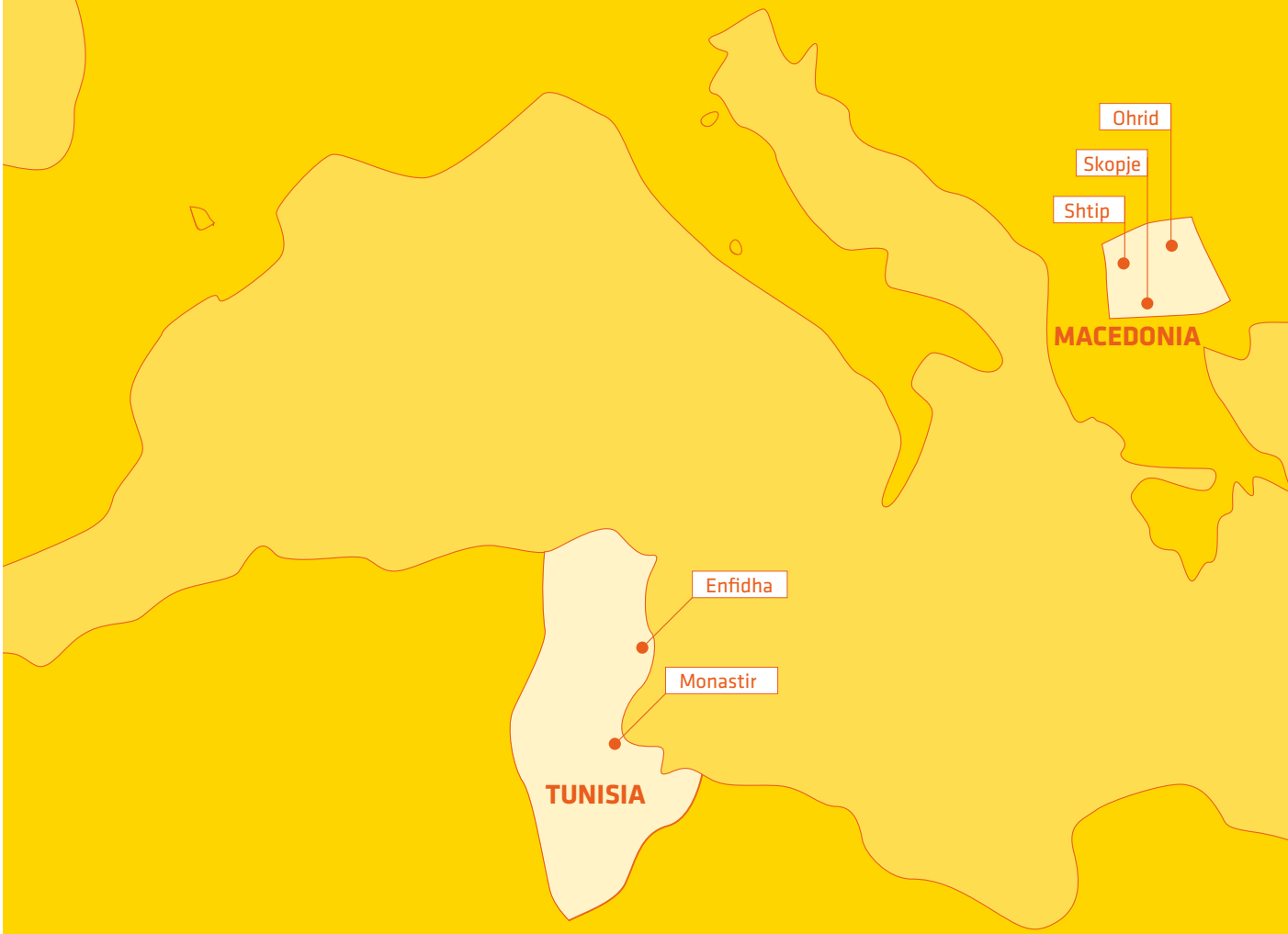
Bringing people together...

TAV AIRPORTS HOLDING OPERATIONS MAP

Our goal is to serve an average of 100 million passengers annually by 2017




Batumi
Tbilisi
İstanbul
GEORGIA
Ankara
TURKEY
İzmir
Alanya

VISION, MISSION AND CORPORATE VALUES

We took our place among the global companies with our information capital and service quality.

Our Vision

To be the pioneering and leading airport operating company in our target regions (Europe, Russia and the Commonwealth of Independent States, Middle East, Africa and India).

Our Mission

To create the highest value for all stakeholders in airport operations through our customer-oriented management approach.

Our Corporate Values

Professionalism: We perform our duties with the utmost diligence and at the highest standards, following global developments related to our work. We consider our jobs and job-related priorities in all our interactions.

Respect: We act in line with ethical standards as a fundamental rule, prioritizing respect for people, the environment, laws and regulations. We behave in an honest, transparent, fair and responsible manner in all our endeavors.

Dynamism: Having adopted the principle of a dynamic and flexible work ethic, we work in an efficient, result-oriented manner, no matter what the circumstances. Constantly remaining aware of environmental conditions and monitoring change, we respond and adapt to change promptly.

Innovation: We continually create opportunities for improvement and innovation in all processes, with an emphasis on customer satisfaction. Being aware that difference stems from innovative practices, we employ our best efforts to ensure that our services are contemporary and creative.

Teamwork: Being aware that cooperation, mutual commitment, expertise and knowledge sharing are the building blocks of success, we also consider teamwork the assurance of personal success and we support teamwork in all endeavors.

TAV Value Chain

Value Creation: As TAV Airports Holding, we will continue to generate value for our shareholders with our energy and determination.
Regional Player: We will proceed on our way as one of the strongest regional players of Europe, Russia and the Commonwealth of Independent States, Middle East, Africa and India.
Customer Satisfaction: With our vast know-how, highly qualified human capital and advanced technology, we will maintain our service mentality based on customer satisfaction in operations and management.
Human Capital and Teamwork: We aim to fortify our distinguished position we have achieved with our young and dynamic team, formed by the most qualified professionals in Turkey, and to generate value through our highly qualified work force, our most valuable asset.
Performance: We have served approximately 370 thousand flights of 300 airline companies and 41 million passengers annually. Hereby, we are one of the leading airport operating companies in the world.
Growth: We are moving forward with determination towards our target of "Serving an average of 100 million passengers annually by 2017" as an international brand with ever-growing business volume and successful operations abroad.

TAV GROUP AT A GLANCE

The journey from İstanbul to three continents in just 11 years

Year: 1997. Location: İstanbul... TAV Airports Holding was founded as a joint venture of Tepe and Akfen Groups, after they were awarded the bid for İstanbul Atatürk Airport International Terminal, to operate in one of the world's most challenging sectors, airport operations. The first concrete step of TAV's success story, this project also exhibited Turkey's modern face to the outside world.

The journey that began with this project was also one of the first examples of the "Build-Operate-Transfer" model in airport operations. From that point, TAV Airports Holding became a success story utilizing its know-how, experience and creativity. Thanks to its highly qualified human resources and advanced technology, TAV Airports Holding became a global brand in airport construction projects, as well as in the exciting new arena of airport operations.

In line with its goals of growth, advancement and representing Turkey in the best possible manner, TAV Airports Holding underwent restructuring in 2006 and organized its activities as "operations" and "construction" under TAV Airports Holding (TAV Airports) and TAV Construction, respectively. TAV Airports Holding went public in February 2007 after this restructuring.

TAV Airports Holding is aware that the primary factor underlying its achievements is the intense and dedicated efforts of its young and dynamic staff, comprised of the most qualified professionals in Turkey. Therefore, the Company believes in the importance of standing out as a human resources brand as well as an expert airport operator. Supporting the development of its employees through extensive in-house programs, TAV Airports enjoys the advantage of its distinguished standing thanks to its qualified human capital.

Projects for people and about people...

TAV Airports Holding is further strengthening its market position in Turkey, Eastern Europe, the Caucasus and North Africa by taking decisive strides with successful projects, undertaking projects for and about people with more than 11 thousand employees on three continents.

TAV Airports Holding successfully operates İstanbul Atatürk and Ankara Esenboğa Domestic and International Terminals, as well as the İzmir Adnan Menderes Airport International Terminal in Turkey, Georgia's Tbilisi and Batumi International Airports and Tunisia's Monastir Habib Bourguiba International Airport abroad.

In addition, the Company retains the right to operate the Antalya Gazipaşa Airport, Enfidha Zine El Abidine Ben Ali International Airport in Tunisia, Alexander the Great International Airport in Macedonia's capital, Skopje, as well as the St Paul the Apostle International Airport in Ohrid, Macedonia. TAV Airports Holding also has optional rights to operate the cargo airport located in Shtip, Macedonia.

TAV Airports is also active in other areas of airport operations such as ground handling, operations and maintenance services, duty free shops, catering services, information technology services and security services.

TAV Airports Holding handles approximately 370 thousand flights and 41 million passengers from 300 airline companies on average annually. This volume makes it one of the leading airport operating companies in the world. The overarching goal of TAV Airports is to provide excellent services in an integrated structure at our airports, visited by thousands of people every day. Accordingly, TAV Airports, with more than 11 thousand employees on three continents, provides world-class services in order to create a secure and comfortable environment for all passengers.

Decisive strides on the way from local to global

Consistent with growth strategies in its target markets, TAV Airports has established strategic partnerships with US-based Goldman Sachs International, Australia-based Babcock&Brown, Islamic Development Bank (IDB), Infrastructure Fund (EMP), Global Investment House KSCC and Global Opportunistic II Fund of the Global Group, one of Kuwait's largest investment companies, through share sales of its founding partners. These strategic partnerships are significant steps taken towards achieving the Company's targets.

Drawing attention of the world's most important investment companies with its projects since the day it was established, TAV Airports deemed it a duty to share the fruits of its success with the country and took a courageous step in this direction by offering a portion of its shares to the public in February 2007.

TAV Airports continues to attract interest from investors thanks to its professional, high-quality and people-oriented projects. Consequently, Meinl Airports International, the Austria-based leading airport investor in Central and Eastern Europe, acquired 10.1% of TAV Airports Holding shares from the international investment bank Goldman Sachs.

Marching on with the determination of becoming an international force in one of the world's most important and difficult sectors and with the passion of its founders and employees, TAV Airports is continuously expending its efforts to accomplish these goals. TAV Airports is moving forward with decisive steps towards becoming a global company that utilizes its human resources in the most effective and efficient manner possible, and that grows from local to global by reflecting the vast potential and continuously growing significance of Turkey. In line with this objective, TAV Airports Holding's target is to serve to an average of 100 million passengers annually by 2017.

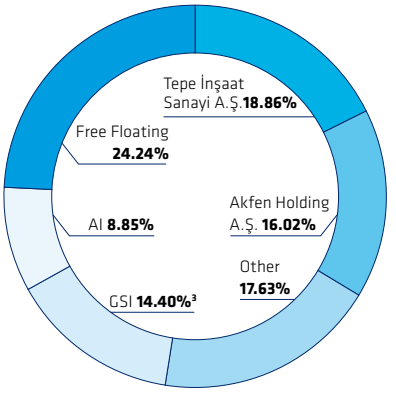
There is no room for error, confusion or indecision in airport operations, where the pace is frantic 24 hours a day. Armed with this awareness, TAV Airports serves its customers with experienced and cheerful staff at every point; from the parking lot to security control, from check-in to cafes, from its duty-free shops to the boarding gates.

Shareholding Structure

Smart strategies through shareholder synergy

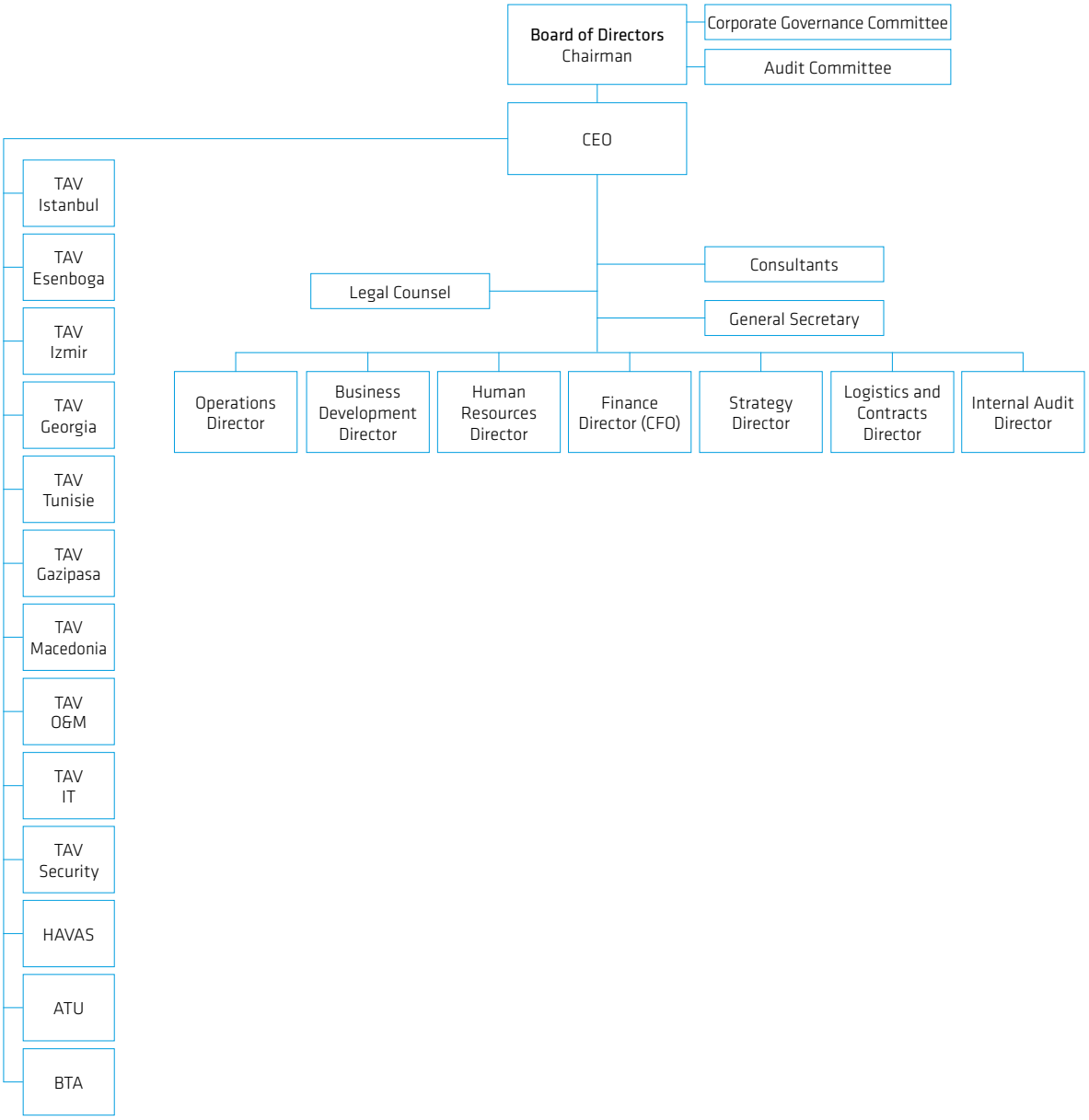
Shareholder	Capital[1] (TL)	Share[1] (%)	Capital[2] (TL)	Share[2] (%)
Akfen Holding A.Ş.	38,791,328	16.02	58,186,992	16.02
Akfen İnşaat Turizm ve Ticaret A.Ş.	27,529	0.01	41,294	0.01
Tepe İnşaat Sanayi A.Ş.	45,672,151	18.86	68,508,227	18.86
Sera Yapı Endüstrisi ve Ticaret A.Ş.	6,853,294	2.83	10,279,941	2.83
Goldman Sachs International[3]	34,875,000	14.40	52,312,500	14.40
Airports International[4]	21,443,250	8.85	-	-
Babcock&Brown Turkish Airports LLC	8,372,535	3.46	8,372,535	2.30
IDB Infrastructure Fund LP[5]	11,924,792	4.92	-	-
Other Non-publicly Traded	15,514,505	6.41	26,197,214	7.21
Free Floating	58,713,116	24.24	139,382,549	38.37
Total	**242,187,500**	**100.00**	**363,281,250**	**100.00**

Capital Shares as of December 31, 2008



(1) As of December 31, 2008
(2) As of April 7, 2009
(3) Of the overall shares owned by Goldman Sachs, an amount corresponding to 14.4% of the issued and outstanding share capital of the Company have been provided by Tepe İnşaat Sanayi A.Ş., Akfen Holding A.Ş. and Sera Yapı Endüstrisi ve Ticaret A.Ş. to Goldman Sachs as collateral, and the title of those shares have been transferred to Goldman Sachs for this purpose. There is a pledge granted by Goldman Sachs in favor of Tepe İnşaat Sanayi A.Ş., Akfen Holding A.Ş. and Sera Yapı Endüstrisi ve Ticaret A.Ş. As a result, voting rights, rights to receive dividends and pre-emption rights for participation in cash share capital increases in connection with those shares (except for acquiring gratis shares under any share capital increases) belong to Tepe İnşaat Sanayi A.Ş., Akfen Holding A.Ş. and Sera Yapı Endüstrisi ve Ticaret A.Ş.
(4) Airports International listed the non-publicly traded shares it owns on the stock market on February 5, 2009 and February 24, 2009. As a result, these shares are shown under the Free Floating category as of April 7, 2009.
(5) IDB Infrastructure Fund LP listed the shares it owns on the stock market on January 21, 2009. As a result, these shares are shown under the Free Floating category as of April 7, 2009.

Organizational Structure



Milestones

Service at the highest standards for 41 million passengers

1997 >> TAV was founded.
1999 >> ATU and BTA ventures, providing duty free shopping and catering services respectively, were established under the TAV umbrella.
2000 >> TAV began operating the İstanbul Atatürk Airport International Terminal.
2001 >> "primeclass" CIP service was launched.
2004 >> TAV's operation rights for the Atatürk Airport were extended until 2005. **>>** BTA began operating the İstanbul International Airport Hotel. **>>** TAV assumed construction and operation of the Esenboğa Airport Domestic and International Terminals. TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. (TAV Esenboga) was founded. **>>** TAV İşletme Hizmetleri A.Ş. (TAV O&M) was founded.
2005 >> TAV was awarded the bid to operate the Atatürk Airport International and Domestic Terminal Buildings, Parking Garage and the General Aviation Terminal for 15 and a half years under a leasing agreement. **>>** TAV İstanbul Terminal İşletmeciliği A.Ş. (TAV Istanbul) was founded. **>>** Atatürk Airport Domestic Terminal commenced operations under the TAV umbrella. **>>** 60% of Havas shares were acquired. **>>** Construction and operation of the İzmir Adnan Menderes International Terminal was transferred to TAV. TAV İzmir Terminal İşletmeciliği A.Ş. (TAV Izmir) was founded. **>>** TAV Bilişim Hizmetleri A.Ş. (TAV IT) was founded. **>>** TAV was awarded the bid for the Tbilisi International Airport in Georgia. TAV Urban Georgia LLC (TAV Georgia) was established to operate this airport.

2006 >> Operation and construction services were restructured under "TAV Havalimanları Holding A.Ş." (TAV Airports Holding Co.) and "TAV İnşaat" (TAV Construction) as two separate companies. >> İzmir Adnan Menderes Airport International Terminal commenced service. >> Esenboğa Airport Domestic and International Terminal commenced operation. >> TAV Özel Güvenlik Hizmetleri A.Ş. (TAV Security) was founded.
2007 >> TAV Airports Holding shares were offered to the public. >> Tbilisi International Airport new passenger terminal commenced service. >> Batumi International Airport commenced operation. >> A refinancing agreement was signed to improve the terms of the existing loans of TAV Esenboga. >> TAV Batumi Operations LLC. was founded. >> TAV Airports was awarded the bid for the Monastir Habib Bourguiba and Enfidha Zine El Abidine Ben Ali International Airports in Tunisia. TAV Tunisie SA (TAV Tunisie) was established. >> Groundbreaking ceremony for the Tunisia Enfidha Zine El Abidine Ben Ali International Airport was held. >> 40% minority shares of Havas were acquired. Havas became a wholly-owned subsidiary of TAV Airports Holding. >> TAV Airports Holding became 100% owner of TAV Izmir and TAV Esenboga. >> TAV Airports Holding was awarded the bid for operation of the Antalya Gazipaşa Airport. >> The Hopa Terminal operated by Havas commenced service.

2008 >> TAV Airports assumed operation of Tunisia's Monastir Habib Bourguiba International Airport. >> TAV Istanbul entered into a refinancing agreement to improve the terms of its existing loans. >> TAV Gazipaşa Yatırım, Yapım ve İşletme A.Ş. (TAV Gazipasa) was founded to operate the Antalya Gazipaşa Airport. >> TAV Gazipasa signed a lease agreement with the Turkish State Airports Authority (DHMİ). >> TAV Tunisie SA signed a project finance loan agreement. >> TAV Georgia signed a financing agreement with IFC and EBRD. >> As part of its "Trigeneration Project", TAV Istanbul initiated efforts to generate its own electricity and air-conditioning at the Atatürk Airport. >> TAV Airports won the bid for operation of the Alexander the Great International Airport in Macedonia's capital Skopje, and the St Paul the Apostle International Airport in Ohrid, Macedonia, as well as construction of the Shtip Cargo Airport, which TAV Airports Holding also retains optional rights to operate. The related concession contracts were signed. >> TAV Istanbul signed a supplemental agreement with the Turkish State Airports Authority (DHMİ) as part of the Atatürk Airport Development Project. >> Pursuant to the tender held by Türk Hava Yolları A.O. (Turkish Airlines), Havas was selected as a 50% partner in TGS Yer Hizmetleri A.Ş. (TGS Ground Handling).

MESSAGE FROM THE MANAGEMENT

A group with environmental awareness that contributes to culture and education

Dear Shareholders,

Since the day we set out in 1997 with the İstanbul Atatürk Airport project, one of the first airport operation projects under the "Build-Operate-Transfer" model worldwide, TAV Airports Holding has accomplished all goals it set for itself. We can easily say that the TAV Airports success story extends beyond Turkey's borders, and that the Company is a world-renowned institution respected for its accomplishments.

Carefully appraising new approaches and needs in the sector, TAV Airports Holding has become a major player, serving 41 million passengers on three continents, with more than 11 thousand employees as of 2008, thanks to its vast expertise and innovation.

TAV Airports continued its successful operations, admired in Turkey and abroad, in 2008 as well, and had a very busy and successful year.

TAV Airports Holding assumed operation of Tunisia's Monastir Habib Bourguiba International Airport on January 1, 2008. Construction of Enfidha Zine El Abidine Ben Ali International Airport in Tunisia continued at full speed in 2008.

TAV Airports adopted both organic and the inorganic growth models in its growth strategy and created fundamentally solid targets. Continued growth in both existing and new businesses is the primary factor in the Company's operational and financial success.

TAV Airports Holding signed a refinancing agreement in March 2008 to improve the terms of its existing loans for the İstanbul Atatürk Airport.

In April 2008, TAV Airports signed a loan agreement with a club of creditor banks consisting of ABN Amro Bank N.V., Societe Generale and Standard Bank under the IFC umbrella for financing of the Enfidha Zine El Abidine Ben Ali International Airport, the largest private infrastructure project in Tunisia, a tourism capital in North Africa.

During the same period, TAV Urban Georgia LLC entered into a financing agreement with IFC and EBRD.

These loans demonstrate the confidence of international investors, who have been lending very selectively recently in TAV Airports Holding, showing it as a successful, global Turkish brand in airport operations in the international arena.

In 2008, TAV Airports commenced service at the Antalya Gazipaşa Airport, which was very significant because of the acceleration of growth in the aviation sector. TAV Airports Holding strives to use its know-how and experience to operate the Antalya Gazipaşa Airport at international standards and make the maximum contribution to tourism in Turkey.

As part of the "Trigeneration Project," TAV Airports initiated efforts to generate its own electricity and air-conditioning at Atatürk Airport. By generating electricity and providing air-conditioning from natural gas, TAV Airports took an important step in its quest to become an environmentally friendly company by reducing carbon dioxide emissions and energy produced from fossil fuels an additional 40%, while also aiming for a significant reduction in costs for 2009 and beyond.

After undertaking successful projects in the Caucasus and North Africa, TAV Airports Holding won the bid for operation of Skopje and Ohrid Airports in Macedonia. As part of this bid, the Company will also assume construction of the Shtip Cargo Airport, which TAV Airports retains the optional rights to operate. Operating airports in Macedonia, a country with strategic importance politically and economically and expected to be admitted to the European Union soon, represents the opening of another door for TAV Airports Holding in Europe, after İstanbul.

TAV Airports signed a supplemental agreement with the Turkish State Airports Authority (DHMİ) as part of the Atatürk Airport Development Project. With this project, the Company aims to provide relief in apron traffic, domestic and international passenger flow and car park capacity, and an increase in the comfort of passengers and quality of service at Atatürk Airport, the gateway to the İstanbul 2010 European Capital of Culture.

Pursuant to the tender held by Türk Hava Yolları A.O. (Turkish Airlines), TAV Airports Holding's ground handling company, Havas, was selected as a 50% partner in TGS Yer Hizmetleri A.Ş. (TGS Ground Handling), which will be providing ground handling services to Turkish Airlines aircraft. TAV Airports executes airport operation activities as a whole with related service segments in an integrated structure.

TAV Airports Holding's magic formula resides in the organizational structure it has built. Diversity and the continuous communication that integrates this diversity allow the Company to make decisions quickly and decisively.

In addition to successful activities in airport operations, TAV Airports deems it a duty to create value for society and invest in its future. With this approach, the Company undertakes efforts that will solidify its leadership in the arena of corporate social responsibility, as well as setting an example in Turkey and abroad.

TAV Airports Holding is not just a business enterprise. It is also a group that has environmental awareness, that values and supports the arts, culture and education, and that respects human rights.

TAV Airports Holding's management will continue to successfully manage the Company, which has become a global brand thanks to its knowledge capital and service quality in airport operations, and continue to create value for its shareholders in 2009. TAV Airports, along with all of its employees, will continue to make solid strides towards its goals in 2009.

Hamdi Akın
Chairman

Ali Haydar Kurtdarcan
Vice Chairman

Dr. M. Sani Şener
Board Member and
President & CEO

BOARD OF DIRECTORS

Hamdi Akın, Chairman, TAV Airports Holding, 55.
Hamdi Akın assumed his current duties as the TAV Airports Holding Chairman in 2005. He is the founder and the Chairman of TAV Airports Holding and Akfen Holding. Graduated from the Department of Mechanical Engineering, Gazi University, Akın founded Akfen Holding in 1975, a company that operates in the construction, tourism, commerce and services sectors. Undertaking infrastructure and investment projects within the scope of privatization efforts besides private entrepreneurial activities, Akın contributed to the creation of the Chair in Contemporary Turkish Studies at the London School of Economics through Akfen Holding. He is currently a Member of the Board of Directors of the Turkish Industrialists' and Businessmen's Association (TÜSİAD) and the Chairman of the Information Society and New Technologies Commission. Akın is also the Founding Member and the Honorary Chairman of the Turkey Human Resources Foundation (TİKAV), which he co-founded in 1999 in order to provide well-educated human resources for Turkey.

Ali Haydar Kurtdarcan, Vice Chairman, TAV Airports Holding, 58.
Ali Haydar Kurtdarcan assumed his current duties as the TAV Airports Holding Vice Chairman in 2000 and is also the Chairman of the Audit Committee. Graduated from the Department of Civil Engineering, Middle East Technical University in 1973, Kurtdarcan is the Chairman and CEO of Tepe Construction, a shareholder of TAV Airports Holding. He has filled various managerial positions, including general manager and assistant general manager, at Tepe Construction for the last 22 years.

Mustafa Sani Şener, Board Member and President & CEO, TAV Airports Holding, 54.
Mustafa Sani Şener was appointed as the Member of the Board of Directors, President and CEO of TAV Airports Holding in 1997. Graduated from the Department of Mechanical Engineering, Black Sea Technical University (BTU) in 1977, Şener earned his Masters degree on fluid mechanics in 1979 from the Department of Applied Sciences, University of Sussex, the UK. He has been awarded Honorary Doctorate from BTU for his invaluable contributions to the development of Turkish engineering at international level. Before his career at TAV Airports, he filled project manager and general manager positions in prominent national and international projects.

İbrahim Süha Güçsav, Board Member, TAV Airports Holding, 41.
İbrahim Süha Güçsav was graduated from the Department of Economics, İstanbul University in 1992, and received his masters degree from the Department of Business Administration, the Institute of Social Sciences in Gazi University. Starting off on his career at Alexander & Alexander Insurance Brokerage Co. in 1992, Güçsav joined the Akfen Group in 1994. Serving as the Group President of Finance and then as the CEO at Akfen Holding, he has been the Vice Chairman of Akfen Holding since 2003. Güçsav also serves as a Member of the Board of Directors at various subsidiaries including TAV Airports Holding, Executive Director at Akfen GYO Real Estate Investment Trust, and the CEO at IBS Insurance Brokerage Services.

İlhan İl, Board Member, TAV Airports Holding, 47.
İlhan İl was appointed as a Member of the Board of Directors of TAV Airports Holding in 2005 and serves as the Chairman of the Board of Directors and Executive Director at various Tepe Group companies. Graduated from the Faculty of Political Science, Ankara University in 1983, İl received his masters degree from West of England University in 1994. Starting off on his career in 1984 as a Tax Inspector at the Ministry of Finance, he served in various positions including part-time faculty member at Bilkent University, Advisor to the Minister of Economy, Member of the Board of Auditors of TÜPRAŞ and Assistant General Manager of Economic Research and Assessment Directorate of the Undersecretariat of Foreign Trade of the Prime Ministry.

İrfan Erciyas, Board Member, TAV Airports Holding, 56.
İrfan Erciyas was appointed as a Member of the Board of Directors of TAV Airports Holding in 2006. Graduated from the Department of Economics and Public Finance, Gazi University, in 1977 Erciyas was appointed as the Member and Vice Chairman of the Board of Directors at Akfen Holding in 2003. Starting off on his career in 1978 as an Auditor on the Board of Internal Auditors of Türkiye Vakıflar Bankası, Erciyas worked in various capacities in the same company, and served as the General Manager at Türkiye Vakıflar Bankası in 2002.

James Bernard Farley, Board Member, TAV Airports Holding, 54.
James Bernard Farley was appointed as a Member of the Board of Directors of TAV Airports Holding in 2007. He graduated from Duke University in 1976 and received his JD from Fordham University School of Law in 1979. Currently working as a senior executive in Babcock & Brown, Farley joined the firm in 1999 to expand infrastructure opportunities in the private equity and principal finance. He was previously employed in senior management posts by Nomura International, Chase Investment Bank in London and Price Waterhouse in New York. Farley began his career as an assistant in the US Attorney's Office in Southern District of New York in 1978 and as a judicial clerk in the US District Court, for the Southern District of New York in 1979.

Mehmet Cem Kozlu, Board Member, TAV Airports Holding, 63.
Mehmet Cem Kozlu was appointed as an Independent Member of the Board of Directors of TAV Airports Holding in 2006 and is also the Chairman of the Corporate Governance Committee. He received his BA from Denison University, Department of Economics in 1969, MBA from Stanford University and PhD from Boğaziçi University in administrative sciences. He has been awarded an Honorary Doctorate Degree by Denison University. Kozlu served as a Member of the Parliament between 1991 and 1995 and held various positions in Procter&Gamble in Switzerland, National Cash Register Co. in Ohio, the Coca-Cola Company and Turkish Airlines as the President and CEO. He currently serves as Consultant to Coca-Cola Eurasia and Africa Group and as Member of the Board of Directors of Hürriyet, Trader Media East in Amsterdam, Anadolu Industry Holding Co., Efes Beverage Co., Evyap Soap, Oil and Glycerine Industry and Trading Co., Coca-Cola Beverage Co., Kamil Yazıcı Management and Consulting Co., Godiva, Foreign Economic Relations Board and as Member of the Board of Trustees of Sabancı University, Anadolu Johns Hopkins Health Center and İstanbul Modern Arts Foundation. In addition, he serves as the Chairman of the Board of Directors of International Airline Training Fund.

Mehmet Erdoğan, Board Member, TAV Airports Holding, 49.
Mehmet Erdoğan was appointed as a Member of the Board of Directors of TAV Airports Holding in 2006. Graduated from the Department of Business Administration, Anadolu University in 1982, Erdoğan received insurance education from the Insurance Institute of Turkey for two years. Currently serving as the External Relations Coordinator of TAV Airports Holding, he worked at various companies before joining TAV Airports.

BOARD OF DIRECTORS

Mumtaz Khan, Board Member, TAV Airports Holding, 61.
Mumtaz Khan was appointed as a Member of the Board of Directors of TAV Airports Holding in 2006. He is the Founder and CEO of Middle East & Asia Capital Partners a Singapore based private equity platform connecting the Middle East and Asia. He was until December 2007, the Chairman and CEO of EMP Bahrain the general partner and Manager of the US$ 730 million Islamic Development Bank Infrastructure Fund. Mr. Khan was previously a Managing Director at EMP Global in Washington, D.C. For three years, he was based in Hong Kong as Resident Partner and Manager of Asian operations of the US$ 1 billion AIG Asian Infrastructure Fund. Prior to that, Mr. Khan was for 13 years with IFC, where he was a Manager in the Asia Department based in Washington, D.C. and Resident Representative based in Jakarta, responsible for investment in Indonesia and Malaysia. Mr. Khan initiated IFC's investment programme in China. Mr. Khan is a founder shareholder of the Islamic Bank of Asia in Singapore.

Mustafa Kalender, Board Member, 45.
Mustafa Kalender was appointed as a Member of the Board of Directors of TAV Airports Holding in 2005. Graduated from the Faculty of Business Administration, Anadolu University in 1987, Kalender joined the Tepe Group in 1988 and served as the Financial Affairs Manager. He currently serves as the Assistant General Manager of Financial Affairs and a Member of the Board of Directors at Tepe Construction. Kalender is also a Member of the Board of Directors at various Tepe Group companies.

Pierre de Champfleury, Board Member, TAV Airports Holding, 63.
Pierre de Champfleury was appointed as an Independent Member of the Board of Directors of TAV Airports Holding in 2007 and is also a Member of the Audit Committee. Graduated from Paris Ecole des Hautes Etudes Commerciales in Paris in 1967, Champfleury earned his MBA degree from Stanford University in 1971. Beginning his 30-year career in luxury goods at Eli Lilly, he served as the CEO of various companies such as Yves Saint Laurent Parfums, Austin Nichols and Co. and Manuel Canovas.

** Şeref Eren, who served as a Consultant to the TAV Airports Holding CEO, was appointed as a Consultant to the TAV Academy in January 2009.*

Shailesh Kumar Dash, Board Member, TAV Airports Holding, 39.
Shailesh Kumar Dash was appointed as a Member of the Board of Directors of TAV Airports Holding in 2006 and is currently serving as the Managing Partner at Global Capital Management Ltd. (GCML) which is a 100% subsidiary of Global Investment House (Global) and has over US$ 3 billion under management in the Private Equity space. He also heads the Alternative Investments Dept. at Global, with over US$ 3.6 billion assets under management. He has over 14 years of experience in fund management, IB, research and corporate finance. He was the founder member of the Private Equity team at Global and has over six years experience in Private Equity. Apart from forming the PE group at Global he has been instrumental in establishing the pan-GCC research group as well. His views are widely quoted in regional and international journals. He is a post-graduate in Business Management from the FORE School of Management and a member of the CFA Institute and ABANA Arab Bankers Association for North America.

Süleyman Son, Board Member, TAV Airports Holding, 61.
Süleyman Son was appointed as a Member of the Board of Directors of TAV Airports Holding in 2006. Graduated from the Department of Mechanical Engineering, Middle East Technical University, Son currently serves as the General Manager and a Member of the Board of Directors of Tepe Construction. Previously, he worked as the Assistant General Manager of Business Development at the same company. Beginning his career as a Chief Engineer at Türkiye Elektrik A.Ş. in 1971, Son served at various companies and project teams.

Şeref Eren*, Board Member and Consultant to the CEO, TAV Airports Holding, 58.
Şeref Eren was appointed as a Member of the Board of Directors of TAV Airports Holding in 2006, and is also a Member of the Audit Committee. Graduated from the Department of Economics- Business Administration at the Faculty of Economics, İstanbul University in 1974, Eren completed his Business Administration Specialization education at the Institute of Management Economics, İstanbul University, in 1975. Beginning his career as an assistant in the Faculty of Business Administration at İstanbul University, he served in senior management positions at various private sector companies. Eren joined TAV Airports Holding in 1998 and served as the Financial and Administrative Affairs Manager and Vice Chairman. Eren was appointed as the Consultant to the CEO in 2007.

SENIOR MANAGEMENT

Mustafa Sani Şener, Board Member and President & CEO, TAV Airports Holding, 54.
Mustafa Sani Şener was appointed as the Member of the Board of Directors, President and CEO of TAV Airports Holding in 1997. Graduated from the Department of Mechanical Engineering, Black Sea Technical University (BTU) in 1977, Şener earned his Masters degree on fluid mechanics in 1979 from the Department of Applied Sciences, University of Sussex, the UK. He has been awarded Honorary Doctorate from BTU for his invaluable contributions to the development of Turkish engineering at international level. Before his career at TAV Airports, he filled project manager and general manager positions in prominent national and international projects.

Murat Uluğ, Finance Director, TAV Airports Holding, 39.
Murat Uluğ was appointed as the Finance Director of TAV Airports Holding in 2006. He is also a Member of the Corporate Governance Committee, and has also been a Member of the Board of Directors of Havas Ground Handling since 2007. Graduated from the Department of Electronic and Communication Engineering at the Faculty of Electrical and Electronic Engineering, İstanbul Technical University in 1992, Uluğ received his Executive MBA degree from the joint program of İstanbul Bilgi University and Manchester Business School in 2003. After 11 years of banking experience in ABN AMRO, HSBC and Garanti Bank, Uluğ served as the Finance Coordinator at Akfen Holding before joining TAV Airports.

Serkan Kaptan, Business Development and Investments Director, TAV Airports Holding, 38.
Serkan Kaptan was appointed as the Business Development and Investments Director of TAV Airports Holding in 2003 and has also been a Member of the Board of Directors of Havas Ground Handling since 2007. Graduated from the Department of Business Administration, İstanbul University in 1995, Mr. Kaptan received his MBA degree from Marmara University in 2002. Before joining TAV Airports in 2002, he served as an Airport Consultant at Airport Consulting Vienna, as well as in various capacities at Birgenair Charter Group and Ser Otomotiv.

Özlem Tekay, Human Resources Director, TAV Airports Holding, 37.
Özlem Tekay was appointed as the Human Resources Director of TAV Airports Holding in 2006 and is also a Member of the Corporate Governance Committee. Graduated from the Harvard Business School, Boston, MA, USA in 2008, Tekay earned her BSc and Masters degree in 1994 and 1996 respectively from the Department of Political Science and Public Administration, the Middle East Technical University. She also attended the Strategic Human Capital Management Program at the Harvard Business School, Boston, MA, in 2007. Before joining TAV Airports, Tekay assumed various positions at Eczacıbaşı Holding, Bayındır Holding and the Umut Foundation in the areas of corporate strategy, human capital management, executive assessment and development, talent management, internal communications and corporate communications. An active participant in the activities of non-governmental organizations, she is a member of the Corporate Governance Association of Turkey, the Board of Directors of the Business Council for Sustainable Development of Turkey, and the Society for Human Resources. Tekay also conducts courses and seminars on general management and various managerial subjects as a part-time faculty member.

Ümit Kazak, Logistics and Contracts Director, TAV Airports Holding, 39.
Ümit Kazak was appointed as the Logistics and Contracts Director of TAV Airports Holding in 2007 and is also a Member of the Corporate Governance Committee. Graduated from the Department of Civil Engineering, Middle East Technical University in 1992, Kazak received his masters degree from the same department in 1996. He joined TAV Airports in 2001 as a Technical Manager, and later assumed the duties of TAV Esenboga International Airport Technical Manager in 2004 and TAV Izmir International Airport International Terminal Project Manager in 2005. Between 1996 and 2001, Kazak served in various posts at Tepe Turner Joint Venture, Technical Consulting, Prokon Engineering and Key Construction.

SENIOR MANAGEMENT

Altuğ Koraltan, Internal Audit Director, TAV Airports Holding, 46.
Altuğ Koraltan was appointed as the Internal Audit Director of TAV Airports Holding in 2007. Graduated from the Department of Business Administration, İstanbul University in 1986, Koraltan began his career as an External Auditor at Peat Marwick& Mitchell between 1986-1988. He served as a sales representative at the Baghdad office of ENKA Marketing. Working at Effemex-Mars as a Finance Manager in 1990, Koraltan served as Internal Auditor, Securities Department Assistant Manager and Dealer at the foreign exchange desk of the Treasury Department at Ottoman Bank during the following five years. Serving on the Audit Board of OYAK Bank for a one-year term in 1997, Koraltan was the head of Internal Audit in charge of Turkey and Greece at ABN AMRO Bank for ten years, from 1997 to 2007, before joining TAV Airports.

Murat Örnekol, Operations Director, TAV Airports Holding, 50.
Murat Örnekol was appointed as the Operations Director of TAV Airports Holding in 2008. Graduated from the Department of Industrial Engineering, Middle East Technical University in 1980, Örnekol served as the General Manager of TAV Esenboga between 2006 and 2008. Before joining TAV Airports, Örnekol worked for Beretta Holding as the General Manager between 2000 and 2006 and from 1991 to 2000 served as Deputy CEO of Bayındır Holding Co., President of Health Care Division, Director of Telecom Project , Logistics and Business Development Coordinator at Bayındır Group. In his early career, Örnekol worked as General Manager at Bordata, an IT company and as Planning Engineer, IT Manager and Trade Manager at Kutlutaş Holding.

Waleed Ahmed Youssef, Strategy Director, TAV Airports Holding, 43.
Waleed Youssef was appointed as the Strategy Director of TAV Airports Holding in 2008. A graduate of the Department of Civil Engineering at the University of California at Berkeley, Dr. Youssef subsequently earned his Masters degree in transportation economics and Ph.D. degree in air transport finance from Berkeley. Prior to joining TAV Airports, he served as Strategy and Development Director at Abu Dhabi Airports Company, and as Aviation Specialist at the International Finance Corporation (IFC), the private sector arm of the World Bank Group. Dr. Youssef has vast experience in airport privatization, including successful transactions in JFK Terminal 4 (USA), Brisbane International Airport (Australia) and Bangalore International Airport (India). During his tenure at the IFC, Youssef served as privatization advisor to the governments of Jordan (Amman), Saudi Arabia (Hajj Terminal), Madagascar (Antananarivo), Nigeria (Abuja) and Panama (Howard). In Abu Dhabi, he led the corporatization and certification of its two airports (Abu Dhabi and Al Ain). Dr. Youssef is the incoming Chairman of the Airports Council International (ACI) World Economics Standing Committee and a Member of the Committee on Airfield and Airspace Capacity and Delay at the US National Academy of Sciences' Transportation Research Board.

Haluk Bilgi, Country Director of TAV Tunisie and Business Development Director (Subsidiaries), TAV Airports Holding, 40.
Haluk Bilgi was appointed as the Business Development Director (Subsidiaries) of TAV Airports Holding in 2008 and also serves as the TAV Tunisie Country Director. Graduated from Department of Economics at the Faculty of Economics, İstanbul University in 1992, Bilgi received his MBA degree from the Middle East Technical University in 1999, and attended the Harvard Business School Structuring Effective Private Equity Partnership Program in the same year. Beginning his career as a Foreign Relations Specialist at BBBAG A.Ş. in 1991, Bilgi assumed his first position abroad in 1993 with Sibkon A.Ş. in Novokuznetks, Siberia. He joined the Tepe Group in 1995, and served as a Senior Executive in the Russian Federation, England, U.S.A. and Iraq, respectively, at Tepe Group and its international subsidiaries for the next ten years. Before joining TAV Airports as Business Development Group Manager in 2005, Bilgi served as the Business Development Coordinator at Tepe Construction and has served as a member of the American Management Association, Foreign Economic Relations Board Turkish American Business Council International Contracting Committee, Central Anatolia Exporters Union Board of Directors, and Global Ethics since 2001.

Ersagun Yücel, General Secretary, TAV Airports Holding, 37.
Ersagun Yücel was appointed as the General Secretary of TAV Airports Holding in 2002. Graduated from the Department of Serigraphy, Yıldız Technical University in 1994, he attended the New York University Advertising and Marketing Program in 1997. Yücel is currently pursuing his MBA degree at Newport University. Beginning his career as a Graphic Artist in MIR Com Graphics in 1993, he later worked as a public relations manager in various companies. He joined TAV Airports Holding in 1999 as the General Manager's assistant. In addition to his responsibilities as General Secretary of TAV Airports Holding, Yücel also oversees the corporate communications activities of TAV Airports Holding.

Banu Pektaş, General Counsel, TAV Airports Holding, 68.
Banu Pektaş was appointed as the General Counsel of TAV Airports Holding in 2007. Graduated from the Faculty of Law, İstanbul University in 1964, Pektaş worked as a lawyer in a law firm between 1965 and 1987. During the same period, she also served as a lecturer at the School of Foreign Languages at İstanbul University. Between 1987 and 2006, she was the Legal Counsel of Coca-Cola Turkey and served as the Region/Division/Group counsel over these years with responsibilities increasing to cover 36 countries in the Eurasia and the Middle East Group of the company.

Şeref Eren*, Board Member and Consultant to the CEO, TAV Airports Holding, 58.
Şeref Eren was appointed as a Member of the Board of Directors of TAV Airports Holding in 2006, and is also a Member of the Audit Committee. Graduated from the Department of Economics- Business Administration at the Faculty of Economics, İstanbul University in 1974, Eren completed his Business Administration Specialization education at the Institute of Management Economics, İstanbul University, in 1975. Beginning his career as an assistant in the Faculty of Business Administration at İstanbul University, he served in senior management positions at various private sector companies. Eren joined TAV Airports Holding in 1998 and served as the Financial and Administrative Affairs Manager and Vice Chairman. Eren was appointed as the Consultant to the CEO in 2007.

** Şeref Eren, who served as a Consultant to the TAV Airports Holding CEO, was appointed as a Consultant to the TAV Academy in January 2009.*

Hüseyin Ulukanlı, Consultant to the CEO, TAV Airports Holding, 64.
Hüseyin Ulukanlı was appointed as the Consultant to the TAV Airports Holding CEO in 2000. Graduated from the Department of Architecture, Engineering and Architectural State Institute of Ankara in 1972. Ulukanlı joined TAV Airports for the construction of the Atatürk International Terminal in 1998. He worked in the Build-Operate-Transfer airport projects in Turkey (İstanbul -Ankara-İzmir) as well as airport operation projects abroad. Before joining TAV Airports, Ulukanlı held various positions at the Turkish State Airports Authority during his more than 30 year tenure from 1963 to 1995, including Head of Construction Department, Head of Operations Department and Coordinator. Ulukanlı was particularly involved in the airport development projects and Build-Operate-Transfer projects undertaken by the public sector while he was the Head of Operations Department from 1984 to 1992.

Kemal Ünlü, General Manager, TAV Istanbul, 50.
Kemal Ünlü was appointed as the General Manager of TAV Istanbul in 2005. Graduated from the Department of Electrical Engineering, Gazi University in 1983, Ünlü joined TAV Airports in 2004 after leaving his post as the Principal in Charge of Atatürk Airport at the Turkish State Airports Authority. He held various positions at the Turkish State Airports Authority Esenboğa, Antalya and İstanbul Airports between 1978 and 2004.

Nuray Demirer, General Manager, TAV Esenboga, 42.
Nuray Demirer was appointed as the General Manager of TAV Esenboga in 2008. Graduated from the Department of Architecture, İstanbul Technical University in 1988, Demirer joined TAV Airports for the construction of the Atatürk Airport International Terminal in 1999. Demirer was the Project Manager of TAV Esenboga Domestic and International Terminals. She served as the Assistant General Manager of TAV Esenboga between 2006 and 2008. Beginning her career at Atölye T Architecture in 1988, Demirer served in both the construction and the operation of Eczacıbaşı Pharmaceuticals Factory, as well as Site Manager, Construction Manager and Project Manager at Tepe Construction.

SENIOR MANAGEMENT

Fırat Erkan Balcı*, Assistant General Manager (Acting General Manager), TAV Izmir, 36.
Fırat Erkan Balcı was appointed as the Assistant General Manager of TAV Izmir in 2006, and served as the Acting General Manager from March 2008 to January 2009. Graduated from the Department of Civil Engineering, the Middle East Technical University in 1996, he served as the Assistant General Manager of TAV Izmir between 2006 and 2008. Before joining TAV Airports, Balcı worked as the Operations Manager at the Antalya Airport International Terminal I, IT Project Manager at Fraport, and IT Chief at Bayındır Antalya Airport.

Ersel Göral, General Manager, TAV Tunisie, 37.
Ersel Göral was appointed as the General Manager of TAV Tunisie in 2007. Graduated from the Department of Business Administration, İstanbul University in 1998, he served at the Tbilisi and Batumi International Airports as the General Manager of TAV Georgia between 2005 and 2007. Göral joined TAV Istanbul in 1999, worked as Terminal Operations Manager and Assistant General Manager. Beginning his career as an Operations Chief at Çelebi Ground Handling in 1993, he later served as Assistant Station Manager at Gözen Air.

Burak Birhekimoğlu,General Manager, TAV Georgia, 35.
Burak Birhekimoğlu was appointed as the General Manager of TAV Georgia in 2008. Graduated from the Department of Spanish Language and Literature, İstanbul University, Birhekimoğlu began his career in civil aviation at Havas Ground Handling as an operations staff member. He joined TAV Istanbul in 1999, and served in various positions until 2006, including FIDS Manager. Birhekimoğlu was appointed as the Assistant General Manager of TAV Georgia in 2007. He was involved in Quality Management System internal audit activities and technical training programs. Birhekimoğlu is a lifelong honorary member of the Institute of Civil Defence and Disaster Studies (ICDDS).

Eda Bildiricioğlu, General Manager, TAV Operations Services, 40.
Eda Bildiricioğlu was appointed as the General Manager of TAV Operation Services in 2006. Graduated from the Department of Business Administration and Economics, Eastern Mediterranean University in 1991, Bildiricioğlu served as marketing manager at various companies before joining TAV Airports in 1997 as the Commercial Affairs Manager.

Uğur Yiğiter, General Manager, TAV IT, 46.
Uğur Yiğiter was appointed as the General Manager of TAV IT in 2008. Graduated from the Department of Computer Engineering, Boğaziçi University in 1987, Yiğiter received his masters degree from the same department in 1991. Yiğiter began his career at SEYAŞ Architecture, Engineering and Consulting. After serving in various information technology positions at ENKA and the İstanbul Stock Exchange, he served as the Deputy General Manager at Bileşim International, Information Technologies Director at Çelebi Holding, Assistant General Manager at Multinet Corporate Services and Information Technologies Director at Aras Holding. Before joining TAV Airports, Yiğiter provided Information Technologies and Management Consultancy services. He was also a faculty member of the Department of Business Administration in Yeditepe University, and an instructor at Sabancı University Turquality Training Program.

Yusuf Acıbiber, General Manager, TAV Security, 50.
Yusuf Acıbiber was appointed as the General Manager of TAV Security in 2006. Graduated from the Police Academy in 1980, he worked as a supervisor and manager at various levels in the Turkish General Directorate of Security until 1999. Acıbiber also served as the Security Manager for İstanbul Atatürk Airport between 1995 and 1996; he has branch training in various areas, primarily in civil aviation security, intelligence and anti-terrorism. Acıbiber is a published author of two books, "Security Systems and Equipment" and "Private Security Organization Airport Security Training", which are recommended by the Ministry of the Interior as private security training books.

** After being appointed as the Interim Acting General Manager of TAV Izmir in March 2008, Assistant General Manager Fırat Erkan Balcı was appointed as the General Manager of TAV Izmir in January 2009.*

Müjdat Yücel, General Manager, Havas, 58.
Müjdat Yücel was appointed as the General Manager of Havas in 2005, as he was serving as Assistant General Manager at Havas since 2004. He worked for Turkish Airlines from 1972 to 2003. During his tenure at Turkish Airlines, Yücel served in Singapore, Iran, the USA and England internationally, as well as serving as the Head of Ground Operations for two years and as the Assistant General Manager of Ground Operations for four years in Turkey, respectively.

Ersan Arcan, General Manager, ATU, 42.
Ersan Arcan was appointed as the General Manager of ATU in October 2007. Graduated from the Department of Business Administration, Schiller University (Heidelberg) in 1994, Arcan served as Operations Manager between 1999 and 2006, and as Assistant General Manager between 2006 and 2007 at ATU. Before joining TAV Airports, Arcan worked as Sales Representative at A.T.A s.a.r.l in Switzerland and as Sales Manager at A.R.E.X Ltd. in Luxembourg.

Sadettin Cesur, General Manager, BTA, 36.
Sadettin Cesur was appointed as the General Manager of BTA in 2000. Graduated from the İstanbul Tourism and Hotel Management School, he attended Managing Successfully program in the US. Before joining TAV Airports, Cesur also worked for five-star hotels including Çınar Hotel, Parksa Hilton, Conrad İstanbul and the Four Seasons Hotel.

** Şeref Eren, who served as a Consultant to the TAV Airports Holding CEO, was appointed as a Consultant to the TAV Academy in January 2009.*

COMMITTEES

Audit Committee

Chairman of the Audit Committee

Ali Haydar Kurtdarcan
Vice Chairman of the Board of Directors
TAV Airports Holding Co.

Members of the Audit Committee

Önder Sezgi
Financial Affairs and Audit Coordinator
Bilkent Holding Co.

Şeref Eren*
Consultant
TAV Airports Holding Co.

Oktay Uğur
Financial Affairs Coordinator
Akfen Holding Co.

Pierre de Champfleury
Board Member
TAV Airports Holding Co.

Corporate Governance Committee

Chairman of the Corporate Governance Committee

Mehmet Cem Kozlu
Board Member
TAV Airports Holding Co.

Members of the Corporate Governance Committee

Özlem Tekay
Human Resources Director
TAV Airports Holding Co.

Murat Uluğ
Finance Director
TAV Airports Holding Co.

Ümit Kazak
Logistics and Contracts Director
TAV Airports Holding Co.

KEY FINANCIAL INDICATORS*

Summary Income Statement (Euro)	2008	2007
Construction Income	199,235,250	53,914,284
Operating Income	597,732,739	479,028,793
Construction Costs	189,747,858	52,941,288
Operating Expenses	521,407,030	460,610,183
Net Operating Profit	85,813,101	19,391,606
Net Financial Expenses	(84,580,204)	(67,973,470)
Profit (Loss) before Taxes	1,232,897	(48,581,864)
Income Tax Benefit/(Expense)	3,434,844	4,745,445
Net Profit/(Loss)	4,667,741	(43,836,419)
Profit/(Loss) Attributable to Minority Interest	608,919	(121,940)
EBITDA**	111,217,309	48,524,283
EBITDAR***	267,168,120	189,313,288
Summary Cash Flow Statement (Euro)		
Net Cash Generated from Operating Activities	226,319,746	13,385,021
Net Cash Used in Investment Activities	(213,234,031)	(196,229,884)
Net Cash Generated from/(Used in) Financing Activities	(18,039,083)	239,272,452
Summary Balance Sheet (Euro)		
Cash and Cash Equivalents	59,572,792	64,652,433
Restricted Bank Balances	254,097,284	257,520,816
Total Assets	1,630,889,452	1,475,404,054
Financial Liabilities	1,098,635,518	1,000,551,364
Total Liabilities	1,321,850,152	1,137,935,746
Shareholders' Equity	309,039,300	337,468,308
Net Debt	784,965,442	678,378,115

** Consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).*
*** Earnings before interest, taxes, depreciation and amortization (excluding construction income and construction expenses).*
**** EBITDA before concession rent payments.*

KEY OPERATIONAL INDICATORS

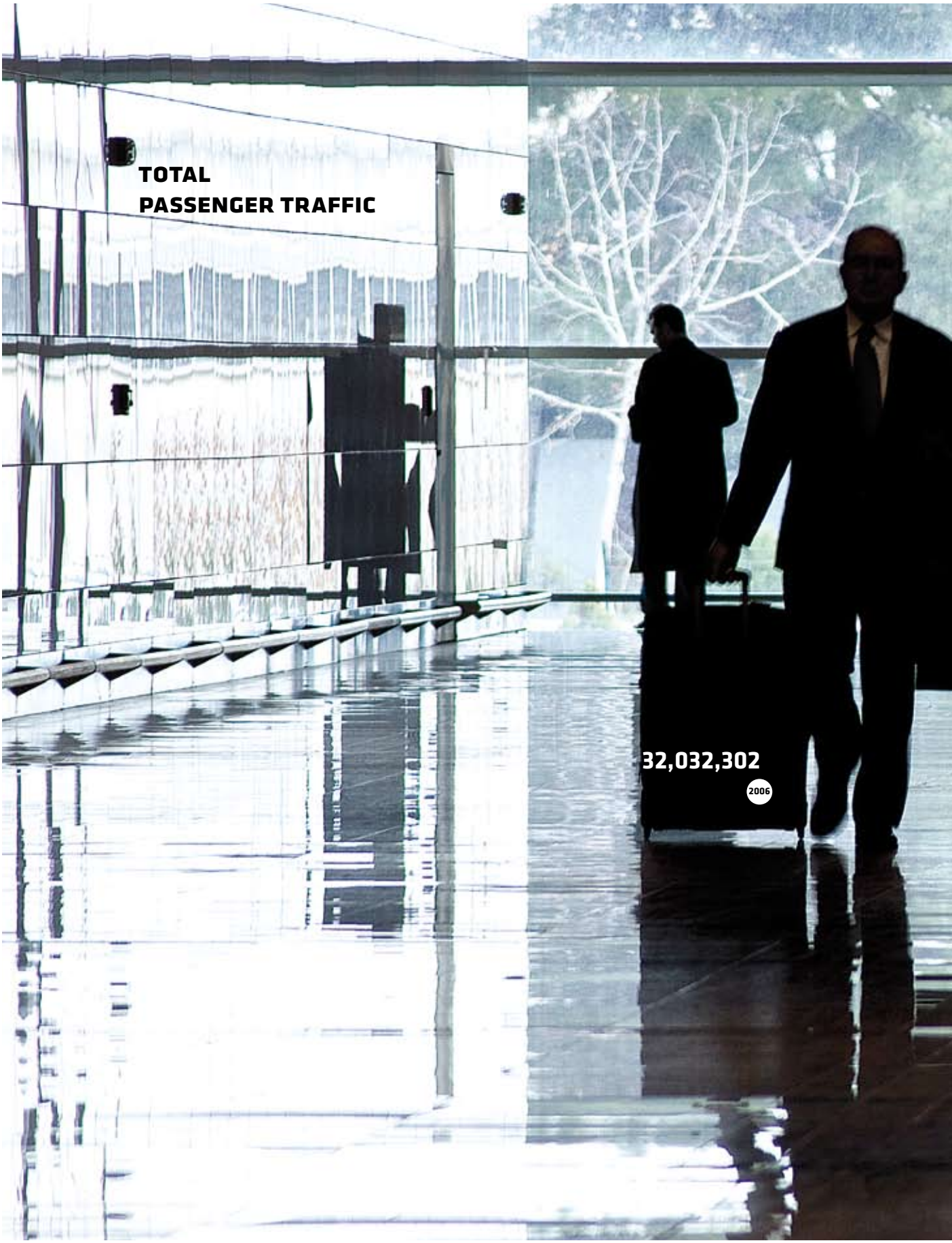
Passenger Traffic [1]	2008*	2007	Change (%)
Atatürk Airport	**28,553,132**	**23,196,229**	**n/a****
International	17,069,069	13,600,306	n/a
Domestic	11,484,063	9,595,923	n/a
Esenboğa Airport [2]	**5,692,133**	**4,958,128**	**15**
International	1,247,822	1,349,006	(8)
Domestic	4,444,311	3,609,122	23
İzmir Airport [3]	**1,697,407**	**1,600,890**	**6**
Turkey Total	**74,968,329**	**66,463,286**	**n/a**
International	42,078,736	37,152,953	n/a
Domestic	32,889,593	29,310,333	n/a
Monastir Airport [4]	**4,210,271**	**4,235,334**	**(1)**
Tbilisi Airport [5]	**714,976**	**615,873**	**16**
International	710,166	610,650	16
Domestic	4,810	5,223	(8)
Batumi Airport [6]	**69,354**	**39,637**	**75**
International	64,656	38,613	67
Domestic	4,698	1,024	359
Hopa Terminal [7]	**11,714**	**125**	**n/a**
TAV TOTAL	**40,948,987**	**34,646,216**	**n/a**
International	24,999,391	21,434,799	n/a
Domestic	15,949,596	13,211,417	n/a
Air Traffic Movements [8]			
Atatürk Airport	**254,531**	**243,363**	**5**
International	155,390	142,488	9
Domestic	99,141	100,875	(2)
Esenboğa Airport [2]	**51,078**	**50,104**	**2**
International	12,198	13,677	(11)
Domestic	38,880	36,427	7
İzmir Airport [3]	**13,192**	**13,060**	**1**
TURKEY TOTAL	**606,578**	**573,835**	**6**
International	318,420	292,362	9
Domestic	288,158	281,473	2
Monastir Airport [4]	**33,579**	**34,578**	**(3)**
Tbilisi Airport [5]	**14,494**	**12,858**	**13**
International	13,444	11,358	18
Domestic	1,050	1,500	(30)
Batumi Airport [6]	**1,936**	**1,044**	**85**
International	1,358	836	62
Domestic	578	208	178
TAV TOTAL	**368,810**	**355,007**	**4**
International	229,161	215,997	6
Domestic	139,649	139,010	0

Source: Turkish State Airports Authority (DHMİ), Civil Aviation Administration of Georgia, and TAV Tunisie.
** Turkish State Airports Authority (DHMİ) began announcing passenger traffic figures inclusive of transfer passengers. Consequently, 2008 figures are not comparable to 2007 figures.*
*** n/a: Not applicable.*
(1) Arriving and departing passenger totals, excluding transit passengers.
(2) Operation commenced on October 16, 2006 under the TAV Airports corporate structure.
(3) Only the International Terminal went into operation on September 13, 2006 under the TAV Airports corporate structure. Passenger totals exclude transit passengers.
(4) Operation commenced on January 1, 2008 under the TAV Airports corporate structure.
(5) The new terminal commenced operation on February 7, 2007.
(6) Commencement date of operation: May 26, 2007 (2007 figures reflect post-May 26 period).
(7) Commencement date of operation: December 18, 2007 (2007 figures reflect post-December 18 period).
(8) Commercial flights only.

TOTAL REVENUES*
(EUR THOUSAND)

TAV Airports has adopted both organic and inorganic models in its growth strategy and has conceived fundamentally sound targets. Continued growth in both existing and new businesses is the primary factor in the Company's operational and financial success.

** Adjusted revenues (excluding construction income, including guaranteed passenger income from airports operated in Ankara and İzmir)*


TOTAL
PASSENGER TRAFFIC
32,032,302
2006

Carefully evaluating new approaches and needs in the sector, TAV Airports Holding has become a major player, serving 41 million passengers on three continents, with more than 11 thousand employees as of 2008, thanks to its vast expertise and innovation.

**Turkish State Airports Authority (DHMİ) began announcing passenger traffic figures inclusive of transfer passengers. Consequently, 2008 figures are not comparable to 2007 figures.*


TOTAL
AIR TRAFFIC MOVEMENT
330,446
2006

TAV Airports signed a supplemental agreement with the Turkish State Airports Authority (DHMİ) as part of the İstanbul Atatürk Airport Development Project. With this project, the Company aims to provide relief in apron traffic, domestic and international passenger flow, car park capacity, and an increase in the comfort of passengers and quality of service at Atatürk Airport.

2008 AT A GLANCE

We are increasing our profitability and expanding our sphere of influence.

Operational Performance

TAV Airports Holding had a net profit (*) of EUR 4.7 million in the fiscal year ending December 31, 2008.

While analyzing the Company's operational performance below, construction income and expenses were excluded, while guaranteed passenger income from airports operated in Ankara and İzmir were included.

• The Turkish State Airports Authority (DHMİ) began announcing passenger traffic figures inclusive of transfer passengers. Consequently, 2008 figures are not comparable to 2007 figures. According to passenger statistics inclusive of transfer passengers announced by the Turkish State Airports Authority (DHMİ), TAV Airports Holding is the leading airport operator in Turkey in terms of total passenger traffic as of 2008, with a 48% market share.

• As a result of the full consolidation of Havas (while Havas was 60% consolidated until September 30, 2007, it has been fully consolidated since the last quarter of 2007, after the acquisition of the remaining 40% of shares) and commencement of operation of the Tunisia Monastir Airport under the TAV Airports corporate structure on January 1, 2008, 2008 results are not directly comparable to 2007 results.

• The Company's adjusted income, calculated by including guaranteed passenger income from airports operated in Ankara and İzmir, increased 24% in 2008 to EUR 627.3 million (EUR 597.7 million according to financial statements prepared in accordance with the IFRS), up from EUR 507.5 million (EUR 479.0 million according to financial statements prepared in accordance with the IFRS). This 4% increase was due to organic growth. This increase in total income was primarily due to increased ground handling and aviation revenues. Growth reflects increased passenger traffic at TAV-operated airports in Turkey (organic growth), as well as income from the Monastir Airport that commenced operation at the beginning of 2008, and the full consolidation of Havas in 2008 (inorganic growth).

• In 2008, ground-handling revenues increased as a result of the full consolidation of Havas, which in turn caused the share of aviation income (including ground handling income) to rise to 42%. Aviation income constituted 37% of total income in 2007. Duty free services were the second largest item in the Company's total revenues, with a 35% share, whereas other income constituted the remaining 23%.

• Adjusted EBITDA rose 83% in 2008 to EUR 140.8 million (EBITDA margin: 22%), up from EUR 77.0 million in 2007.

• Adjusted EBITDAR increased 36% in 2008 to EUR 296.8 million, up from EUR 217.8 million in 2007. Despite inorganic growth in employee benefit expenses, EBITDAR margin grew from 42.9% in 2007 to 47.3% in 2008 as a result of operational leverage.

• The Company turned a net profit of EUR 4.7 million in 2008, after registering a net loss of EUR 43.8 million in 2007. While the net loss attributable to TAV Airports Holding shareholders was EUR 43.7 million in 2007, there was a net profit of EUR 4.1 million attributable to TAV Airports in 2008, thanks to a high level of operating profit.

• The Company's net debt reached EUR 785 million at year-end December 2008, from EUR 678 million at year-end December 2007.

• Free cash flow (net cash generated from operations/cash used in investments) in 2008 was EUR 11.7 million, while it was minus EUR 106.9 million in 2007.

2008 Financial Results

The Company's adjusted income increased 24% in 2008 to EUR 627.3 million (EUR 597.7 million according to financial statements prepared in accordance with the IFRS), a rise from EUR 507.5 million (EUR 479.0 million according to financial statements prepared in accordance with the IFRS) in 2007. This increase in total income was primarily due to increased ground handling and aviation revenues.

Most of the Company's revenue was collected in foreign currency (Euros and US Dollars). In 2008, the Company's aviation income, including ground handling, constituted 42% of its total operating income, whereas non-aviation income made up the remaining 58%. In 2007, aviation income constituted 38% of the total income. Ground handling revenue of the Company rose in 2008 as a result of the full consolidation of Havas.

• Adjusted aviation income (excluding ground handling) grew 25% in 2008, to EUR 158.7 million (EUR 129.1 million according to financial statements prepared in accordance with the IFRS), from EUR 127.4 million (EUR 98.9 million according to financial statements prepared in accordance with the IFRS) in 2007. This increase resulted

** The financial results in this report are prepared in accordance with IFRS, and in Euro, as well as audited by independent auditors.*

primarily from aviation income from the Monastir Airport in Tunisia that the Company began operating. On the other hand, due to the International Financial Reporting Interpretations Committee (IFRIC) 12 practice, guaranteed passenger income of EUR 13.7 million from the Ankara Esenboğa Airport and EUR 15.9 million from the İzmir Adnan Menderes Airport were not included in aviation income during this period in the income statement prepared in accordance with the IFRS. The adjusted aviation income figures presented in this report are inclusive of these guaranteed passenger revenues.

• Sales of duty free goods grew 10% in 2008, to EUR 148.7 million, up from EUR 135.5 million in 2007. Average duty free expenditures per passenger increased from EUR 14.8 in 2007 to EUR 15.4 in 2008. In 2008, average duty free expenditures per passenger were EUR 11.6 at İzmir Adnan Menderes Airport (2007: EUR 11.6), and EUR 13.4 at Ankara Esenboğa Airport (2007: EUR 11.6). Despite the downward pressure exerted on duty free expenditure per passenger by the 41% increase in transit passenger traffic, duty free revenue per passenger at İstanbul Atatürk Airport rose from EUR 16.0 in 2007 to EUR 16.5 in 2008 as a result of the reorganization of the duty free area in the last quarter of 2007.

• Ground handling income rose 67% in 2008 to EUR 106.4 million, an increase from EUR 63.5 million in 2007. This increase was caused primarily by increased flight traffic as well as full consolidation of Havas since the last quarter of 2007 (while it was 60% consolidated in the prior periods).

• Concession fees from duty free sales grew 19% in 2008 to EUR 72.7 million, an increase from EUR 60.8 million in 2007.

• Income from catering services increased 15% in 2008 to EUR 36.4 million, an increase from EUR 31.7 million in 2007. The increase resulted from higher expenditures per passenger as well as the expansion of the operations of Cakes&Bakes.

• Other operating income increased 18% in 2008 to EUR 104.4 million, up from EUR 88.5 million in 2007. The primary drivers of this increase were the higher revenues from CIP lounge operations (due to the increase in the number of passengers using the lounges as well as the opening of new lounges) and from car park and shuttle bus operations (due to the full consolidation of Havas).

Operating expenses rose 13% in 2008 to EUR 521.4 million, up from EUR 460.6 million in 2007. This was primarily the result of the commencement of operation of the Monastir Airport, as well as increases in employee benefit expenses and cost of services outsourced due to the full consolidation of Havas. Despite this, the share of operating expenses excluding concession rent expense, depreciation and amortization expenses in total income dropped from 57% in 2007 to 53% in 2008.

• Concession rent expenses rose 11% in 2008 to EUR 156 million as a result of rent payments for the Monastir Airport. However, the ratio of concession rent expenses to total income dropped from 28% in 2007 to 25% in 2008, thanks to operational leverage. Concession rent expenses consist of rent payments made to the Turkish State Airports Authority (DHMİ) pursuant to Atatürk Airport's lease agreement (EUR 141.2 million), and rent payments made to the Tunisian Civil Aviation and Airports Authority (OACA) for the Monastir Airport (EUR 14.8 million) that the Company began operating on January 1, 2008.

• The cost of duty free inventory sold rose from EUR 56.0 million (40% of revenue) in 2007 to EUR 58.8 million (41% of revenue), for a 5% year-over-year change, which is lower than the increase in duty free sales growth over the same period.

• The cost of catering inventory sold, which was EUR 10.9 million in 2007, rose 21% to EUR 13.2 million in 2008.

• Employee benefit expenses grew from EUR 113.3 million in 2007 to EUR 145.9 million in 2008; a 29% increase. This increase resulted from the commencement of service at the Monastir Airport and the full consolidation of Havas. The average number of employees rose 18% over the same period.

• The cost of services outsourced increased from EUR 22.6 million in 2007 to EUR 36.9 million in 2008. The increase is almost exclusively attributable to the full consolidation of Havas. This item is comprised of the consolidated operating expenses of ATU, BTA, TAV O&M and Havas.

• Amortization and depreciation expenses grew 16% to EUR 34.9 million in 2008, an increase from EUR 30.1 million in 2007.

2008 AT A GLANCE

- Despite the increase in provision expenses, other operating expenses dropped 13%, to EUR 75.8 million in 2008 from EUR 86.9 million in 2007, thanks primarily to lower non-recurring (one time) expenses and management consulting expenses. The largest non-recurring expense item registered in 2007 is the public offering expenditures that were incurred during the first quarter of 2007.

Adjusted operating profit (excluding construction income and expenses, including guaranteed passenger income), increased from EUR 46.9 million (EUR 18.3 million according to financial statements prepared in accordance with the IFRS) in 2007 to EUR 105.9 million (EUR 76.3 million according to financial statements prepared in accordance with the IFRS) in 2008.

Adjusted EBITDA reached EUR 140.8 million in 2008, an increase from EUR 77.0 million in 2007.

Adjusted EBITDAR (adjusted EBITDA before concession rent payments) rose 36% in 2008, to EUR 296.8 million, from EUR 217.8 million in 2007. The EBITDAR margin increased to 47.3% in 2008, from 42.9% in 2007, as a result of operational leverage. 65% of the Company's total EBITDAR was derived from TAV Istanbul, whereas the EBITDAR margin of TAV Istanbul was 73% in 2008.

Net finance costs increased from EUR 68 million in 2007 to EUR 84.6 million in 2008. On the other hand, total financial expenses rose from EUR 84.9 million in 2007 to EUR 103.0 million in 2008.

Income tax benefit (expense) consists of deferred taxes and corporate taxes. The Company had an income tax benefit of EUR 3.4 million in 2008, whereas it had an income tax benefit of EUR 4.7 million in 2007. The deferred tax benefit of TAV Airports increased from EUR 9.1 million in 2007 to EUR 11.7 million in 2008.

The Company's profits (losses) attributable to minority interest reflect the profit and loss of 33.33% of TAV Security and BTA, which amounted to EUR 0.6 million in 2008.

The Company turned a net profit of EUR 4.7 million in 2008, after registering a net loss of EUR 43.8 million in 2007. While the net loss attributable to TAV Airports Holding shareholders was EUR 43.7 million in 2007, there was a net profit of EUR 4.1 million attributable to TAV Airports in 2008, thanks to a high level of operating profit.

Consolidated Cash Flow Summary

Net cash generated from operating activities

TAV Airports generated EUR 226.3 million cash from its operating activities in 2008 (2007: EUR 13.4 million). Cash generated from operating activities before the change in working capital rose from EUR 187.0 million in 2007 to EUR 276.9 million in 2008. The Company used EUR 120.2 million in 2007 for working capital requirements, whereas it generated EUR 29.8 million cash as a result of the change in working capital levels.

Net cash used in investment activities

In 2008, TAV Airports used EUR 213.2 million cash for investment activities, EUR 178.0 million of which was for the Tunisia Enfidha Airport investment. The corresponding figure for 2007 was EUR 196.2 million; EUR 78.5 million of it was used for the Enfidha Airport investment, whereas EUR 11.1 million was used for Tbilisi and Batumi airport investments and the İzmir Adnan Menderes Airport Domestic Terminal modernization.

Net cash generated from financing activities

Cash flows resulting from financing activities, for the most part, are related to borrowings from banks, project finance loans and repayments of these. During the first three months of 2008, TAV Istanbul entered into a EUR 440 million loan agreement and refinanced its existing debt. In 2007, there was a cash inflow of EUR 239.3 million due to financing activities, EUR 53.7 million of which was from stock issue at the public offering.

Free Cash Flow

Free cash flow (net cash generated from operations - cash used in investments) in 2008 was EUR 11.7 million, while it was minus EUR 106.9 million in 2007. Free cash flow in 2007 was negative due to the Tunisia Enfidha Airport investment that commenced on July 24, 2007.

(EUR million)	2008	2007
Net cash generated from operating activities	226.3	13.4
- Tangible asset purchases	(30.8)	(17.4)
- Airport operation concession inflows	(178.0)	(101.6)
- Intangible asset purchases	(5.8)	(1.3)
Free Cash Flow (FCF)	11.7	(106.9)

TAV Airports Holding and Subsidiaries - 2008 Financial Summary

Note: The calculations and figures presented in the tables below are inclusive of guaranteed passenger income from airports operated in Ankara and İzmir.

(EUR million)	Adjusted Revenue	Adjusted EBITDA*	Adjusted EBITDA Margin*	Net Debt
Airports	**376.9**	**251.7**	**67**	**571**
İstanbul	261.7	192.0	73	229
Ankara	34.2	11.9	35	119
İzmir	29.6	16.0	54	65
Tbilisi	9.7	3.1	32	21
Batumi	0.2	0.0	-	0
Tunisia	41.5	28.7	69	134
Gazipaşa	-	-	-	3
Service Companies	**384.5**	**43.7**	**11**	**214**
ATU (50%)	151.3	13.8	9	20
BTA	58.1	3.5	6	1
Havas	120.6	28.1	23	(4)
Other	54.5	(1.7)	-	197
Total	**761.3**	**295.3**	**39**	**785**
Eliminations	(134.0)	1.5		
Consolidated	**627.3**	**296.8**	**47**	**785**

** The EBITDAR figure is used for TAV Istanbul and TAV Tunisie.*


Pasaport Kontrol
Passport Control
Bütün Kapılar
All Gates
Mağazalar
Duty Free
WORLD
world lounge
C
B
TAV

2008 ACTIVITIES

AIRPORT OPERATIONS

İstanbul Atatürk Airport

78 thousand passengers a day pass where east meets west

İstanbul is one of the largest metropolises in the world, as well as Turkey's window to the world. A city that never sleeps, İstanbul is a test case for airport operations with its population of more than 12 million and the millions of passengers it welcomes every year. The Domestic and International Terminals of İstanbul Atatürk Airport, operated by and considered to be the most important reference point of modernity and impeccable service for TAV Airports, are visited by approximately 78 thousand passengers each day.

Atatürk Airport International Terminal was the first experience of TAV Airports in the sector, a difficult test the Company passed with flying colors. Atatürk Airport International Terminal was constructed under the Build-Operate-Transfer model in a record-breaking 22 months. The terminal went into service in January 2000 and was expanded in 2004 with the construction of an additional facility. The International Terminal now sits on an area of 268,000 square meters.

TAV Airports Holding assumed operation of the İstanbul Atatürk Airport Domestic Terminal in July 2005. With a major investment in 2006, the 25 year-old Domestic Terminal was modernized with new technological systems and underwent comprehensive renovations, including its appearance.

With its architecture, rapid passenger flow and service quality, İstanbul Atatürk Airport is not only Turkey's largest airport, but is also one of the most commended and important airports throughout Europe. In addition, Atatürk Airport's car park has the distinction of being the largest parking lot in Europe under a single roof.

TAV Airports signed a supplemental agreement with the Turkish State Airports Authority (DHMİ) for expansion of the Domestic and International Terminals of Atatürk Airport, as well as the construction of an additional outdoor parking lot. The work for this project is currently under way. With this project, the Company aims to increase passenger flow speed and provide relief for apron traffic.

Approximately 680-730 planes land and take off daily; on average, 78 thousand passengers use the airport each day. During peak seasons, daily passenger count reaches 95-100,000, with approximately 900-950 airplanes landing and taking off.

Serving the needs of approximately 300 airlines from around the world, Atatürk Airport is equipped with the most advanced aviation technology such as the automation system CUTE, which links the world's airlines to each other with common software and thus saves passengers from checking in baggage at each transfer. The baggage handling system can sort 15,000 items of baggage per hour. With the Explosive Detection System (EDS) put into service at Atatürk Airport in January 2007, every piece of baggage loaded onto the plane goes through a 100% baggage control scan.

Having acquired a "Self-Producer License" from the Energy Market Regulatory Authority (EPDK) in February 2008, the Company is preparing to produce Atatürk Airport's energy by installing a Trigeneration System. While generating electricity with this project, the heat captured with an exhausted steam recapture boiler will be used for terminal air-conditioning. These measures will provide a 25% savings in energy costs.

Operating the airport of İstanbul -meeting point of East and West, a bridge between continents and the world's window to Turkey- is a duty that demands attention to detail, discipline and hard work. Aware of its responsibility, TAV Airports works with great dedication 24 hours a day, 365 days a year, to provide fast, high-quality services to tens of thousands of people; it executes this difficult task with a high rate of success.

Operating the airport of İstanbul, Turkey's window to the world, is a duty that demands attention to detail, discipline and hard work. Aware of its responsibility, TAV Airports works with great dedication 24 hours a day, 365 days a year, to provide fast, high-quality services to tens of thousands of people; it executes this difficult task with a high rate of success.

İstanbul Atatürk Airport International Awards

- "Highly Commended Award" 2007: 13th World Route Development Forum, Routes
- "Second Best Airport" 2003: www.travelquality.com
- Europe's Most Comfortable International Terminal 2002: Deutsche Aeroconsult
- Engineering Academy Award 2002: ACEC-American Council of Engineering Companies (TAV was the first Turkish company to receive this award.)
- Safest Airport in the Middle East and Balkans 2001: Federal Aviation Administration of USA (FAA)

İstanbul Atatürk Airport

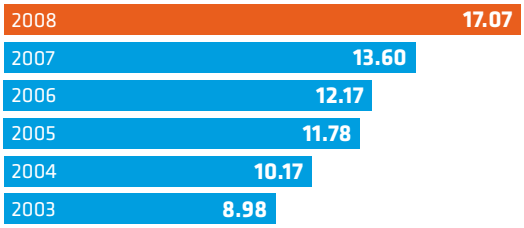
International Terminal

Duration/Expiration of operation: 15 years 6 months/ January 2021

2008 Passenger traffic: 17,069,069

2008 Commercial flight traffic: 155,390

International Terminal Passenger Traffic (million)



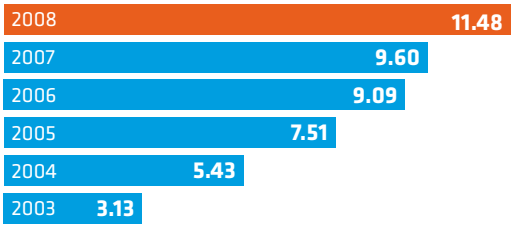
Domestic Terminal

Duration/Expiration of operation: 15 years 6 months/ January 2021

2008 Passenger traffic: 11,484,063

2008 Commercial flight traffic: 99,141

Domestic Terminal Passenger Traffic (million)



Source: Turkish State Airports Authority (DHMİ).
Note: DHMİ recently began announcing passenger traffic figures inclusive of transfer passengers. Consequently, 2008 figures are not comparable to 2007 figures.

Ankara Esenboğa Airport

The modern face of Ankara, Turkey's diplomatic gateway

After fashioning Atatürk Airport into the sector's success story, TAV Airports Holding turned its vast experience in airport operations to the Ankara Esenboğa Airport in 2006.

Esenboğa Airport, which has the distinction of being the newest and the most contemporary airport not only in Turkey, but also in Europe, represents the new and modern face of Ankara. Ankara Esenboğa Airport is also the only airport in Turkey to combine domestic and international terminals under a single roof. With a unique architectural design and the open air structure of the terminal which allows passengers easy access to their destinations, Esenboğa Airport has brought a breath of fresh air to the Turkish capital.

TAV Airports laid the foundations for the Esenboğa Airport on October 24, 2004, and completed the construction one year ahead of schedule. Constructed under the Build-Operate-Transfer model, Esenboğa Airport commenced service on October 16, 2006.

The experienced, cheerful staff of TAV Airports provides uninterrupted service to passengers at Esenboğa Airport during every stage, from the time they enter the parking lot until they board the plane.

As Turkey's diplomatic gateway, Ankara Esenboğa Airport has strategic importance.

Ankara Esenboğa Airport has a total terminal area of 182 thousand square meters, and is equipped with the latest technological security systems. Every piece of baggage that is loaded onto the plane is scanned with the Explosive Detection System (EDS) and undergoes a thorough security check. Full passenger and baggage security is ensured via these measures.

At the Esenboğa Airport Domestic and International Terminal, electricity is generated from natural gas using a cogeneration plant, while heat captured by an exhaust steam recapture boiler is used for terminal air conditioning. These measures provide a 25% savings in energy costs.

Esenboğa is the first airport in Turkey to generate its own electricity using a cogeneration plant. It is also an environmentally friendly airport, with energy and water resources management and green area planning.

Ankara Esenboğa Airport

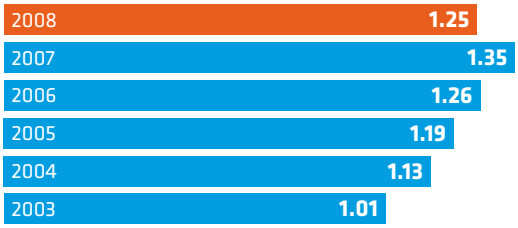
International Terminal

Duration/Expiration of operation: 16 years 7 months/ May 2023

2008 Passenger traffic: 1,247,822

2008 Commercial flight traffic: 12,198

International Terminal Passenger Traffic (million)



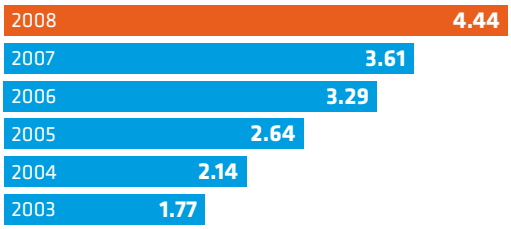
Domestic Terminal

Duration/Expiration of operation: 16 years 7 months/ May 2023

2008 Passenger traffic: 4,444,311

2008 Commercial flight traffic: 38,880

Domestic Terminal Passenger Traffic (million)



Source: Turkish State Airports Authority (DHMİ).


ESENBOĞA HAVALİMANI
TURKISH
TURKISH

İzmir Adnan Menderes Airport

The Aegean's window on the world

Adnan Menderes Airport International Terminal is a significant link in TAV Airports' distinctive, high-quality design chain. Bringing a breath of fresh air into the tourism and commerce of İzmir, which has been an important center of commerce, entertainment and culture throughout the ages, the International Terminal raised the region's relationship with the world to a completely new level.

Constructed under the Build-Operate-Transfer model and completed by TAV Airports eight months ahead of schedule, Adnan Menderes Airport International Terminal commenced service on September 13, 2006.

Sitting on 108 thousand square meters, the International Terminal brings a breath of fresh air into the tourism and commercial activity of İzmir.

Acting with a real sense of social responsibility, TAV Airports lends support to efforts toward enhancing the tourism potential of İzmir and its surrounding region. The collaboration between TAV Izmir and the Destination İzmir Promotion and Business Development Group, founded by tourism service providers from Çeşme, Kuşadası, Ephesus and İzmir, works diligently to promote İzmir and its surrounding region to the world and position İzmir as an alternative location for tourism on a global scale.

İzmir Adnan Menderes Airport International Awards

• General Directorate of State Airports Authority organized a contest for the design of the Adnan Menderes Airport International Terminal and Car Park in 1998. The winning project was implemented and placed in service by TAV Airports in 2006.

• The Adnan Menderes Airport International Terminal and Car Park project won first place among implemented structures in a contest organized by the Turkish Construction and Steelwork Association (TUCSA).

• Adnan Menderes Airport International Terminal and Car Park was deemed the winning project at the European Steel Design Awards (ECCS) ceremony held in Luxembourg in 2007.

• İzmir Adnan Menderes Airport International Terminal won the "Special Environmental Award" in 2008 given by the Aegean Region Chamber of Industry (EBSO).

Raising the Aegean region's relationship with the world to a completely new level, Adnan Menderes Airport International Terminal is a significant link in TAV Airports' distinctive, high-quality design chain.

İzmir Adnan Menderes Airport

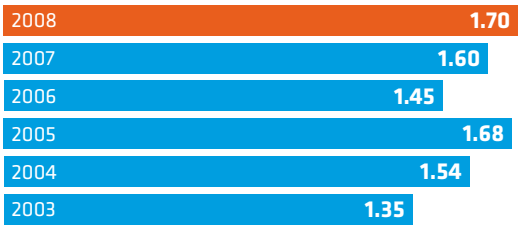
International Terminal

Duration/Expiration of operation: 8 years 4 months/ January 2015

2008 Passenger traffic: 1,697,407

2008 Commercial flight traffic: 13,192

International Terminal Passenger Traffic (million)



Source: Turkish State Airports Authority (DHMİ).

Antalya Gazipaşa Airport

The new transportation center of the Eastern Mediterranean

TAV Airports Holding was awarded the bid for operation of the Antalya Gazipaşa Airport in August 2007; a significant step in its objective of continual growth and development. The airport has been leased to TAV Airports for 25 years, pursuant to the contract signed on January 4, 2008.

TAV Airports Holding broke new ground in Gazipaşa, a municipality of Antalya, a tourism capital of Turkey. Antalya Gazipaşa Airport is the first domestic airport that TAV Airports Holding will be operating in its entirety, except for air traffic control services. With 2,144 square meters of terminal area, Antalya Gazipaşa Airport is expected to be completed in 2009. With an annual capacity of 500,000 passengers within its existing infrastructure, Antalya Gazipaşa Airport is to become the new transportation center of the Eastern Mediterranean.

TAV Airports Holding is seeking to employ its experience and expertise in airport operations gained from the Antalya Gazipaşa Airport toward building and improving boutique airports in Turkey and its surrounding region. This is expected to create new international flight destinations. By expanding the existing runway, the Company is aiming to transform the Gazipaşa Airport into an international center serving Alanya and its surrounding region.

Antalya Gazipaşa Airport

Operation duration: 25 years (after the acquisition of the operation license)

TAV Airports Holding is seeking to employ its experience and know-how in airport operations gained from the Antalya Gazipaşa Airport toward building and improving boutique airports in Turkey and its surrounding region. This is expected to create new international flight destinations.

Georgia, Tbilisi International Airport

A strategic and respected company in the heart of the Caucasus

TAV Airports took one of the most important steps toward developing its vision of becoming a regional player with the Tbilisi International Airport. TAV Airports Holding acquired the right to operate the Tbilisi International Airport for 20 years, the Company's first project abroad.

Located in the capital of Georgia, which is expected to become a significant bridge between Europe and Asia in the near future, Tbilisi International Airport has been operated by TAV Urban Georgia LLC. (TAV Georgia) since October 31, 2005. The new passenger terminal, constructed by TAV Georgia, commenced service on February 7, 2007, and prepared the airport for its future strategic requirements. The Tbilisi International Airport is not only the main entrance and exit point of the capital, a city of 1.5 million people, but of the country as well.

At the Tbilisi International Airport, TAV Airports Holding employed its experience in the aviation sector to accelerate the development of Georgia's civil aviation sector and contribute to the Georgian economy. All operations inside and outside the terminal, ground handling services, duty free, as well as regular retail shops and catering services, are administered by TAV Airports with a comprehensive and integrated approach.

The Tbilisi International Airport Terminal is a product of contemporary and functional design, equipped with advanced technology. The terminal was designed to provide the best route for passengers and their baggage from the parking lot to departure. In addition, its flexible architectural structure allows for expansion in the future without interruption of operations. With its functional contemporary spaces, the terminal building is equipped with the most advanced systems, with a special focus on passenger comfort and efficiency of terminal operations. The Tbilisi International Airport provides safe landings and takeoffs and maneuvering space for aircraft with an expanded runway and recently built apron areas and taxi routes.

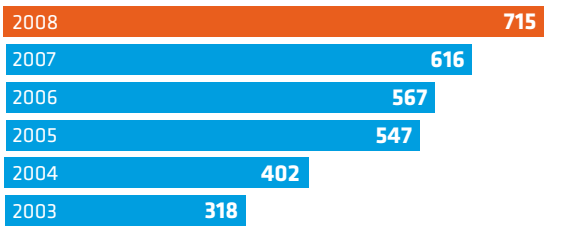
Tbilisi International Airport

Duration/Expiration of operation: 20 years/ February 2027

2008 Passenger traffic: 714,976

2008 Commercial flight traffic: 14,494

Passenger Traffic (thousand)



Source: Georgia Civil Aviation Authority.

At the Tbilisi International Airport, TAV Airports Holding's first project abroad, all operations inside and outside the terminal, ground handling services, duty free, as well as regular retail shops and catering services, are administered by TAV Airports with a comprehensive and integrated approach.

Georgia, Batumi International Airport

Second TAV signature in Georgia

Operating the Tbilisi International Airport since 2005, TAV Airports continued its investment in the region, assuming the operation of the Batumi International Airport on May 26, 2007.

With its new runway, taxi route, apron and terminal building, Batumi International Airport is under operation by TAV Batumi Operations LLC. Batumi is the tourism and commerce center of Georgia, thanks to its location on the Black Sea coast.

A first in the region, Batumi International Airport became an airport used jointly by Turkey and Georgia. This cooperation plays a significant role in the development of the region, as well as reinforcing strong ties between the two countries.

Batumi International Airport caters to its customers' needs with advanced technology and functional design. The airport's flexibility allows future expansion for anticipated growth in passenger traffic.

Batumi International Airport

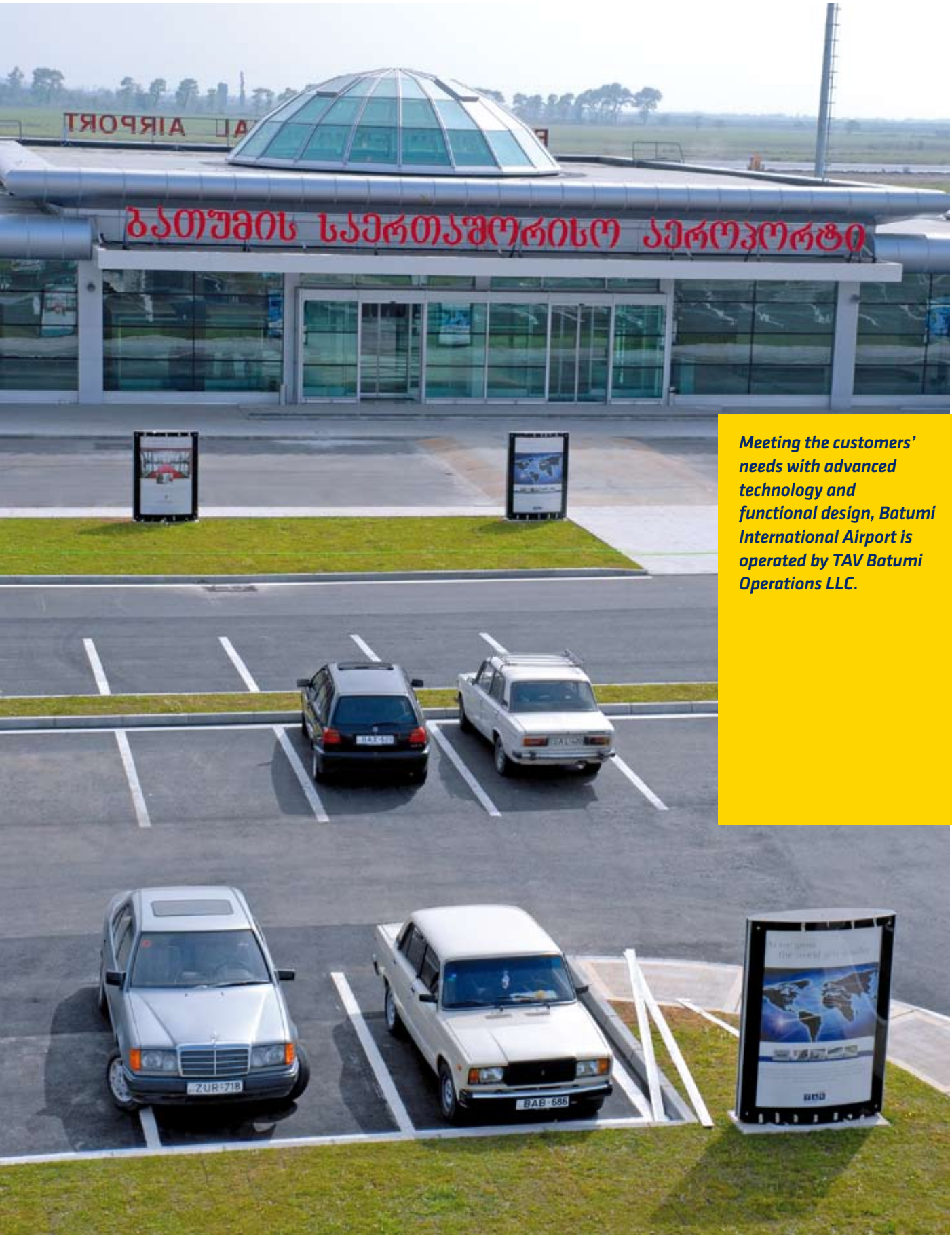
Duration/Expiration of operation: 20 years/ February 2027

2008 Passenger traffic: 81,068

2008 Commercial flight traffic: 1936

Passenger Traffic

Source: Georgia Civil Aviation Authority.
** For the period of May 26-December 31.*



Meeting the customers' needs with advanced technology and functional design, Batumi International Airport is operated by TAV Batumi Operations LLC.

Tunisia, Monastir Habib Bourguiba International Airport

Introducing our service quality to North Africa

TAV Airports Holding added yet another site to its airport projects abroad with the Monastir Habib Bourguiba International Airport, located in Tunisia, the tourism center of North Africa. It began operations on January 1, 2008. The Company will operate the Monastir Habib Bourguiba Airport for 40 years.

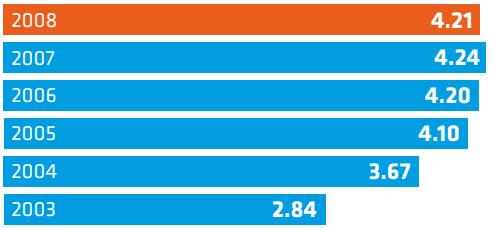
Located only two hours away from many capitals in Europe, Tunisia's Monastir Habib Bourguiba International Airport catered to 4.2 million international passengers in 2008, although its passenger capacity is 3.5 million. In 2008, approximately 33,000 flights landed in and took off from the Monastir Habib Bourguiba Airport. Its cargo capacity reached 900 tons. Monastir Habib Bourguiba International Airport has a terminal usage area of 28,000 square meters, and a seating area of 18,000 square meters.

All operations at this airport, except for air traffic control, are being administered by TAV Tunisie SA (TAV Tunisie), a wholly-owned subsidiary of TAV Airports Holding.

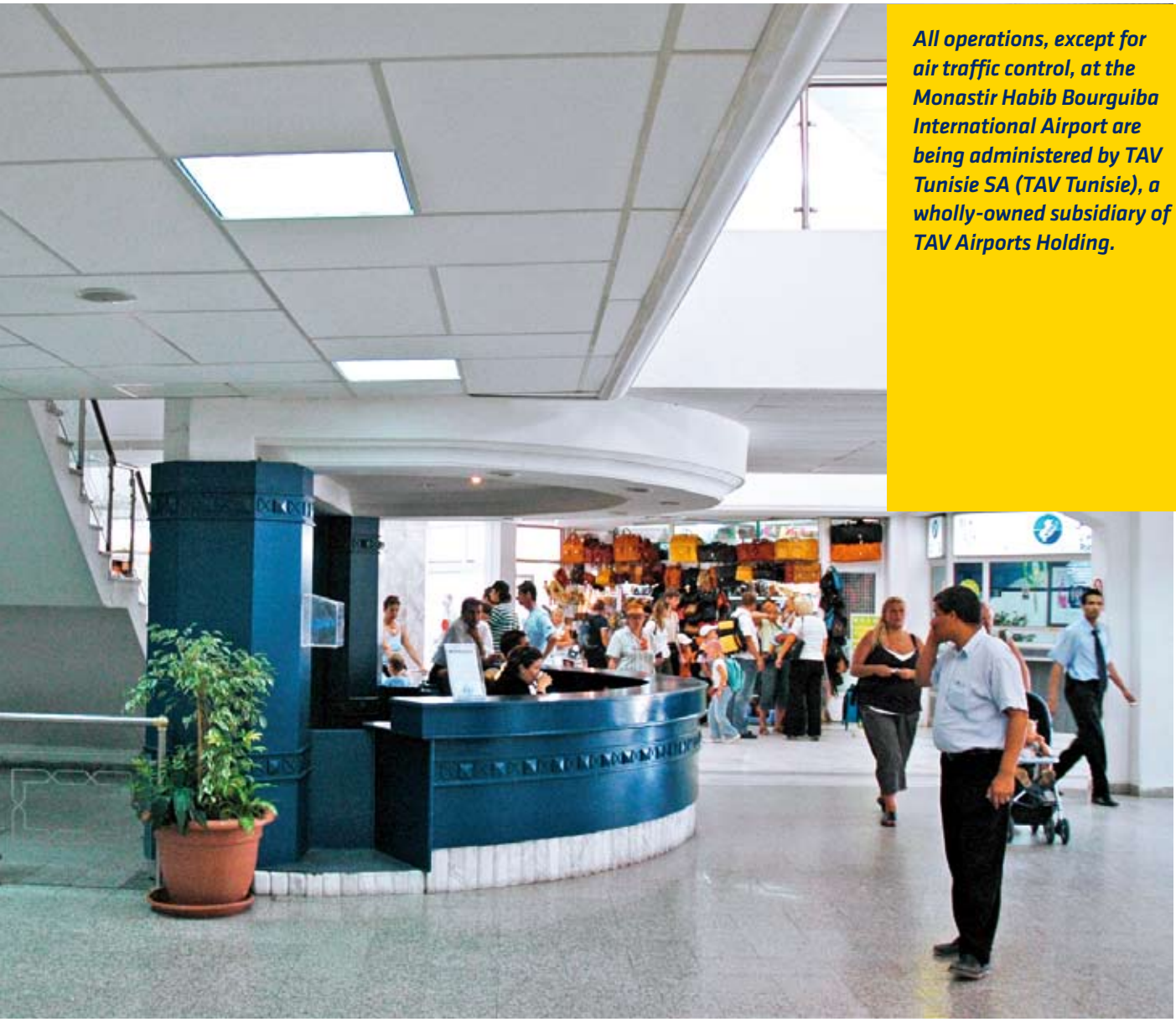
Monastir Habib Bourguiba International Airport

Duration/Expiration of operation: 40 years/May 2047
2008 Passenger traffic: 4,210,271
2008 Commercial flight traffic: 33,579

Passenger Traffic (million)



Source: Tunisian Civil Aviation and Airports Authority (OACA).



All operations, except for air traffic control, at the Monastir Habib Bourguiba International Airport are being administered by TAV Tunisie SA (TAV Tunisie), a wholly-owned subsidiary of TAV Airports Holding.

Tunisia, Enfidha Zine El Abidine Ben Ali International Airport

A new bridge between Turkey and Tunisia

TAV Airports Holding is planning to commence service at the Enfidha Zine El Abidine Ben Ali International Airport in 2009. Currently under construction, the Enfidha Zine El Abidine Ben Ali International Airport will be operated by TAV Tunisie SA until May 2047.

TAV Airports is planning to transform the Enfidha Zine El Abidine Ben Ali International Airport into one of the most important flight centers in Africa. Located 60 kilometers from the Monastir Habib Bourguiba International Airport, the Enfidha Zine El Abidine Ben Ali International Airport will initially have an annual passenger capacity of seven million. Passenger capacity will progressively reach 22 million after four stages of work are completed throughout the duration of operation.

The airport will be built on an area covering 4,300 hectares, and the terminal building in the first stage will encompass 90,000 square meters. The Enfidha Zine El Abidine Ben Ali International Airport project consists of a new terminal building with an outdoor parking area, a runway, apron and taxi routes, as well as service buildings. TAV Airports Holding group companies (e.g. ATU, BTA, Havas, TAV O&M) also plan on operating at the Enfidha Zine El Abidine Ben Ali International Airport.

Enfidha Zine El Abidine Ben Ali International Airport
Duration/Expiration of operation: 40 years/May 2047

TAV Tunisie SA International Awards

• With the Enfidha Zine El Abidine Ben Ali International Airport currently under construction, TAV Tunisie was granted the "Developer of the Year" award at the "Infrastructure Awards 2008" ceremony by Africa Investor, a company that provides primary data sources to governments and the private sector on investments undertaken in Africa. In the same competition, TAV Tunisie and TAV Airports Holding were finalists in the categories of "Public-Private Champion of the Year" and "Sponsor of the Year" respectively.

• With its financing model, TAV Tunisie won the "Deal of the Year 2008 - Project Finance of the Year" award from Euromoney Project Finance magazine.

Currently under construction, and planned to commence service in 2009, the Enfidha Zine El Abidine Ben Ali International Airport will be one of the most important flight centers in Africa.

Macedonia, Skopje Alexander the Great International Airport

TAV Airports expands into the Balkans via Macedonia

Taking an important step in the target region of Europe, TAV Airports Holding assumed operation of the Macedonian capital's Skopje Alexander the Great International Airport. Operating the airport in the capital of Macedonia, expected to join the European Union soon, is a significant step for TAV Airports. In 2008, approximately 650 thousand passengers traveled through this entryway of Macedonia, with its strategic location and 500-year-old historic ties with Turkey. TAV Airports has planned a modernization project at the Alexander the Great International Airport, which includes the airport's technical infrastructure. This modernization project aims to enhance the commercial and tourism potential of Macedonia, a symbol of ethnic diversity- and its capital Skopje- while increasing the airport's passenger traffic.

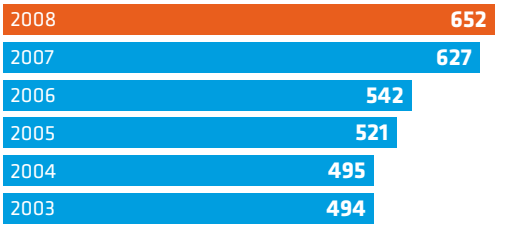
Skopje Alexander the Great International Airport

Duration of operation: 20 years

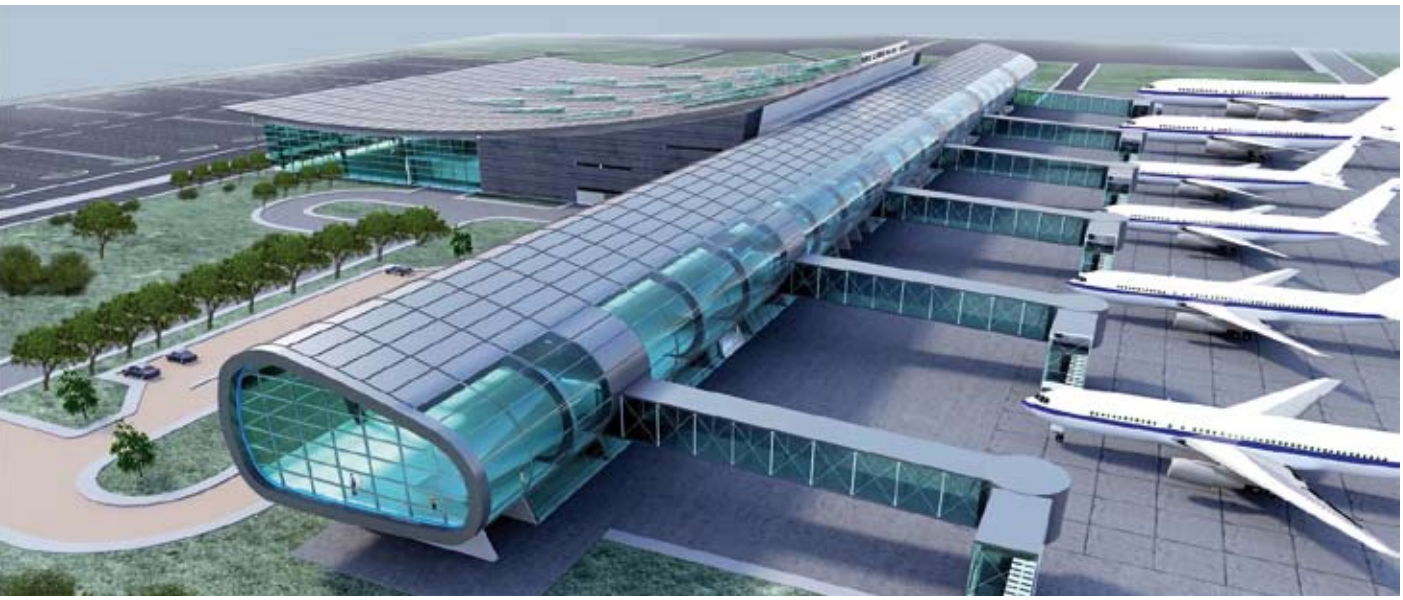
2008 Passenger traffic: 652,292

2008 Commercial flight traffic: 13,269

Passenger Traffic (thousand)



Source: JSC Airports of Macedonia.



Operating the airport of the capital of Macedonia, which is expected to join the European Union soon, is a significant step for TAV Airports.

Macedonia, Ohrid St Paul the Apostle International Airport

TAV Airports takes charge of the entryway of Ohrid, Macedonia's tourism hotspot

Ohrid, one of Macedonia's tourist destinations, is a classic Mediterranean city. Famous for its historic and natural sights, as well as the lake it is named after, this small city was added to UNESCO's list of important world cities.

TAV Airports will operate the St Paul the Apostle International Airport for 20 years. TAV Airports is targeting growth in passenger traffic and airlines at this airport. To this end, the Company is planning to undertake a modernization project, including the airport's technical infrastructure.

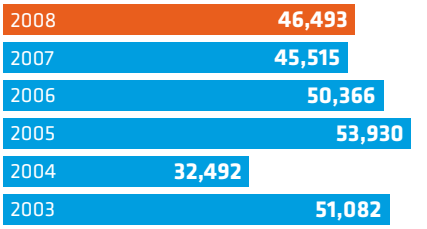
Ohrid St Paul the Apostle International Airport

Duration of operation: 20 years

2008 Passenger traffic: 46,493

2008 Commercial flight traffic: 1,020

Passenger Traffic



Source: JSC Airports of Macedonia.

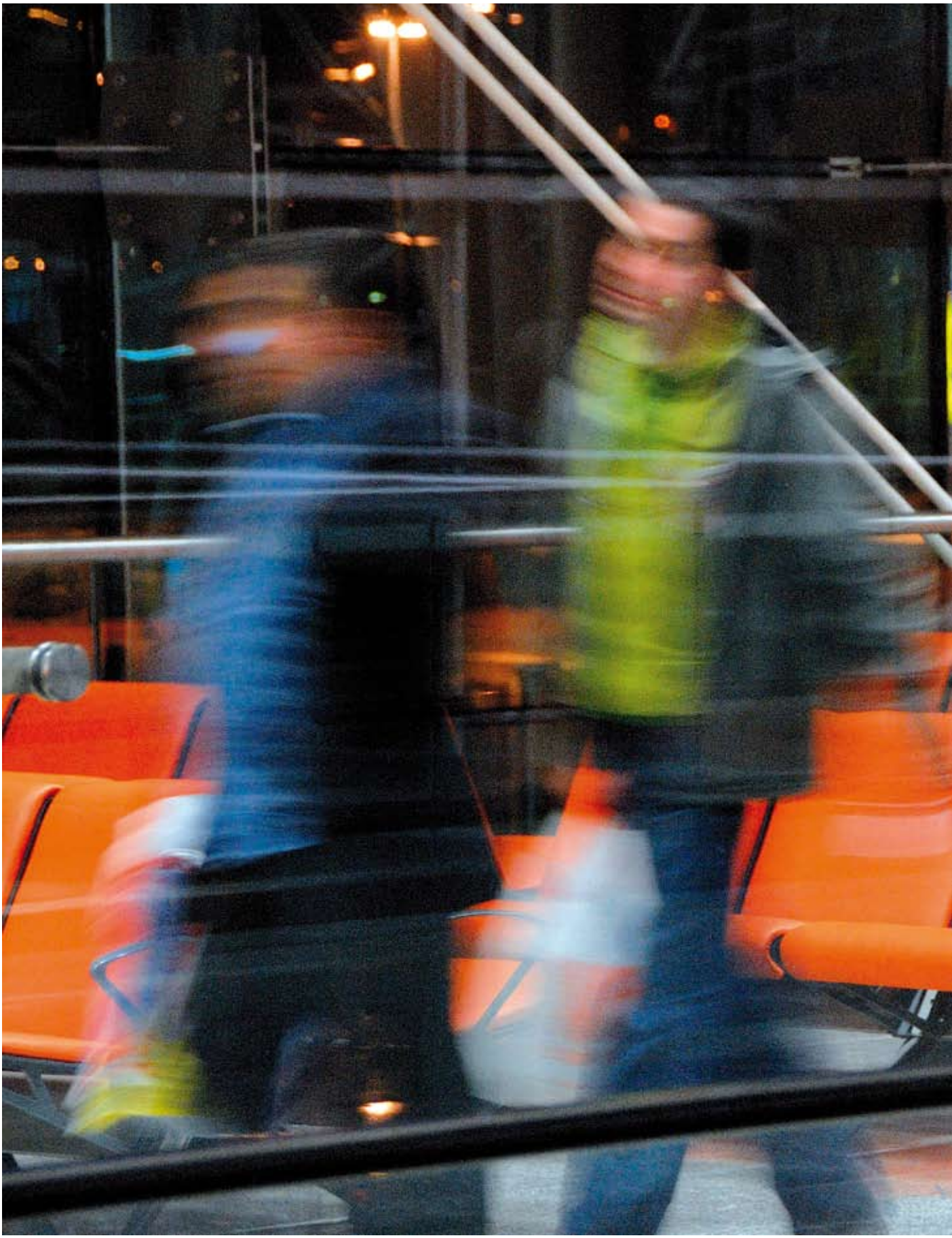
Macedonia, Shtip Cargo Airport

Macedonia's new cargo hub

The New Cargo Airport in Shtip, for which TAV Airports Holding retains the rights to operate, is expected to enhance commerce in the country, as well as in the region.

Shtip Cargo Airport

Duration of operation: 20 years



2008
ACTIVITIES

SERVICE COMPANIES

Ground Handling: Havas

Turkey's oldest ground handling services company

Through its subsidiary Havas, TAV Airports Holding delivers exceptional service in ground handling within the scope of airport operations.

Havaalanları Yer Hizmetleri A.Ş. (Havas) is Turkey's first and largest ground handling services company, currently serving 18 airports. Havas was founded as a state enterprise in 1933 to provide ground handling and catering services to airlines. The Company's catering services division was spun off as a separate company in 1987, whereas the ground handling services division continued its operations under the Havas name as the most experienced ground handling services company in Turkey.

Havas was privatized in 1995 as the first, and most successful, privatization in Turkey. In 2005, 60% of Havas was acquired by TAV Airports, whereas the remaining shares of Havas were acquired in 2007. As a result, Havas became a wholly-owned subsidiary of TAV Airports Holding.

TAV Airports Holding's ground handling services company Havas has received many awards from the world's leading airline companies. Havas provides world-class quality service with its equipment park and technological infrastructure.

Havas provides passenger and baggage transactions, ramp and aircraft cleaning, load control and communications, cargo, flight operation, transportation, representation and monitoring services. The Company provides ground handling services at the İstanbul Atatürk, Ankara Esenboğa, İzmir Adnan Menderes, Adana, Antalya, Bodrum, Dalaman, Gaziantep, Trabzon, Kayseri, Nevşehir, Batman, Konya, Sivas, Adıyaman, Şanlıurfa, Elazığ and Muş airports. Havas has an extensive portfolio of over 200 airlines, serving scheduled as well as chartered flights.

In an attempt to deliver better, higher quality and faster service to its customers, Havas also provides import warehousing services. Its warehouse capacity is approximately 700 tons per day.

Havas has also operated the Hopa Passenger Terminal since December 2007. The Hopa Terminal is connected to the Batumi International Airport, operated by TAV Airports Holding. Hopa Terminal provides an easy travel option to the Eastern Black Sea region due to its proximity to the area.

Havas provides passenger transportation services between the airport and the city center at the İstanbul Atatürk, İstanbul Sabiha Gökçen, Ankara Esenboğa, İzmir Adnan Menderes, Antalya, Bodrum, Dalaman, Malatya, Samsun, Hatay, Gaziantep, Konya, Hopa and Şanlıurfa airports, as well as parking services at the Bodrum Airport.

Havas International Awards

- The İzmir Adnan Menderes Airport was deemed the best of the summer season in 2007 and 2008 from among the countries served by British Airways.
- SAS Norge Airlines 2007: "Excellence Award"
- TÜV 2004: "World's Best Quality Management Award"
- KLM Royal Dutch Airlines 2004: "5 Crown Award"
- British Airways 2004: "One of the three best ground handling services received by British Airlines"
- First Choice Airlines 2004: "World's Best Ground Handling Company" (Havas ranked first for its services in Dalaman, and second for its services in Bodrum.)
- First Choice Airlines 2003: "World's Best Ground Handling Company"
- KLM Royal Dutch Airlines 2002: KLM Royal Dutch Airlines' second largest award "4 Crown"
- Privatization Administration 2000: "Best Privatization Certificate"

TAV Airports Holding's ground handling services company Havas has received many awards from the world's leading airline companies. Havas provides world-class, quality service with its equipment park and technological infrastructure.

Certifications

- ISO:9001: 2008 Quality Management System
- OHSAS 18001: 2007 Occupational Health and Safety Management System
- ISO 14001: 2004 Environmental Management System

Subsidiaries

Cyprus Airport Services (CAS) Ltd.
A 50-50 partnership of Cyprus Turkish Airlines and Havas, CAS has been providing ground handling services at the Ercan Airport since December 2008.

TAV Gözen
Founded by Havas, Gözen Aviation and Türkmen Aviation in June 2008 to provide hangar services to private jets at İstanbul Atatürk Airport, TAV Gözen Havacılık ve Ticaret A.Ş. is expected to commence operation in the second half of 2009. Havas is a 32.4% shareholder of the Company.

Turkish Ground Services
Turkish Airlines established Turkish Ground Services as an extension of its philosophy of organizing and providing ground handling services as a separate company. Havas won the bid to select the ground handling services company that will become part of this Company, held on November 28, 2008, and became a 50% shareholder in the Company.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TAV O&M

A contemporary, unlimited and integrated service approach

Since 2004, TAV Airports Holding has been providing customer-oriented service at airports via TAV O&M, which is a product of the Company's professional, dynamic and innovative policies.

TAV O&M is in charge of providing services such as area allocation, business development with new commercial activities, marketing of advertisement and promotion areas, as well as delivering unique and customer satisfaction-oriented services at the airports. In light of the "value creation" principle that is a major link in TAV Airports Holding's value chain, TAV O&M serves passengers through many unique and value-added services, including consultancy services regarding commercial activities at the airports, Havas Tourism & Travel Agency and "prime class" CIP passenger service. These unprecedented services, used every year by millions of people visiting the airport, are a product of the Company's "people-oriented" management approach. It is also the basis of its customer policy, as is the teamwork of the Company's young staff of highly qualified professionals.

Select Offices and Retail Shops

TAV O&M allocates offices and retail shops to distinguished companies from Turkey, as well as around the world, to cater to their needs at the airports. In the process, TAV O&M also allows passengers easy access to select retail outlets in many areas.

Advertisement Areas Geared Towards Target Audiences

Visited by tens of thousands of people daily, airports are a major channel for advertisement campaigns, enhancing brand prestige.

TAV O&M is in charge of marketing advertisement and promotion areas. Taking into account the circulation areas of passengers and visitors in the positioning of advertisement channels, TAV O&M chooses the best locations for effectively reaching target audiences. As a result of this detailed positioning process, companies choose many different areas at the Company's airports in order to increase their brand recognition or inform passengers of a new campaign. The widely preferred areas for placing advertisements are check-in areas, catering areas, aircraft bridge zones, duty free areas, passport-baggage claim areas, meeting areas and parking lots.

Personal Services: "primeclass" CIP Service

Designed by TAV Airports to provide world-class service to passengers who demand niche service, "primeclass" CIP Service was launched at the end of 2001. Since the day it commenced service, "primeclass" CIP Service has been offering a world of privileged service to special clients of TAV Airports.

Designed for busy, time-strapped passengers who seek comfort and stress-free travel, "primeclass" CIP Service saves time, simplifies all flight transactions, eliminates pre- and post-flight stress and provides luxury with services that make a difference.

Offered in two categories as Prime Pack and Prime Select, "primeclass" CIP Service simplifies the lives of passengers, regardless of which airline they are flying with, before and after the flight, every step of the way at the İstanbul Atatürk and Ankara Esenboğa Airports in Turkey, and Tbilisi and Batumi International Airports in Georgia. Passengers who prefer the privileged world of "primeclass" CIP Service can relax away from the crowds in our "primeclass" CIP lounges specially designed for comfort and quality at domestic and international

TAV O&M serves passengers with many unique and value-added services, including consultancy services regarding commercial activities at the airports, Havas Tourism & Travel Agency, as well as "prime class" CIP passenger service.

terminals. Accompanied by a professional assistant at many points, "primeclass" CIP Service guests enjoy the privilege of being "primeclass" every step of the way.

"primeclass" CIP Service also offers service to companies that prefer to provide their frequent-traveler and special guests with special facilities at the airports. By collaborating with "primeclass" CIP Service, these companies can host their guests in lounges operated especially for them.

Luggage wrapping is yet another service offered by "primeclass" CIP Service. The baggage wrapping machines located in the airports allow passengers to wrap their baggage and parcels with stretch film, which facilitates safer transportation and less wear and tear.

Havas Tourism & Travel Agency

Founded with the assurance of TAV O&M under the corporate umbrella of Havas, the ground handling company with deep roots in Turkey, Havas Tourism & Travel Agency provides services as an A-Class travel agency.

Combining the strength of its parent company TAV Airports with its own energy, Havas Tourism & Travel Agency has become one of the best known brands in the tourism sector in short order.

Aiming primarily to provide special services to its clients and make them feel privileged, Havas Tourism & Travel Agency accommodates all of its guests with excellent service in the trips that it plans. Havas Tourism & Travel Agency's greatest goal is to provide its clients with the value they deserve and become their first preference. Havas Tourism & Travel Agency generates innovative, creative and out-of-the-ordinary services for its retail and corporate clients through harmonious collaboration with many international tourism and travel companies.

Havas Tourism & Travel Agency is a member of many domestic and international associations, including IATA, TURSAB, ASTA, MPI, UFTAA and SITE.

Magazine of Distinguished Readers: The Gate

The Gate allows TAV Airports to reach a broad audience. Reaching almost everyone visiting our airports, The Gate is among Turkey's highest circulation magazines. A magazine that is making a difference with its distinguished readership, The Gate is now available to its readers on the Internet.


primeclass
CIP Service

ATU

Duty free areas

Duty free areas are an inseparable part of airports. TAV Airports offers duty free shopping services at İstanbul Atatürk, Ankara Esenboğa, İzmir Adnan Menderes Airports, as well as at Tbilisi and Batumi International Airports via ATU, which is a joint venture of TAV Airports Holding and Unifree. ATU offers passengers the opportunity to shop for over 40,000 products in 39 outlets from among the world's most famous brands at attractive prices, in a total area of 10,292 square meters.

ATU began operating the duty free shops following the commencement of operations at İstanbul Atatürk Airport. In 2006, when TAV Airports began operating the new international terminals of İzmir Adnan Menderes and Ankara Esenboğa Airports under the "Build-Operate-Transfer model," ATU added these two airports to its operations. At the beginning of 2007, Tbilisi International Airport, the first overseas project of TAV Airports, and Batumi International Airport joined the operations area of ATU. ATU also aims to provide its services at the Enfidha Zine El Abidine Ben Ali International Airport in Tunisia that will commence operation in 2009.

As the operator of the largest duty free shops in Turkey, ATU offers pre-ordering service on its website, which allows passengers to pick up their orders immediately, thus saving time at the airports.

ATU was judged the second best Duty Free operator in the world in 2000 by Frontier Magazine. Aiming to provide service at world standards, ATU continuously expands its product portfolio. Within the framework of TAV Airports' goal of constantly improving service quality, all shops at Atatürk Airport were renovated in 2007. Launched in December 2007, ATU's new shops were granted the "Best New Shop Opening" award at the Global Awards organization of Duty Free News International (DFNI).

At the "Dream Store" ACI Airport Business & Trinity Forum organized in April 2008, ATU İstanbul Atatürk Airport won First Place as "Best Implementation" for its shop implementations in the tobacco category. In October 2008, ATU received yet another award at the Frontier Awards night, considered the Oscars of the Duty Free industry, as the "Most Successful Special Retail Concept of the Year" for the Old Bazaar Shop designed with the "Grand Bazaar" concept at the İstanbul Atatürk Airport.

Duty Free Area Served by ATU Airport	Square Meters (m^2)
İstanbul Atatürk Airport	5,336
Ankara Esenboğa Airport	2,240
İzmir Adnan Menderes Airport	2,353
Tbilisi International Airport	294
Batumi International Airport	68

A joint venture of TAV Airports Holding and Unifree, ATU gives passengers the opportunity to shop for over 40,000 products in 39 outlets from among the world's most famous brands at attractive prices, in a total area of 10,292 square meters.

BTA

A rich menu of world cuisine

At the airports operated by TAV Airports Holding, BTA offers passengers high-quality and healthy foods that comply with international food standards with the comfort and safety-oriented contemporary service approach of TAV Airports.

A 66.66% owned subsidiary of TAV Airports Holding, BTA offers catering services via cafes, bars, restaurants, passenger lounges and kiosks 24 hours a day for passengers from many different countries and cultures.

Combining a rich menu selected from the cuisines of the world -with traditional Turkish hospitality- BTA caters to an average of 24 thousand people daily. With a seating capacity for 10,500, BTA offers its customers quick, meticulous service at the airports in which it operates.

Sharing the extensive vision of TAV Airports, BTA expanded beyond the boundaries of the airports it operates in, and is on its way to becoming an international brand in the catering sector. The most important steps in this direction are the ISO 9001:2000 Quality Management System certificate, as well as the ISO 22000: Food Safety Management System certificate, an indicator of 100% food safety and flawless food production in the food production sector; both of which BTA has received.

In 2007, BTA Catering Services registered a major accomplishment by winning the International Tourist, Hotel and Food Industry Award, which has 40 candidate country participants and is organized each year by the Trade Leaders' Club, whose members include world tourism sector leaders.

Cakes&Bakes

In recent years, Turkish consumers have been increasingly getting in the habit of dining out, and catering professionals active on a global scale increased their presence in Turkey. Founded in 2006 by BTA in order to meet the need for companies to produce food according to high standards, and arising as a direct consequence of these recent developments, Cakes&Bakes is now a supplier to world-renowned fast food and coffee house chains. Producing bread, cakes, pastry products, sandwiches and salads in its five-story, 3,000 square-meter building in İkitelli, Cakes&Bakes supplies 200 stores of internationally known food and beverage chains throughout Turkey, as well as the units at the airports where BTA operates. With a production capacity of 1 million units per month, Cakes&Bakes is awaiting food enthusiasts with a wide array of delicious selections at the Cakes&Bakes cafes it has launched at the airports where BTA provides catering services.

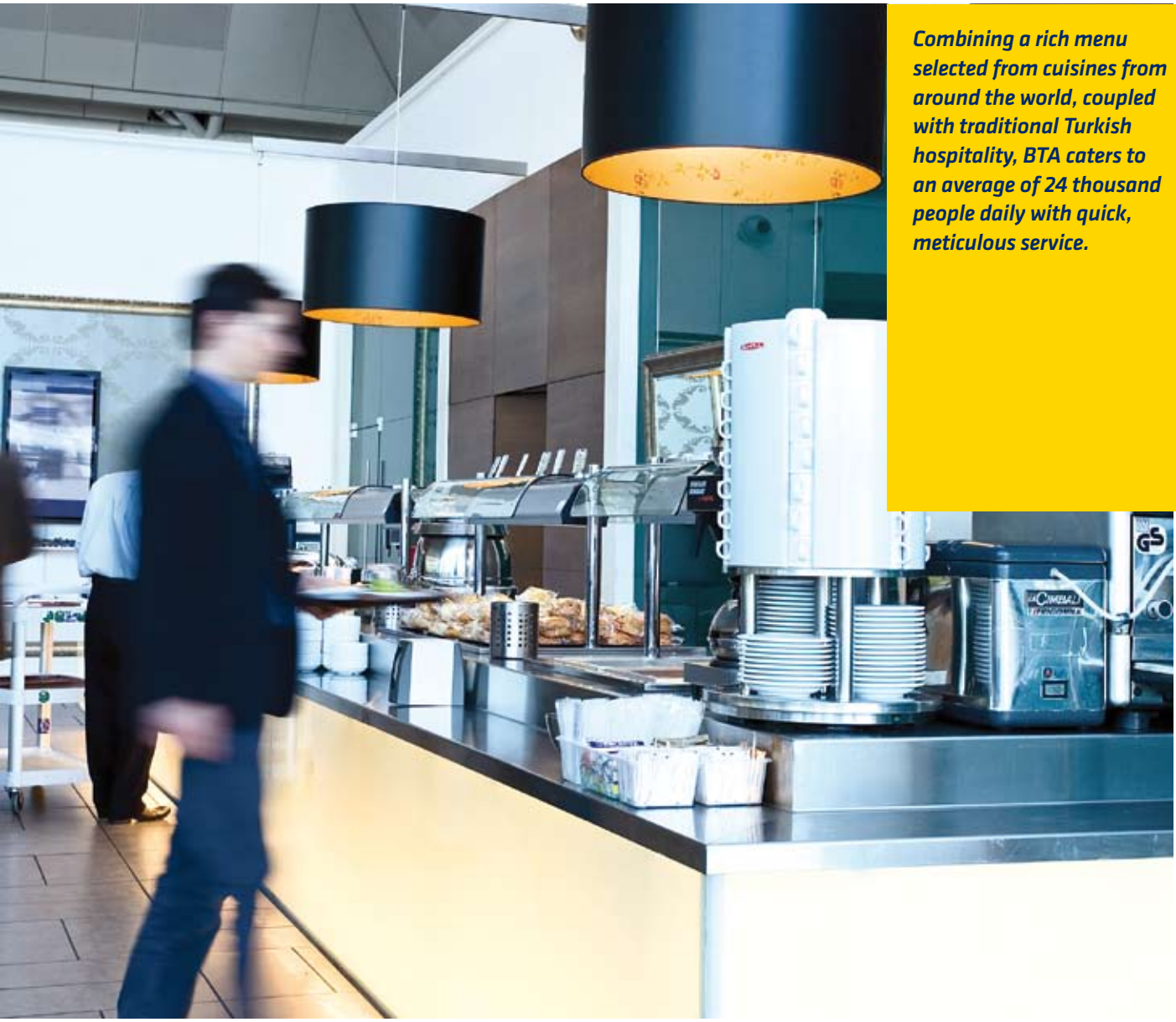
Home Comfort at the Airport: İstanbul International Airport Hotel

Airport hotels are designed to provide the fastest and most comfortable service to passengers. Like almost all the leading airports in the world, İstanbul Atatürk Airport has an elegant hotel designed for the comfort and convenience of passengers. İstanbul International Airport Hotel provides its customers with all the comforts of a home away from home.

Offering luxurious accommodations, İstanbul International Airport Hotel is operated by BTA, a TAV Airports company. İstanbul International Airport Hotel consists of an air side and a land side. There are 64 rooms on the land side, and 21 rooms on the air side. With the convenience and comfort of passengers in mind, all rooms are equipped with a screen showing flight details, a music system, internet access and a mini bar.

As part of the unlimited service approach of TAV Airports, hourly accommodations, in addition to daily accommodations, are offered in the air side rooms. Located under the same roof as the airport, the Hotel offers practical and comfortable services for passengers on their own terms.

İstanbul International Airport Hotel meets all the needs of businessmen and companies, including dinner and meeting organization, thanks to its expansive meeting area. Airport Hotel meeting rooms serve guests with Turkish hospitality, healthy products, high-quality service and a selection of delicious menus.



Combining a rich menu selected from cuisines from around the world, coupled with traditional Turkish hospitality, BTA caters to an average of 24 thousand people daily with quick, meticulous service.

TAV IT

High-tech, integrated airport solutions

With the products it develops, using know-how as well as staff specialized in the aviation sector and technological solutions, TAV IT strives to rid airport operations of complicated transactions, while also reducing costs and enhancing service quality. Operational management is simplified by minimizing personnel involvement in the transactions.

Within this framework, TAV IT launched two important scale-based solutions on operational magnitudes of airports: the Airport Business Suite (ABS) and Flight Information Display System (FIDS).

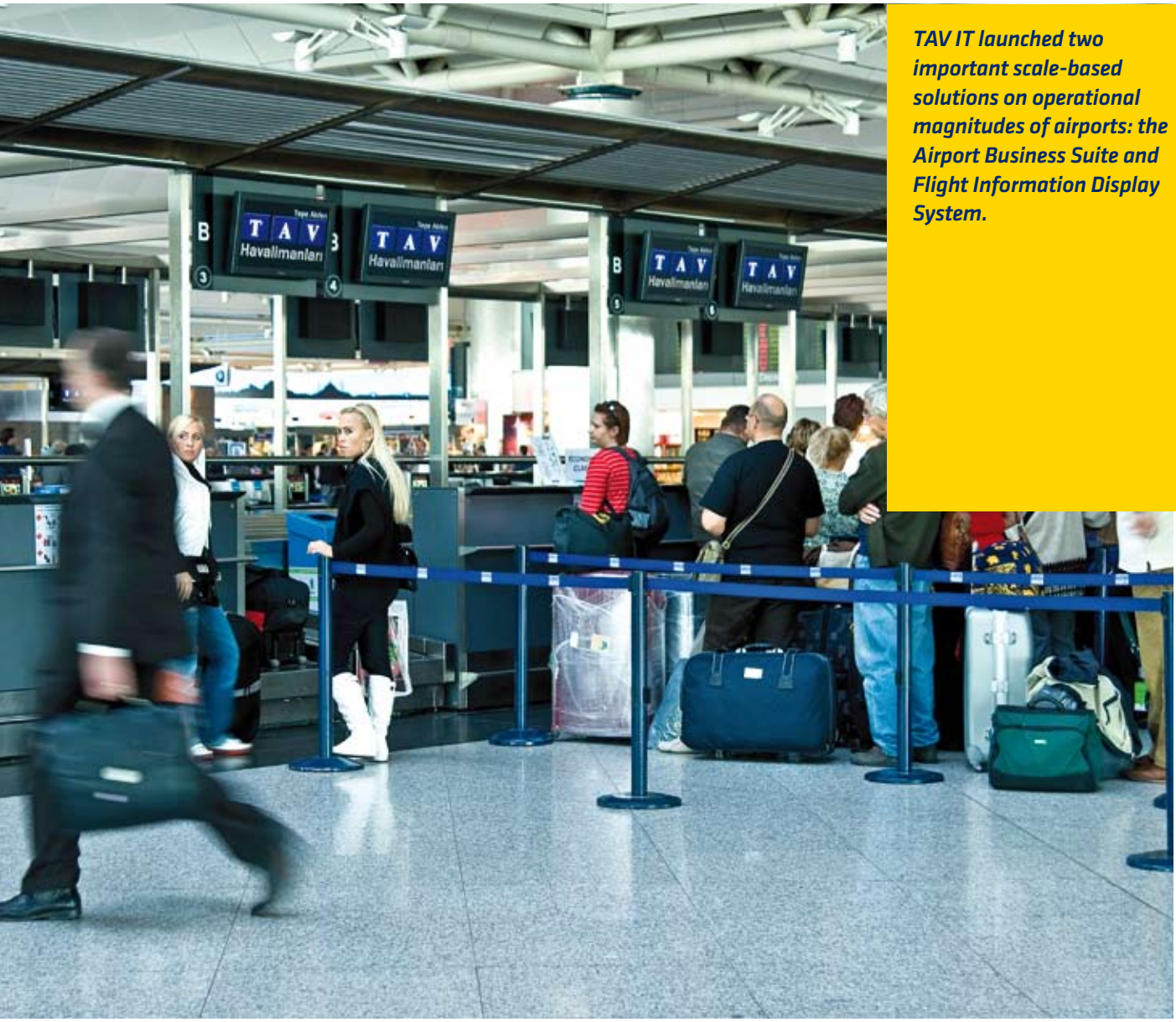
ABS allows information flowing from the systems installed at the airport to be organized according to flights, and to be centrally managed through real time data transfer to related points. As a result, all operational and financial transactions are structured around proven business processes, while being interpreted and managed in the best possible way. In addition, ABS allows complete recording of all services provided throughout the airport and reimbursement for these services with short billing cycles. The product was successfully installed at the İzmir Adnan Menderes Airport in 2006, at the Ankara Esenboğa Airport, Tbilisi Airport, İstanbul Sabiha Gökçen Airport and İstanbul Atatürk Airport in 2007, and at the Monastir Habib Bourguiba Airport in 2008.

With its extensive scope and smart elements, FIDS allows immediate and error-free distribution and posting of flight information, with minimal network utilization, thanks to its event-driven architecture. Thanks to its multimedia support, the system allows posting of non-flight related information such as advertisements, logo and real time weather information on the information monitors alongside flight information. FIDS has a leading and competitive market position thanks to its rich array of elements including the flight announcement system, flight search and listings by phone, SMS-based flight information system and web-based information posting services. The FIDS product is a solution that provides real financial value-added as well as flight information. The System was successfully installed at the İzmir Adnan Menderes Airport and Ankara Esenboğa Airport in 2006, at the Tbilisi, İstanbul Sabiha Gökçen and Batumi Airports in 2007, and at the Monastir Habib Bourguiba Airport in 2008.

In addition to these products, the Company is aiming to facilitate the most effective management of fixed and mobile resources, as well as human resources, at the airports with the Resource Management System (RMS), currently under development. The need to manage resources in real time as well as to provide concrete value-added service to operational costs brought to light the requirement of this product to be developed as a decision support tool. Designed to work in a harmonious, integrated manner with the ABS and FIDS products, which have also been developed by TAV IT, RMS is being equipped with complex modeling and optimization capabilities in order to meet these criteria. The Company has therefore established long-term collaborations within academic circles.

Oracle e-Business Suite, another important product offered by TAV IT, is used by four airports, TAV O&M, TAV Gözen, TAV Construction, TAV Private Aviation, TAV Investment Holding, as well as TAV Airports Holding internally in Turkey, and by TAV Cairo and TAV Tunisie airports abroad, in Turkish, English and French.

In 2008, following the first version of the Oracle e-Business Suite -consisting of Accounting and Logistics processes -the Oracle e-Business Suite was expanded to include financial processes support functions such as Treasury Management, Budget Realizations, Consolidation Reporting Infrastructure, and Risk Reporting. As a result, TAV IT documented the Company's cultural structure with process maps and procedural implementation books, and thus executed its duty of protecting information and transferring it to future generations.



TAV IT launched two important scale-based solutions on operational magnitudes of airports: the Airport Business Suite and Flight Information Display System.

In addition, in the last quarter of the year, TAV IT launched some Oracle e-Business Suite modules that serve to protect and develop intellectual capital as well as forming the basis for financial data. With the addition of Human Resources, Training Management, Manager and Staff Self Serve functions into the system, processes at the Holding and its subsidiaries were maximally placed within the scope of the system.

As a result of these developments and adaptations, an infrastructure was established that has more than 1,000 users and that directly supports the internal audit unit in effectively auditing TAV Airports Holding and its subsidiaries.

24/7 critical and fine technology solutions

The experienced staff at TAV IT designs the infrastructure and applications of modern and seemingly complex systems, while providing installation, optimization, operation and support services with an approach that exceeds the uncompromising expectations of the aviation sector. TAV IT also produces solutions for all voice and data communication needs that meets or exceeds sector standards. It provides the strong computer backbone utilized for many different purposes with reliable, decisive, fast and well-managed backup solutions. The infrastructure needed for voice and data transmission is managed with optimum engineering solutions that comply with structural cabling standards accepted worldwide. The projects produced in this area represent Turkey successfully in the international arena in Egypt, Qatar, Tunisia, Georgia and Libya.

Uninterrupted and integrated service, from the parking lot to the plane

TAV IT has successfully integrated many systems thanks to solutions that simplify the complicated processes needed by passengers, baggage, aircraft and companies terminal-wide. TAV IT enables automatic invoicing of tariff services and simplifies the management and monitoring of different systems.

TAV IT operates on a 24/7 basis, providing excellent service and a "satisfied customer" approach. TAV IT's duties and responsibilities include operating the systems (CUTE, BRS) that administer check-in, baggage and boarding procedures for companies that maintain passenger flow and passenger services. It flawlessly operates the flight information systems (FIDS) needed by passengers and those who accompany them, as well as all official and private bodies at the terminal. TAV IT also operates the payment, license plate recognition, control and security systems that facilitate operations at the parking lot and in valet services.

TAV IT operates the docking systems (GOS-DGS) for airplanes and airline companies that use the terminal with careful attention to detail. Monitoring and control of information regarding services received by parked aircraft, such as energy (400 Hz - EMS), bridge (BMS) and pre-conditioned air (PCA), are enabled by integration solutions.

24/7 Service in Four Different Localities

TAV IT supports system operations with a 24/7 call center, and provides automatic monitoring of reporting and performance indicators needed by airport administration. Users can reach TAV IT any time in Turkey, Georgia, Egypt, Qatar, Tunisia and Libya via telephone, e-mail, or over the internet.

Automation in Every Area

TAV IT provides the design, planning, installation and operation of services and applications needed by any contemporary company, including office automation, electronic office applications, document and archive management, lost & found, warehouse stock, purchasing processes and internet and domain services, as well as the security systems related to such applications. These are achieved at the highest level required by quality and sector standards.

In addition to the solutions it provides in the aviation sector, TAV IT is also undertaking efforts to manage its own internal processes. Accordingly, TAV IT received the ISO 9001:2000 Quality Certificate from the International German Quality Certification Company (TÜV) in February 2007.

In addition to the solutions it provides to the airports operated by TAV Airports Holding, TAV IT aims to expand outside of the TAV Airports structure and market its cost-effective solutions and technology throughout the sector.

TAV Security

High airport security standards

Security tops the list of vital priorities for airports, which are visited by thousands of passengers every day. Formed by combining the experience and know-how of the public sector with the advantages of the private sector, TAV Security serves alongside police at all control points, as well as in the parking lot area, at all terminals operated by TAV Airports.

Setting high standards with more than 2,000 employees in a total of nine projects, including cargo security, physical security (shop, facility, company) and an authorized arms transportation service for companies outside TAV Airports Holding; TAV Security operates in the civil aviation security field in compliance with the principles stipulated by the National Civil Aviation Security Program, international standards/directives and Law No. 5188 Regarding Private Security Services and Related Directives.

TAV Security staff consists of expert employees who are police and military retirees, as well as highly qualified civilians with international professional experience, trained in domestic and international programs in the civil aviation security area. TAV Security has combined the experience and know-how of the public sector with the advantages of the private sector while forming its expert management staff.

Pursuant to Law No. 5188 and related Directives, TAV Security provides Private Security Training Services via the Training Institutions it has established at;

- İstanbul Atatürk Airport pursuant to the Turkish Ministry of Interior's "Private Security Training Institution Operation License" No 497 dated September 13, 2007,
- İzmir Adnan Menderes Airport pursuant to the Turkish Ministry of Interior's "Private Security Training Institution Operation License" No 505 dated December 25, 2007,
- Ankara Esenboğa Airport pursuant to the Turkish Ministry of Interior's "Private Security Training Institution Operation License" No 525 dated December 31, 2007.

TAV Security staff consists of expert employees who are police and military retirees, as well as highly qualified civilians with international professional experience, trained in domestic and international programs in the civil aviation security area. TAV Security has combined the experience and know-how of the public sector with the advantages of the private sector while forming its expert management staff.

TRADE FAIRS

Promoting the Turkish aviation sector in the international arena

TAV O&M represented at Emitt 2008 with "primeclass"

TAV O&M, a TAV Airports Holding subsidiary, participated in the EMITT 2008 Travel & Tourism Exhibition held in İstanbul on February 14-17, 2008 with its "primeclass" CIP Service.

Available at İstanbul Atatürk and Ankara Esenboğa Airports, as well as in Georgia's Tbilisi and Batumi Airports, operated by TAV Airports, "primeclass" CIP Service promoted the special services it offers to passengers at the trade fair. Domestic and international travel agencies, hotels, as well as city and country representatives also attended EMITT.

Destination İzmir at the EMITT Trade Fair

The "Destination İzmir" Group supported by TAV Izmir, a TAV Airports Holding operating company, participated in the EMITT 2008 Travel & Tourism Exhibition. The goal of Destination İzmir is to promote İzmir as a new destination in tourism and to position it as a brand representing high quality service abroad.

Founded by tourism service providers from Çeşme, Kuşadası, Ephesus and İzmir, Destination İzmir works diligently to promote the tourism potential of İzmir and its surrounding region to the global tourism market.

Destination İzmir at the ITB Berlin Expo

Tourism centers, tour operators, hotels and other companies and institutions in the sector came together in Berlin on March 5-9, 2008 for the ITB Berlin International Tourism Exchange Fair. As in 2007, TAV Izmir participated in the expo in 2008 jointly with Destination İzmir in order to promote İzmir and its surrounding region to the world, and to position it as a tourism destination.

The ITB Berlin International Tourism Exchange Fair, considered to be a most influential force in guiding world tourism, was held at a 150,000 square meter location with an attendance of more than 10 thousand participants from nearly 200 countries. New approaches in the tourism industry were discussed at the conferences held during the expo, which brought together accommodation facilities, travel agencies, airlines and tour operators.

TAV IT participates in Oracle AppsDay

TAV IT, a TAV Airports Holding subsidiary, participated in the Oracle AppsDay Symposium where sector giants and nearly one thousand companies from the business world met.

TAV IT participated in the symposium, which took place at the İstanbul Swissotel on March 13, 2008, with a presentation detailing the solutions and services offered by TAV IT, geared towards MultiCountry & MultiCultural requirements in global environments, and shared its roadmap for the TAV Airports Holding companies. As the Presentation and Stand Sponsor, TAV IT promoted TAV Airports companies along with its own services.

TAV IT at Passenger Terminal Expo 2008

TAV IT participated in the Passenger Terminal Expo 2008, the largest International Airport Terminals Trade Fair in Europe that was held in Amsterdam, the capital of Netherlands, on April 15-17, 2008.

At the expo, TAV IT promoted the system that it has successfully implemented in a project covering 20 airports. This system allows many airports to be managed centrally from a single point and makes airport integration a possibility for the first time. This trade fair, where TAV IT presented its integrated information technology solutions, was attended by the senior executives of experienced companies in airport and airline operations from around the world.

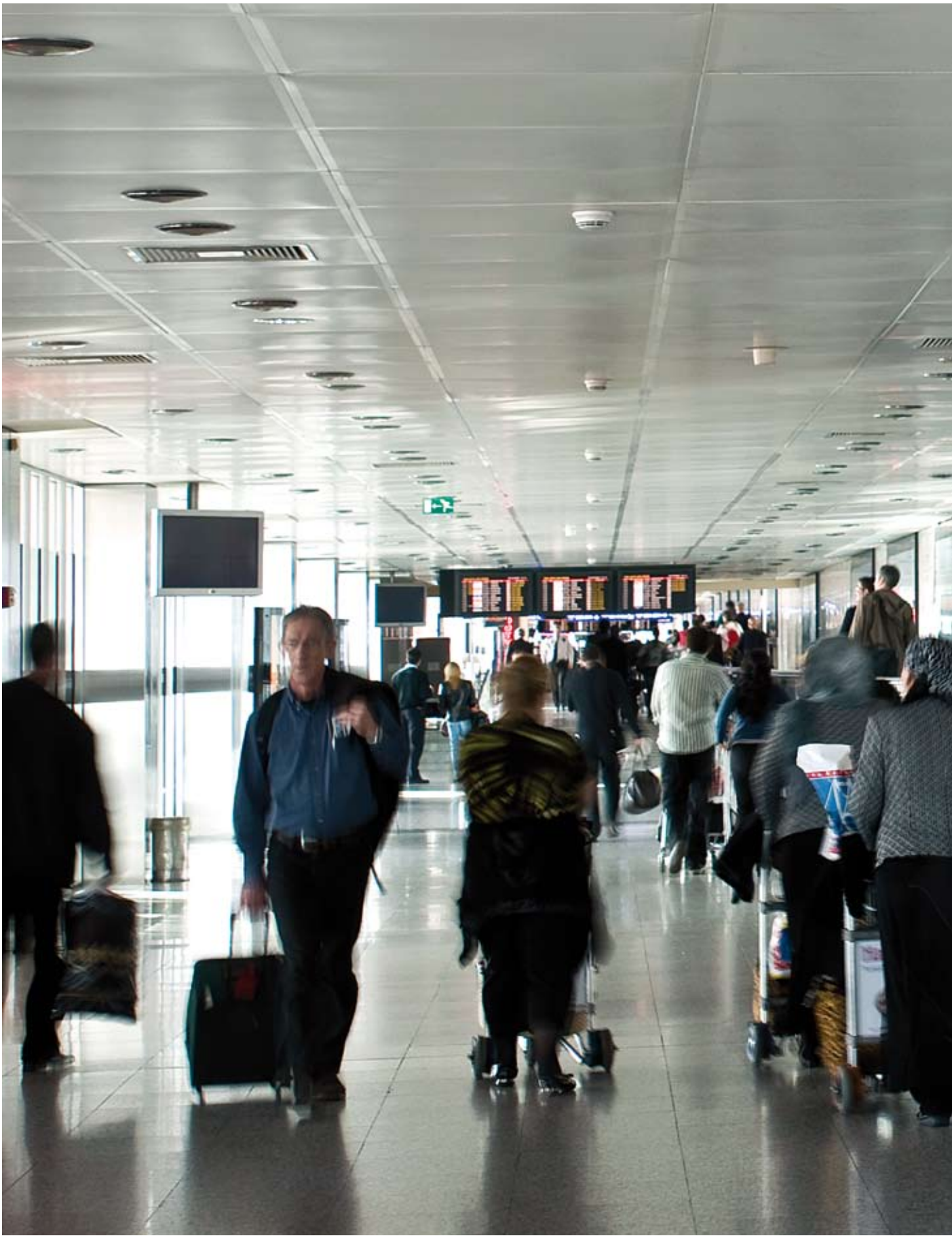
TAV Airports Holding at Airex Expo

The Airex 2008 International Civil Aviation and Airports Exposition was held on June 12-15, 2008 under the main sponsorship of TAV Airports Holding. Organized for the seventh time in 2008, the Airex 2008 International Civil Aviation and Airports Exposition was attended by 140 companies, including airport operators, airline companies and technology providers.

Flight control systems, simulators, cargo-baggage system equipment, apron and terminal systems, airport security and integration systems and other products equipped with new technologies that are of interest to all aircraft, from commercial aircraft to business jets and helicopters, were promoted at the trade fair that was held at İstanbul Atatürk Airport's General Aviation Apron. Visitors also had the opportunity to view and obtain information on about 40 aircraft consisting of private jets and small airplanes.

TAV IT at Passenger Terminal Expo 2008 Middle East

TAV IT continued its promotional road show for reaching new customers in 2008 with the Passenger Terminal Expo 2008. The Middle East leg of the Passenger Terminal Expo, the largest international airport exhibitions chain in the world, was held on November 16-18, 2008, in Abu Dhabi. TAV IT promoted its aviation solutions to airport operators primarily in the Middle East, as well as from around the globe.



In addition to successful activities in airport operations, TAV Airports deems it a duty to create value for society and thus invest in its future.

INVESTOR RELATIONS AND SHARE PERFORMANCE

Transparent, equal and close communication

The Investor Relations Department of TAV Airports Holding has been in operation since September 2006. Following the public offering in February 2007, daily public disclosures to shareholders are issued by this department. TAV Airports Holding management strives to maintain transparent, equal and close communication with its shareholders in a manner compatible with its principles of corporate governance. In line with this objective, the Company undertakes an active investor relations program.

The Department responded to information requests from many investors and equity analysts before and after the public offering, providing continuous information about financial reporting periods as well as new developments. The Department held meetings with approximately 113 investors and analysts before the public offering in major financial centers such as London, Frankfurt, Amsterdam, The Hague, Dubai, Stockholm, Paris, Milan and Zurich. As a result of these efforts, a corporate investor portfolio was created and domestic and international research departments began publishing TAV Airports Holding reports.

TAV Airports continued to expend great effort in 2008 to provide information to shareholders and investors after the public offering. In the scope of this, the Department attended nine conferences, five of which were abroad. 152 face-to-face meetings were held with investors, shareholders and analysts about the Company's operating results, performance and other developments. In addition, pursuant to Capital Markets Law, 58 material disclosures were issued in 2008; these material disclosures were also posted on the Company website. The Department responded to inquiries from many investors and analysts via telephone and e-mail during 2008 while detailed presentations were prepared about the Company's financial results during financial reporting periods.

The duties and responsibilities of the Investor Relations Department are listed below

• Ensuring that shareholder records are kept accurately, reliably and up-to-date;
• Responding to written or verbal information requests from shareholders, potential investors, stock analysts, legal bodies (Capital Markets Board, İstanbul Stock Exchange, Central Registry Agency, etc.) and financial publication houses about the Company, unless the requested information is publicly unavailable, confidential or a trade secret, ensuring that information is simultaneously made available to everyone in a consistent manner and updating existing information;
• Preparing and sending material disclosures to the İstanbul Stock Exchange in both Turkish and English simultaneously;
• Reviewing all Company announcements and preparing announcements about financial results in both Turkish and English simultaneously;
• Updating the Investor Relations Section on the Company website created in order to transmit information to shareholders and potential investors using electronic communication;
• Creating a database of domestic and foreign institutional investors and equity and sector analysts;
• Representing the Company in investor relations meetings with existing and potential investors and analysts in Turkey and abroad;
• Examining and monitoring analyst reports;
• Monitoring significant developments and statistics about the sector;
• Taking necessary measures to ensure that General Assembly meetings are held in compliance with relevant legislation, the Company's Articles of Association and other Company regulations;
• Preparing documents that will be beneficial to shareholders for General Assembly meetings;
• Ensuring that meeting minutes are sent to shareholders;
• Monitoring and overseeing every aspect of the public disclosure process for compliance with legislation.

The Investor Relations Department expends its best efforts to use electronic communication means and the Company website in all its endeavors. Contact information for the Investor Relations Department is posted on the http://ir.tav.aero website and published in working reports.
The Investor Relations Department can be reached at: investorrelations@tav.aero for all requests and questions.

The following information is posted on the http://ir.tav.aero website:
• Company history
• Current management and shareholding structure
• Summary balance sheet, income statement and cash flow statement

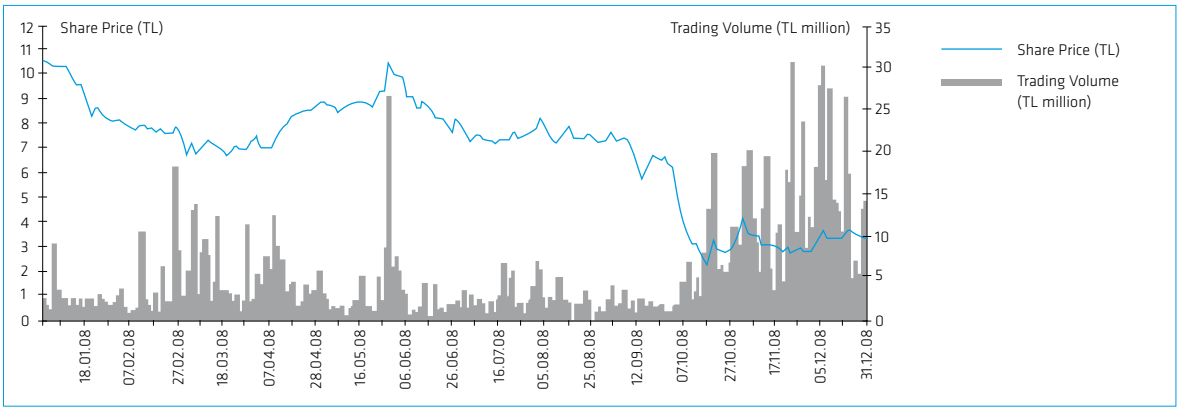
INVESTOR RELATIONS AND SHARE PERFORMANCE

- Summary operational data
- Corporate governance guidelines
- Code of ethics
- Board of Directors and Board Committees
- Most recent version of the Articles of Association and the dates and issue numbers of the Trade Registry Gazette where the amendments were published
- Prospectuses and public offering circular
- Trade registry information
- General Assembly Meeting agenda, proxy voting form, meeting minutes
- Corporate Governance Principles Compliance Report
- List of people with insider information
- Annual reports
- Periodic financial statements and reports
- Financial calendar
- Material disclosures
- Presentations
- Share information
- News updated by the data provider company
- Frequently asked questions
- Analyst contact information
- Company contact information

The Company provides investors with information about the sector outlook, the Company's market share and profit/loss for the period, as well as year-to-date profit/loss during the investor meetings organized by the Company. The Company also shares its important projects with its stakeholders as well as all other information that might be of interest to investors. All information about the meetings organized for this purpose is posted on the Company website.

Upon receiving a question or a request for information in writing directed to the Company, a representative from the Investor Relations Department responds to the inquiring person or entity and provides an answer or the requested information in writing or verbally based on all publicly disclosed information about the Company.

The Investor Relations Department aims to transmit strategic agenda and implementation plans to investors and analysts and maintain its close dialogue and relationships with existing and potential shareholders as well as analysts.



CORPORATE LEARNING AND HUMAN CAPITAL MANAGEMENT

Being the leader and pioneer in airport operations in Turkey, TAV Airports' human capital strategy is based upon a corporate learning approach according to which the Company has adopted the primary strategy of institutionalizing its knowledge, experience and know-how, at every level of the Company. Corporate learning initiatives are managed and directed by TAV Academy, the corporate development center of TAV Airports. The objective of TAV Academy is to structure, develop, and increase the efficiency and effectiveness of the corporate learning processes in order to help TAV Airports Holding and its subsidiaries accomplish their strategic goals.

TAV Academy carries out projects designed specifically for the aviation sector, development programs and trainings designed in cooperation with international organizations, academic cooperation with universities, personalized leadership and career development programs for successful executives and young high potential managers, training programs geared towards developing corporate culture and core competencies. Through these efforts, TAV Academy aims to create a corporate and actionable learning environment that encourages and facilitates TAV employees' self development as well as their professional and leadership development. The know-how and experience disseminated by TAV Academy are put into action with the projects and new practices implemented throughout the Company, support'ng transformation of TAV's high performance into its corporate culture.

TAV Academy designed and launched the "Airport Operation Management Trainee Development Program" in 2008 in order to ensure the continuing leadership in airport operations and, to manage the business processes effectively, and internalize the corporate know-how by the Company. The purpose of this program was to give participants theoretical and practical knowledge geared towards professional and technical expertise, to ensure the internalization of this knowledge via implementation opportunities, and to support the professional development of the participants via managerial and leadership applications.

A book entitled "Introduction to Airport Operations" was published jointly by TAV Academy and Kocaeli University Civil Aviation College faculty members, combining the knowledge, experience and know-how of TAV Airports with academic information. Being the first book of its kind in Turkey, the Book is used as a textbook at the University and TAV Academy programs. The book constitutes an example of well structured cooperation between the private sector and the academic world in the area of airport operations and of the Company's strong support for mutual knowledge sharing and learning efforts.

As another example of cooperation between the private sector and the academic world, TAV Academy instructed courses and conducted seminars on sector-related and managerial topics to airport operations students at İstanbul Technical University, Kocaeli University Civil Aviation College and Kapadokya Vocational High School.

CORPORATE LEARNING AND HUMAN CAPITAL MANAGEMENT

TAV Academy has been cooperating internationally with the ACI Global Training Hub (GTH) division of the Airport Council International (ACI), an organization in charge of setting operation rules for world airports. With this cooperation, development projects designed specifically for TAV Airports were implemented in various areas of the aviation sector. In addition, ACI GTH undertook programs open to international participation at İstanbul Atatürk International Airport.

Carrying out development programs with the "lifelong development, actionable learning" principle, TAV Academy provides TAV Airports employees with training opportunities in 150 different topics, including technical training programs.

Projects and teamwork, which are among the most effective managerial tools of corporate learning, are supported by TAV Academy via the provision of infrastructure and coordination. In 2008, eight "Strategic Action Groups" were created by the Strategy Directorate to perform inter-functional studies to help identify the strategic objectives of TAV Airports for 2013. Furthermore, in an attempt to support corporate learning and the reinforcement of the corporate culture, internal reports, meetings, project groups and local and international networking efforts were supported.

Internal communication efforts, which constitute a significant dimension of corporate learning, are managed with the objective of informing employees at every level of all endeavors within the Company. TAV Airports Holding makes extensive use of managerial tools, as well as platforms that facilitate effective internal communication in order to reinforce and ensure widespread adoption of the corporate culture throughout the Company and to communicate and clarify the strategic targets to employees at all levels. These tools and platforms include TAV Airports Annual Report, TAV Corporate Intranet, TAV Airports Corporate Website and "Newsport" magazine published quarterly in both Turkish and English for TAV Airports employees, containing up-to-datenews about TAV companies and other information that the employees can benefit from in their daily work flows, and the monthly "e-Gazette" that is shared with employees electronically and through the main page of the TAV Corporate Intranet, and that contains information, articles and interviews about training and development programs carried out under the leadership of TAV Academy.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with Corporate Governance Principles

TAV Airports Holding ("the Company") makes every effort to comply with the Capital Markets Board Corporate Governance Principles ("Corporate Governance Principles",) originally published in July 2003 and later revised in February 200 by the Capital Markets Board ("CMB"). To this end, the Company continuously expends efforts to reach the highest corporate governance standards and is working towards implementing some of the stipulations specified as recommendations in the Principles. TAV Airports Holding considers ethics rules, as well as principles of transparency, equality, responsibility and accountability to be part of the Company's culture.

Pursuant to the importance the Company attaches to compliance with the Capital Markets Board Corporate Governance Principles ("Principles"), the Company's Articles of Association were amended to comply with the Principles. Amendment to some articles in and the addition of some articles to the Articles of Association regarding the Company's adoption of a registered capital system were discussed and resolved at the Extraordinary General Assembly Meeting held on December 5, 2008. The amendment to the Articles of Association was published in the Turkish Trade Registry Gazette issue no. 7208, dated December 17, 2008.

In summary, the amendments to the Articles of Association stipulated:

- That an individual who serves on the Board of Directors for a total of seven years cannot be appointed an independent member and the qualifications members of the board of directors shall possess;
- That the relevant authorities shall be notified of general assembly meetings 15 days before the meeting date and the requirement that a Ministry of Industry and Commerce Officer attend the meetings;
- That the newspapers where the Company announcements will be published shall be posted on the company website 15 days before, as well as the announcements themselves;
- The formation, determination of duties and responsibilities, election of members, and operating principles of the board of directors committees;
- The principles regarding the Audit Committee;
- The principles regarding the Corporate Governance Committee;
- That the Corporate Governance Principles shall be complied with, and that information on this issue shall be presented in the annual report.

The information disclosure policy of the Company, prepared pursuant to the Capital Markets Board Corporate Governance Principles, was discussed and approved at the Board of Directors meeting dated December 19, 2008. The information disclosure policy was also produced as a written declaration and posted on the http://ir.tav.aero website.

Pursuant to the resolution of the Board of Directors dated January 27, 2009, the membership of the Audit Committee was reconstituted to comply with the Corporate Governance Principles, and independent member of the Board of Directors, Pierre de Champfleury was elected as an Audit Committee member.

The Investor Relations Department, which used to report to the Finance Director as a Corporate Governance Committee Member, now reports directly to the CEO, who is the highest executive manager in the Company.

As of the reporting period ending December 31, 2008, the Company complies with and implements the Principles with the exception of matters stipulated in sections 18.3.4 ("Using a cumulative voting system in the election of members of the Board of Directors") and 26.5.2 ("The number, structure and independence of the Board committees" - "committee chairmen are elected from among independent members of the board of directors") of the Report. These aforementioned issues are not believed to cause any significant conflict of interest as of the present situation. While the exercise of minority rights were made possible via the two independent members on the Company's Board of Directors, the Company will assess the advantages and disadvantages of using the cumulative voting system in the election of the members of the Board of Directors. The two independent members of the Board of Directors of the Company, Mehmet Cem Kozlu and Pierre de Champfleury, also serve as Corporate Governance Committee Chairman and Audit Committee member, respectively.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The Board of Directors, senior management and all employees of TAV Airports Holding have always supported the adoption of the Corporate Governance Principles within the Company at every stage. Following the adoption of the Corporate Governance Principles, the Report on Compliance with the Corporate Governance Principles was announced to the public, where the Company declares that all activities shall be undertaken in line with the principles of equality, transparency, accountability and responsibility.

SECTION I-SHAREHOLDERS

2. Shareholder Relations Unit

The Company complies with the legislation, Articles of Association and other Company regulations on the issue of exercise of shareholder rights and takes necessary measures to facilitate the exercise of shareholder rights.

In order to oversee all relations with shareholders, and establish channels of communication between the Company and its shareholders, the Investor Relations Department was established within the Company in September 2006, before the initial public offering in February 2007. The Investors Relations Department operates for the purpose of presenting accurate, timely and consistent information to existing and potential investors about TAV Airports Holding; increasing the recognition and credibility of the Company; positioning the Company among the publicly traded airport operation companies in the world; reducing the Company's cost of capital by implementing the corporate governance principles; and establishing communications between the Board of Directors and capital markets participants. In line with this objective, the Company strives to maintain close communication with its shareholders and investors and undertakes an active investor relations program. Per the organization of the Company, the Investor Relations Department reports directly to the Chief Executive Officer (CEO), who is also an Executive Member of the Board of Directors. The Investor Relations Department Manager attends Board of Directors meetings in order to establish communication between the Board of Directors and shareholders.

Primary responsibilities of the Investor Relations Department, which serves as the communication bridge between the Board of Directors and the financial world, include:

- Ensuring that shareholder records are kept accurately, reliably and up-to-date;
- Responding to written or verbal information requests from shareholders, potential investors, stock analysts, legal bodies (Capital Markets Board, İstanbul Stock Exchange, Central Registry Agency, etc.) and financial publication houses about the Company, unless the requested information is publicly unavailable, confidential or a trade secret; ensuring that information is simultaneously made available to everyone in a consistent manner and updating existing information;
- Preparing and sending material disclosures to the İstanbul Stock Exchange in both Turkish and English simultaneously;
- Reviewing all Company announcements and preparing the announcements about financial results in both Turkish and English simultaneously;
- Updating the Investor Relations Section on the Company website in order to transmit information to shareholders and potential investors using electronic communication means;
- Creating a database of domestic and foreign institutional investors and equity and sector analysts;
- Representing the Company in investor relations meetings with existing and potential investors and analysts in Turkey and abroad;
- Examining and monitoring analyst reports;
- Monitoring significant developments and statistics about the sector;
- Taking necessary measures to ensure that the General Assembly meetings are held in compliance with legislation in force, the Company's Articles of Association and other Company regulations;
- Preparing documents that will be beneficial to shareholders for General Assembly meetings;
- Ensuring that meeting minutes are sent to shareholders,
- Monitoring and overseeing every aspect of the public disclosure process for compliance with legislation.

The Investor Relations Department expends its best efforts to use electronic communication means and the Company website in all its endeavors.

Contact information for the Investor Relations Department is posted on the http://ir.tav.aero website and published in the working reports. The Investor Relations Department can be reached at investorrelations@tav.aero for all requests and questions.

The transactions of the Investors Relations Department are carried out by Nursel İlgen, CFA, who holds a CMB Advanced Level and has passed the Corporate Governance Rating exam; and Mehmet Emin Zümrüt, who holds the CMB Advanced Level License. Persons in charge of relations with shareholders are listed below:

Nursel İlgen, CFA - Investor Relations Manager
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e-mail: nursel.ilgen@tav.aero
investorrelations@tav.aero

Mehmet Emin Zümrüt, Investor Relations Assistant Manager
Tel: +90 (212) 465 5555
Fax: +90 (212) 465 3100
e-mail: mehmetemin.zumrut@tav.aero
investorrelations@tav.aero

As of April 2009, 38.37% of the Company's outstanding shares are publicly held, approximately 81% of which reside in the portfolios of foreign investors. In 2008, the Investor Relations Department attended five investment conferences abroad and four conferences in Turkey that were organized to provide information to shareholders and investors. 152 face-to-face meetings were held with investors, shareholders and analysts about the Company's operating results, performance and other developments.

In addition, pursuant to Capital Markets Law, 58 material disclosures were made in 2008; these material disclosures were also posted on the Company website.

The Department responded to inquiries from many investors and analysts via telephone and e-mail during 2008, while detailed presentations were prepared about the Company's financial results during financial reporting periods.

3. Exercise of Shareholder's Right to Obtain Information

It is the Company's principle to treat all shareholders, potential investors and analysts equally with respect to exercise of the right to obtain and analyze information, as well as to make all information disclosures to everyone simultaneously and with identical content. All information sharing is performed within the scope of the content previously disclosed to the public. As part of the information sharing effort, all information of interest to shareholders and market participants is announced via material disclosures; the English translations of these disclosures are transmitted electronically to all people and entities who give their e-mail addresses to the Company, and past material disclosures are posted on the Company's website both in Turkish and in English.

Many written and verbal information requests from shareholders are responded on an expedited basis under supervision of the Investor Relations Department and in compliance with the Capital Markets Law. In order to enhance shareholders' rights to obtain information, all necessary information that can impact the exercise of rights is presented to shareholders in an up-to-date form on the Company website. All information on the Company website is presented in Turkish, as well as in English, in order to treat all shareholders, domestic and foreign, equally.

The Articles of Association currently do not recognize requests for assignment of a special auditor as an individual right. The Company did not receive any requests for appointment of special auditors. However, Article 20.1 of the Company's Articles of Association authorizes shareholders to direct the attention of auditors to doubtful matters and request necessary explanations.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

4. Information on General Assembly

The Ordinary General Assembly meeting regarding 2007 activities was held on May 23, 2008, at 10 a.m. at the Akfen Meeting Hall, located in the Company's Headquarters.

The announcement for the Ordinary General Assembly, including the necessary information about the meeting date and time, meeting location, agenda items, procedures for the attendance of shareholders at the meeting, proxy forms and arrangement procedures was published on page 167 of the Turkish Trade Registry Gazette, issue no. 7058, dated May 8, 2008. The announcement was also published in the daily Dünya Newspaper, dated May 2, 2008.

Of the 242,187,500 shares representing the Company's capital as of the date of the meeting, 184,321,177 shares (76.11%) were represented at the Ordinary General Assembly meeting.

An Extraordinary General Assembly meeting was held on December 5, 2008, at 10 a.m. at the Akfen Meeting Hall, located in the Company's Headquarters. The announcement for the Extraordinary General Assembly was published on pages 555-558 of the Turkish Trade Registry Gazette, issue no. 7193, dated November 20, 2008. The announcement was also published in the daily Dünya Newspaper, dated November 19, 2008.

Of the 242,187,500 shares representing the Company's capital as of the date of the meeting, 169,257,313 shares (69.89%) were represented at the Extraordinary General Assembly meeting.

In addition to procedures stipulated by legislation, the General Assembly Meeting announcement was also made available at the Company Headquarters and on the Company website (http://ir.tav.aero) 21 days prior to the meeting in an attempt to reach the maximum number of shareholders possible.

The General Assembly meeting announcement posted on the Company website included the meeting date and time, meeting location, agenda, the fact that the invitation was being extended by the Board of Directors, and the procedures for the attendance of shareholders.

Since the Company does not have any registered shares, no accommodations were made to facilitate the participation of this class of shareholders in the General Assembly meetings.

As of the date of the announcement inviting shareholders to the General Assembly Meeting, financial statements and reports and the General Assembly agenda items were made available for examination at locations easily accessible by shareholders.

There have been no major changes in the management or operational organization of the Company during the previous reporting period, nor are any such changes being planned for subsequent periods.

The Company did not receive any requests from shareholders for adding items to the agenda of the General Assembly meetings held during the year.

The meeting procedure of the General Assembly facilitates maximum participation by shareholders.

General Assembly Meetings are carried out with the simplest possible procedures, at the lowest possible cost for the shareholders and in a manner that does not create any inequality between shareholders.

The Akfen Meeting Hall at the Company Headquarters, where the General Assembly Meeting took place, can accommodate all shareholders. The Company's General Assembly meetings are open to the public and are held under the supervision of a Ministry of Industry and Commerce Government Official.

During the General Assembly Meeting, agenda items were presented in an objective, detailed, clear and comprehensible manner, and the language and expressions used did not allow for different interpretations. Shareholders were given equal opportunity to voice their opinions and ask questions, thus creating a healthy environment for discussion;

however, shareholders did not exercise this right during the General Assembly Meeting regarding 2007 activities, or during the Extraordinary General Assembly Meeting.

Minutes of the General Assembly Meeting are available on the Company website (http://ir.tav.aero).

According to a provision in the Company's Articles of Association, the Board of Directors, without prejudice to the resolutions of the General Assembly, is authorized to take and give motions of waiver at the land registries on behalf of the Company regarding the purchase and sale of immovable property and assets, qualified as immovable pursuant to the Turkish Civil Code and associated rights. Furthermore, the Board may establish mortgages in favor of third parties on such immovable property and real assets, and associated rights for short, medium and long term borrowings by presenting them as collateral and accept all mortgages granted by third parties in favor of the Company at any level and grade at the land register office. It may also sign documents associated with such transactions and terminate such mortgages as necessary. Conversely, without prejudice to the provisions of the Turkish Commercial Code with respect to the non-transferrable powers of the General Assembly, there are no provisions in the Company's Articles of Association requiring a General Assembly resolution for important decisions such as the purchase, sale or leasing of significant amounts of property. In fact, we are of the opinion that if the General Assembly resolutions were required for the above mentioned or other similarly significant decisions, the Company's activities would be significantly impeded and the management's ability to react to dynamic and fluid business opportunities would be reduced, thus harming partners of the Company.

5. Voting Rights and Minority Rights

Voting Rights

The Company avoids practices that make it difficult to exercise voting rights. All shareholders are given the opportunity to exercise their voting rights in the easiest and most convenient manner possible. Each share is entitled to one vote in the Company.

According to the Company's Articles of Association, there are no privileges associated with voting rights. Therefore, there are no preferred stocks or different classes of shares in the Company.

There is no Company regulation that restricts the exercise of shareholders' voting rights for a certain time period following the acquisition date of the shares.

The Company's Articles of Association do not contain any provision that prevents non-shareholders from voting in proxy as a representative of a shareholder.

The share capital of the Company does not involve any cross-shareholdings.

Minority Rights

The Company's Articles of Association contain a provision which stipulates that minority rights shall be exercised by shareholders collectively holding at least 5% of the share capital.

Exercise of minority rights in the Company is subject to the Turkish Commercial Code, the Capital Markets Law and related legislation, and communiqués and resolutions of the Capital Markets Board; the Company's Articles of Association do not contain any provisions in addition to the provisions mentioned above. The Company facilitates the exercise of minority rights in accordance with the relevant legislation and, if necessary, by the Independent Board Members.

The Company's Articles of Association do not (yet) provide for cumulative voting. However, within the scope of legislative developments, the Company will assess the advantages and disadvantages of this method.

Principle of Equal Treatment of Shareholders

All shareholders, including minority and foreign shareholders, are treated equally.

6. Dividend Policy and Timing of Distribution

There are no privileges with respect to participation in the Company's profit.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The Company makes its dividend distribution determinations taking into account the Turkish Commercial Code, Capital Markets Law, Capital Markets Board communiqués and resolutions, the Tax Laws and the provisions of other relevant legislation, as well as the Company's Articles of Association.

Accordingly, in principle, at least 20% of the "distributable net profit for the period," calculated based on financial statements prepared within the scope of the Capital Markets Law, and in compliance with the International Financial Reporting Standards (IFRS), is distributed, based on the General Assembly resolution, either in cash or as gratis shares issued by adding that amount to the Company's capital. It is among the Company's primary goals to adhere to this dividend policy except for special circumstances when investment and other funds are required for the long term growth prospects of the Company or its subsidiaries and affiliates, as well as for extraordinarily unfavorable developments in the economy.

As a result of the Company showing a net period loss as of the end of the 2006 fiscal year, the General Assembly at its meeting held on May 23, 2008, resolved not to make a dividend payment to shareholders for the 2007 fiscal year.

7. Transfer of Shares

The Company's Articles of Association do not contain any provisions that make it difficult for the shareholders to freely transfer their shares.

SECTION II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy of the Company

The information disclosure policy of the Company, prepared pursuant to the Capital Markets Board Corporate Governance Principles, was discussed and approved at the Board of Directors meeting dated December 19, 2008. The information disclosure policy was also produced as a written declaration and posted on the http://ir.tav.aero website.

The Board of Directors is responsible for monitoring, reviewing and improving the Information Disclosure Policy. The Corporate Governance Committee provides information and recommendations to the Board of Directors, the Audit Committee and the Investor Relations Department on matters regarding the "Information Disclosure Policy." The Investor Relations Department is charged with overseeing and monitoring all matters regarding public disclosures.

The public disclosure policy aims to establish active and transparent communication by sharing the past performance and future outlook of the Company with shareholders, investors and capital markets experts (capital markets participants) equally within the framework of generally-accepted accounting principles and Capital Markets Law provisions, in a complete, fair, accurate, timely and comprehensible manner.

Public Disclosure Principles and Tools

The information to be disclosed to the public is disseminated in a prompt, accurate, complete, comprehensible and easy to interpret manner. Attention is also focused on easy and equal access to information, with little cost, that will assist persons and companies who will benefit from the disclosure in their decision making. TAV Airports Holding complies with the Capital Markets legislation and İstanbul Stock Exchange regulations in all of its public disclosure practices. Information about the public disclosure principles and tools adopted by the Company are presented below:

- The Investor Relations Department is responsible for overseeing and monitoring all issues related to public disclosures. Questions received from outside the Company are responded to by the CEO, the CFO, or within the knowledge of and authorization limits set by the CEO and the CFO, by the Investor Relations Department. All correspondence and meetings with capital markets participants are carried out by the Investor Relations Department.
- Except for channels stipulated by legislation, other public disclosure tools and methods such as press bulletins, electronic data distribution channels, e-mails, meetings with shareholders and potential investors, as well as announcements posted on the Company website, are effectively utilized.

• The Code of Ethics stipulated within TAV Airports Holding, spells out the principles and rules that all managers and employees are obligated to comply with. These rules of conduct are posted on the Company website for public information.
• Without prejudice to any of the provisions in the relevant regulations, the Company informs the public when a material change occurs, or is expected to occur in the near future, in the financial position and/or activities of the Company.
• The Company continuously updates and publicly announces any changes or developments that arise regarding public announcements made by the Company.

Periodic Financial Statements and Reports and Independent Audit in Public Disclosures

The Company's financial statements and accompanying notes are prepared on a consolidated basis in accordance with CMB Communiqué Series: XI, No. 25, as well as the International Financial Reporting Standards (IFRS); independently audited in accordance with the International Audit Standards (IAS), and announced to the public.

9. Material Disclosures

Developments that have the potential to impact the value of the Company's capital markets instruments are announced to the public on an expedited basis within the timeframe stipulated by legislation. The Company made 58 material disclosures during 2008, two of which were additional disclosures requested by the CMB or the İstanbul Stock Exchange.

The Company has no additional disclosure obligations since the Company does not have any capital markets instruments listed on foreign exchanges.

10. The Company Website and its Contents

As stipulated by CMB Principles, the Company website is actively used in public disclosures.

All matters related to the Investors Relations Department are on the http://ir.tav.aero website.

In addition to Turkish, all information on the Company website is presented in English for the benefit of foreign investors.

All publicly disclosed information by the Company is also available on the Company website. The Company letterhead clearly indicates the address of its website. The following information is posted on the http://ir.tav.aero website:
• Company history
• Current management and shareholding structure
• Summary balance sheet, income statement and cash flow statement
• Summary operational data
• Corporate governance guidelines
• Code of ethics
• Board of Directors and Board Committees
• Most recent version of the Articles of Association and the dates and issue numbers of the Trade Registry Gazette where the amendments were published
• Prospectuses and public offering circulars
• Trade registry information
• General Assembly Meeting agenda, proxy voting form, meeting minutes
• Corporate Governance Principles Compliance Report
• List of people with insider information
• Annual reports
• Periodic financial statements and reports
• Financial calendar
• Material disclosures
• Presentations
• Share information
• News updated by the data provider company
• Frequently asked questions
• Analyst contact information
• Company contact information

As can be seen, of the types of information listed in Article 1.11.5 of Section II of the Capital Markets Board Corporate Governance Principles, the ones applicable to the Company are posted and updated on the Company website.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

11. Disclosure of Ultimate Controlling Shareholder(s)
There is no individual in the Company with ultimate controlling shares.

12. Public Disclosure of Insiders
Pursuant to the relevant legislation, as well as the employment contracts entered into with Company employees, persons who hold key positions and fall within this category are listed below:

Hamdi Akın Chairman of the Board of Directors
Ali Haydar Kurtdarcan Vice Chairman of the Board of Directors and Chairman of the Audit Committee
Mustafa Sani Şener Member of the Board of Directors and President & CEO
Mehmet Cem Kozlu Member of the Board of Directors and Chairman of the Corporate Governance Committee
Pierre de Champfleury Member of the Board of Directors and Member of the Audit Committee
James Bernard Farley Member of the Board of Directors
Shailesh Kumar Dash Member of the Board of Directors
Mumtaz Khan Member of the Board of Directors
İlhan İl Member of the Board of Directors
İbrahim Süha Güçsav Member of the Board of Directors
Mustafa Kalender Member of the Board of Directors
İrfan Erciyas Member of the Board of Directors
Şeref Eren Member of the Board of Directors, Consultant to TAV Academy, Member of the Audit Committee
Mehmet Erdoğan Member of the Board of Directors and External Relations Coordinator
Süleyman Son Member of the Board of Directors
Aziz Murat Uluğ Finance Director and Member of the Corporate Governance Committee
Vehbi Serkan Kaptan Business Development and Investments Director
Ümit Kazak Logistics and Contracts Director and Member of the Corporate Governance Committee
Özlem Tekay Human Resources Director and Member of the Corporate Governance Committee
Altuğ Koraltan Internal Audit Director
Murat Örnekol Operations Director
Waleed Ahmed Youssef Strategy Director
Banu Pektaş General Counsel
Hüseyin Ulukanlı Consultant to the CEO
Haluk Bilgi TAV Tunisie Country Director, Business Development Director (Subsidiaries)
Ahmet Ersagun Yücel General Secretary
Deniz Aydın Financial Affairs Coordinator
Murat Altıkardeşler Budget and Planning Coordinator
Bengi Vargül Corporate Communications Coordinator
Aysun Çelikler Contracts Coordinator
Önder Sezgi Member of the Audit Committee
Oktay Uğur Member of the Audit Committee
Nursel İlgen CFA Investor Relations Manager
Mehmet Emin Zümrüt Investor Relations Assistant Manager
Gökhan Aygör Budget and Planning Manager
Kaan Sertcan Budget and Planning Manager
Kerem Aran Budget and Planning Specialist
Sertay Sargın Budget and Planning Specialist
Asaf Kirazoğlu Budget and Planning Specialist
Burcu Geriş Structured Finance Manager
Göker Köse Structured Finance Assistant Manager
Güçlü Batkın Business Development Manager
Can Oktik Business Development Assistant Specialist
Onur Aygüneş Business Development Assistant Specialist
Ceyda Akbal Legal Counsel
Melis Erkun Legal Counsel
Pınar Tanılkan Legal Counsel
Umut Ercevahir Reporting Manager
Seda Direnç Reporting Assistant Manager
Miraç Pekmezci Reporting Senior Specialist
Şafak Özbay Reporting Specialist
İsmail Varlı Reporting Specialist
Demet Sözmen Tax Manager
Murat Cevher Tax Assistant Manager
Kerem Gökyer Tax Senior Specialist
Gülçin Bulan Tax Specialist
Cenk Laçin Tax Specialist
Metin Batak Accounting Manager, TAV Airports Holding
Aytekin Bektaş Accounting Manager, TAV Istanbul
Metin Kibar Financial Affairs and Finance Manager, TAV Esenboga
Mustafa Ayvaz Accounting Chief, TAV Izmir
Vahap Kaygusuz Accounting Manager, TAV IT
Nazım Yaprak Finance Manager
Murat Akdemir Risk Management and Research Manager
Esin Rodoplu Risk Management and Research Senior Specialist
Mete Erkal Operations Coordination Manager
Sina Avşar Process Development and Reporting Manager
Burcu Sarıoğlu Corporate Communications Senior Specialist
Sıla Usta Corporate Communications Senior Specialist

İpek Baylam Corporate Communications Specialist
Alper Topçu Corporate Communications Senior Specialist
Aslı Şener Corporate Communications Assistant Specialist
Hasan Yeşilyurt Corporate Communications Assistant Specialist
Kemal Ünlü General Manager, TAV Istanbul
Nuray Demirer General Manager, TAV Esenboga
Fırat Erkan Balcı General Manager, TAV Izmir
Ersel Göral General Manager, TAV Tunisie
Burak Birhekimoğlu General Manager, TAV Georgia
Eda Bildiricioğlu General Manager, TAV O&M
Uğur Yiğiter General Manager, TAV IT
Yusuf Acıbiber General Manager, TAV Security
Müjdat Yücel General Manager, Havas
Ersan Arcan General Manager, ATU
Sadettin Cesur General Manager, BTA
Bülent Özütürk Assistant General Manager, Havas
Ali Said Yavuz Internal Audit Manager (Information Technologies)
Burcu Yar Günhan Internal Audit Manager (Operational)
Şaziye Çevik Administrative Bureau Manager
Nihat Akkaya Administrative Bureau Chief
Hilal Doğru Administrative Bureau Staff
Defne Sertel Translator
Melek Tan Board of Directors Bureau Manager
Aslıhan Manaş Executive Assistant of the Board

All employment contracts contain the clause:

"The employee knows that 'insider trading' transactions are prohibited ("Insider trading" means stock trading in violation of competition and honesty, using information on the financial position of a publicly traded company or any other information that can affect the share price of the company before other investors can learn of it). Therefore, the employee accepts and commits to not using any information or documents on the Company's financial position, or any other information that can affect the value of the Company's publicly traded shares, acquired as a result of managerial position, or any other position in the Company, or through other means in or outside of stock market trading for the purpose of making a profit on his/her own behalf or on behalf of another person."

Pursuant to the Corporate Governance Principles, whenever the list of insiders is modified, the latest version of the list is announced on the Company website.

SECTION III-STAKEHOLDERS

13. Informing the Stakeholders

The Company's corporate governance practices and code of ethics ensure the protection of the rights of stakeholders as stipulated in legislation or mutual agreements. Stakeholders are continually kept informed within the framework of the Company's public disclosure policy, established with respect to governing legislation and the Company's code of ethics. In addition, the Company aims to provide information to all stakeholders via press bulletins, annual report, Company website and other practices within the framework of the Company's transparency-oriented information disclosure policy. For the Company's employees, the intranet, which is the intra-Company information sharing area, is used actively, and the "Newsport" magazine is published quarterly.

The Company's employees are expected to fulfill their responsibilities and hold the Company's interests above their own interests and the interests of their families or acquaintances while performing their jobs. The employees shall avoid any conduct that may be construed as pursuing their own or acquaintances' interests.

Foreseeable conflict of interest situations as well as situations defined by the Company management in such manner are shared with the employees, and Company management takes necessary measures.

14. Participation of Stakeholders in Management

The Company does not have a formal model or mechanism for the participation of stakeholders in management. However, independent Board Members allow the representation of all stakeholders, as well as the Company and the shareholders, in management.

15. Human Resources Policy

• TAV Airports Holding human resources practices are determined by the "Human Resources Policy and Fundamental Principles".

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

• The Company has adopted the principle of offering equal opportunities in recruitment, training and development, remuneration and career planning.
• Recruitment criteria are documented in writing and are followed in practice.
• The Company treats its employees equally in development and promotion opportunities and devises development policies and plans for the employees to enhance their skills and experience.
• Decisions and developments concerning the employees are transmitted via the Corporate Intranet and the Corporate Magazine, which were established to enhance and accelerate communication among employees.
• Job descriptions, performance evaluation and rewarding criteria of the employees are determined by the managers and shared with the employees.
• Relations with employees are carried out by the Human Resources Directorate. The Company does not discriminate between its employees. No complaints related to discrimination were received from employees.

16. Information about Relations with Customers and Suppliers

Since the Company is a holding company, it is not directly involved in any operation. Therefore, it does not have any direct relationships with customers or suppliers.

As a holding company, TAV Airports Holding determines the general policies in arrangements and practices that are geared toward achieving the satisfaction of the customers of its subsidiaries. It provides maximum support to its subsidiaries and in some circumstances enters into contracts with third parties in these matters, continuously undertaking efforts to enhance customer satisfaction. Within this framework, surveys are conducted for quality control as well as enhanced customer satisfaction. Customers are provided with opportunities to easily communicate their demands, and complaints are responded to and resolved as soon as possible.

17. Social Responsibility

The Company expends maximum effort to be sensitive to its social responsibilities in its operations. It complies with all regulations regarding the environment, consumer and public health, as well as ethics rules, and directs and supports its subsidiaries to behave in the same manner. The Company's terminal operating subsidiaries conduct their operations in compliance with environmental legislation, directives and guidelines of international aviation organizations such as the ICAO, ECAC, EUROCONTROL and IATA, as well as the Equator Principles of the World Bank.

Due to the nature of their operations, the Company and its subsidiaries are not legally obligated, within the scope of Environment Law and its related legislation, to produce environmental impact assessment reports. Nevertheless, the Company's relevant subsidiaries prepare environmental reports and environmental management plans during both the construction and operation phases of terminals and comply with updated environmental management plans.

Furthermore, the Company's subsidiaries have international quality control plans for their operation areas and quality control audits are conducted in compliance with international standards.

There is currently no investigation, lawsuit, other legal controversy or sanction against the Company or its subsidiaries related to the matters mentioned above.

SECTION IV-BOARD OF DIRECTORS

18. The Structure and Formation of the Board of Directors and Independent Members

The formation and election of the Board of Directors conforms to the Corporate Governance Principles and the procedures regarding this issue are set forth in the Company's Articles of Association. Accordingly;
• The Company is managed by a Board of Directors comprised of at least 15 members elected by the General Assembly from among shareholders. As stipulated in the Company's Articles of Association, two Board Members are required to be independent members as defined by the Capital Markets Board's Corporate Governance Principles.

The names of the Board Members appointed in accordance with the Company's Articles of Association are presented below:
Hamdi Akın Chairman of the Board of Directors
Ali Haydar Kurtdarcan Vice Chairman of the Board of Directors
Mustafa Sani Şener Member of the Board of Directors, President & CEO
Mehmet Cem Kozlu Member of the Board of Directors
Pierre de Champfleury Member of the Board of Directors
James Bernard Farley Member of the Board of Directors
Shailesh Kumar Dash Member of the Board of Directors
Mumtaz Khan Member of the Board of Directors
İlhan İl Member of the Board of Directors
İbrahim Süha Güçsav Member of the Board of Directors
Mustafa Kalender Member of the Board of Directors
İrfan Erciyas Member of the Board of Directors
Şeref Eren Member of the Board of Directors
Mehmet Erdoğan Member of the Board of Directors
Süleyman Son Member of the Board of Directors

Non-executive members comprise 13 of the 15 Board Members (more than half of the Board of Directors), the remaining two being executive members. The Chairman is not the same person as the President and CEO. Six Board Members are empowered to represent and bind the Company.

Of the Board Members, Mr. Mehmet Cem Kozlu and Mr. Pierre de Champfleury qualify as independent members according to the independence criteria stipulated in the CMB Corporate Governance Principles. No situation arose in the reporting period that would cease the independent status of the Company's independent Board Members.

Independent Board Members are obligated to submit a written statement of independence to the Board of Directors and immediately inform the Board of Directors when their independent status ceases. An individual who serves a total of seven years on the Company's Board of Directors cannot be appointed independent Board Member.

The Company does not impose any rules or restrictions on its Board Members for assuming additional duties outside of the Company.

19. Qualifications of Board Members

All of the nominated and appointed members of the Company's Board of Directors possess the qualifications stipulated in Articles 3.1.1, 3.1.2 and 3.1.5 of Section IV of the CMB's Corporate Governance Principles.

The Board of Directors is structured to ensure maximum influence and effectiveness. Article 13 of the Company's Articles of Association stipulates the principles of this issue. It is the Company's principle to appoint Board Members who possess the fundamental knowledge regarding legal principles governing the Company's transactions and business, are qualified and experienced in corporate management, possess the capability of examining financial statements and reports, and preferably have graduate degrees.

20. Mission, Vision and Strategic Goals of the Company

Our Mission

To create the highest value for all stakeholders in airport operations with a customer-oriented management approach.

Our Vision

To become the leader and the pioneer airport operating company in our targeted regions (Europe, Russia and the Commonwealth of Independent States, the Middle East, Africa and India).

Our Strategic Goals

The Company's general strategic goals are specified below:
• To achieve long term, sustainable and profitable growth,
• To maintain our leadership in the domestic market and to become the leader, or one of the leaders, at the international level in the near future.

The Board of Directors sets strategic goals for relevant periods through discussions with the CEO and the Group Directors.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

21. Risk Management and Internal Control Mechanism

Internal Audit provides assistance to the Holding Audit Committee in the Committee's supervision role. The mission of the Holding Audit Directorate is to assist the Holding Board of Directors and Management in their management and operation responsibilities by identifying and reporting deficiencies in internal audit, risk management and governance processes, as well as practices that are causing inefficiencies and waste of resources.

The Internal Audit Director reports to the CEO hierarchically.

Internal audit plans are prepared by taking into account risk analyses, as well as matters highlighted by the Audit Committee and management. Risk analyses are performed regularly to identify both existing and newly emerging risks. Officially, risk analyses are performed annually; however, they may be performed more frequently if deemed necessary.

22. Authorities and Responsibilities of the Board Members and Executives

The authorities and responsibilities of the Board of Directors are defined in the Company's Articles of Association in a manner that is consistent with the Board's functions, that does not leave room for any doubt and that is clearly distinguishable and identifiable from the authorities and responsibilities of the General Assembly.

All partners are obligated to keep confidential the Company secrets forever, regardless of how they learned those secrets, even after losing their shareholding rights. The partners who fail to meet this obligation are liable to the Company for the damages this may cause. However, the provisions of this article are not applicable for information that needs to be disclosed pursuant to the Capital Markets Law.

23. Operating Principles of the Board of Directors

Board Members are provided with timely access to any information they need to fully execute their duties.

The Board of Directors issues a separate resolution for approval of financial statements and accompanying notes, the independent audit report, the corporate governance compliance report and the annual report.

According to the Company's Articles of Association, a quorum for the meetings is the majority of the Board of Directors.

A Board of Directors Secretariat, which serves all Board Members and reports to the Chairman, has been formed to properly maintain documents related to Board meetings.

Board of Directors meetings are planned and held in an effective and efficient manner. As stipulated in the Company's Articles of Association;

- The Board of Directors shall meet as the business and transactions of the Company require. However, the Board of Directors expends its best efforts to meet at least once every three months. Four Board of Directors meetings were held during 2008.
- The Chairman, Vice Chairman or any Board Member has the right to call the Board of Directors for a meeting and/or include any subject in the agenda that he/she wants discussed by making an invitation to all Board Members at least seven days in advance.
- Such meeting invitations shall be made via facsimile. However, Board Members may waive these meeting formalities in writing.
- All meetings of the Board of Directors in 2008 were held at the Company Headquarters, as it was not decided otherwise by the Board of Directors.
- Every Board Member is entitled to one vote. Board Members do not have weighted voting rights or affirmative/negative veto rights.

The Board of Directors executes the duties stipulated in the Articles of Association and the relevant legislation.

24. Prohibited Dealings and Competition with the Company

At the General Assembly meeting that took place on May 23, 2008, the proposal that was presented for shareholder approval to authorize the Chairman and the Board Members to perform the transactions stipulated in articles 334 and 335 of the Turkish Commercial Code regarding the ban on doing business and competing with the Company was approved by the General Assembly.

25. Code of Ethics

TAV Airports Holding's Code of Ethics sets out the rules and principles that all executives and employees are obligated to comply with in order to contribute financial value to its shareholders and to enhance its corporate value. The Company has publicly announced the Code of Ethics on the Company website within the framework of its disclosure policy, published it on the Company's Intranet, and shared it with its employees through workplace programs.

The Code of Ethics is designed to ensure that the conduct of TAV executives and employees is of the highest standard, and that they are aware of the impact of their conduct and attitudes on the Company. Furthermore, the Code ensures that ethics of the highest standards are displayed and the best actions are employed regarding Company activities and shareholders.

26. The Number, Structure and Independence of Board Committees

In line with the Capital Markets Board Corporate Governance Principles, a Corporate Governance Committee and an Audit Committee, which report to the Board of Directors, were formed within the Company. General principles regarding the Corporate Governance Committee and the Audit Committee were stipulated in Article 34 A of the Company's Articles of Association that was published in the Turkish Trade Registry Gazette, dated December 17, 2008.

Corporate Governance Committee

Directly reporting to the Board, the role of the Corporate Governance Committee is to advise and make recommendations to the Board with respect to corporate governance principles and practices; to maintain TAV's compliance with internationally recognized corporate governance principles, establish relevant mechanism and practices for the effective corporate governance and set out the principles of remuneration, professional development and career planning of the top executives. The duties and responsibilities of the Corporate Governance Committee are stipulated in the Company's Articles of Association.

The Corporate Governance Committee is responsible for overseeing the Company's compliance with corporate governance principles, and its primary duties include:

- Overseeing the implementation of corporate governance principles by the Company, identifying the reasons if they are not being fully implemented and the consequences of inadequate implementation, and recommending measures for improvement,
- Determining methods that ensure transparency in the process of identifying candidates for the Board of Directors membership,
- Elaborating on the number of Board members and executives and making recommendations
- Developing and overseeing the principles and practices regarding performance evaluation and remuneration of Board members and executives.

Mehmet Cem Kozlu is the Chairman of the Corporate Governance Committee and was elected from among independent Board members. Members of the Corporate Governance Committee are listed below:

Chairman of the Corporate Governance Committee
Mehmet Cem Kozlu, Board Member, TAV Airports Holding Co.

Members of the Corporate Governance Committee
Özlem Tekay, Human Resources Director, TAV Airports Holding Co.
Murat Uluğ, Finance Director (CFO), TAV Airports Holding Co.
Ümit Kazak, Logistics and Contracts Director, TAV Airports Holding Co.

Audit Committee
Reporting directly to the Board of Directors, the Audit Committee assists the Board of Directors in ensuring that Company practices are in compliance with domestic and international laws, contributing to the improvement of business processes through their audits and coordinating activities to be undertaken for ensuring information transparency.

The Audit Committee is responsible for taking all measures to ensure the adequacy and transparency of all internal and independent external audit activities and executing the duties stipulated in the Capital Markets Law. Its primary duties and responsibilities include:

- Auditing and approving the compliance of financial statements and footnotes to be publicly reported in accordance with current legislation and international accounting standards;
- Overseeing the operation and effectiveness of the Company's accounting system, public disclosure of financial information, independent audit, and internal control and risk management systems;
- Examining and resolving complaints about the Company's accounting, internal control system and independent audit;
- Preventing conflicts of interest that may arise among Board members, executives and other employees, and identifying regulations that may prevent the abuse of the Company's commercial secrets.

The Company's Articles of Association stipulate that the Audit Committee shall meet at least once every three months upon the invitation of the Committee Chairman. Senior executives responsible for Financial Affairs are not allowed to be Audit Committee members. Pierre de Champfleury, one of the members of the Audit Committee, is also an independent Board Member.

Members of the Audit Committee are listed below:

Chairman of the Audit Committee
Ali Haydar Kurtdarcan, Vice Chairman of the Board of Directors, TAV Airports Holding Co.

Members of the Audit Committee
Önder Sezgi, Financial Affairs and Audit Director, Bilkent Holding Co.
Şeref Eren, Consultant, TAV Airports Holding Co.
Oktay Uğur, Financial Affairs Coordinator, Akfen Holding Co.
Pierre de Champfleury, Board Member, TAV Airports Holding Co.

27. Remuneration of the Board of Directors
Within the framework of the Capital Markets Board's Corporate Governance Principles, the Company pays a salary to each Independent Board Member commensurate with the time investment and efforts necessary for Board Membership. However, it was resolved by the General Assembly that the Company shall not pay any salary or attendance fee to the other Board Members, or the statutory auditors.

CORPORATE SOCIAL RESPONSIBILITY

TAV Airports defines corporate social responsibility as the voluntary contribution by companies to create a better society and future, and the Company maintains this principle with the support of all their stakeholders. The Company engages not only in economic activities, but also operates with the awareness of social responsibility that it has adopted in all its business practices. TAV Airports acts with awareness to use the world's limited sources very carefully, to not cause environmental harm, and improve the natural environment wherever possible. The responsibilities assumed by the Company and commitments undertaken regarding "sustainable development" constitute the social responsibility approach utilized by TAV Airports.

Through Social Responsibility projects led by the TAV Airports Holding Corporate Communications Coordinator, TAV Airports extends its best efforts every year to meet its responsibility by overcoming vital problems in domestic social development in areas such as education.

Fully aware of the impact of culture and arts in social development, TAV Airports invests in all branches of the arts in Turkey, from literature and music to theatre, photography and sculpture, by supporting existing organizations.

TAV Esenboga Support for LÖSEV

The proceeds from the New Year's activity organized by employees of TAV Esenboga, a TAV Airports Holding company, were donated to the Foundation for Children with Leukemia (LÖSEV).

LÖSEV supports the Pediatric Hematology Departments in the Eastern and Southeastern regions of Turkey through the Hospital for Children with Leukemia (LÖSANTE), the first and only such hospital in Turkey; thus generating fundamental solutions and providing vital services.

TAV Airports Support for the 19th Ankara International Film Festival

TAV Airports lent sponsorship support to the 19th annual Ankara International Film Festival in 2008 in order to raise the international recognition and prominence of Turkish Cinema, solidifying its position within the film industry.

Support for the Education Reform Initiative

In an attempt to provide support for education -which is in dire need of reform in Turkey, as well as around the world- TAV Airports Holding contributes to the Education Reform Initiative.

Through this contribution, made as part of the Company's Corporate Social Responsibility program, the much needed reforms in Turkey's education system will be designed within a framework of broad horizons, taking into account the experiences of the past and formulating a vision for the future. Accordingly, the Company is primarily supporting the Education Reform Initiative's strategy of creating a participatory and creative idea generation process that brings together bureaucracy, universities, schools and non-governmental organizations to serve as a catalyst for education reform policies. In the long term, the Education Reform Initiative aims to transform this idea generation process into a reform oversight center that will inform all stakeholders about the field of education.

Second World War Memories Exhibit at Esenboğa Airport

TAV Airports Holding airport operating company, TAV Esenboga, hosted an exhibition of unforgettable moments of the Second World War, presented by the Ankara Model Society at Ankara Esenboğa Airport.

At the Model Exhibit, turning points of the Second World War, including the occupation of Hungary, Stalingrad, the Normandy Invasion and the first occupation of the Soviet Union, were recreated with model military aircraft, land vehicles and vessels, all identical to the originals. In appreciation of TAV Airports Holding's support for the arts, Ankara Model Society Members presented a souvenir model to Esenboğa Airport as a gift on the last day of the exhibit.

CORPORATE SOCIAL RESPONSIBILITY

Concert and Ballet Performance at Esenboğa Airport

TAV Esenboga hosted a concert of the Greater Municipality of Ankara's City Orchestra and ballet performances by Hacettepe University students. On the stage set up at the airport, the Greater Municipality of Ankara's City Orchestra performed its repertoire consisting of classical, jazz and classical Turkish pieces.

"Turning Points of the Gallipoli War" Exhibit at TAV Gallery

With the support of TAV Airports Holding airport operating company, TAV Istanbul, photographs reflecting the most violent moments of the Gallipoli War were exhibited for 20 days at the TAV Gallery, located in the Atatürk Airport International Terminal.

Organized by the Çanakkale Martyrs Research and Promotion Association, the Çanakkale Martyrs Exhibit shed light on history through photographs reflecting the devastating conditions of war through this exhibition entitled "1915 Çanakkale... Where humanity defeated war!"

TAV Georgia Breeze in Ankara in Georgia Week

TAV Georgia, the first airport operating company of TAV Airports, assumed the sponsorship of Georgia Week, held May 26-30, 2008, at the Ankara Sheraton Hotel. Held in order to contribute to the development of Turkey-Georgia relations, the activity's opening ceremony was hosted by Grigol Mgaloblishvili, the Georgian ambassador to Turkey.

Sema Performance during Ramadan

TAV Airports Holding organized Sema Performances throughout the month of Ramadan at the İstanbul Atatürk, Ankara Esenboğa and İzmir Adnan Menderes Airports. The Sema Performances took place simultaneously at all airports.

"Dreams that Change" Exhibit at the Atatürk Airport with Contributions of TAV Istanbul

TAV Istanbul supported the "Dreams that Change" Exhibit that consisted of 77 pieces produced by children of financially challenged families at 11 Education Parks and 10 Learning Centers of the Educational Volunteers Foundation of Turkey. All artwork was created by students from waste materials, and the exhibit was open for two months at the TAV Gallery, located at the İstanbul Atatürk Airport.

TAV Airports was the Support Sponsor for the 25th International Physics Congress

The Turkish Physics Society's 25th International Physics Congress scientific meeting in 2008 was held in Bodrum. Organized under the support sponsorship of TAV Airports, the congress was attended by many scientists from around the world.

TAV Airports Support for the National Youth Symphony Orchestra

Recognizing that music is necessary in a civil and modern society, musician Cem Mansur organized a symphony comprised of young musicians. The National Youth Symphony Orchestra (UGSO) performed three concerts in Germany with the support of TAV Airports Holding.

TAV Airports Participation in "Earthquake Awareness Days"

TAV Airports is among the sponsors of the "Earthquake Awareness Days" Project that was initiated by Boğaziçi University Kandilli Observatory and the Earthquake Research Institute. As part of this project, the first Mobile Earthquake Simulation Training Truck commenced service on August 14, 2008.

This project was launched by Boğaziçi University Kandilli Observatory and the Earthquake Research Institute, which undertakes various education and training efforts to create earthquake awareness throughout Turkey.

Hopes for the Future Exhibit at Tbilisi International Airport

TAV Georgia lent a helping hand to children at the "Momavlis Sakhli" (Home of the Future) Orphanage. In cooperation with management at the orphanage, paintings, weavings, knittings and sculptures by the children were exhibited on a stand at the airport and donations were collected for the orphanage. With the slogan "Let's care about the future together," this donation campaign's aim was to direct the attention of society to orphans and encourage donations.

Social Responsibility Awareness from TAV Tunisie

TAV Airports airport operating company TAV Tunisie invests in the socio-cultural values of the Monastir-Sousse-Enfidha regions, the tourism hotspots of Tunisia, in addition to its airport operations. With the "Priority of investment in people" guiding principle in mind, TAV Tunisie undertakes many social responsibility projects in cooperation with educational institutions in the region.

All of these Social Responsibility activities contribute to the development of Tunisia, particularly the region where the Company's project is located, while enhancing the Company's brand recognition and representing Turkey in a favorable way.

Some of the Social Responsibility projects undertaken in Tunisia:

- Donation to the "25-26 Fund" that strives for sustainable economic development and improved living conditions in poor neighborhoods of the Monastir and Enfidha regions;
- Donation to ANPE for development of environmental awareness projects;
- Food donations to people in need during the month of Ramadan;
- Provision of school supplies and equipment to the children of the Enfidha region;
- Organization of "People's Days" in Enfidha and Hergla geared towards informing the public about job opportunities.

CORPORATE REPUTATION MANAGEMENT

Corporate reputation management, whose favorable impacts on sustainable growth, profitability and market values of companies have been proven, have gained further prominence in the recent past. Today, Corporate Communications and Reputation Management stand out as a very important competitive factor, and the added plus to the Company's reputation plays a major role in increased return on Company assets.

The primary goal of TAV Airports Holding Corporate Communications Department is to deliver messages crafted by the Management to social stakeholders with accurate content, at the most relevant time and through the most effective channels, in order to further enhance and maximize the Company's corporate reputation. Furthermore, the Department also aims to increase recognition of national and international operations of TAV Airports.

Thanks to its "systematic thinking capability," the Department is able to devise and launch creative projects compatible with the Company's communication objectives, and identify the projects that have potential and make them compatible with company philosophy. Aiming to launch projects that will make a difference in communication, the Department works in parallel with TAV Airports' intellectual expertise and high performance in operational success. The 2007 Annual Report, produced with this approach, won the "Silver Award" at the 38th Annual Creativity Awards competition held in Kentucky, USA in 2008.

Timely access to accurate information inside and outside the Company, being able to deliver the information, and managing crises with a pre-determined strategic plan are very important. The Corporate Communications Department creates the Strategic Communication Plan in order to accomplish communication goals. The Department strives to deliver messages determined according to this plan to social stakeholders using the best communication tools.

SUSTAINABILITY AND THE ENVIRONMENT

Airport Operation and its Environmental Impact

Operations carried out at the airports inevitably closely impact the environment where they are located. The environmental problems arise particularly as a result of the expansion of airports that are located outside of cities, as well as the expansion of the cities they serve. As a result of the airports being located near the cities, they become integrated with the cities' own environmental problems and create environmental impacts.

Operational activities carried out at the airports that have environmental impacts are listed below:

- Landing, takeoff and maneuvering of aircraft;
- Operation of all motor vehicles and construction equipment serving the airports;
- Chemicals used for clearing the aircraft and runways of snow and ice;
- Storage needs and leakage risk of fuel, oils and similar chemicals used in aircraft;
- Construction work performed for the maintenance, repair, modification and expansion of airport terminals, runways, aprons and taxi routes;
- Chemicals and work needed for the maintenance, repair and cleaning of the terminals, operation buildings, vehicles and construction equipment, airplanes and other aircraft.

The headings listed above have environmental impacts not just because of the emissions of chemicals, gases such as smoke and steam, liquids and solid wastes; but also because of noise, light, population density, and even the change in topographical structure.

It is undoubtedly true that an airport forever changes the environment where it is built. Wildlife, vegetation cover and the like will never be as they were before.

However, this change need not be harmful, destroy the environment or negatively impact nature, as it is usually perceived. Many more environmental projects have been undertaken in the last ten years of the 20th century and the first nine years of the 21st century. Airplanes emit nearly a quarter less of the noise now than previously, and according to some sources, exhaust gas emissions have been reduced by almost 45%. Aircraft and aircraft engine manufacturers conscientiously fulfill their duties.

Airports now act very conscientiously to minimize environmental impact and even expend efforts to make contributions. To offer a few examples, the factors taken into serious consideration by airport operators include measures such as renewable energy systems, utilization of environmentally friendly maintenance, repair and cleaning materials, acceleration of replacing ground service vehicles powered by diesel or gasoline fired internal combustion engines with electric vehicles, utilization of terminal and service building designs that do not significantly impact the topographical structure and that take into consideration the natural wind flows and surface structure, and heavier utilization of plants that are important for wildlife in landscaping.

Without contenting themselves with only these measures, airport operators force aircraft and engine manufacturers to develop more environmentally friendly airplanes, helicopters and similar aircraft. For example, while the noise level of a typical jet engine during takeoff was around 170 to 185 Decibels in the 1970s, today some airports fine individuals or companies whose airplanes exceed the noise level of 90 Decibels during takeoff. Furthermore, as emission (exhaust and similar gases) standards become more strict, airplanes that leave behind a black cloud of smoke can only be found in museums or salvage yards.

While liquid and solid waste materials were negligently dumped into the nearest stream or shore before, now great efforts are undertaken for the recycling of these wastes and the laws and regulations on this issue are getting stricter by the day. Solutions are designed for the recycling and re-usage of the water used, and these solutions are turned into concrete projects, especially in Middle Eastern countries.

The environmental matters discussed here are taken into consideration by all people and companies active in the aviation and airport operation sector. The environment also tops the agenda of authorities such as IATA and ACI.

TAV Airports displays a particular sensitivity to the environment. As part of the "Trigeneration Project" implemented at the İstanbul Atatürk Airport, the Company is increasing its contribution to the environment through facilities that are self-sufficient in energy and air conditioning needs. This project reduces carbon dioxide emissions by 40% because of the use of natural gas in electricity generation, compared to fossil fuel-fired electricity generation plants, TAV Airports is also studying the feasibility of solar energy. The Company's airports and terminals in Tunisia, Antalya Gazipaşa and İzmir that can most benefit

SUSTAINABILITY AND THE ENVIRONMENT

from solar energy stand out as suitable platforms, as facilities that can be used as test cases for the Company's solar energy initiatives.

With waste water treatment facilities installed at the airports and terminals it operates, TAV Airports employs practices such as returning treated water to sewage systems and using the treated water in irrigation. With a pilot project initiated at the Tbilisi International Airport, the Company prevents de-icing fluid applied to the body and wing surfaces of the aircraft in the winter months from mixing into the sewage system by collecting it through channels other than rain water channels. This practice prevents negative environmental impacts.

Furthermore, the Company is accelerating its efforts in replacing vehicles and construction equipment powered by diesel or gasoline fired internal combustion engines with electric vehicles and construction equipment. With these initiatives, TAV Airports undoubtedly will be among the world's pioneers in environmentally friendly airport operations.

The Company has adopted the principle of taking into consideration not only the present day of the airports, but also the future generations that the airports will cater to, positioning itself among the pioneers in supporting the concept of green airports that is gaining momentum rapidly throughout the world.

In short, TAV Airports is determined to expend its best efforts to pass on to future generations a fast and safe, as well as clean, mode of transportation.

Environmentally Sensitive Project from TAV Istanbul

Having acquired a "Self-Producer License" from the Energy Market Regulatory Authority (EPDK) in February 2008, TAV Istanbul is implementing a "Trigeneration Project" in order to generate the electricity of the İstanbul Atatürk Airport. Once the project is completed, İstanbul Atatürk Airport will be generating its own electricity and air-conditioning energy.

While generating electricity with this project, the heat recaptured will be used for terminal air-conditioning. These measures will provide a 25% savings in energy costs. Expected to have an installed capacity of 9.9 MW, the plant will generate 100% of the Airport's electricity consumption, as well as 40% of its heating and 35% of its cooling needs. As a result, Atatürk Airport will have lower costs and more efficient energy usage.

TAV Esenboga: First Airport to Produce its Own Energy

TAV Esenboga broke new ground at the Ankara Esenboğa Airport with the Cogeneration Project that allows the facility to generate its own electricity. For the first time in Turkey, an airport began generating its own electricity and reduced its energy consumption by 25%.

At Esenboğa Airport, where the Company launched an integrated electricity heat plant as part of its Cogeneration Project, the Company generates electricity from natural gas and has reduced its energy costs by 25% by using recaptured heat in terminal air-conditioning. Thanks to this project, TAV Esenboga has been using cheaper and safer electric energy.

The Cogeneration Project is being cited as an example by the Turkish State Airports Authority (DHMİ) as a model to be used in other airports.

Environmentally Friendly Airport

All TAV Esenboga projects adhere to the principle of minimizing emissions of carbon dioxide (CO_2), a greenhouse gas, and carbon monoxide (CO), a poisonous gas that causes air pollution, in an attempt to improve air quality and protect against global warming.

In line with this principle, the Esenboğa Airport Domestic-International Terminal Building and Components Project stands out with its environmentally friendly credentials. The project distinguishes itself through the utilization of natural resources and recycling management, energy management systems and extensive green area planning.

Energy Management at Esenboğa

Using mechanical and electrical automation systems, terminal building lighting and inside temperatures are adjusted automatically at the Ankara Esenboğa Airport, and escalators operate only when they are being used. As a result, redundant energy use is avoided and energy conservation of up to 20% is achieved, compared to a building that is not equipped with this system. The 20% energy conservation at the facility corresponds to 5,706,421 kWh/year.

Saved CO_2 emissions as a result of energy conservation: 5,135,779 kg/year
Saved CO emissions as a result of energy conservation: 233,445 kg/year

Thanks to the high-efficiency light bulbs used in terminal lighting, electric conservation of 1,750,000 kWh/year has been achieved.

Saved CO_2 emissions as a result of energy conservation: 1,576,000 kg/year
Saved CO emissions as a result of energy conservation: 71,640 kg/year

Esenboğa Airport is the first airport in Turkey to supply its own electricity using a cogeneration electricity generation facility. Thanks to this system, with which the Company generates electricity on-site from natural gas, transmission and distribution losses amounting to 8% are prevented and adverse environmental impact is minimized. Total electricity generated at the terminal is 28,000,000 kWh/year.

Comparison of electricity supplied by cogeneration with electricity generated from coal or fuel oil yields the following results:

CO_2 emissions as a result of electricity generated with cogeneration: 11,200,000 kg/year
CO emissions as a result of electricity generated with cogeneration: None
CO_2 emissions as a result of electricity generated from coal: 25,200,000 kg/year
CO emissions as a result of electricity generated from coal: 1,120,000 kg/year
Saved CO_2 emissions as a result of the cogeneration facility: 14,000,000 kg/year
Saved CO emissions as a result of the cogeneration facility: 1,120,000 kg/year

Thanks to the 400 Hz system installed in the terminal building, parked aircraft can be supplied with the energy needed for operation of their electrical and electronic systems, which in turn allows the fuel-powered generators of the aircraft to shut down and emissions of harmful CO and CO_2 gases to be avoided.

Saved fuel use with this system: 1,481,830 kg/year
Saved CO_2 emissions with this system: 93,126,000 kg/year
Saved CO emissions with this system: 4,223,000 kg/year

Total environmental impacts of CO_2 and CO gases, which cause global warming and increase air pollution respectively, as a result of the energy management at the terminal are as follows:
Total saved CO_2 emissions: 113,837,779 kg/year
Total saved CO emissions: 5,658,085 kg/year
Total saved fuel use by aircraft: 1,481,830 kg/year
Number of trees needed to clean the avoided CO_2 emissions in a year: 135,600
Number of times an airplane can fly from İstanbul to Ankara with the fuel conserved: 740

Water Resource Management at Esenboğa
With the water treated at TAV Esenboga's waste water treatment facility, at a capacity of 3,800 m3/day, 150 thousand square meters of green area are irrigated, and 70 thousand tons of water conservation per year is achieved.

Thanks to flow rate-controlled photocell batteries used at sinks located in the terminal, 5,100 tons of water are conserved annually.

Total water conservation of 75,100 tons/year corresponds to the annual water consumption of 515 4-person families.

Green Areas
Ankara Esenboğa Airport emits 11,200,000 kg/year and 6,000,000 kg/year of CO_2 from electricity generation and heating respectively, while supplying the energy needs of the terminal. Thus, the terminal's total CO_2 emissions amount to 17,200,000 kg/year. Since each tree grown cleans 2.3 kg of CO_2 per day, 20,488 trees would be needed to clean away this amount of CO_2.

The terminal's 150,000 square-meter landscaping area has a total of 1,300 trees. Unsatisfied with this, TAV Esenboga created a forest initially consisting of 2 thousand trees in the town of Çubuk. The Company's goal is to plant 20,488 trees and entirely mitigate its CO_2 emissions.

An "Environmental" Move from TAV Izmir
In an attempt to prevent environmental pollution and leave behind a healthy living environment for future generations, TAV Izmir created an Environmental Management System at the İzmir Adnan Menderes Airport International Terminal. The Company also broke new ground in Turkey with its Waste Management System, which is above the procedures implemented in Turkey according to international aviation standards.

SUSTAINABILITY AND THE ENVIRONMENT

As part of the Environmental Management System, TAV Izmir groups recyclable waste such as residential waste, metals, cables, fluorescent waste, paper and cardboard separately from medical wastes and recycles them as applicable.

TAV Izmir plans to expand the use of battery boxes placed in 2008 at the International Terminal to all public entities and companies within the boundaries of the airport beginning in 2009. As a result, recyclable batteries will be used to the benefit of the Turkish economy.

The Company uses refillable printer cartridges. Non-refillable cartridges, which are considered dangerous waste, have been eliminated in accordance with the relevant regulation.

As part of its joint efforts with the Destination İzmir Promotion and Business Development Group, TAV Izmir conducts training sessions for the region's hotels on environmental and energy matters.

In cooperation with the İzmir Metropolitan Municipality, TAV Izmir ensures that dangerous and medical wastes are collected with special vehicles and treated so as to not harm the environment.

TAV Izmir expends its best efforts to ensure that all materials and chemicals used at the International Terminal are environmentally friendly.

Furthermore, the Company encourages employees to conserve energy in their homes by conducting information meetings and providing technical assistance as needed.

"Energy Efficiency Project"

As part of the Energy Efficiency Project launched to preserve natural resources, TAV Izmir has implemented many projects for energy and natural gas conservation.

TAV Izmir won the EBSO Environment Committee Special Award at the 2008 Environment Award Competition organized by the Aegean Region Chamber of Industry (EBSO). The Company was deemed worthy of this award from among many active industrial facilities in the Aegean Region, despite the fact that it is not an industrial facility.

As part of the Energy Efficiency Project:
• In cooperation with the İzmir Institute of Technology (İYTE) on energy efficiency and environmental matters, TAV Izmir identified heat leakages at the terminal using a thermal camera and insulated them. In addition, the Company recorded all materials used in the terminal's construction and their thermal device readings in a special thermal efficiency computer program and initiated thermal efficiency efforts.
• TAV Izmir installed vents on the vaulted-roof fire dampers.
• TAV Izmir installed new automation software between the cooling tower and the chiller.

These implementations bore fruit in short order as follows:
• As a result of the "Energy Efficiency Project", TAV Izmir reduced its CO_2 emissions by 2 thousand tons and conserved 6,010 trees.
• In a period of eight months, the Company achieved 15.23% and 14.94% conservation in electricity and natural gas consumption, respectively.
• On a per passenger basis, conservation in electricity and natural gas consumption were 19.51% and 19.23%, respectively.
• In order to preserve its water resources, TAV Izmir installed special apparatuses on all water batteries at the terminal that regulate water pressure and reduce the flow rate without impacting comfort standards. As a result, water conservation of 11.5% per passenger and total water conservation of 6.76% were achieved.
• In 2008, TAV Izmir collected 1,250 batteries (25 kg) in battery boxes placed in the International Terminal in an attempt to prevent environmental pollution.
• On average, TAV Izmir collected 35 tons of recyclable waste such as glass, metal, paper, cardboard and plastic per month throughout the airport, separately from other waste, and turned them into an economic asset.

TAV Georgia received the Environmental Management ISO 14001 certificate.

TAV Georgia successfully completed the Environmental Management ISO 14001 certification audits.

TAV Georgia, which operates the Tbilisi and Batumi International Airports in Georgia, received the Environmental Management ISO 14001 certificate as a result of its efforts since early May. TAV Georgia has set up the ISO 14001 Environmental Management system in order to determine the environmental impact of its airport services and other operations, and to mitigate significant environmental damage. This certificate is a first for airport, terminal and ground handling operations companies in Caucasus Region airports.

QUALITY

İstanbul Atatürk Airport ISO 9001:2000 Quality Management System improvement efforts

TAV Istanbul undertook ISO 9001:2000 Quality Management System improvement efforts at İstanbul Atatürk Airport in 2008, and formed a Quality Team consisting of eight participants from various departments in order to develop a new quality perspective and carry out projects.

Working in coordination with all departments in order to meet all quality standards reliably and accurately, the Quality System Department has been ensuring the continuity of the Company's ISO 9001:2000 Quality Management System certificate since 2003.

In order to have the its system assessed from a different perspective, the Company changed its external audit company on March 1, 2008. TAV Istanbul's follow-up audits are now being performed by the new audit company, Lloyd's Register Quality Assurance (LRQA).

As part of the ISO 9001:2000 Quality Management System improvement efforts in 2008, TAV Istanbul added new definitions to and simplified the system.

Key performance indicators that were identified for evaluating the performance of business processes were monitored throughout the year and improved upon.

TAV Istanbul received "Process Audit" training in order to ensure more effective internal audits. The Company intends to initiate process audit practices in the beginning of 2009.

TAV Georgia's accomplishments in this area are recognized by its attainment of the Quality Management ISO 9001:2000

TAV Georgia, which operates the Tbilisi and Batumi International Airports in Georgia, successfully completed Quality Management ISO 9001:2000 certification audits.

TAV Georgia received the Quality Management ISO 9001:2000 certificate as a result of its efforts since early May. ISO 9001 Quality Management will benefit TAV Georgia by setting the standards of its services at the airports, constantly improving and developing services, and contributing to customer satisfaction. This certificate is a first among airport, terminal and ground handling operations companies in the Caucasus Region airports. TAV Georgia strives to execute all of its airport operations with high-quality, sustainable development policies. This project represents a significant milestone for the Company's operation system, and plays a major role in deploying the experience and knowhow that TAV Airports has accumulated over the years in the system in Georgia.

AGENDA FOR THE ORDINARY GENERAL ASSEMBLY MEETING

1. Opening and forming of the Presidential Board,

2. Granting authorization to the Presidential Board on signing the Ordinary General Shareholders' Meeting Minutes,

3. Review and discussion on the Reports of the Board of Directors and the Auditors for the fiscal year 2008,

4. Discussion on and approval of the Balance Sheet and the Profit and Loss Statements for the fiscal year 2008,

5. Discussion and approval of setting aside the consolidated net profit as extraordinary reserves, instead of distributing it as dividend, as a net profit of 8.854.184 TL was attained in the consolidated UFRS financial accounts prepared in accordance with the Communique of the Capital Markets Board Serial XI No. 29 whereas a net loss of 124.151.037 TL accumulated in the financial accounts prepared in accordance with the legal books,

6. Releasing the Members of the Board and the Auditors for their activities for the fiscal year 2008,

7. Approval of the appointment of the new Members of the Board to the Board memberships which became vacant during the year,

8. Election of new Auditors replacing the Auditors whose term of duty has come to an end and determination of their term and remuneration,

9. Approval of the Independent External Auditor,

10. Presentation to the Shareholders of the Disclosure Policy prepared pursuant to the Corporate Governance Principles of the Capital Markets Board,

11. Presentation to the Shareholders of the transactions of the "Related Parties" within the framework of the provision of Article 5 of the Communique of the Capital Markets Board Serial IV No. 41,

12. Presentation to the Shareholders of the donations made by the Company during 2008,

13. Granting authorization to the Chairman and the Members of the Board pursuant to Article 334 and 335 of the Turkish Commercial Code,

14. Wishes and requests,

15. Closing.

AUDITORS' REPORT

To the Ordinary General Assembly of TAV Airports Holding Co.

Title	:	TAV Airports Holding Co.
Headquarters	:	İstanbul
Capital	:	YTL 242,187,500 (as of December 21, 2008)
Area of Operation	:	Airports, Investment and Operation Activities regarding Airport Terminal Construction and Operation, participation in companies engaged in such activities and provision of management and financing services.
Name and Duration of Duty of the Auditors, Partnership or Duties in the Company	:	Önder Sezgi, Oktay Uğur and Belgin Berker. Our duration of duty is two years. We are not partners of the Company. We have no duties in the Company.
Number of Board of Directors Meetings Attended and Audit Board Meetings held	:	The Auditors held six Audit Board Meetings.
The Scope of the Examination Performed on the Company Accounts, Books and Documents, Dates of such Examinations, and Conclusion Reached	:	We performed examinations and audits during the first weeks of the 3rd, 6th, 9th and 12th months, in accordance with Tax Laws and the Turkish Commercial Code. We have not encountered any issue to critique.
Number and Conclusions of the Counts Performed in the Company's Treasury Pursuant to Article 353 Section 1.3 of the Turkish Commercial Code	:	Inventory counts were performed and count reports were created during the audit; as a result of the counts, we determined that actual inventories agree with the records.
Number and Dates of the Audits Pursuant to Article 353, Section 1.4 of the Turkish Commercial Code	:	As a result of the examinations we performed on the first day of each month, we determined that securities present agree with the records.
Complaints and Frauds Submitted and Transactions Performed in Response	:	No complaint was submitted to the auditors.

We have audited the transactions and accounts of TAV Airports Holding Co. for the fiscal year from January 1, 2008, to December 31, 2008, in accordance with the Turkish Commercial Code, the Company's Articles of Association, other laws and applicable legislation and generally accepted Accounting Principles and Standards.

In our opinion, the balance-sheet prepared as of December 31, 2008 factually and accurately reflects the Company's true financial position as of this date; and the income statement prepared for the period from January 1, 2008, to December 31, 2008 factually and accurately reflects the Company's operations results for this period; the profit allocation proposal is in accord with the laws and the Company's Articles of Association.

We recommend the approval of the balance-sheet and the income statement and discharge of the Board of Directors.

AUDIT COMMITTEE

Önder Sezgi **Oktay Uğur** **Belgin Berker**

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2008 WITH INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
TAV Havalimanları Holding Anonim Şirketi

We have audited the accompanying consolidated financial statements of TAV Havalimanları Holding Anonim Şirketi and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of certain consolidated companies as at and for the year ended 31 December 2008 which statements reflect total assets constituting 25%, and total revenues constituting 31% of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for these companies, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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 principles 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 opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

İstanbul, Turkey
30 March 2009

KPMG Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

(Amounts expressed in Euro unless otherwise stated)

ASSETS	Notes	31 December 2008	Restated (*) 31 December 2007
Property and equipment	17	81,216,173	66,145,594
Intangible assets	18	32,679,835	30,395,636
Airport operation right	19	454,306,163	295,835,595
Other investments	20	24,238	1,235,348
Goodwill	7	131,564,539	131,564,539
Prepaid concession expenses, non-current portion	21	120,285,515	154,155,439
Non-current trade receivables	25	156,306,856	179,431,221
Non-current due from related parties	40	8,140,329	-
Other non-current assets	24	14,891,066	24,788,454
Deferred tax assets	22	37,366,642	21,157,808
Total non-current assets		**1,036,781,356**	**904,709,634**
Inventories	23	9,770,719	9,309,476
Prepaid concession expenses, current portion	21	128,688,749	140,797,438
Trade receivables	25	55,968,143	49,883,346
Due from related parties	40	7,019,918	4,702,897
Derivative financial instruments	36	32,257,634	-
Other receivables and current assets	24	46,732,857	43,579,331
Cash and cash equivalents	26	59,572,792	64,652,433
Restricted bank balances	27	254,097,284	257,520,816
Investments held for trading	20	-	248,683
Total current assets		**594,108,096**	**570,694,420**
TOTAL ASSETS		**1,630,889,452**	**1,475,404,054**

(*) See "Restatement of Prior Periods' Financial Statements"-Note 43.

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

(Amounts expressed in Euro unless otherwise stated)

	Notes	31 December 2008	Restated (*) 31 December 2007
EQUITY			
Share capital	28	104,910,267	104,910,267
Share premium		220,182,481	220,182,481
Legal reserves		15,062,069	10,559,039
Revaluation surplus		2,665,932	3,007,539
Purchase of shares of entities under common control		40,063,860	40,063,860
Cash flow hedge reserve		(31,301,803)	-
Translation reserves		(872,551)	343,039
Accumulated losses		(56,688,149)	(56,584,597)
Total equity attributable to equity holders of the Company		**294,022,106**	**322,481,628**
Minority interest		**15,017,194**	**14,986,680**
Total Equity		**309,039,300**	**337,468,308**
LIABILITIES			
Loans and borrowings	30	876,556,773	763,812,573
Reserve for employee severence indemnity	31	3,247,519	4,884,107
Due to related parties	40	9,591,944	-
Deferred income	33	16,659,877	19,068,150
Long term trade payables		75,022	-
Deferred tax liabilities	22	5,752,448	4,581,203
Total non-current liabilities		**911,883,583**	**792,346,033**
Bank overdraft	26	1,844,425	1,970,698
Loans and borrowings	30	220,234,320	234,768,093
Trade payables	35	27,543,307	22,007,749
Due to related parties	40	52,428,667	29,298,699
Derivative financial instruments	36	69,699,812	17,144,780
Current tax liabilities		2,488,341	1,487,698
Other payables	32	25,299,953	18,014,081
Provisions	34	3,762,121	11,533,560
Deferred income	33	6,665,623	9,364,355
Total current liabilities		**409,966,569**	**345,589,713**
Total Liabilities		**1,321,850,152**	**1,137,935,746**
TOTAL EQUITY AND LIABILITIES		**1,630,889,452**	**1,475,404,054**

(*) See "Restatement of Prior Periods' Financial Statements"-Note 43.

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

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts expressed in Euro unless otherwise stated)

	Notes	31 December 2008	Restated (*) 31 December 2007
Construction revenue	8	199,235,250	53,914,284
Operating revenue	9	573,779,658	458,723,597
Other operating income	10	23,953,081	20,305,196
Construction expenditure	8	(189,747,858)	(52,941,288)
Cost of catering inventory sold		(13,220,873)	(10,890,429)
Cost of duty free inventory sold		(58,811,314)	(56,040,406)
Cost of services rendered		(36,874,795)	(22,578,695)
Personnel expenses	11	(145,902,809)	(113,294,400)
Concession rent expenses	12	(155,950,811)	(140,789,005)
Depreciation and amortisation expenses	14	(34,891,411)	(30,103,199)
Other operating expenses	13	(75,755,017)	(86,914,049)
Operating profit		**85,813,101**	**19,391,606**
Finance income		18,429,841	16,877,867
Finance expenses		(103,010,045)	(84,851,337)
Net finance expense	**15**	**(84,580,204)**	**(67,973,470)**
Profit/(loss) before income tax		**1,232,897**	**(48,581,864)**
Income tax benefit	16	3,434,844	4,745,445
Profit/(loss) for the period		**4,667,741**	**(43,836,419)**
Attributable to:			
Equity holders of the Company		4,058,822	(43,714,479)
Minority interest		608,919	(121,940)
Profit/(loss) for the period		**4,667,741**	**(43,836,419)**
Weighted average number of shares outstanding		**242,187,500**	**240,717,076**
Income/(loss) per share-basic	**29**	**0.0193**	**(0.1821)**

(*) See "Restatement of Prior Periods' Financial Statements"-Note 43.

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

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts expressed in Euro unless otherwise stated)

	Share Capital	Share Premium	Legal Reserves	Revaluation Surplus	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Accumulated Losses	Attributable to Equity Holders of the Parent	Minority Interest	Total
Balance as at 31 December 2006 as previously reported	**99,543,528**	**171,881,833**	**8,766,287**	**-**	**35,589,741**	**-**	**(83,244)**	**(5,131,662)**	**310,566,483**	**23,073,806**	**333,640,289**
Effect of purchase of shares from subsidiaries	-	23,676,333	-	-	-	-	-	(2,066,710)	21,609,623	(21,609,623)	-
Correction of an error (Note 43)	-	-	-	-	-	-	-	(6,234,456)	(6,234,456)	-	(6,234,456)
Effect of adoption of IFRIC 12 (Note 43)	-	-	-	-	-	-	-	2,313,489	2,313,489	-	2,313,489
Balance as at 31 December 2006 as restated	**99,543,528**	**195,558,166**	**8,766,287**	**-**	**35,589,741**	**-**	**(83,244)**	**(11,119,339)**	**328,255,139**	**1,464,183**	**329,719,322**
Effect of purchase of shares from subsidiaries	-	-	-	-	-	-	-	-	-	13,818,118	13,818,118
Cash injection in share capital	5,366,739	48,300,648	-	-	-	-	-	-	53,667,387	-	53,667,387
Issue of share capital in affiliates	-	-	-	-	-	-	-	-	-	23,696	23,696
Transfers	-	-	1,792,752	-	-	-	-	(1,836,187)	(43,435)	43,435	-
Exchange differences on translation reserves	-	-	-	-	-	-	426,283	-	426,283	129,149	555,432
Effect of group structure change	-	(23,676,333)	-	-	4,474,119	-	-	-	(19,202,214)	-	(19,202,214)
Revaluation surplus	-	-	-	3,007,539	-	-	-	85,408	3,092,947	-	3,092,947
Dividend distributions	-	-	-	-	-	-	-	-	-	(369,961)	(369,961)
Loss for the year	-	-	-	-	-	-	-	(43,714,479)	(43,714,479)	(121,940)	(43,836,419)
Balance as at 31 December 2007	**104,910,267**	**220,182,481**	**10,559,039**	**3,007,539**	**40,063,860**	**-**	**343,039**	**(56,584,597)**	**322,481,628**	**14,986,680**	**337,468,308**
Balance as at 31 December 2007 as previously reported	**104,910,267**	**220,182,481**	**10,559,039**	**3,007,539**	**40,063,860**	**-**	**343,039**	**(53,499,998)**	**325,566,227**	**14,986,680**	**340,552,907**
Effect of adoption of IFRIC 12 (Note 43)	-	-	-	-	-	-	-	(3,084,599)	(3,084,599)	-	(3,084,599)
Balance as at 31 December 2007 as restated	**104,910,267**	**220,182,481**	**10,559,039**	**3,007,539**	**40,063,860**	**-**	**343,039**	**(56,584,597)**	**322,481,628**	**14,986,680**	**337,468,308**
Transfers	-	-	4,503,030	-	-	-	-	(4,572,301)	(69,271)	69,271	-
Issue of share capital in affiliates	-	-	-	-	-	-	-	-	-	58,620	58,620
Exchange differences on translation reserves	-	-	-	-	-	-	(1,215,590)	-	(1,215,590)	72,137	(1,143,453)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(31,301,803)	-	-	(31,301,803)	-	(31,301,803)
Dividend distributions	-	-	-	-	-	-	-	-	-	(778,433)	(778,433)
Depreciation on revaluation surplus	-	-	-	(341,607)	-	-	-	409,927	68,320	-	68,320
Profit for the year	-	-	-	-	-	-	-	4,058,822	4,058,822	608,919	4,667,741
Balance as at 31 December 2008	**104,910,267**	**220,182,481**	**15,062,069**	**2,665,932**	**40,063,860**	**(31,301,803)**	**(872,551)**	**(56,688,149)**	**294,022,106**	**15,017,194**	**309,039,300**

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

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts expressed in Euro unless otherwise stated)

	Notes	31 December 2008	Restated (*) 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		**4,667,741**	**(43,836,419)**
Adjustments for:			
Amortisation of airport operation right	14-19	19,098,532	18,931,596
Depreciation of property and equipment	14-17	11,673,655	8,588,490
Amortisation of intangible assets	14-18	4,119,224	2,583,113
Amortisation of concession asset	12	151,756,635	140,789,005
Non-recoverable VAT related to concession payments		-	10,135,128
Provision for employment termination benefits	31	532,968	723,817
Provisions set for doubtful receivables	38	736,615	46,458
Reversal of provision for doubtful receivables	38	-	(676,397)
(Reversal of)/provision for tax penalties	34	(2,900,918)	9,248,823
Other provisions set	34	55,195	-
Discount on receivables and payables, net		41,733	112,806
Gain on sale of property and equipment		(448,847)	-
Impairment of property and equipment	14-17	318,277	-
Accrual for unused vacation	34	713,239	1,256,739
Addition/(Reversal) of provision for slow moving inventory	23	135,864	(97,767)
Unrealised foreign exchange differences on balance sheet items		16,828,426	(18,480,348)
Accrued interest expense		(289,393)	-
Accrued interest expense on financial liabilities		69,068,363	55,257,881
Income tax benefit	16	(3,434,844)	(4,745,445)
Marked to market valuation of derivative instruments		-	7,203,279
Cash flows from operating activities		**272,672,465**	**187,040,759**
Change in derivative instruments		(14,250,258)	-
Change in trade receivables		(6,756,180)	13,835,281
Change in non-current trade receivables		23,124,365	24,476,033
Change in inventories		(597,107)	2,190,048
Change in due from related parties		(10,457,349)	(108,694)
Change in restricted bank balances		104,994,275	5,056,392
Change in other receivables and current assets		18,453,605	(7,852,633)
Change in trade payables		(5,153,312)	(25,977,895)
Change in due to related parties		32,721,912	(16,023,619)
Change in other payables and provisions		(2,631,291)	1,420,715
Change in other long term assets		28,396,308	(2,093,673)
Additions to prepaid concession expenses	21	(95,196,116)	(107,355,756)
Change in VAT portion of prepaid rent		(38,605,549)	(7,801,633)
Cash generated from operations		**306,715,768**	**66,805,325**
Income taxes paid		(7,605,088)	(2,371,559)
Interest paid		(71,603,765)	(50,058,532)
Retirement benefits paid	31	(1,187,169)	(990,213)
Net cash provided from operating activities		**226,319,746**	**13,385,021**

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

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts expressed in Euro unless otherwise stated)

	Notes	31 December 2008	Restated (*) 31 December 2007
CASH FLOWS FROM INVESTING ACTIVITIES			
Net change in investments held for trading	20	248,683	(90,954)
Acquisition of subsidiary net of cash acquired		-	(76,446,285)
Proceeds from sale of property and equipment and intangible assets and correction of airport operation right		1,130,525	571,740
Acquisition of property and equipment	17	(30,832,563)	(17,444,906)
Additions to airport operation right	19	(177,959,052)	(101,552,254)
Acquisition of intangible assets	18	(5,821,624)	(1,267,225)
Net cash used in investing activities		**(213,234,031)**	**(196,229,884)**
CASH FLOWS FROM FINANCING ACTIVITIES			
New borrowings raised		766,724,816	233,157,597
Repayment of borrowings		(674,482,682)	(92,224,347)
Change in restricted bank balances		(110,098,414)	60,947,322
Effect of group structure change		-	(34,601,256)
Minority change		30,515	13,522,500
Purchase of shares under common control		-	4,474,119
Dividends paid		-	(369,959)
(Repayment of)/addition to finance lease liabilities		(213,318)	699,089
Increase in share premium		-	48,300,648
Increase in share capital		-	5,366,739
Net cash (used in)/provided from financing activities		**(18,039,083)**	**239,272,452**
NET (DECREASE)/INCREASE FROM CASH AND CASH EQUIVALENTS		**(4,953,368)**	**56,427,589**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**26**	**62,681,735**	**6,254,146**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**26**	**57,728,367**	**62,681,735**

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

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts expressed in Euro unless otherwise stated)

1. REPORTING ENTITY

TAV Havalimanları Holding A.Ş. ("TAV", "TAV Holding" or "the Company") was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. On 7 August 2006, the Company's name has been changed to TAV Havalimanları Holding A.Ş. The address of the Company's registered office is İstanbul Atatürk Havalimanı Dış Hatlar Terminali 34149 Yeşilköy, İstanbul, Turkey.

The Company is listed in İstanbul Stock Exchange since 23 February 2007 and Company's shares are traded as "TAVHL".

The immediate parent and ultimate controlling party of TAV and its subsidiaries are Tepe Group and Akfen Group. As explained in Note 3, Significant accounting policies, in years 2005, 2006 and 2007, the ultimate shareholders of the Company transferred their shares in certain companies and joint ventures to the Company. As a result of these share transfers, the Company became the parent company of these subsidiaries.

TAV, its subsidiaries and its joint ventures are collectively referred to as "the Group" in this report. The Company's subsidiaries as at 31 December 2008 and 2007 are as follows:

			31 December 2008		31 December 2007	
Name of Subsidiary	Principal Activity	Place of operation	Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
TAV İstanbul Terminal İşletmeciliği A.Ş. ("TAV İstanbul")	İstanbul Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa")	Ankara Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir")	İzmir Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Tunisie S.A. (" TAV Tunisie")	Airport Operator	Tunisia	100.00	100.00	100.00	100.00
TAV Batumi Operations LLC ("TAV Batumi")	Airport Management Service Provider	Georgia	60.00	100.00	60.00	100.00
Batumi Airport LLC	Airport Operator	Georgia	-	100.00	-	100.00
TAV Macedonia Dooel Skopje ("TAV Macedonia")	Airport Operator	Macedonia	100.00	100.00	-	-
TAV Gazipaşa Yapım, Yatırım ve İşletme A.Ş. ("TAV Gazipaşa")	Airport Operator	Turkey	100.00	100.00	-	-
HAVAŞ Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ")	Ground Handling Services	Turkey	100.00	100.00	100.00	100.00
BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş. ("BTA")	Food and Beverage Services	Turkey	66.66	66.66	66.66	66.66
BTA Georgia LLC ("BTA Georgia")	Food and Beverage Services	Georgia	66.66	66.66	66.66	66.66
BTA Tunisie SARL	Food and Beverage Services	Tunisia	66.66	66.66	-	-
BTA Unlu Mamülleri Pasta Üretim Turizm Gıda Yiyecek İçecek Hizmetleri San ve Tic A.Ş.("Cakes & Bakes")	Food and Beverage Services	Turkey	66.66	66.66	-	-
TAV İşletme Hizmetleri A.Ş. ("TAV İşletme")	Operations &Maintenance ("O&M"), Lounge Services	Turkey	100.00	100.00	100.00	100.00
TAV Georgia Operation Services LLC ("TAV İşletme Georgia")	Lounge Services	Georgia	99.99	99.99	99.99	99.99
TAV Bilişim Hizmetleri A.Ş. ("TAV Bilişim")	Software and System Services	Turkey	97.00	97.00	97.00	97.00
TAV Özel Güvenlik Hizmetleri A.Ş. ("TAV Güvenlik")	Security Services	Turkey	66.67	66.67	66.67	66.67

BTA, TAV İşletme, TAV İstanbul, ATÜ and insignificant amount of TAV Esenboğa were acquired from parents of the Company on 29 December 2005. Although the Company owned insignificant amount of shares of TAV Esenboğa in year 2005, it had the power to appoint and remove the majority of the board of directors and control the entity by the board. Accordingly, as at 31 December 2005, TAV Esenboğa was reflected as a subsidiary due to a formal protocol signed between TAV and shareholders of TAV Esenboğa which transfers all operational and financial control of TAV Esenboğa to TAV. On 29 December 2006 and 6 July 2007, TAV acquired the majority interest in TAV Esenboğa, increasing ownership interest from 0.01% to 75% and from 75% to 100%, respectively.

In July 2005, the Group owned 64.99% of TAV İzmir at the time of the acquisition by HAVAŞ. According to the share purchase agreement of HAVAŞ, the other shareholders in HAVAŞ and TAV İzmir agreed to transfer their remaining shares in TAV İzmir to TAV under conditions determined by TAV and in doing so relinquished all rights to or control of the shares in TAV İzmir. Accordingly, TAV in substance owns and controls 100% of TAV İzmir from July 2005. In year 2006, HAVAŞ purchased an additional 35% of the shares in TAV İzmir. On 29 December 2006, 95% and on 17 July 2007, remaining 5% of TAV İzmir shares were transferred to TAV.

The entities that are jointly controlled by the Company as at 31 December 2008 and 2007 are as follows:

			31 December 2008		31 December 2007	
Name of joint venture	Principal activity	Place of operation	Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
ATÜ Turizm İşletmeciliği A.Ş. ("ATÜ")	Duty free Services	Turkey	49.98	50.00	49.98	50.00
ATÜ Georgia Operation Services LLC ("ATÜ Georgia")	Duty free Services	Georgia	49.98	50.00	49.98	50.00
TAV Urban Georgia LLC ("TAV Tbilisi")	Airport Operator	Georgia	60.00	50.00	60.00	50.00
TAV Gözen Havacılık İşletme ve Ticaret A.Ş. ("TAV Gözen")	Operating Special Hangar	Turkey	32.40	32.40	-	-
Cyprus Airport Services Ltd. ("CAS")	Management and Ground Handling	KKTC	50.00	50.00	50.00	50.00

HAVAŞ, Gözen Havacılık ve Ticaret A.Ş. and Türkmen Havacılık Taşımacılık ve Ticaret A.Ş. formed a joint venture under the name of TAV Gözen Havacılık İşletme ve Ticaret A.Ş. ("TAV Gözen") at 10 June 2008. HAVAŞ has 32.4% ownership in TAV Gözen as at 31 December 2008. TAV Gözen is engaged in management of all operational inventory, machinery and system in the special hangar of İstanbul Atatürk Airport, any construction and investment related to its subject.

HAVAŞ and Kıbrıs Türk Havayolları Limited Şirketi ("KTHY") formed a joint venture as 50% + 1 of participation for KTHY under the name of Cyprus Airport Services Ltd. ("CAS") according to the protocol signed on 1 September 2006 to construct an airport terminal and to undertake its management for ground handling operations in the Turkish Republic of Northern Cyprus ("KKTC"). CAS started its operations on 1 August 2008.

On 28 November 2008, HAVAŞ has become preferred bidder for the tender held by the Turkish Airlines ("THY") to participate in the 50% of its share in TGS Yer Hizmetleri A.Ş. ("TGS").

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Euro unless otherwise stated)

Description of Operations

The Group's core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. The Group companies incorporated in Turkey enter into Build-Operate-Transfer ("BOT") Agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) ("DHMİ"), TAV Tbilisi with JSC Tbilisi International Airport ("JSC"), TAV Batumi with Georgian Ministry of Economic Development ("GMED"), TAV Tunisie with Tunisian Airport Authority (Office De L'Aviation Civil Et Des Aeroports) ("OACA") and TAV Macedonia with Macedonian Ministry of Transportation and Communication ("MOTC). Under these agreements the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a preestablished period of time. At the end of the contract, the Group transfers the ownership of the terminal building or airport back to the related public authority, DHMİ, JSC, GMED, OACA or MOTC accordingly. In addition, the Group enters into subsequent stand alone contracts for the operation of airports and terminals.

BOT Agreements

The airport terminals operated by the Group are as follows:

İstanbul Atatürk International Airport

A BOT agreement was executed between TAV İstanbul and DHMİ regulating the reconstruction, investment and operations of the Atatürk International Airport International Lines Building (referred to as "Atatürk International Airport Terminal" or "AIAT") in year 1998. TAV was required to complete the construction by August 2000 and then had the right to operate the facilities of the International Lines Building for 3 years, 8 months and 20 days. TAV completed the reconstruction of the International Lines Building in January 2000 and started the operation seven months early, after completion of a significant portion of the construction. Construction of the remaining parts of the project was finalised in August 2000. DHMİ and the Undersecretariat of Treasury gave their acceptance of the project in August 2000 when the investment period was formally completed.

An addendum to the agreement was made in June 2000. Under the terms of the addendum, TAV committed to enlarge the International Lines Building by 30% by year 2004. In return for extending the International Lines Building, the operation period of TAV was extended by 13 months 12 days (approximately 66 months in total) through June 2005. The contract expired in June 2005 and TAV transferred AAT to DHMİ. On 3 June 2005, TAV İstanbul signed a concession agreement to operate AIAT and Atatürk Domestic Airport Terminal (referred to as "ADAT") for 15.5 years until year 2021. The concession agreement requires TAV İstanbul to make annual rent payments totaling US Dollar ("USD") 2,543,000,000 plus VAT (18%) over the life of the concession agreement, of which USD 584,890,000 plus VAT has been prepaid at the beginning of the concession agreement under the terms of the agreement. In addition, TAV İstanbul is required to make certain enhancements and improvements to the domestic terminal within the first year of the concession agreement and to maintain the facilities through the concession period.

Ankara Esenboğa International Airport

A BOT agreement was executed between TAV Esenboğa and DHMİ on 18 August 2004 regulating the reconstruction, investment and operations of the Ankara Esenboğa International Airport (international and domestic terminals). According to the Agreement, TAV Esenboğa was required to complete the construction within 36 months after the agreement date and would then have the right to operate the facilities of the Ankara Esenboğa International Airport Terminal for a period of 15 years and 8 months. In the operations phase, TAV Esenboğa has been providing mainly passenger, ramp and check-in counter services since 16 October 2006.

İzmir Adnan Menderes International Airport

A BOT agreement was executed between TAV İzmir and DHMİ on 20 May 2005 regulating the reconstruction, investment and operations of the İzmir Adnan Menderes Airport International Terminal. According to the Agreement, TAV İzmir was required to complete the construction within 24 months after the agreement date and would then have the right to operate the facilities of the İzmir Adnan Menderes Airport International Terminal for a period of 6 years, 7 months and 29 days. An addendum to the Agreement was signed on 21 August 2006. Under the terms of the addendum, in return for additional works, the operation period of TAV İzmir was extended by 11 months 17 days through January 2015. TAV İzmir has started to provide mainly passenger, ramp and check-in counter services on 13 September 2006.

Tbilisi International Airport

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The BOT agreement undertakes the design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal for Tbilisi International Airport, for an initially agreed term of 10 years and 6 months from the commencement date of the new terminal operations. Subsequently, this period was extended by another 9.5 years in exchange for an obligation by the Company to invest an additional amount for the construction of the terminal (including construction of additional runways, extension of apron etc.) for Batumi airport. TAV Tbilisi has started to provide all airport activities such as passenger, ramp, check-in counter services and parking-apron-taxi services excluding air traffic services in New Tbilisi International Airport on 8 February 2007.

Batumi International Airport

On 9 August 2007, TAV Batumi Operations signed an agreement with the Georgian Ministry of Economic Development to transfer the management rights of all shares of the Batumi Airport LLC to TAV Batumi for 20 years. According to such share management agreement, all airport operations (excluding only the air traffic control and aviation security services) of the Batumi International Airport will be carried out by TAV Batumi until August 2027. The air traffic control and aviation security services will strictly be under Georgian Government's responsibility.

Tunisie Monastir and Enfidha International Airports

A BOT agreement was executed between TAV Tunisie and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways) which is planned to be constructed in two years. Through the BOT agreement TAV Tunisie undertakes the operation of existing Monastir Habib Bourguiba Airport and design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal of Enfidha Airport. The operation of Enfidha Airport will be undertaken following the completion of the construction by 1 October 2009. The operation of Monastir Habib Bourguiba Airport was undertaken on 1 January 2008. The concession periods of both airports will end in May 2047. The operation of the Monastir and Enfidha Airports will cover all airport activities such as passenger handling, ramp, check-in counter services, ground handling, cargo and parking apron taxi services excluding air traffic services.

Gazipaşa Airport

Relating to the transfer of the operational rights of Antalya-Gazipaşa Airport via a lease, the concession agreement between the new company, named TAV Gazipaşa Yapım, Yatırım ve İşletme A.Ş. and DHMİ was signed on 4 January 2008. The operation period of Antalya-Gazipaşa Airport, which currently has 500,000 annual passenger capacity, is 25 years, and the operation of the airport will cover activities within airside and landside facilities and area of runway, apron and taxiway. TAV Gazipaşa shall make an annual rent payment of US$ 50,000 plus VAT as a fixed amount, until the end of the operation period; as well as a share of 65% of the net profit to DHMİ.

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(Amounts expressed in Euro unless otherwise stated)

Macedonia Skopje, Ohrid and Shtip Airports

On 24 September 2008, the 20-year Concession Agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia DOOEL Skopje (a new company founded and registered in order to carry out the Macedonian activities) and the Ministry of Transport and Communication of Macedonia. The operation of the two airports shall cover all airport activities with the exception of air traffic control, and modernisation activities are contemplated to include the technical infrastructure.

Operations Contracts

BOT operations and management contracts include the following:

Terminal and airport services-The Group has the right to operate the terminals and airports as mentioned in the preceeding paragraphs. This includes passenger, ramp and check-in counter services and services for parking-apron-taxi ways (for airport operations). A fee is charged to each airline based on the number of passengers that utilize the airport, based on the number of aircrafts that utilize ramps and runways and based on the number of check-in counters utilised by the airlines.

Duty free goods-The Group has the right to manage duty free operations within the terminals which the Group operates. Duty free shopping is available to both arriving and departing passengers. The duty free shops are either operated by the Group or, in certain circumstances, subcontracted to other companies in exchange for a commission based on sales.

Catering and airport hotel services-The Group has the right to manage all food and beverage operations within the terminals both for the passengers and the terminal personnel. The Group subcontracts certain food and beverage operations in exchange for a commission based on sales.

Area allocation services-As a lessor, the Group leases office space in the airport terminal including the offices leased to the airlines for ticket office and banks.

Ground handling-The Group has the right to provide all ground handling operations. Ground handling involves providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License ("SHY 22"). Additional activities include shuttle bus and car parking.

Lounge services-The Group has the right to operate or rent the lounges to provide CIP or VIP services to the passengers who have the membership.

Bus and car parking services-The Group has the right to operate the car park and render valet parking services. Revenues from bus operations include shuttle services running from airports to city centers.

Software and system services-The Group develops software and systems on operational and financial optimisation in aviation, particularly terminal, flight management system and software programs and to meet the information systems requirements of group companies and certain third parties.

Security services-The Group operates the security services within the terminals.

The Group employs approximately 11,235 (average: 11,289) people as at 31 December 2008 (31 December 2007: 10,792 (average: 9,473) people).

Growth of the Group

The Group has experienced major and rapid growth in the recent years following the award of contracts at İstanbul Atatürk Airport, İzmir Adnan Menderes Airport, Ankara Esenboğa Airport, Tbilisi International Airport, Batumi International Airport, Antalya Gazipaşa Airport, Tunisia Monastir and Enfidha International Airports, Macedonia Skopje, Ohrid and Shtip Airports. In connection with these contracts, the Group constructed the airports or made large prepayments for operational leasing under the terms of concession agreements with airport authorities.

These long term projects, the leases and the acquisitions were financed through facilities from various third party lenders. These borrowing facilities contained certain covenants that, among other things, required the Group to maintain certain financial ratios, limited the Group's and the shareholders' ability to transfer assets outside of the Group and restricted the use of cash, and required regular payments based on the terms of the borrowing facilities.

In addition to the growth in terminal and airport operations, TAV paid USD 125 million to acquire 60% of HAVAŞ shares in year 2005 and paid USD 115 million for the remaining 40% in November 2007.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The Group's consolidated financial statements were approved by the Board of Directors on 27 March 2009.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

The methods used to measure fair values are discussed further in note 4.

c) Functional and presentation currency

TAV Holding and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in New Turkish Lira ("TRY") in accordance with the accounting principles as promulgated by the Capital Markets Board of Turkey, the Turkish Commercial Code and tax legislation. The foreign subsidiaries and jointly controlled entities maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. The accompanying consolidated financial statements expressed in EUR, the functional currency of TAV Holding, are based on the statutory records, with adjustments and reclassifications, including re-measurement from TRY to EUR for the purpose of fair presentation in accordance with IFRS.

TAV AIRPORTS HOLDING AND ITS SUBSIDIARIES
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Although the currency of the country in which the majority of the Group entities are domiciled is TRY, most of the Group entities' functional currency and reporting currency is EUR. The table below summarizes the functional currencies of the Group entities:

Company	Functional Currency
TAV Holding	EUR
TAV İstanbul	EUR
ATÜ	EUR
HAVAŞ	EUR
BTA	TRY
TAV Esenboğa	EUR
TAV İzmir	EUR
TAV Tunisie	EUR
TAV Gazipaşa	EUR
TAV Tbilisi	Georgian Lari ("GEL")
TAV Batumi	GEL
TAV Macedonia	EUR
Batumi Airport LLC	GEL
TAV İşletme	TRY
TAV Bilişim	EUR
TAV Güvenlik	TRY
ATU Georgia	GEL
BTA Georgia	GEL
TAV İşletme Georgia	GEL
BTA Tunisie SARL	Tunisian Dinar
Cakes & Bakes	TRY
TAV Gözen	USD
CAS	USD

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 7-goodwill
Note 8-mark-up applied to construction expenditure
Note 18-valuation of intangible assets
Note 22-utilisation of tax losses
Note 31-measurement of reserve for employee severance indemnity
Notes 34 and 39-provisions and contingencies
Note 38-valuation of financial instruments

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation (See note 43).

a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries and jointly controlled entities). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Each entity is consolidated based on the following methods:

- TAV İstanbul, TAV İzmir, TAV Esenboğa, HAVAŞ, TAV İşletme, TAV Gazipaşa, TAV Batumi, TAV Tunisie and TAV Macedonia are fully consolidated without minority's ownership. After acquisition of the remaining 40% shares of HAVAŞ in November 2007 from independent third party, HAVAŞ is fully consolidated as at 31 December 2007 from the effective date of acquisition whereas it was consolidated proportionally until 30 September 2007. The effects of such change are presented as "effect of change in group structure" in the notes to the consolidated financial statements.

- BTA, BTA Georgia, BTA Tunisie, Cakes & Bakes, TAV İşletme Georgia, TAV Bilişim, Batumi Airport LLC and TAV Güvenlik are fully consolidated with the minority's ownership reflected as a minority interest. The share capital of Batumi Airport LLC is fully allocated as minority interest due to the transfer of right on shares to JSC at the end of share management agreement period.

- ATÜ, ATÜ Georgia, TAV Tbilisi, TAV Gözen and CAS are proportionately consolidated.

i) Subsidiaries:

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

ii) Acquisitions from entities under common control:

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

iii) Jointly controlled entities:

Joint ventures are those entities over whose activities the Group has joint control established by contractual agreement and requiring unanimous concent for strategic financial and operating decisions. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

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iv) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

v) Business combinations for independent third party purchases:

Acquisitions from third parties are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

b) Foreign currency

i) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash flow hedges, which are recognised directly in equity.

ii) Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at exchange rates at the dates of the transactions.

The Group entities use either EUR, TRY, Tunisian Dinar or GEL as functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21 ("The Effects of Changes in Foreign Exchange Rates"). The Group uses EUR as the reporting currency.

The financial statements of subsidiaries that report in the currency of a hyperinflationary economy (Turkey) are restated in terms of the measuring unit current at the balance sheet dates until 31 December 2005 before they are translated into EUR. Turkey came off highly inflationary status for the period beginning after 15 December 2005, therefore restatement for IAS 29 has not been applied since 1 January 2006.

The financial statements of subsidiaries, namely BTA, TAV İşletme and TAV Güvenlik, which have the TRY as their functional currency, were restated to compensate for the effect of changes in the general purchasing power of the TRY until 31 December 2005, in accordance with IAS 29 as TRY was the currency of a hyperinflationary economy. Financial statements of such subsidiaries are then translated into Euro, the main reporting currency of the Group, by the exchange rate ruling at balance sheet date.

The EUR/TRY, EUR/GEL, EUR/Tunisian Dinar, EUR/USD and exchange rates as of the end of each year are as follows:

	31 December 2008	31 December 2007	31 December 2006
EUR/TRY	2.1408	1.7102	1.8515
EUR/GEL	2.3648	2.3315	2.2562
EUR/Tunisian Dinar	1.8409	1.7971	1.7091
EUR/USD	1.4155	1.4684	1.3172

Foreign currency differences are recognised directly in equity, under the foreign currency translation reserve ("FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

c) Financial instruments

i) Non-derivative financial instruments:

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, guaranteed passenger fee receivable from DHMİ (Concession receivables), cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as decribed below.

Cash and cash equivalents comprise cash balances and deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in Note 3n.

The Group's use of Project Accounts or Reserve Accounts or Funding Accounts is dependant upon the lenders' consent according to financial agreements. Therefore, bank balances included in these accounts are presented as restricted bank balances in the balance sheet.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

ii) Derivative financial instruments:

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

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Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

iii) Share capital:

Ordinary shares are classified as equity.

d) Property and equipment

i) Recognition and measurement:

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying amounts is deducted from the borrowing costs eligible for capitalisation.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within “other operating income” in profit or loss.

ii) Subsequent costs:

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

iii) Depreciation:

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Machinery and equipment	4-15 years
Vehicles	5 years
Furniture and fixtures	2-15 years
Leasehold improvements	1-18 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

e) Intangible assets

i) Goodwill:

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Acquisitions of minority interests

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the fair value of the net assets acquired at the date of exchange.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii) Intangible assets recognised in a business combination:

Customer relationships and DHMİ license are the intangible assets recognised during the purchase of HAVAŞ shares in years 2006 and 2007. In a business combination or acquisition, the acquirer recognises separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in IAS 38 Intangible Assets and its fair value can be measured reliably.

The fair values of DHMİ licence and customer relationship are determined by an independent external third party expert.

The Group applied proportionate consolidation method to account for its 60% ownership interest in HAVAŞ until 30 September 2007. Therefore, intangible assets arising from the initial acquisition of HAVAŞ were reflected by 60%, being the shareholding of the Group, in the consolidated financial statements. In accordance with IFRS 3, the Group applied step acquisition during the purchase of remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion is recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangibles that were already carried in the consolidated financial statements prior to the acquisition of the additional 40% shareholding.

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iii) Other intangible assets:

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

iv) Subsequent expenditure:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

v) Amortisation:

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Purchased software is amortised over estimated useful lives, which is between 3-5 years. Intangible assets related to HAVAŞ acquisition are customer relationships and DHMİ licence. Customer relationships have 10 years useful life and DHMİ licence has indefinite useful life. DHMİ licence is annually tested for impairment.

f) Service concession arrangements

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMİ. According to the BOT agreements, TAV Esenboğa and TAV İzmir have guaranteed passenger fee to be received from DHMİ. The agreements cover a period up to January 2015 for TAV İzmir and May 2023 for TAV Esenboğa.

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to August 2027.

A BOT agreement was executed between TAV Tunisie and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways) which is planned to be constructed in two years. The concession periods of both airports will end in May 2047.

i) Intangible assets

The Group recognizes an intangible asset arising from a service concession agreement when it has a right to charge for usage of concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession agreement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Tbilisi and TAV Tunisie are 0%, 0%, 15% and 5%, respectively. As of 31 December 2008, total cost of airport operation right is EUR 498,306,365 (EUR 111,500,212 for TAV Esenboğa, EUR 80,469,270 for TAV İzmir, EUR 49,948,468 for TAV Tbilisi and EUR 256,388,415 for TAV Tunisie) (31 December 2007: total cost of airport operation right is EUR 321,094,452 (EUR 111,500,212 for TAV Esenboğa, EUR 80,422,360 for TAV İzmir, EUR 50,661,866 for TAV Tbilisi and EUR 78,510,014 for TAV Tunisie)).

The consideration receivable for the construction services delivered includes direct costs of construction and borrowing and other similar costs that are directly related to the construction of the airport and related infrastructure.

Amortisation of the airport operation right is calculated on a straight line basis. The calculated amortisation for the year ended 31 December 2008 amounts to EUR 6,733,771 for TAV Esenboğa, EUR 9,791,578 for TAV İzmir and EUR 2,573,183 for TAV Tbilisi. For TAV Tunisie no amortisation has been calculated as the construction of the airport is still in progress. The estimated useful life of an intangible asset in a service concession arrangement is the period from when it is available for use to the end of the concession period.

ii) Financial assets

The Group recognizes the guaranteed amount due from DHMİ as financial asset which is determined by the agreements with TAV Esenboğa and TAV İzmir. Financial assets are initially recognised at fair value. Fair value of financial assets are estimated as the present value of all future cash receipts discounted using the prevailing market rate of instrument.

As at 31 December 2008, the short and long term guaranteed passenger fee receivable from DHMİ equals to EUR 179,431,222 (31 December 2007: EUR 203,907,254).

iii) Accounting for operations contract (TAV İstanbul)

The costs associated with the operations contract primarily include rental payments and payments made to enhance and improve ADAT. TAV İstanbul prepaid certain rental amounts and the prepayment is deferred as prepaid rent and is recognised over the life of the prepayment period. The expenditures TAV İstanbul incurs to enhance and improve the domestic terminal are recorded as prepaid development expenditures and are being amortised over the life of the associated contract. Any other costs associated with regular maintenance are expensed in the period in which they are incurred.

Under IFRIC 12 "Service Concession Arrangements" an operator recognises an intangible asset or financial asset received as consideration for providing construction or upgrade services or other items. In TAV İstanbul there is no construction nor significant upgrade service provided and the contract is in operating phase. Therefore, no intangible asset or financial asset is recognised in TAV İstanbul's financial statements and the revenue and costs relating to the operation services are recognised in accordance with IAS 18 as required by IFRIC 12 (see note 43).

Amortisation of the airport operation right is calculated on a straight line basis over the BOT periods of each project from the date of commencement of physical construction of the terminal.

g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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i) Impairment

i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

ii) Non-financial assets:

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j) Reserve for employee severance indemnity

In accordance with the existing labor law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum TRY 2,173 as at 31 December 2008 (equivalent to EUR 1,015 as at 31 December 2008) (31 December 2007: TRY 2,030 (equivalent to EUR 1,187 as at 31 December 2007)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying consolidated financial statements on a current basis. The management of the Company used some assumptions (detailed in Note 31) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate and the risks specific to the liability.

l) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Construction revenue and costs: Construction revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Service concession agreements: Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

Aviation income: Aviation income is recognised based on the daily reports obtained from related airline companies for terminal service income charged to passengers, as well as for ramps utilised by aircraft and check-in counters utilised by the airlines.

Area allocation income: Area allocation income is recognised by the issuance of monthly invoices based on the contracts made for allocated areas in the terminal.

Sales of duty free goods: Sales of goods are recognised when goods are delivered and title passes.

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Catering services income: Catering services income is recognised when services are provided. The Group defers revenue for collections from long-term contracts until the services are provided. There are no deferred costs related to these revenues since these are related with the selling rights given to food and beverage companies to sell their products at domestic and international lines terminals as well as third parties out of the terminals where the subsidiaries operate.

Ground handling income: Ground handling income is recognised when the services are provided.

Commission: The Group subcontracts the right to operate certain duty free operations and the catering services to third parties. The third parties pay the Group a specified percentage of their sales for the right to operate these concessions. The commission revenue is recognised based on the sales reports provided from the subcontractor entities in every 2 to 3 days.

Software and system sales: Software and system sales are recognised when goods are delivered and title has passed or when services are provided.

Lounge services: Lounge service income is recognised when services are provided.

Bus and car parking operations: Income from bus and car parking operations is recognised when services are provided.

m) Lease payments

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

n) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets, dividend income, changes in the fair value of financial assets at fair value through profit or loss, unwinding of discount on guaranteed pasanger fee receivable from DHMİ, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Foreign currency gains and losses are reported on a net basis.

o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

The 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 the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

p) Earnings per share

The Group presents basic earning per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. There are no potentially dilutive shares.

q) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary segment reporting is based on business segments and secondary segment reporting is based on geographical segment.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

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r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 *"Operating Segments"* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 consolidated financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see note 6).

- *Revised IAS 23 "Borrowing Costs"* removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset. The revised IAS 23 will become mandatory for the Group's 2009 consolidated financial statements and the Group is currently assessing the impact of the amended standard on its consolidated financial statements.

- Revised IFRS 3 *"Business Combinations"* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

  - The definition of a business has been broadened, which may result in more acquisitions being treated as business combinations.
  - Contingent consideration will be measured at fair value, with subsequent changes in fair value recognised in profit or loss.
  - Transaction costs, other than share and debt issue costs, will be expensed as incurred.
  - Any pre-existing interest in an acquiree will be measured at fair value, with the related gain or loss recognised in profit or loss.
  - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

  Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

- *Amended IAS 27 "Consolidated and Separate Financial Statements"* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

- *Amendment to IFRS 2 "Share-based Payment-Vesting Conditions and Cancellations"* clarifies the definition of vesting conditions, introduces the concept of non vesting conditions, requires non-vesting conditions to be reflected in grant date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 is effective for annual periods beginning on or after 1 January 2009, will become mandatory for the Group's 2009 consolidated financial statements, with retrospective application and is not expected to have any effect on the consolidated financial statements.

- *Amendments to IAS 32 "Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements-Puttable Financial Instruments and Obligations Arising on Liquidation"* require puttable instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Group's 2009 consolidated financial statements with retrospective application required, are not expected to have any significant impact on the consolidated financial statements.

- *Revised IAS 1 "Presentation of Financial Statements"* (2007) introduces the term "total comprehensive income," which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2009 consolidated financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements as the Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.

- *IFRIC 13 "Customer Loyalty Programmes"* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 consolidated financial statements, is not expected to have any impact on the consolidated financial statements.

- *Amendment to IAS 39 "Financial Instruments: Recognition and Measurement-Eligible Hedged Items"* clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments will become mandatory for the Group's 2010 consolidated financial statements, with retrospective application required and is not expected to have any effect on the consolidated financial statements.

- *IFRIC 15 "Agreements for the Construction of Real Estate"* will standardize accounting practice across jurisdictions for the recognition of revenue among real estate developers for sales of units, such as apartments or houses before construction is complete. The interpretation is effective for annual periods beginning or after 1 January 2009 and is not expected to have any effect on the consolidated financial statements.

- *IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"* clarifies that:

- net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation
- the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged
- on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss.

The Interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. IFRIC 16, which becomes mandatory for the Group's 2009 consolidated financial statements, applies prospectively to the Group's existing hedge relationships and net investments and is not expected to have any effect on the consolidated financial statements.

- *IFRIC 17, "Distributions of Non-cash Assets to Owners"*, requires entities to recognise certain distributions of non-cash assets at fair value, and to recognise in profit or loss the difference between the fair value of the assets distributed and their carrying amounts. IFRIC 17 provides guidance on when and how a liability for certain distributions of non-cash assets is recognised and measured, and how to account for settlement of that liability. Transactions within its scope will need to be measured at fair value. IFRIC 17 is effective for annual periods beginning on or after 1 July 2009; earlier application is permitted only if IFRS 3 Business Combinations (2008), IAS 27 Consolidated and Separate Financial Statements (2008) and the related amendments to IFRS 5 are applied at the same time. Group will assess the effect of this standard on consolidated financials.

- *IFRIC 18 "Transfers of Assets from Customers"* provides guidance on transfers of property, plant and equipment (or cash to acquire it) for entities that receive such contributions from their customers. IFRIC 18 applies prospectively to transfers of assets from customers received on or after July 2009; earlier application is permitted provided that the necessary valuations and other information were obtained at the time that those transfers occurred. The interpretation is not expected to have significant effect on the consolidated financial statements.

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4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Property and equipment

The fair value of property and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of equipment, fixtures and fittings is based on the quoted market prices for similar items.

ii) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair values of customer relationship and DHMİ licence were computed according to the cost approach method.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Tbilisi and TAV Tunisie are 0%, 0%, 15% and 5%, respectively.

iii) Investments in equity securities

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

iv) Trade and other receivables

The fair value of trade and other receivables. is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

v) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has established a Risk Management Department and the Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

All directors act to ensure an effective internal control, providing assurance in relation to control, governance and the risk management process.

The Group Audit Committee is assisted in its oversight role by Internal Audit. The mission of Internal Audit Directorate of the Group is to assist TAV Holding Board of Directors and Management (including subsidiaries) in their oversight, management and operating responsibilities by identifying; ineffectivenesses of internal control, risk management and governance processes inefficiencies that cause waste of its resources and making professional recommendations through independent audits (reports) and/or advisory services.

The Internal Audit Director has a dual reporting line to the CEO and Board of Directors. Functionally, the Internal Audit Director reports to Board of Directors via Internal Audit Committee, and hierarchically reports to the CEO.

Internal audit plans are based on risk assessments as well as the issues highlighted by the Audit Committee and the management. Risk assessment is conducted on a continuous basis so as to identify not only existing risks but also emerging risks. Formally, risk assessment is made annually but more often if required.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and bank balances.

The Group's principal financial assets are cash and cash equivalents, trade and other receivables, and investments.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

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The Group has procedures in place to ensure that services are provided to customers with an appropriate credit history. The carrying amount of trade and other receivables, net of provision for impairment of receivables, and the total of cash and cash equivalents, represents the maximum amount exposed to credit risk. The Group has no significant concentration of credit risk since the customers portfolio is diversified among a number of customers and the main customer is Turkish Airlines ("THY") which is the flag carrier and one of the most reputable firms in Turkey. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provisions already recorded due to, reputation and type of customers for the airlines (well-known reputable, international and flag carrier companies), method of sales which is cash or credit card basis for duty free sales.

In addition, the Group receives letters of guarantee, and notes from some customers whose credibilities are low.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational and financial expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by lenders and executives of the Group as mentioned in Note 36.

i) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 31 December 2008, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro, but also USD, GEL, Tunusian Dinar and TRY which are disclosed within the relevant notes to these consolidated financial statements. The Group manages this currency risk by maintaining foreign currency cash balances. The currency risk is managed by using of some financial intruments as mentioned in Note 38.

ii) Interest rate risk

The Group adopts a policy of ensuring that between 80 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps as mentioned in Note 38.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-redeemable preference shares and minority interests. In addition, 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 'current and non-current borrowings' 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.

6. SEGMENT REPORTING

Business Segments:

For management purposes, the Group is currently organised into five divisions; Terminal Operations, Catering Operations, Duty Free Operations, Ground Handling and Bus Operations and Other Operations. These divisions are the basis on which the Group reports its primary segment information, the principal activities of each are as follows:

- ***Terminal operations:*** Operating Terminal Buildings, the Car Park and the General Aviation Terminal, the Group companies included in this segment are TAV İstanbul, TAV Esenboğa, TAV İzmir, TAV Gazipaşa, TAV Tunisie, TAV Tbilisi, TAV Batumi and TAV Macedonia. TAV Tbilisi and TAV Batumi also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.

- ***Catering operations:*** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, which is run by BTA.

- ***Duty free operations:*** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATÜ.

- ***Ground handling and bus operations:*** Providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License. The Group operates the ground handling services through HAVAŞ, which also provides bus operations.

- ***Other:*** Providing lounge services, IT and Security services, the Group companies included in this segment are TAV Holding, TAV İşletme, TAV Bilişim and TAV Güvenlik.

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Business Segments

31 December 2008	Terminal Operations	Catering Operations	Duty Free Operations	Ground Handling and Bus Operations	Other Operations	Consolidation Eliminations	Consolidated
External revenues	242,399,187	40,307,163	148,685,741	119,306,587	23,080,980	-	573,779,658
Inter-segment revenue	87,511,998	9,913,730	-	58,746	13,751,485	(111,235,959)	-
Construction revenue	199,235,250	-	-	-	-	-	199,235,250
Construction expenditure	(189,747,858)	-	-	-	-	-	(189,747,858)
Operating expenses	(231,707,662)	(49,433,583)	(135,255,722)	(89,130,889)	(37,954,822)	97,830,665	(445,652,013)
Other operating income	17,327,279	7,892,114	2,652,335	1,212,349	15,395,398	(20,526,394)	23,953,081
Other operating expenses	(71,872,948)	(7,239,427)	(2,848,172)	(9,270,122)	(20,149,315)	35,624,967	(75,755,017)
Operating profit/(loss)	**53,145,246**	**1,439,997**	**13,234,182**	**22,176,671**	**(5,876,274)**	**1,693,279**	**85,813,101**
Net finance expense							(84,580,204)
Income tax benefit							3,434,844
Profit for the period							**4,667,741**
Other information							
Segment assets	1,344,017,155	12,938,002	47,004,142	64,522,572	786,729,531	(624,321,950)	1,630,889,452
Total assets							**1,630,889,452**
Segment liabilities	(1,006,841,054)	(11,656,718)	(35,474,591)	(15,516,246)	(341,134,893)	88,773,350	(1,321,850,152)
Total liabilities							**(1,321,850,152)**
Additions to tangible, intangible assets and airport operation right	197,365,596	2,555,146	804,843	12,172,307	1,715,347	-	214,613,239
Tangible, intangible assets and airport operation right depreciation and amortisation	(22,420,039)	(2,059,192)	(582,009)	(7,904,686)	(1,925,485)	-	(34,891,411)
Concession rent expense	(155,950,811)	-	-	-	-	-	(155,950,811)
Additions to prepaid concession expenses	95,196,116	-	-	-	-	-	95,196,116

31 December 2007	Terminal Operations	Catering Operations	Duty Free Operations	Ground Handling and Bus Operations (*)	Other Operations	Consolidation Eliminations	Consolidated
External revenues	193,366,131	35,339,395	135,529,675	73,463,093	21,025,303	-	458,723,597
Inter-segment revenue	80,477,921	7,744,110	-	45,897	19,168,288	(107,436,216)	-
Construction revenue	53,914,284	-	-	-	-	-	53,914,284
Construction expenditure	(52,941,288)	-	-	-	-	-	(52,941,288)
Operating expenses	(202,842,090)	(44,538,319)	(127,376,814)	(56,917,708)	(29,255,938)	87,234,735	(373,696,134)
Other operating income	11,158,114	7,342,526	2,767,177	1,149,028	10,681,981	(12,793,630)	20,305,196
Other operating expenses	(73,011,906)	(7,808,592)	(2,623,354)	(8,944,143)	(29,193,365)	34,667,311	(86,914,049)
Operating profit/(loss)	**10,121,166**	**(1,920,880)**	**8,296,684**	**8,796,167**	**(7,573,731)**	**1,672,200**	**19,391,606**
Net finance expense							(67,973,470)
Income tax benefit							4,745,445
Loss for the period							**(43,836,419)**
Other information							
Segment assets	1,198,583,635	14,354,961	34,089,522	56,915,877	646,765,771	(475,305,712)	1,475,404,054
Total assets							**1,475,404,054**
Segment liabilities	(921,716,329)	(13,467,119)	(26,579,457)	(15,686,388)	(206,364,503)	45,878,050	(1,137,935,746)
Total liabilities							**(1,137,935,746)**
Additions to tangible, intangible assets and airport operation right	109,907,357	2,337,438	2,834,783	3,453,015	1,731,792	-	120,264,385
Tangible, intangible assets and airport operation right depreciation and amortisation	(21,112,852)	(1,796,853)	(390,115)	(5,331,443)	(1,580,677)	108,741	(30,103,199)
Concession rent expense	(140,789,005)	-	-	-	-	-	(140,789,005)
Additions to concession expenses	107,355,756	-	-	-	-	-	107,355,756

(*) HAVAŞ, providing ground handling and bus operations, was fully consolidated after the acquisition of the remaining 40% shares by TAV in year 2007, whereas it was proportionally consolidated until 30 September 2007.

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Geographical segments

The main geographical segments of the Group are comprised of Turkey, Tunisie and Georgia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

31 December 2008	Turkey	Georgia	Tunisie	Other	Consolidation Eliminations	Consolidated
Operating revenue	525,160,548	9,133,467	39,485,643	-	-	573,779,658
Construction revenue	-	-	199,235,250	-	-	199,235,250
Other information						
Segment assets	1,853,554,413	54,648,282	346,942,745	65,962	(624,321,950)	1,630,889,452
Total assets						**1,630,889,452**
Additions to tangible, intangible assets and airport operation right	36,207,254	234,300	178,170,470	1,215	-	214,613,239

31 December 2007	Turkey	Georgia	Tunisie	Consolidation Eliminations	Consolidated
Operating revenue	451,340,503	7,383,094	-	-	458,723,597
Construction revenue	11,852,145	10,866,437	31,195,702	-	53,914,284
Other information					
Segment assets	1,765,539,288	60,636,508	124,533,970	(475,305,712)	1,475,404,054
Total assets					**1,475,404,054**
Additions to tangible, intangible assets and airport operation right	26,146,993	12,103,523	82,013,869	-	120,264,385

7. GOODWILL

An analysis of goodwill as at 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
Goodwill	131,564,539	131,564,539
	131,564,539	**131,564,539**

On 9 November 2007, TAV Holding purchased 40% shareholding of HAVAŞ, increasing its total share from 60% to 100%. The transaction comprised the purchase of 17,999,990 B group registered shares with 1 TRY nominal value each, in return for USD 114,999,936 by TAV Holding, from Park Yatırım Holding A.Ş. ("Park Holding"), purchase of 10 B group registered shares in return for USD 63.89 by TAV Bilişim. The price of the shares corresponding to 40% of HAVAŞ capital has been determined through negotiations between parties, taking as the basis the valuation made by independent third party appraiser. The payment was made in cash. TAV Holding utilised a bank loan amounting to USD 115,000,000 (equivalent to EUR 81,238,089 at 31 December 2008) with an interest rate of Libor+1.85% and maturity of November 2012 from Türkiye İş Bankası A.Ş. in order to fund this payment. In relation to such loan, HAVAŞ shares with a nominal amount of TRY 44,994,667 corresponding to 99.988% of the capital have been pledged in favour of Türkiye İş Bankası A.Ş. However, the voting right for these shares remains at TAV Holding.

8. CONSTRUCTION REVENUE AND EXPENDITURE

An analysis of the Group's construction revenue and expenditure for the years ended 31 December is as follows:

	2008	2007
Construction expenditure	**189,747,858**	**52,941,288**
Mark up on construction expenditure	9,487,392	972,996
Construction revenue	**199,235,250**	**53,914,284**

Construction revenue and expenditure in year 2008 relate to the development of the new terminals for Enfidha International Airport and the margin on construction works is determined based on a 5% margin rate of construction expenditure. In year 2007, construction revenue and expenditure relate to the development of the terminals for Esenboğa International, Adnan Menderes International, Tbilisi International, Batumi and Enfidha International Airports.

In year 2006, TAV Georgia estimated the construction margin applicable to similar contracts and development work to be 22% in Georgia. Subsequently, during year 2007 as a result of increased costs to completion, the actual construction margin achieved has been reduced to 15%. The reduction from 22% to 15% on the total construction expenditure has been recorded as a reduction of construction revenue for the year ended 31 December 2007.

9. OPERATING REVENUE

An analysis of the Group's operating revenue for the years ended 31 December is as follows:

	2008	2007
Sales of duty free goods	148,685,741	135,529,675
Aviation income (*)	129,108,428	98,902,683
Ground handling income (**)	106,398,709	63,524,905
Commission from sales of duty free goods	72,679,835	60,827,248
Catering services income	36,422,687	31,745,709
Income from car parking operations	21,493,597	20,963,132
Area allocation income	16,908,681	16,784,397
Income from lounge services	16,458,181	10,039,212
Bus services income	14,853,465	11,388,973
Other operating revenue	10,770,334	9,017,663
Total operating revenue	**573,779,658**	**458,723,597**

(*) Monastir Airport started its operations in the year 2008.
(**) HAVAŞ providing ground handling and bus operations, was fully consolidated after the acquisition of the remaining 40% shares by TAV in year 2007 whereas it was proportionally consolidated until 30 September 2007.

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10. OTHER OPERATING INCOME

An analysis of the Group's other operating income for the years ended 31 December is as follows:

	2008	2007
Advertising income	8,884,410	9,029,646
Rent income from sublease	8,215,656	8,371,016
Utility and general participation income (*)	1,650,881	877,634
Other	5,202,134	2,026,900
Total other operating income	**23,953,081**	**20,305,196**

(*) Utility participation income consists of electricity, water supplies, heat, natural gas expenses which are initially paid by the Group and charged to the tenants of the terminal according to the m2 of the areas rented.

11. PERSONNEL EXPENSES

An analysis of the Group's personnel expenses for the years ended 31 December is as follows:

	2008	2007
Wages and salaries	109,694,103	82,767,568
Compulsory social security contributions	18,961,992	15,696,309
Employment termination benefit expenses	532,968	723,817
Other personnel expenses	16,713,746	14,106,706
Total personnel expenses	**145,902,809**	**113,294,400**

12. CONCESSION RENT EXPENSES

An analysis of the Group's concession rent expenses for the years ended 31 December is as follows:

	2008	2007
TAV İstanbul	141,174,729	140,789,005
TAV Tunisie (*)	14,776,082	-
Total concession rent expenses	**155,950,811**	**140,789,005**

(*) According to the concession agreement, TAV Tunisie is obliged to pay 33.7% of total revenue as concession rent expense to Tunisian government for 2008.

13. OTHER OPERATING EXPENSES

An analysis of the Group's other operating expense for the years ended 31 December is as follows:

	2008	2007
VAT non-recoverable	11,911,437	15,080,829
Utility cost	11,892,709	10,132,463
Maintenance expenditures	8,718,015	7,030,975
Consultancy expense (*)	7,217,462	14,342,565
Insurance expense	6,990,086	8,867,163
Cleaning expense	6,799,425	6,977,318
Taxes (**)	5,265,432	6,310,697
Traveling and transportation expenses	2,986,628	2,902,978
Communication and stationary expenses	2,528,837	2,257,630
Rent expense	1,860,968	2,942,801
Advertisement and marketing expenses	1,802,411	2,968,950
Representation expenses	1,353,114	1,669,754
Security cost	481,216	829,023
Provision expense	300,338	148,413
Donations	287,230	410,700
Other operating expenses	5,359,709	4,041,790
Total other operating expenses	**75,755,017**	**86,914,049**

(*) Consultancy expense in 2007 included financial advisory services contract of TAV Tunisie and HAVAŞ technical consultancy fee. HAVAŞ was fully consolidated after the acquisition of the remaining 40% shares by TAV in year 2007.
(**) Taxes include tax penalty and other tax expenses. See note 34 for tax penalty expense.

14. DEPRECIATION AND AMORTISATION

An analysis of the Group's depreciation and amortisation expenses for the years ended 31 December is as follows:

	Airport operation right	Property and equipment	Other intangible assets	Total
Balance at 1 January 2007	**6,359,641**	**35,694,200**	**3,064,906**	**45,118,747**
Correction	-	(2,086,370)	152,746	(1,933,624)
Effect of movements in exchange rates	(32,380)	330,520	64,935	363,075
Effect of change in group structure	-	19,691,633	221,650	19,913,283
Charge for the year	18,931,596	8,588,490	2,583,113	30,103,199
Disposals	-	(5,523,063)	(69)	(5,523,132)
Balance at 31 December 2007	**25,258,857**	**56,695,410**	**6,087,281**	**88,041,548**
Balance at 1 January 2008	**25,258,857**	**56,695,410**	**6,087,281**	**88,041,548**
Impairment loss	-	318,277	-	318,277
Effect of movements in exchange rates	(352,374)	(2,971,617)	(120,378)	(3,444,369)
Charge for the year	19,098,532	11,673,655	4,119,224	34,891,411
Disposals	-	(1,635,762)	(5,001)	(1,640,763)
Correction	(4,813)	-	-	(4,813)
Balance at 31 December 2008	**44,000,202**	**64,079,963**	**10,081,126**	**118,161,291**

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15. FINANCE INCOME AND EXPENSE

Recognised in profit or loss

An analysis of the Group's finance income and expense for the years ended 31 December is as follows:

	2008	2007
Interest income on bank deposits and intercompany loans	13,266,971	11,407,177
Fair value of derivatives (*)	-	3,049,235
Discount income (**)	5,035,615	2,279,600
Other finance income	127,255	141,855
Finance income	**18,429,841**	**16,877,867**
Interest expense on financial liabilities and intercompany loans	(69,068,363)	(55,257,881)
Foreign exchange loss, net	(23,810,655)	(10,622,742)
Other finance costs (***)	(6,929,080)	(17,253,805)
Fair value of derivatives (*)	(1,759,201)	-
Commission expense	(1,442,746)	(1,716,909)
Finance expense	**(103,010,045)**	**(84,851,337)**
Net finance expense	**(84,580,204)**	**(67,973,470)**

(*) After 1 January 2008, fair value of derivatives are recognised under equity in order to hedge financial risk exposures. The effect of derivatives realised in year 2008 is recognised under finance expenses as fair value of derivatives.

(**) Discount income includes unwinding of discount on guaranteed passenger fee receivables from DHMİ (concession receivables).

(***) Other finance costs include bank charges and consultancy expenses charged for project financing facilities.

Recognised directly in equity

	31 December 2008	31 December 2007
Foreign currency translation differences for foreign operations	(1,215,590)	426,283
Effective portion of changes in fair value of cash flow hedges	(31,301,803)	-
	(32,517,393)	**426,283**

16. INCOME TAX BENEFIT

An analysis of the Group's income tax benefit for the years ended 31 December is as follows:

	2008	2007
Current tax expense		
Current year	8,356,892	4,747,310
Adjustments for prior periods	-	(350,991)
	8,356,892	4,396,319
Deferred tax benefit		
Origination and reversal of temporary differences	(11,791,736)	(9,141,764)
Total income tax benefit	**(3,434,844)**	**(4,745,445)**

Reconciliation of effective tax rate

The reported income tax expenses for the years ended 31 December 2008 and 2007 are different than the amounts computed by applying the statutory tax rate to profit before income tax of the Group, as shown in the following reconciliation:

	%	2008	%	2007
Profit/(loss) for the period		4,667,741		(43,836,419)
Total income tax benefit		(3,434,844)		(4,745,445)
Profit/(loss) before income tax		**1,232,897**		**(48,581,864)**
Income tax using the Company's domestic tax rate	20	246,579	20	(9,716,373)
Tax effects of:				
-not deductible expenses	192	2,372,905	(7)	3,378,573
-translation of non-monetary items according to IAS 21	(392)	(4,838,522)	(2)	1,202,662
-tax exempt income	(538)	(6,629,916)	8	(4,070,578)
-change in tax rate		-	1	(626,746)
-translation effect on carried forward loss	318	3,924,632	4	(1,628,648)
-change in previously recognised tax losses	36	442,659	-	-
-recognition of previously unrecognised tax losses	(621)	(7,655,056)	-	-
-current year losses which no deferred tax asset is recognised	409	5,042,452	(10)	4,753,864
-effect of different tax rates for foreign juristictions	195	2,404,499	-	-
-other consolidation adjustments	102	1,254,924	(4)	1,961,801
Income tax benefit	**(279)**	**(3,434,844)**	**10**	**(4,745,445)**

Corporate tax:

The Turkish entities within the Group are subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilised.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate at 31 December 2008 is 20% (31 December 2007: 20%).

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

Georgian corporate income tax is levied at a rate of 20% on income less deductible expenses. Effective from 1 January 2008, the corporate income tax rate has been reduced from 20% to 15%. As at 31 December 2007, deferred tax is calculated at a 15% tax rate as applicable to the period when the asset is realised or the liability is settled.

Tunusian corporate income tax is levied at a rate of 30% on income less deductible expenses. According to concession agreement, TAV Tunusie is exempt from corporate tax for a period of 5 years starting from the concession agreement date.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 June 2006. After the resolution, declared in official gazette in on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the company. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years as at 31 December 2005 so as to be deducted from taxable income of subsequent profitable years. However, companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

The tax rate that the companies can use in the case of deducting the tax investment incentive amount in years 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled.

As the management of the Group planned not to use the investment incentives, the consolidated Group companies resident in Turkey have used 20% corporate tax rate in 31 December 2008 (31 December 2007: 20%).

Transfer pricing regulations:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

17. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Cost								
Balance at 1 January 2007	**585,724**	**433,914**	**31,106,203**	**10,094,158**	**12,244,390**	**15,030,502**	**-**	**69,494,891**
Correction (*)	-	(1,752)	(236,063)	(2,134,075)	(33,710)	319,533	-	(2,086,067)
Effect of movements in exchange rates	-	(9,967)	372,171	(79,494)	399,837	407,171	-	1,089,718
Additions	-	12,383	2,243,243	3,981,405	2,834,705	5,066,616	3,306,554	17,444,906
Effect of change in group structure (**)	13,947,587	28,566	18,249,249	3,521,327	1,985,469	5,074,482	185,603	42,992,283
Disposals	-	(210,549)	(1,153,595)	(810,393)	(2,034,867)	(1,885,323)	-	(6,094,727)
Transfers	-	-	-	45,598	243,088	1,992,130	(2,280,816)	-
Balance at 31 December 2007	**14,533,311**	**252,595**	**50,581,208**	**14,618,526**	**15,638,912**	**26,005,111**	**1,211,341**	**122,841,004**
Balance at 1 January 2008	**14,533,311**	**252,595**	**50,581,208**	**14,618,526**	**15,638,912**	**26,005,111**	**1,211,341**	**122,841,004**
Effect of movements in exchange rates	(196,403)	4,304	(235,179)	(97,369)	(1,459,834)	(3,437,000)	(27,004)	(5,448,485)
Additions	-	24,327	1,571,112	2,748,942	2,388,829	3,200,193	20,899,160	30,832,563
Disposals	-	(186,525)	(666,575)	(666,336)	(443,433)	(280,594)	(28,780)	(2,272,243)
Transfers (***)	-	-	-	-	-	2,656,254	(3,312,957)	(656,703)
Balance at 31 December 2008	**14,336,908**	**94,701**	**51,250,566**	**16,603,763**	**16,124,474**	**28,143,964**	**18,741,760**	**145,296,136**

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	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Accumulated depreciation								
Balance at 1 January 2007	**-**	**52,221**	**22,686,231**	**3,656,814**	**5,554,756**	**3,744,178**	**-**	**35,694,200**
Correction (*)	-	(139)	(1,153,131)	(1,084,108)	55,722	95,286	-	(2,086,370)
Effect of movements in exchange rates	-	(1,270)	98,267	(14,391)	201,412	46,502	-	330,520
Effect of change in group structure (**)	-	9,046	13,938,155	1,327,977	1,707,032	2,709,423	-	19,691,633
Depreciation for the year	-	37,680	2,269,650	1,552,768	2,183,206	2,545,186	-	8,588,490
Eliminated on disposals	-	(35,778)	(981,170)	(743,611)	(1,908,538)	(1,853,966)	-	(5,523,063)
Balance at 31 December 2007	**-**	**61,760**	**36,858,002**	**4,695,449**	**7,793,590**	**7,286,609**	**-**	**56,695,410**
Balance at 1 January 2008	**-**	**61,760**	**36,858,002**	**4,695,449**	**7,793,590**	**7,286,609**	**-**	**56,695,410**
Effect of movements in exchange rates	-	554	(91,472)	(31,665)	(770,060)	(2,078,974)	-	(2,971,617)
Impairment loss (****)	-	-	308,092	10,185	-	-	-	318,277
Depreciation for the year	-	16,056	2,868,698	2,560,188	2,573,906	3,654,807	-	11,673,655
Eliminated on disposals	-	(53,682)	(561,563)	(579,216)	(378,395)	(62,906)	-	(1,635,762)
Balance at 31 December 2008	**-**	**24,688**	**39,381,757**	**6,654,941**	**9,219,041**	**8,799,536**	**-**	**64,079,963**
Carrying amounts								
At 31 December 2007	**14,533,311**	**190,835**	**13,723,206**	**9,923,077**	**7,845,322**	**18,718,502**	**1,211,341**	**66,145,594**
At 31 December 2008	**14,336,908**	**70,013**	**11,868,809**	**9,948,822**	**6,905,433**	**19,344,428**	**18,741,760**	**81,216,173**

(*) Correction represents differences at fixed asset count results of HAVAŞ as at 31 December 2007.

(**) Effect of consolidation of TAV Batumi, which is the operator company for Batumi Airport, and also effect of acquisition of 40% of HAVAŞ shares in 2007.

(***) The remaining portion of transfer amounting to EUR 656,703 comprises intangible assets.

(****) Due to the expert report obtained from TSKB Gayrımenkul Değerleme A.Ş. for determining fair value of CAS property and equipment on 28 November 2008, impairment losses amounting to EUR 318,277 are recognised as at 31 December 2008.

18. INTANGIBLE ASSETS

	Purchased software and brandmarks	Customer relationships	DHMİ license	Total
Cost				
Balance at 1 January 2007	**6,262,980**	**13,539,909**	**1,393,814**	**21,196,703**
Correction (*)	(14,435)	-	-	(14,435)
Effect of movements in exchange rates	161,859	-	-	161,859
Revaluation (**)	-	1,615,664	1,800,410	3,416,074
Additions	1,267,225	-	-	1,267,225
Effect of change in group structure (***)	236,933	8,072,977	2,129,547	10,439,457
Disposals	(145)	-	-	(145)
Transfers from CIP	16,179	-	-	16,179
Balance at 31 December 2007	**7,930,596**	**23,228,550**	**5,323,771**	**36,482,917**
Balance at 1 January 2008	**7,930,596**	**23,228,550**	**5,323,771**	**36,482,917**
Effect of movements in exchange rates	(179,012)	-	-	(179,012)
Additions	5,821,624	-	-	5,821,624
Disposals	(21,271)	-	-	(21,271)
Transfers from CIP	656,703	-	-	656,703
Balance at 31 December 2008	**14,208,640**	**23,228,550**	**5,323,771**	**42,760,961**
Amortisation				
Balance at 1 January 2007	**1,033,920**	**2,030,986**	**-**	**3,064,906**
Correction (*)	152,746	-	-	152,746
Effect of movements in exchange rates	64,935	-	-	64,935
Amortisation for the year	1,063,075	1,520,038	-	2,583,113
Effect of change in group structure (***)	221,650	-	-	221,650
Disposals	(69)	-	-	(69)
Balance at 31 December 2007	**2,536,257**	**3,551,024**	**-**	**6,087,281**
Balance at 1 January 2008	**2,536,257**	**3,551,024**	**-**	**6,087,281**
Effect of movements in exchange rates	(120,378)	-	-	(120,378)
Amortisation for the year	2,101,042	2,018,182	-	4,119,224
Disposals	(5,001)	-	-	(5,001)
Balance at 31 December 2008	**4,511,920**	**5,569,206**	**-**	**10,081,126**
Carrying amounts				
At 31 December 2007	**5,394,339**	**19,677,526**	**5,323,771**	**30,395,636**
At 31 December 2008	**9,696,720**	**17,659,344**	**5,323,771**	**32,679,835**

(*) Correction represents differences at intangible assets count results of HAVAŞ as at 31 December 2007. The net effect of these differences amounted to EUR 138,311 and are adjusted in the consolidated income statement for the year ended 31 December 2007.
(**) Effect of fair value difference resulting from HAVAŞ acquisition in 2007. See significant accounting policies note 3(e)(ii).
(***) Effect of acquisition of 40% HAVAŞ shares in 2007. See note 3(a).

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19. AIRPORT OPERATION RIGHT

	Ankara Esenboğa International Airport	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Total
Cost					
Balance at 1 January 2007	**109,110,020**	**70,960,406**	**40,789,131**	**-**	**220,859,557**
Effect of movements in exchange rates	-	-	(1,317,359)	-	(1,317,359)
Additions	2,390,192	9,461,954	11,190,094	78,510,014	101,552,254
Balance at 31 December 2007	**111,500,212**	**80,422,360**	**50,661,866**	**78,510,014**	**321,094,452**
Balance at 1 January 2008	**111,500,212**	**80,422,360**	**50,661,866**	**78,510,014**	**321,094,452**
Effect of movements in exchange rates	-	-	(713,398)	-	(713,398)
Additions	-	80,651	-	177,878,401	177,959,052
Correction	-	(33,741)	-	-	(33,741)
Balance at 31 December 2008	**111,500,212**	**80,469,270**	**49,948,468**	**256,388,415**	**498,306,365**

	Ankara Esenboğa International Airport	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Total
Accumulated amortisation					
Balance at 1 January 2007	**1,367,925**	**2,560,768**	**2,430,948**	**-**	**6,359,641**
Effect of movements in exchange rates	-	-	(32,380)	-	(32,380)
Amortisation for the year	6,715,394	9,753,353	2,462,849	-	18,931,596
Balance at 31 December 2007	**8,083,319**	**12,314,121**	**4,861,417**	**-**	**25,258,857**
Balance at 1 January 2008	**8,083,319**	**12,314,121**	**4,861,417**	**-**	**25,258,857**
Effect of movements in exchange rates	-	-	(352,374)	-	(352,374)
Correction	-	(4,813)	-	-	(4,813)
Amortisation for the year	6,733,771	9,791,578	2,573,183	-	19,098,532
Balance at 31 December 2008	**14,817,090**	**22,100,886**	**7,082,226**	**-**	**44,000,202**
Carrying amounts					
At 31 December 2007	**103,416,893**	**68,108,239**	**45,800,449**	**78,510,014**	**295,835,595**
At 31 December 2008	**96,683,122**	**58,368,384**	**42,866,242**	**256,388,415**	**454,306,163**

20. OTHER INVESTMENTS

Non-current investments

At 31 December, non-current investments comprised the following:

Available-for-sale securities	Ownership %	31 December 2008	31 December 2007
Unlisted entities			
TAV Havacılık A.Ş.	1,00	24,238	24,238
CAS (*)	50,00	-	1,211,110
		24,238	**1,235,348**

(*) HAVAŞ and Kıbrıs Türk Havayolları Limited Şirketi ("KTHY") formed a joint venture as 50% + 1 of participation for KTHY under the name of CAS according to the protocol signed on 1 September 2006 to construct an airport terminal and to undertake its management for ground handling operations in the Turkish Republic of Norhern Cyprus ("KKTC"). CAS started its operations on 1 August 2008 and CAS is proportionately consolidated in the accompanying consolidated financial statement as at 31 December 2008 (CAS is recognised at its cost at 31 December 2007).

Current investments

At 31 December, current investments comprised the following:

Investments held for trading

	31 December 2008	31 December 2007
Debt securities		
Government bonds	-	248,683
	-	**248,683**

21. PREPAID CONCESSION EXPENSES

An analysis of the Group's prepaid concession expenses as at 31 December 2008 and 2007 is as follows:

31 December 2008	Rent	Prepaid development expenditures	Total
Balance at 31 December 2007	**254,875,995**	**40,076,882**	**294,952,877**
Rent payments	95,196,116	-	95,196,116
Current year concession expense	(138,087,999)	(3,086,730)	(141,174,729)
Balance at 31 December 2008	**211,984,112**	**36,990,152**	**248,974,264**
Represented as short term prepaid concession expense	**125,610,454**	**3,078,295**	**128,688,749**
Represented as long term prepaid concession expense	**86,373,658**	**33,911,857**	**120,285,515**

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31 December 2007	Rent	Prepaid development expenditures	Total
Balance at 31 December 2006	**293,076,406**	**43,155,178**	**336,231,584**
Correction of error (Note 43)	(7,845,458)	-	(7,845,458)
Restated balance at 31 December 2006	**285,230,948**	**43,155,178**	**328,386,126**
Rent payments	107,355,756	-	107,355,756
Current year concession expense	(137,710,709)	(3,078,296)	(140,789,005)
Balance at 31 December 2007	**254,875,995**	**40,076,882**	**294,952,877**
Represented as short term prepaid concession expense	**137,710,709**	**3,086,729**	**140,797,438**
Represented as long term prepaid concession expense	**117,165,286**	**36,990,153**	**154,155,439**

Rent:

The total rent associated with the concession agreement is USD 2,543,000,000 plus VAT (equivalent to EUR 1,796,421,385 as at 31 December 2008). TAV İstanbul paid 23% of the total amount plus VAT as required by the Concession Agreement. Prepaid VAT amount is disclosed in Note 24. A payment representing 5.5% of the total rent amount will be made within the first five workdays of each rental year following the first rental year. Below is the payment schedule per the Concession Agreement, excluding VAT, as at 31 December 2008:

Year	Amount (US Dollar)	Amount (Euro)
2009	139,865,000	98,803,176
2010	139,865,000	98,803,176
2011	139,865,000	98,803,176
2012	139,865,000	98,803,176
After 2013 to 2020	1,118,920,000	790,425,409
	1,678,380,000	**1,185,638,113**

Prepaid development expenditures:

Prepaid development expenditures represent costs incurred related to the installation of EDS Security Systems ("EDS") for the International and Domestic Lines Terminals, and various re-design at the exterior of the Domestic Lines Terminal as required by the Concession Agreement.

22. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 20% for subsidiaries and joint ventures in Turkey (31 December 2007: 20%), the rate of 15% for subsidiaries and joint ventures in Georgia (31.12.2007: 20%) and the rate of 30% for subsidiaries in Tunisia (31 December 2007: 30%) is used.

In Turkey, companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

Recognised deferred tax assets and liabilities

As at 31 December 2008 and 2007, deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007	31 December 2008	31 December 2007
PPE, airport operation right, and other intangible assets	7,684,088	15,092,542	(11,360,710)	(5,887,747)	(3,676,622)	9,204,795
Prepaid concession expenses	-	-	(8,711,900)	(16,095,521)	(8,711,900)	(16,095,521)
Other investments	-	-	(3,396,840)	-	(3,396,840)	-
Inventories	-	36,955	-	-	-	36,955
Derivatives	5,744,933	3,490,406	(1,647,264)	(158,460)	4,097,669	3,331,946
Loans and borrowings	826,003	118,457	(704,793)	(538,510)	121,210	(420,053)
Reserve for employee severance indemnity	397,080	965,098	-	-	397,080	965,098
Provisions	447,062	582,488	-	-	447,062	582,488
Receivables and payables	25,260	144,586	(30,086)	(45,463)	(4,826)	99,123
Other items	695,491	624,878	(81,708)	(97,350)	613,783	527,528
Tax loss carry-forwards	41,727,578	18,344,246	-	-	41,727,578	18,344,246
Deferred tax assets/ (liabilities)	**57,547,495**	**39,399,656**	**(25,933,301)**	**(22,823,051)**	**31,614,194**	**16,576,605**
Set off of tax	(20,180,853)	(18,241,848)	20,180,853	18,241,848	-	-
Net deferred tax assets/ (liabilities)	**37,366,642**	**21,157,808**	**(5,752,448)**	**(4,581,203)**	**31,614,194**	**16,576,605**

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Movement in temporary differences during the year

	Balance at 1 January 2007	Recognised in profit or loss	Effect of acquisition	Recognised in equity	Balance at 31 December 2007	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2008
PPE, airport operation right and other intangible assets	(3,508,662)	14,651,187	(1,614,595)	(323,135)	9,204,795	(12,738,351)	(143,066)	(3,676,622)
Prepaid concession expenses	(5,366,196)	(10,729,325)	-	-	(16,095,521)	7,383,621	-	(8,711,900)
Other investments	-	-	-	-	-	(3,396,840)	-	(3,396,840)
Inventories	-	36,955	-	-	36,955	(36,955)	-	-
Trade receivables and payables	232,028	(132,905)	-	-	99,123	(103,949)	-	(4,826)
Derivatives	2,005,770	1,326,176	-	-	3,331,946	(2,623,196)	3,388,919	4,097,669
Loans and borrowings	-	(420,053)	-	-	(420,053)	541,263	-	121,210
Reserve for employee severance indemnity	614,442	350,656	-	-	965,098	(568,018)	-	397,080
Provisions	(237,214)	819,702	-	-	582,488	(135,426)	-	447,062
Tax loss carry-forwards	14,532,000	3,812,246	-	-	18,344,246	23,383,332	-	41,727,578
Other items	1,453,349	(572,875)	(352,946)	-	527,528	86,255	-	613,783
Tax liabilities/(assets)	**9,725,517**	**9,141,764**	**(1,967,541)**	**(323,135)**	**16,576,605**	**11,791,736**	**3,245,853**	**31,614,194**

Movement in unrecognised temporary differences during the year

	Balance at 1 January 2007	Additions	Balance at 31 December 2007	Additions	Recognised	Balance at 31 December 2008
Tax loss carry forwards	3,978,918	5,520,676	9,499,594	5,042,452	(7,655,056)	6,886,990
Tax liabilities/(assets)	**3,978,918**	**5,520,676**	**9,499,594**	**5,042,452**	**(7,655,056)**	**6,886,990**

At the balance sheet date, the Group has unused tax losses of EUR 243,381,299 (31 December 2007: EUR 137,891,661) available for offset against future profits. Tax losses can be carried forward for five years under the current tax legislation. The Group management assessed that EUR 34,434,949 (31 December 2007: EUR 47,497,970) of tax losses will not be utilised because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. Unutilised tax losses will expire as follows:

	31 December 2008	31 December 2007
Expire in year 2009	10,327,833	2,526,555
Expire in year 2010	20,807,110	27,043,313
Expire in year 2011	56,575,367	82,737,123
Expire in year 2012	20,993,327	25,584,670
Expire in year 2013	134,677,662	-
Total	**243,381,299**	**137,891,661**

In accordance with IAS 12 Income Taxes, at 31 December 2008, a deferred tax liability of TRY 20,308,700 related to investments in subsidiaries and joint ventures was not recognized since it is assessed as probable that the temporary difference will not reverse in the foreseeable future.

Movements of deferred tax assets are as follows:

	1 January-31 December 2008	1 January-31 December 2007
Balance at 31 December	**16,561,378**	**8,916,667**
Correction of error (Note 43)	15,227	1,611,007
Effect of adoption of IFRIC 12 (Note 43)	-	(802,157)
Restated balance at 1 January	**16,576,605**	**9,725,517**
Recovery from profit or loss for the year	11,791,736	9,141,764
Recognised in equity	3,245,853	-
Acquisition effect	-	(352,946)
Change in group structure (*)	-	(1,937,730)
Balance at 31 December	**31,614,194**	**16,576,605**

(*) Balance represents the deferred tax liability arising from acquisition of 40% shares of HAVAŞ.

23. INVENTORIES

At 31 December 2008 and 2007, inventories comprised the following:

	31 December 2008	31 December 2007
Duty free inventories	5,928,455	5,233,940
Spare parts and other inventories	2,716,234	3,089,020
Catering inventories	1,126,030	986,516
	9,770,719	**9,309,476**

In year 2008, the write-down of inventories to net realizable value amounted to EUR 135,864 (2007: EUR 119,095).

The reversal of write-downs is nil in year 2008 (2007: EUR 216,862). The write-down and reversal are included in cost of duty free inventory sold.

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24. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 31 December, other receivables and current assets comprised the following:

Other receivables and current assets	31 December 2008	31 December 2007
VAT deductible and carried forward (*)	29,549,216	13,401,447
Advances to suppliers (******)	7,102,759	874,461
Prepaid insurance (**)	4,764,376	4,288,629
Business advances given	1,846,404	778,085
Prepaid taxes and funds	970,664	987,220
Advances given to personnel	413,891	353,828
Income accruals	289,393	447,728
Advances given to DHMİ for VAT portion (***)	-	20,106,626
Other receivables	1,796,154	2,341,307
	46,732,857	**43,579,331**

At 31 December, non-current assets comprised the following:

Other non-current assets:	31 December 2008	31 December 2007
Deferred commission cost (****)	6,204,102	-
VAT deductible and carried forward (*)	5,088,941	3,974,305
Non-current prepaid insurance expenses	435,642	1,410,941
Advances given to DHMİ for VAT portion (***)	-	18,498,923
Other non-current receivables (*****)	3,162,381	904,285
	14,891,066	**24,788,454**

(*) VAT deductible is mainly attributable to the VAT of TAV Tbilisi and TAV Tunisie according to local legislations.

(**) EUR 1,704,369 portion of prepaid insurance is related with the insurance expenses of IBS Sigorta Brokerlık Hizmetleri A.Ş. ("IBS Sigorta"), related party of the Group, as at 31 December 2008 (31 December 2007: EUR 1,318,140).

(***) Advances given to DHMİ for VAT portion were recovered in year 2008. According to the article 4 of the Concession Agreement Related With the Rental of the Operating Rights of İstanbul Atatürk Airport International and Domestic Terminal Buildings, Multi-Storey Car Park and General Aviation Terminal, the total payment made to DHMİ as advance payment is USD 690,170,200 including VAT. The VAT amount within this total amount is USD 105,280,200.

According to the VAT Law, the main fact which generates the VAT should be the delivery of goods or the realisation of the service. Therefore, USD 56,686,881 which is calculated by deducting the VAT of concession invoices relating with the years 2005, 2006 and 2007 from the total VAT amount of the advance payment which is USD 105,280,200 was reimbursed to TAV İstanbul Terminal İşletmeciliği A.Ş. by DHMİ by offsetting the above mentioned amount from the concession payment made in January 2008 concerning the year 2008.

(****) Deferred commission cost represents the transaction costs and commitment fees for the portion of TAV Tunisie's borrowings which are not utilised yet.

(*****) Other non-current receivables include the advance given to Aeroser International Holding Ltd. for the purchase of 6% of TAV Tbilisi amounting to EUR 2,950,037.

(******) Advances given to suppliers include the advances given to suppliers by TAV Tunisie amounting to EUR 6,566,364.

25. TRADE RECEIVABLES

At 31 December 2008 and 2007, trade receivables comprised the following:

Trade receivables:	31 December 2008	31 December 2007
Trade receivables	32,194,853	25,221,907
Guaranteed passenger fee receivable from DHMİ (*)	23,124,366	24,476,033
Doubtful receivables	1,846,399	1,389,209
Allowance for doubtful receivables (-)	(1,846,399)	(1,389,209)
Notes receivable	630,223	21,892
Other	18,701	163,514
	55,968,143	**49,883,346**
Non-current trade receivables:		
Guaranteed passenger fee receivable from DHMİ (*)	156,306,856	179,431,221
	156,306,856	**179,431,221**

Allowance for doubtful receivables has been determined by reference to past default experience.

The Group's exposure to credit and currency risks and impairment losses related to trade receivables are disclosed in Note 38.

(*) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport as a result of IFRIC 12 application.

26. CASH AND CASH EQUIVALENTS

At 31 December 2008 and 2007, cash and cash equivalents comprised the following:

	31 December 2008	31 December 2007
Cash on hand	539,136	397,852
Cash at banks		
-Demand deposits	41,848,135	33,019,722
-Time deposits	16,415,022	30,382,010
-Reverse repurchase agreements	168,609	139,750
Other liquid assets	601,890	713,099
Cash and cash equivalents	**59,572,792**	**64,652,433**
Bank overdrafts used for cash management purposes (Note 30)	(1,844,425)	(1,970,698)
Cash and cash equivalents in the statement of cash flows	**57,728,367**	**62,681,735**

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The details of the Group's time deposits, maturities and interest rates as at 31 December 2008 and 2007 are as follows:

31 December 2008

Original Currency	Maturity	Interest rate %	Balance
EUR	January 2009	3.00-6.75	8,460,833
USD	January 2009	2.00-5.00	6,397,473
TRY	January 2009	9.00-15.00	1,268,770
Other	January 2009	5.00	287,946
			16,415,022

31 December 2007

Original Currency	Maturity	Interest rate %	Balance
EUR	January-November 2008	3.25-5.20	15,391,978
USD	January-February 2008	4.00-4.50	13,981,847
TRY	January 2008	12.94-16.00	1,008,185
			30,382,010

The Group's exposure interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 38.

There is no blockage or restriction on the use of cash and cash equivalents as at 31 December 2008 and 2007.

27. RESTRICTED BANK BALANCES

At 31 December 2008 and 2007, restricted bank balances comprised the following:

	31 December 2008	31 December 2007
Project reserve and funding accounts (*)	254,097,284	240,485,700
Cash collaterals (**)	-	17,035,116
	254,097,284	**257,520,816**

(*) Some of the subsidiaries, namely TAV İstanbul, TAV Esenboğa, TAV İzmir and ATÜ ("the Borrowers") opened Project Accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ based on agreements with their lenders. As a result of pledges regarding the project bank loans as explained in Note 30, all cash except for cash on hand are classified in these accounts. Based on these agreements, the Group can access and use such restricted cash but all withdrawals from the project accounts are upon the lenders' consent.

Interest rates are in the range of 1.50%-7.49% (31 December 2007: 2.94%-3.85%) for EUR reserves, in the range of 0.11%-1.77% (31 December 2007: 3.86%-4.14%) for USD reserves, and in the range of 13.75%-20.50% (31 December 2007: 13.12%-15.73%) for TRY reserves.

(**) As at 31 December 2007, the Group has deposited cash equivalents of EUR 17,035,116 in respect of the Group's indebtedness with 5% interest rate.

28. CAPITAL AND RESERVES

At 31 December, the shareholding structure of the Company was as follows:

	Shareholders (%)	31 December 2008
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	18.86	45,672,151
Akfen Holding A.Ş. ("Akfen Holding")	16.02	38,791,328
Goldman Sachs International (*)	14.40	34,875,000
Airports International (**)	8.85	21,443,250
IDB Infrastructure Fund L.P.	4.92	11,924,792
Babcock Brown Turkish Airports LLC	3.46	8,372,535
Sera Yapı Endüstrisi ve Tic. Ltd. Şti. ("Sera Yapı")	2.83	6,853,294
Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat")	<1	27,529
Other Non-Floated	6.41	15,514,505
Free Float	24.24	58,713,116
Paid in capital in TRY (nominal)	**100%**	**242,187,500**

Paid in capital in EUR (nominal) as at 31 December 2008	113,129,438
Effect of non-cash increases and exchange rates	(8,219,171)
Paid in capital EUR	**104,910,267**

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Shareholders	(%)	31 December 2007
Tepe İnşaat	18.86	45,672,151
Akfen Holding	15.70	38,022,747
Goldman Sachs International (*)	14.40	34,875,000
Meinl Airports International Ltd. (**)	8.85	21,443,250
IDB Infrastructure Fund L.P.	4.92	11,924,792
Babcock Brown Turkish Airports LLC	4.32	10,455,290
Sera Yapı	3.15	7,621,875
Global Investment House KSCC	3.00	7,265,625
Global Opportunistic Fund II Company BSCC	2.00	4,843,750
Akfen İnşaat.	0.01	27,529
Mehmet Cem Kozlu	<0.01	2
Other Non-Floated	6.39	15,472,989
Free Float	18.40	44,562,500
Paid in capital in TRY (nominal)	**100.00**	**242,187,500**

Paid in capital in EUR (nominal) as at 31 December 2007	141,613,554
Effect of non-cash increases and exchange rates	(36,703,287)
Paid in capital EUR	**104,910,267**

(*) TRY 34,875,000 of the shares owned by Goldman & Sachs International ("GS") that correspond to the 14.4% of the share capital of the Company have been provided by Tepe İnşaat, Akfen Holding and Sera Yapı to Goldman&Sachs International as collateral and the title of those shares have been transferred to Goldman&Sachs International for this purpose. A pledge in favor of Tepe İnşaat, Akfen Holding and Sera Yapı exists on those shares. Voting rights, right of receiving dividends, pre-emption rights for participating in cash share capital increase in connection with those shares (except for acquiring gratis shares under share capital increase) belong to Tepe İnşaat, Akfen Holding and Sera Yapı.

(**) In year 2008, the corporate name of Meinl Airports International Ltd. has changed as Airports International.

The Company's share capital consists of 242,187,500 shares amounting to TRY 242,187,500 as at 31 December 2008 (31 December 2007: TRY 242,187,500).

Legal Reserves:

Retained earnings in the statutory tax financial statements can be distributed as dividends other than judgments related to legal reserves described below:

Legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions; however holding companies are not subject to this application. Legal reserves, if less than 50% of the paid-in capital, can only be used to net-off the losses.

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") regulations explained below:

In accordance with the CMB's decision numbered 7/242 dated 25 February 2005; if the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations does not exceed net distributable profit in the statutory accounts, the whole amount should be distributed. On the contrary, the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations exceeds net distributable profit in the statutory accounts; distributable amount is limited with the figures in the statutory accounts. There is no requirement for profit distribution in year 2008 since both the financial statements prepared in compliance with the CMB or regulation and statutory accounts reflect accumulated losses for the year.

Collateral Shares

Tepe İnşaat, Akfen Holding and Sera Yapı have lent and transferred the title of such number of shares that correspond to the 14.4% of the present share capital of TAV Holding (the "Collateral Shares") under an agreement named Collateralised Stock Borrowing Agreement.

GS has created pledge in favour of Tepe İnşaat, Akfen Holding and Sera Yapı on the Collateral Shares. All voting rights, dividends, rights for participating in share capital increase in connection with the Collateral Shares shall belong to Tepe İnşaat, Akfen Holding and Sera Yapı, provided that gratis (bonus) shares issued as the result of such share capital increase made by way of adding the reserves to equity shall belong to GS in connection with the Collateral Shares. In the event of enforcement of Collateral Shares by GS as described above, the share pledge is released on the Collateral Shares. Collateral Shares are maintained by an escrow agent. Further, pursuant to GS SSPAs, GS is entitled to transfer the shares that it owns in the Company to its Affiliates.

Share premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity.

Revaluation surplus

The revaluation surplus comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Purchase of shares of entities under common control

The purchase of the shares of entities that are under common control are accounted for at book values. The net amount of consideration paid over the book value of the net assets acquired is recognized directly in equity.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

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29. EARNINGS PER SHARE

The calculation of basic income per share at 31 December 2008 was based on the income attributable to ordinary shareholders of EUR 4,667,741 (31 December 2007: EUR (43,836,419)) and a weighted average number of ordinary shares outstanding of 242,187,500 (31 December 2007: 240,717,076), calculated as follows:

	2008	2007
Numerator:		
Profit/(loss) for the period	**4,667,741**	**(43,836,419)**
Denominator:		
Weighted average number of shares	242,187,500	240,717,076
Basic income/(loss) per share	**0.0193**	**(0.1821)**

	2008	2007
Issued ordinary shares at 1 January	242,187,500	232,500,000
Effect of shares issued during the year	-	8,217,076
Weighted average number of ordinary shares	**242,187,500**	**240,717,076**

30. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 38.

	31 December 2008	31 December 2007
Non-current liabilities		
Secured bank loans (*)	870,190,669	740,511,227
Unsecured bank loans	6,028,750	22,686,731
Finance lease liabilities	337,354	614,615
	876,556,773	**763,812,573**
Current liabilities		
Current portion of secured bank loans (*)	118,427,572	123,843,088
Current portion of unsecured bank loans	101,622,701	110,804,901
Current portion of finance lease liabilities	184,047	120,104
	220,234,320	**234,768,093**

(*) Secured bank loans mainly consist of project finance loans that have been secured by pledges.

The Group's total bank loans and finance lease liabilities as at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
Bank loans	1,096,269,692	997,845,947
Finance lease liabilities	521,401	734,719
Total	**1,096,791,093**	**998,580,666**

The Group's bank loans as at 31 December 2008 are as follows:

	Presented as		
	Current liabilities	**Non-current liabilities**	**Total**
TAV İstanbul	30,137,220	399,061,134	429,198,354
TAV Holding	142,402,369	67,707,090	210,109,459
TAV Tunisie	8,273,103	161,985,258	170,258,361
TAV Esenboğa	9,342,966	136,604,226	145,947,192
TAV İzmir	19,194,739	71,244,697	90,439,436
ATÜ	3,474,037	21,480,932	24,954,969
TAV Tbilisi	3,508,323	17,820,686	21,329,009
Others	3,717,516	315,396	4,032,912
	220,050,273	**876,219,419**	**1,096,269,692**

The Group's bank loans as at 31 December 2007 are as follows:

	Presented as		
	Current liabilities	**Non-current liabilities**	**Total**
TAV İstanbul	52,966,710	433,362,937	486,329,647
TAV Esenboğa	10,600,926	135,310,146	145,911,072
TAV Holding	52,102,025	88,328,232	140,430,257
TAV İzmir	16,052,732	84,316,990	100,369,722
TAV Tunisie	70,333,078	-	70,333,078
TAV Tbilisi	28,097,203	7,785,002	35,882,205
ATÜ	3,142,076	13,815,512	16,957,588
Others	1,353,239	279,139	1,632,378
	234,647,989	**763,197,958**	**997,845,947**

Redemption schedules of the Group's bank loans according to original maturities as at 31 December 2008 and 2007 are as follows:

	31 December 2008	**31 December 2007**
On demand or within one year	220,050,273	234,647,989
In the second year	117,407,773	135,917,924
In the third year	104,649,809	109,951,978
In the fourth year	108,136,742	100,834,168
In the fifth year	92,630,677	97,938,061
After five years	453,394,418	318,555,827
	1,096,269,692	**997,845,947**

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spread for EUR and USD denominated loans as at 31 December 2008 is between 1.10%-4.75% and 1.20%-9.00%, respectively (31 December 2007: 1.00%-5.00%; 1.20%-4.00%, respectively).

100%, 100%, 80% and 100% of floating bank loans for TAV İstanbul, TAV Tunisie, TAV İzmir and TAV Esenboğa, respectively are fixed with financial derivatives, as explained in Note 36.

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The Group has obtained project loans to finance construction of its BOT concession projects, namely TAV Esenboğa, TAV İzmir and TAV Tunisie; and to be able to finance advance payments to DHMİ related to concession leasing project, TAV İstanbul. Details of the loans are summarised for each project below:

TAV İstanbul

The breakdown of bank loans as at 31 December 2008 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans (*)	EUR	2018	Euribor + 2.50%	433,840,000	422,936,015
Secured bank loans (**)	EUR	2019	Euribor + 2.50%	5,392,997	5,259,085
Secured bank loans (**)	EUR	2019	Euribor + 2.50%	1,028,801	1,003,254
				440,261,798	**429,198,354**

TAV İstanbul has bank loan in the amount of EUR 422,936,015 under the facility agreement. The terms of the loan requires semi-annual principal and interest payments on 4 July and 4 January of each year according to the loan agreements. TAV İstanbul also has additional borrowing right which is a maximum amount of EUR 65,000,000 related to facility agreement from which EUR 6,421,798 has already been utilised.

(*) Interest rate is Euribor+2.50% until 4 January 2013, Euribor+2.65% between the period of 4 January 2013 and 4 January 2016 and Euribor+2.75% between the period of 4 January 2016 and 4 July 2018.

(**) Interest rate is Euribor+2.50% until 4 January 2013, Euribor+2.65% between the period of 4 January 2013 and 4 January 2016 and Euribor+2.75% between the period of 4 January 2016 and 4 January 2019.

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan (*)	EUR	2015	Euribor+2.50%	360,960,596	363,769,617
Secured bank loan (**)	USD	2015	Libor+2.50%	109,515,307	107,671,712
Secured bank loan	EUR	2013	Euribor+5.00%	15,134,680	14,888,318
				485,610,583	**486,329,647**

(*) Interest rate is Euribor+ 2.50% until 31 December 2009 and Euribor+ 2.85% between the period of 31 December 2009 and 31 December 2015.

(**) Interest rate is Libor+ 2.50% until 31 December 2009 and Libor+2.85% between the period of 31 December 2009 and 31 December 2015.

Redemption schedules of the TAV İstanbul bank loans according to the original maturities as at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
On demand or within one year	30,137,220	52,966,710
In the second year	39,768,340	53,292,710
In the third year	40,599,391	58,369,907
In the fourth year	42,763,429	55,947,749
In the fifth year	45,536,116	61,090,443
After five years	230,393,858	204,662,128
	429,198,354	**486,329,647**

TAV Holding

The breakdown of bank loans as at 31 December 2008 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2012	Libor + 1.85%	72,211,634	72,590,029
Secured bank loan	EUR	2010	Euribor + 4.00%	30,000,000	30,866,610
Unsecured bank loan	USD	2009	Libor + 4.00%	27,832,876	29,028,308
Unsecured bank loan	EUR	2009	Euribor + 3.00%	25,000,000	25,579,244
Unsecured bank loan	EUR	2009	Euribor + 2.00%	20,000,000	20,843,874
Unsecured bank loan	USD	2010	Libor + 1.20%	11,773,636	11,810,997
Unsecured bank loan	EUR	2009	Euribor + 1.10%	12,000,000	12,313,832
Unsecured bank loan	USD	2009	Libor + 9.00%	7,064,182	7,076,565
				205,882,328	**210,109,459**

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2012	Libor + 1.85%	78,318,618	78,933,408
Unsecured bank loan	EUR	2008	5.30%	25,000,000	25,908,161
Unsecured bank loan	EUR	2009	Euribor+1.10%	18,000,000	18,476,326
Unsecured bank loan	USD	2010	Libor + 1.20%	17,025,786	17,112,362
				138,344,404	**140,430,257**

Redemption schedules of the TAV Holding bank loans as at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
On demand or within one year	142,402,369	52,102,025
In the second year	34,045,658	44,843,309
In the third year	17,426,517	21,658,292
In the fourth year	16,234,915	14,948,920
In the fifth year	-	6,877,711
	210,109,459	**140,430,257**

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TAV Tunisie

The breakdown of bank loans as at 31 December 2008 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2022	Euribor+2.00%	113,843,360	110,446,126
Secured bank loan	EUR	2028	Euribor+2.28%	47,310,342	46,282,604
Secured bank loan	EUR	2028	Euribor+4.75%	13,846,298	13,529,631
				175,000,000	**170,258,361**

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2008	Euribor+1.00%	70,000,000	70,333,078
				70,000,000	**70,333,078**

Redemption schedules of the TAV Tunisie bank loans as at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
On demand or within one year	8,273,103	70,333,078
In the second year	8,543,071	-
In the third year	10,713,388	-
In the fourth year	12,761,229	-
In the fifth year	10,662,760	-
After five years	119,304,810	-
	170,258,361	**70,333,078**

TAV Esenboğa

The breakdown of bank loans as at 31 December 2008 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2021	Euribor + 2.35%	149,175,000	145,947,192
				149,175,000	**145,947,192**

TAV Esenboğa has a bank loan in the amount of EUR 145,947,192 under loan agreement. The terms of the loan semi annual principal and interest payments at each 30 June and 31 December according to the loan agreements starting from 31 December 2007 for interest and 30 June 2008 for principal.

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2021	Euribor + 2.35%	150,000,000	145,911,072
				150,000,000	**145,911,072**

Redemption schedules of the TAV Esenboğa borrowings according to original maturities as at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
On demand or within one year	9,342,966	10,600,926
In the second year	9,916,117	9,273,835
In the third year	11,219,471	10,140,498
In the fourth year	11,987,061	11,092,911
In the fifth year	12,518,658	11,691,447
After five years	90,962,919	93,111,455
	145,947,192	**145,911,072**

TAV İzmir

The breakdown of bank loans as at 31 December 2008 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2013	Euribor + 3.00%	87,981,049	90,439,436
				87,981,049	**90,439,436**

TAV İzmir has bank loans in the amount of EUR 90,439,436 under loan agreements. The terms of the loan require semi annual principal and interest payments at each 23 January and 23 July according to the loan agreements.

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2013	Euribor+3.00%	97,109,761	100,369,722
				97,109,761	**100,369,722**

Redemption schedules of the TAV İzmir bank loans according to original maturities as at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
On demand or within one year	19,194,739	16,052,732
In the second year	18,301,326	17,959,590
In the third year	17,742,754	17,306,992
In the fourth year	17,586,602	16,639,792
In the fifth year	17,614,015	16,302,989
After five years	-	16,107,627
	90,439,436	**100,369,722**

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Pledges regarding the project bank loans of TAV İstanbul, TAV İzmir and TAV Esenboğa:

a) Share pledge: In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees.

b) Receivable pledge: In case of an event of default, the banks have the right to take control of the receivables of project companies (disclosed as the Borrowers in Note 27) in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables.

c) Pledge over bank accounts: In case of an event of default, the banks have the right to control the bank accounts of project companies in order to perform its obligations under the loan documents. Upon the occurrence of event of default project companies shall be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.

With the consent of the facility agent, TAV İstanbul, TAV İzmir and TAV Esenboğa have a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to USD 0.5 million for the acquisition cost of any assets or leases of assets,
- indebtedness up to USD 3 million for the payment of tax and social security liabilities,

  Similar to above, TAV Tunisie has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders.

- TAV Tunisie has a right to have additional indebtedness;with a maturity of less than one year for an aggregate amount not exceeding EUR 3,000,000 (up to 1 January 2020) and not exceeding EUR 5,000,000 (thereafter),
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed EUR 5,000,000,
- incurred by, or committed in favour of, the Company under an Equity Subordinated Loan Agreement,
- disclosed in writing by the Company to the Intercreditor Agent and in respect of which it has given its prior written consent.

ATÜ

The breakdown of bank loans as at 31 December 2008 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2018	7.00%	9,996,250	10,277,071
Secured bank loan	EUR	2015	Euribor + 2.70%	7,585,434	7,338,949
Secured bank loan	EUR	2015	Euribor + 2.70%	7,585,434	7,338,949
				25,167,118	**24,954,969**

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2015	Euribor+2.70%	8,417,895	8,478,794
Secured bank loan	EUR	2015	Euribor+2.70%	8,417,895	8,478,794
				16,835,790	**16,957,588**

Redemption schedules of the ATÜ bank loans as at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
On demand or within one year	3,474,037	3,142,076
In the second year	3,301,553	2,484,340
In the third year	3,601,976	2,476,289
In the fourth year	3,577,281	2,204,797
In the fifth year	3,164,670	1,975,469
After five years	7,835,452	4,674,617
	24,954,969	**16,957,588**

TAV Tbilisi

The breakdown of bank loans as at 31 December 2008 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2015	Libor+4.50%	10,512,791	10,666,319
Secured bank loan	USD	2015	Libor+4.50%	10,512,791	10,662,690
				21,025,582	**21,329,009**

Pledges regarding the bank loans

a) Share pledge-to take control of 75 percent plus one share of the charter capital of the Company;

b) Revenue pledge-to take control of the revenues derived from Tbilisi International Airport operations as stipulated in the BOT Agreement;

c) Pledge over bank accounts-to take control the Company's bank accounts in JSC Bank of Georgia, JSC Bank Republic and JSC TBC Bank and be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts;

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The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2009	Libor+4.00%	12,258,566	12,678,662
Secured bank loan	USD	2009	Libor+4.00%	10,215,472	10,418,973
Secured bank loan	USD	2008	5.30%	10,215,472	10,245,437
Secured bank loan	USD	2009	Libor+4.00%	1,225,856	1,267,004
Secured bank loan	USD	2009	Libor+4.00%	1,225,856	1,242,731
Unsecured bank loan	USD	2008	13%	17,597	29,398
				35,158,819	**35,882,205**

Redemption schedules of the TAV Tbilisi bank loans as at 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
On demand or within one year	3,508,323	28,097,203
In the second year	3,216,312	7,785,002
In the third year	3,346,312	-
In the fourth year	3,226,225	-
In the fifth year	3,134,458	-
After five years	4,897,379	-
	21,329,009	**35,882,205**

Finance lease liabilities

	Minimum lease payments	
	31 December 2008	31 December 2007
Amounts payable under finance leases		
Less than one year	184,047	614,615
Between one and five years	337,354	120,104
Present value of lease obligations	**521,401**	**734,719**

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average remaining lease term is three years as at 31 December 2008. For the year ended 31 December 2008, the average effective borrowing rate was 6.09% (31 December 2007: 6.09%). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

31. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and joint ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

Such payments are calculated on the basis of 30 days' pay maximum full TRY 2,173 as at 31 December 2008 (equivalent to EUR 1,015 as at 31 December 2008) (31 December 2007: TRY 2,030 (equivalent to EUR 1,187 as at 31 December 2007)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its Turkish subsidiaries and joint ventures arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and joint venture registered in Turkey arising from the retirement of employees. IFRSs require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

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. Consequently, in the accompanying consolidated financial statements as at 31 December 2008, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at 31 December 2008 have been calculated assuming an annual inflation rate of 5.40% and a discount rate of 12.00% resulting in a real discount rate of approximately 6.26% (31 December 2007: 5.71%). It is planned that retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

	2008	2007
Balance at 1 January	**4,884,107**	**3,685,054**
Provisions set during the year	532,968	723,817
Payment made during the year	(1,187,169)	(990,213)
Effects of change in foreign exchange rate	(982,387)	380,450
Effect of group structure change	-	1,084,999
Balance at 31 December	**3,247,519**	**4,884,107**

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32. OTHER PAYABLES

At 31 December 2008 and 2007, other payables comprised the following:

	31 December 2008	31 December 2007
Taxes and duties payable	5,814,954	5,690,968
VAT penalty (*)	4,885,194	-
Due to personnel	4,813,399	4,612,340
TAV Tunisie concession payable (**)	4,194,176	-
Social security premiums payable	3,576,364	4,002,446
Expense accruals	1,046,766	2,720,806
Advances received	847,252	604,537
Other accruals and liabilities	121,848	382,984
	25,299,953	**18,014,081**

(*) Includes the tax penalty for TAV Holding and BTA amounting to EUR 1,924,985 and EUR 2,960,209, respectively.
(**) According to the concession agreement, TAV Tunisie is obliged to pay 33.7% of total revenue as concession rent expense to Tunisian government for 2008.

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 38.

33. DEFERRED INCOME

The breakdown of deferred income as at 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
Deferred income		
Short-term deferred income	6,665,623	9,364,355
Long-term deferred income	16,659,877	19,068,150
	23,325,500	**28,432,505**

EUR 17,271,354 (31 December 2007: EUR 18,713,681) of deferred income is related with the unearned concession rent income from ATÜ.

34. PROVISIONS

The Group's unused vacation and tax penalty provisions are as follows:

	31 December 2008	31 December 2007
Unused vacation provision	2,538,425	2,284,737
Tax penalty (*)	1,168,501	9,248,823
Other provisions	55,195	-
	3,762,121	**11,533,560**

(*) TAV İstanbul did not calculate value added taxes for the sales pursuant to the tax-free sales of stores, and the lease of independent units such as depots and warehouses for these stores, between July 2005 and December 2007. Taking into consideration the similar outcomes of possible examinations in the relevant sector carried by tax authorities, as well as the general assessments carried out by TAV İstanbul management, a provision of TRY 2,501,524 (equivalent of EUR 1,168,501 at 31 December 2008) has been allocated by TAV İstanbul in 31 December 2008 financial statements (31 December 2007: a provision of TRY 2,501,524 (equivalent of EUR 1,462,709) has been allocated).

Following the audits carried out by the Financial Auditors of the Ministry of Finance, on the 2001-2004 accounts of the TAV Holding. a settlement has been reached on 23 March 2008, with the Revenues Administration Directorate of the Ministry of Finance, for the taxes and penalties set forth in the reports notified regarding the 2001-2005 period, and subsequently settlement has been reached for an income tax withholding of TRY 2,790,637 (equivalent of EUR 1,631,404) and a value added tax of TRY 623,282 (equivalent of EUR 364,806) had been settled. A delay interest payment of TRY 4,603,610 (equivalent of EUR 2,691,855) is made for these penalties. A provision of TRY 8,017,529 (equivalent of EUR 4,688,065) had been allocated in the 31 December 2007 consolidated financial statements of the Company. As at 31 December 2008, tax review for TAV Holding has been finalised and tax penalty amounting to TRY 4,121,010 (equivalent of EUR 1,924,986) has been recorded to short term other payables.

The tax audits carried out by the Financial Auditors of the Ministry of Finance, on the January 2004-September 2007 accounts of BTA have been completed. Following the inspections carried out, it has been notified to BTA that food and beverage sales at the customs areas at the airports (air side) must not be exempt from value added tax, together with the relevant tax/penalty notifications. Together with this notification, a value added tax of TRY 15,480,954 and a corporate tax of TRY 288,647 were calculated, and a tax loss penalty for the same amounts was calculated. BTA requested a settlement as a response to this notification, and in its financial statements as at 31 December 2007. BTA allocated a provision amounting to a total of TRY 5,298,286 (equivalent of EUR 3,098,049), i.e., TRY 3,238,286 (equivalent of EUR 1,893,513) tax and TRY 2,060,000 (equivalent of EUR 1,204,535) delay interest. As at 31 December 2008, tax review has been finalised for BTA and tax penalty amounting TRY 6,337,215 (equivalent of EUR 2,960,209) has been recorded to short term other payables.

Tax penalty

	2008	2007
Balance at 1 January	**9,248,823**	**-**
Provision (released)/set during the year, net	(2,900,918)	9,248,823
Reclassification of tax penalty to other payables	(4,885,195)	-
Effects of change in foreign exchange rate	(294,209)	-
Balance at 31 December	**1,168,501**	**9,248,823**

Unused vacation

	2008	2007
Balance at 1 January	**2,284,737**	**949,545**
Provision set during the year, net	713,239	1,256,739
Effects of change in foreign exchange rate	(459,551)	78,453
Balance at 31 December	**2,538,425**	**2,284,737**

35. TRADE PAYABLES

At 31 December 2008 and 2007, trade payables comprised the following:

	31 December 2008	31 December 2007
Trade payables	27,103,474	21,557,591
Deposits and guarantees received	439,195	422,547
Other	638	27,611
	27,543,307	**22,007,749**

Trade creditors principally comprise amounts outstanding for trade purchases and ongoing costs. The Group's exposure to currency and liquidity risk related to trade payables is disclosed in Note 38.

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36. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December, derivative financial instruments comprised the following:

	2008		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(69,699,812)	(69,699,812)
Cross currency swap	32,257,634	-	32,257,634
	32,257,634	**(69,699,812)**	**(37,442,178)**

	2007		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	2,327,826	(4,028,806)	(1,700,980)
Cross currency swap	-	(15,443,800)	(15,443,800)
	2,327,826	**(19,472,606)**	**(17,144,780)**

Derivative Contracts

TAV Esenboğa uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. Approximately 100% of project finance loan is hedged through Interest Rate Swap ("IRS") contract during the life of the loan with an amortising schedule depending on repayment of the loan.

TAV İstanbul uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. Approximately 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan.

TAV Tunisie uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. Approximately 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan.

TAV İzmir uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. Approximately 80% of total project finance loan is hedged through IRS contract during the life of the loan.

TAV İstanbul uses cross currency derivatives to manage its exposure to foreign currency exchange rates on its concession installments that will be paid to DHMİ.

Cross currency swap

TAV İstanbul has signed a derivative contract to manage and fix its exposure to foreign currency exchange rates between USD and EUR on the concession installments that will be paid to DHMİ. The contract term matches with the terms of the rent payments made to DHMİ which is the end of each December until year 2018. The total notional amount of the contract is EUR 349,947,316 (equivalent of USD 518,971,869) as at 31 December 2008 (31 December 2007: EUR 143,444,854 (equivalent of USD 183,035,634)).

Interest rate swap

Two derivative contracts have been signed between Dexia Credit Local (DCL) and TAV İstanbul on 12 March 2008 for the project finance facility (in total EUR 472,387,663). The notional amount of these contracts is being amortised by the years in parallel with repayments of loans. As at 31 December 2008, total notional amount has increased to EUR 498,614,443 due to additional drawings.

The fair value of derivatives at 31 December 2008 is estimated at EUR 37,442,178 (31 December 2007: EUR 17,144,780). This amount is based on market values of equivalent instruments at the balance sheet date since the Company applied hedge accounting as at 31 December 2008 changes in the fair value of these interest rate derivatives and cross currency swaps were reflected to equity in cash flow hedge reserve as loss amounting to EUR 31,301,803, net of tax. At 31 December 2007, changes in the fair value of these interest rate derivatives and cross currency swaps were reflected to finance expense as gain amounting to EUR 3,049,235 and foreign currency transaction gain amounting to EUR 6,711,700.

37. OPERATING LEASES

The Group entered into various operating lease agreements (excluding concession agreement for TAV İstanbul and TAV Tunisie). For the year ended 31 December 2008, total rent expenses for operating leases amounted to EUR 1,860,968 (31 December 2007: EUR 2,942,801).

38. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. However, most of Group revenues are denominated in hard currency. The gap between hard currency assets and liabilities are hedged by derivative financial instruments such as cross currency swaps. In addition to hedging of the currency risk, TAV İstanbul, TAV İzmir, TAV Esenboğa and TAV Tunisie use interest rate swaps as hedging the fluctuations in Euribor and Libor rates (i.e.100%, 80%, 100% and 100% of floating loans for TAV İstanbul, TAV İzmir, TAV Esenboğa and TAV Tunisie, respectively are fixed).

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Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	31 December 2008	31 December 2007
Other non-current assets (*)	24	-	811,514
Non-current trade receivables	25	156,306,856	179,431,221
Trade receivables	25	55,968,143	49,883,346
Due from related parties	40	15,160,247	4,702,897
Other receivables and current assets (*)	24	1,363,095	2,789,035
Investments held for trading	20	-	248,683
Restricted bank balances	27	254,097,284	257,520,816
Cash and cash equivalents (**)	26	59,033,656	64,254,581
Interest rate and cross currency swaps used for hedging	36	32,257,634	2,327,826
		574,186,915	**561,969,919**

(*) Non-financial instruments such as advances given to DHMİ for VAT portion, VAT deductible and carried forward, prepaid expenses and advances given are excluded from other current assets and other non-current assets.

(**) Cash on hand is excluded from cash and cash equivalents.

Impairment losses

The movements in the allowance for impairment in respect of trade receivables during the years ended 31 December were as follows:

	2008	2007
Balance at 1 January	**(1,389,209)**	**(1,409,983)**
Effect of group structure change	-	(533,377)
Collections during the year	-	78,957
Impairment loss recognised	(736,615)	(46,458)
Released during the year	-	676,397
Effect of change in foreign exchange rates	279,425	(154,745)
Balance at 31 December	**(1,846,399)**	**(1,389,209)**

Allowance for doubtful receivables is determined by reference to past default experience. The allowance accounts in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the trade receivable directly.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2008	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than two years
Non-derivative financial liabilities						
Secured bank loans	988,618,241	(1,366,335,772)	(71,281,517)	(50,278,228)	(122,502,035)	(1,122,273,992)
Unsecured bank loans	107,651,451	(110,400,109)	(86,704,467)	(17,244,879)	(6,450,763)	-
Financial lease liabilities	521,401	(571,373)	(213,453)	(213,453)	(144,467)	-
Trade payables (*)	27,179,134	(27,414,028)	(27,331,577)	-	(82,451)	-
Due to related parties	62,020,611	(62,020,611)	(51,458,569)	(970,097)	(1,291,847)	(8,300,098)
Other payables (*)	24,452,701	(24,452,701)	(24,452,701)	-	-	-
Bank overdraft	1,844,425	(1,844,425)	(1,844,425)	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	69,699,812	(86,995,370)	(7,253,113)	(5,811,152)	(16,250,430)	(57,680,675)
Currency swaps						
Outflow	-	(349,947,316)	(15,092,999)	(17,379,649)	(36,629,413)	(280,845,255)
Inflow	(32,257,634)	407,412,180	17,351,099	19,674,824	42,438,609	327,947,648
	1,249,730,142	**(1,622,569,525)**	**(268,281,722)**	**(72,222,634)**	**(140,912,797)**	**(1,141,152,372)**

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31 December 2007	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than two years
Non-derivative financial liabilities						
Secured bank loans	864,354,315	(1,172,276,702)	(70,807,490)	(57,984,643)	(121,959,865)	(921,524,704)
Unsecured bank loans	133,491,632	(137,634,899)	(102,716,462)	(10,186,458)	(18,864,315)	(5,867,664)
Financial lease liabilities	734,719	(851,904)	(7,893)	(150,751)	(87,519)	(605,741)
Trade payables (*)	21,585,202	(21,927,060)	(21,927,060)	-	-	-
Due to related parties	29,298,699	(29,298,699)	(29,298,699)	-	-	-
Other payables (*)	16,843,529	(16,843,529)	(16,843,529)	-	-	-
Bank overdraft	1,970,698	(1,970,698)	(1,970,698)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	4,028,806	(9,849,881)	(159,883)	(386,773)	(2,482,225)	(6,821,000)
Inflow	(2,327,826)	9,389,533	3,858,007	1,322,339	1,872,145	2,337,042
Cross currency swaps						
Outflow	15,443,800	(143,444,854)	-	(28,936,531)	(26,447,449)	(88,060,874)
Inflow	-	124,653,025	-	25,145,734	22,982,731	76,524,560
	1,085,423,574	**(1,400,055,668)**	**(239,873,707)**	**(71,177,083)**	**(144,986,497)**	**(944,018,381)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur.

31 December 2008	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than two years
Interest rate swaps						
Assets	-	-	-	-	-	-
Liabilities	(69,699,812)	(86,995,370)	(7,253,113)	(5,811,152)	(16,250,430)	(57,680,675)
Cross currency swaps						
Assets	32,257,634	57,464,864	2,258,100	2,295,175	5,809,196	47,102,393
Liabilities	-	-	-	-	-	-

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows in Euro equivalent of their original currencies:

31 December 2008

Foreign currency denominated monetary assets	USD	EUR (*)	TRY	Other	Total
Other non-current assets	2,969,675	-	162,264	383	3,132,322
Trade receivables	6,900,910	978,606	3,544,097	3,996,713	15,420,326
Due from related parties	9,508,701	7,214	1,378,354	272,299	11,166,568
Derivative financial instruments	32,257,634		-	-	32,257,634
Other receivables and current assets	81,579	1,687	2,725,659	28,139,356	30,948,281
Restricted bank balances	102,494,804	-	52,991,337	-	155,486,141
Cash and cash equivalents	10,155,923	1,197,666	1,822,354	1,539,109	14,715,052
	164,369,226	**2,185,173**	**62,624,065**	**33,947,860**	**263,126,324**
Foreign currency denominated monetary liabilities					
Loans and borrowings	(141,834,909)	-	-	-	(141,834,909)
Bank overdraft	-	-	(1,504,978)	-	(1,504,978)
Trade payables	(4,270,514)	(127,354)	(7,361,363)	(3,817,822)	(15,577,053)
Due to related parties	(37,000,386)	-	(43,689)	-	(37,044,075)
Other payables	(534,425)	(22,290)	(11,587,679)	(4,812,174)	(16,956,568)
	(183,640,234)	**(149,644)**	**(20,497,709)**	**(8,629,996)**	**(212,917,583)**
Net exposure	**(19,271,008)**	**2,035,529**	**42,126,356**	**25,317,864**	**50,208,741**

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Foreign currency denominated monetary assets	USD	EUR (*)	TRY	Other	Total
Other non-current assets	18,606,730	-	136,681	-	18,743,411
Trade receivables	5,395,617	552,537	4,766,767	142,127	10,857,048
Due from related parties	682,228	9,122	124,817	134,722	950,889
Other receivables and current assets	20,211,831	313,028	4,851,504	10,935,757	36,312,120
Restricted bank balances	163,330,499	-	36,609,606	-	199,940,105
Cash and cash equivalents	15,165,863	2,284,429	1,820,293	1,152,763	20,423,348
Investments held for trading	-	-	44,508	204,175	248,683
	223,392,768	**3,159,116**	**48,354,176**	**12,569,544**	**287,475,604**
Foreign currency denominated monetary liabilities					
Loans and borrowings	(241,356,087)	-	(7,895)	-	(241,363,982)
Bank overdraft	-	-	(461,984)	-	(461,984)
Trade payables	(2,147,754)	(209,862)	(4,343,087)	(2,355,624)	(9,056,327)
Due to related parties	(3,132,882)	-	(3,637,854)	(164,408)	(6,935,144)
Derivative financial instruments	(15,443,800)	-	-	-	(15,443,800)
Other payables	(2,169,735)	(13,253)	(5,557,068)	(1,731,178)	(9,471,234)
	(264,250,258)	**(223,115)**	**(14,007,888)**	**(4,251,210)**	**(282,732,471)**
Net exposure	**(40,857,490)**	**2,936,001**	**34,346,288**	**8,318,334**	**4,743,133**

(*) The figures in this column reflect the Euro position of subsidiaries that have functional currencies other than Euro.

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date Closing Rate	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
USD	0.6841	0.7316	0.7064	0.6810
TRY	0.5272	0.5627	0.4671	0.5847
GEL	0.4569	0.4373	0.4229	0.4289

Sensitivity analysis

The Group's principal currency rate risk relates to changes in the value of the Euro relative to TRY and the USD. The Group manages its exposure to foreign currency risk by entering into derivative contracts and, where possible, seek to incur expenses with respect to each contract in the currency in which the contract is denominated and attempt to maintain its cash and cash equivalents in currencies consistent with its obligations.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts. The analysis excludes net foreign currency investments.

A 10 percent strengthening of the EUR against the following currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	Equity	Profit or loss
31 December 2008		
USD	33,310,535	(5,152,864)
TRY	-	4,212,636
Other	-	2,531,786
Total	**33,310,535**	**1,591,558**
31 December 2007		
USD	-	(4,085,749)
TRY	-	3,434,629
Other	-	831,833
Total	**-**	**180,713**

10 percent weakening of the EUR against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group has used material amounts of bank borrowings from foreign sources and banks. Although most of these loans used have floating interest rates, the Group management and banks fixed interest rates by using derivative financial instruments. TAV İstanbul, TAV İzmir, TAV Esenboğa and TAV Tunisie use interest rate swap as hedging of fluctuations in Euribor and Libor rates (i.e. 100%, 80%, 100% and 100% of floating loans for TAV İstanbul, TAV İzmir, TAV Esenboğa and TAV Tunisie, respectively are fixed).

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31 December 2008	**31 December 2007**
Fixed rate instruments		
Financial assets	268,297,889	265,061,812
Financial liabilities	(132,324,186)	(38,570,236)
	135,973,703	**226,491,576**

	Carrying amount	
	31 December 2008	**31 December 2007**
Variable rate instruments		
Financial assets	11,937,503	2,327,826
Financial liabilities	(1,081,959,709)	(968,045,973)
	(1,070,022,206)	**(965,718,147)**

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

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Cash flow sensitivity analysis for variable rate instruments:

Based on the Group's current borrowing profile, a 50 basis points increase in Euribor or Libor would have resulted in additional annual interest expense of approximately EUR 1 million on the Group's variable rate debt when ignoring effect of derivative financial instruments. EUR 0.6 million of the exposure is hedged through IRS contracts. Therefore, the net exposure on income statement would be EUR 0.4 million. A 50 basis points increase in Euribor or Libor would have resulted a decrease in hedging reserve in equity approximately by EUR 21 million.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

		31 December 2008		31 December 2007	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Other non-current assets (*)	24	-	-	811,514	811,514
Non-current trade receivables	25	156,306,856	156,306,856	179,431,221	179,431,221
Trade receivables	25	55,968,143	55,968,143	49,883,346	49,883,346
Due from related parties	40	15,160,247	15,160,247	4,702,897	4,702,897
Other receivables and current assets (*)	24	1,363,095	1,363,095	2,789,035	2,789,035
Investments held for trading	20	-	-	248,683	248,683
Restricted bank balances	27	254,097,284	254,097,284	257,520,816	257,520,816
Cash and cash equivalents	26	59,572,792	59,572,792	64,652,433	64,652,433
Derivative financial instruments	36	32,257,634	32,257,634	2,327,826	2,327,826
Financial liabilities					
Bank overdraft	26	(1,844,425)	(1,844,425)	(1,970,698)	(1,970,698)
Loans and borrowings	30	(1,096,791,093)	(1,096,791,093)	(998,580,666)	(998,580,666)
Trade payables (**)	35	(27,179,134)	(27,179,134)	(21,585,202)	(21,585,202)
Due to related parties	40	(62,020,611)	(62,020,611)	(29,298,699)	(29,298,699)
Derivative financial instruments	36	(69,699,812)	(69,699,812)	(19,472,606)	(19,472,606)
Other payables (**)	32	(24,452,701)	(24,452,701)	(16,843,529)	(16,843,529)
		(707,261,725)	**(707,261,725)**	**(525,383,629)**	**(525,383,629)**

(*) Non-financial instruments such as prepaid expenses, prepaid taxes and dues and advances given are excluded from other non-current assets and other receivables and current assets.

(**) Non-financial instruments such as advances received are excluded from trade payables and other payables.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

39. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 December 2008	31 December 2007
Letters of guarantee given to DHMİ	113,807,149	109,376,794
Letters of guarantee given to third parties	69,186,805	32,600,749
Letters of guarantee given to Tunisia government	68,881,100	68,881,100
Letters of guarantee given to Macedonia government	6,000,000	-
	257,875,054	**210,858,643**

The Group is obliged to give 6% of the total rent amount of USD 152,580,000 as a letter of guarantee according to the rent agreement made with DHMİ. The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 52,600,000 (Tunisian Dinar "TND" 96,831,340) to the Ministry of Transport and EUR 16,281,100 to OACA according to the BOT agreement signed with OACA in Tunisia. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs and some customers.

Contractual obligations

TAV İstanbul

TAV İstanbul is bound by the terms of the Concession Agreement made with DHMİ. If TAV İstanbul does not follow the rules and regulations set forth in the Concession Agreement, this might lead to the forced cessation of TAV İstanbul's operation.

DHMİ may terminate the Concession Agreement if the ownership of interest of TAV and founding partner in TAV İstanbul falls below 49% during the first three years of the concession period.

At the end of the contract period, TAV İstanbul will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made, and the cost will be charged to TAV İstanbul.

Pursuant to the provisions of this agreement, the contractual obligations of TAV İstanbul include the rental of the above mentioned facilities for a period of fifteen and a half years beginning on 3 July 2005; the operation of the facilities in compliance with international norms and standards within the rental (operation) period; the performance of periodic repair and maintenance activities on the facilities and the transfer of the facilities in question including the supporting systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ upon the expiry of the rental period.

In the case where TAV İstanbul as the lessee performs a delayed and/or incomplete rent payment to the DHMİ, TAV İstanbul is charged a penalty of 10% of the rent amount to be paid. TAV İstanbul is then obliged to perform the payment latest within five days. Otherwise, DHMİ shall be entitled to terminate the rent agreement. TAV İstanbul is not entitled to claim the rent payments performed to DHMİ prior to the termination of the contract.

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TAV Esenboğa and TAV İzmir

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMİ. If these companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements. According to the BOT agreement:

The share capital of the companies can not be less than 20% of fixed investment amount.

The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ. DHMİ has requested an extension of EUR 13,900,000 (13% of the initial investment) from TAV İzmir on 21 August 2006 which extended the construction period by 2 months and 20 days, and operation period by 8 months and 27 days. TAV İzmir completed the construction for such extension on 10 May 2007. After granting of temporary acceptance by DHMİ in year 2007, final acceptance was granted by DHMİ at 21 March 2008.

Final acceptance for BOT investments of TAV Esenboğa was granted by DHMİ on 5 June 2008.

At the end of the contract period, the companies will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made and the cost will be charged to TAV İzmir and TAV Esenboğa.

All equipment used by TAV Esenboğa and TAV İzmir must be brand new and under warranty and need to meet the international standards and Turkish Standards as well.

If the need shall arise to replace fixed assets subject to depreciation, which become unusable within the rent period and the depreciation rates of which are not delineated in the Tax Application Law, the operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa and TAV İzmir have the responsibility of repair and maintenance of all fixed assets under the investment period.

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ. HAVAŞ undertakes the liability of all losses incurred by its personnel to DHMİ or to third parties. It also takes the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ is required to provide DHMİ with a letter of guarantee amounting to USD 1,000,000. Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ. Fines which are over due in accordance with the appointed agreement/period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ is obliged to complete the collateral at its original amount which is USD 1,000,000 within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the Atatürk, Esenboğa, Adnan Menderes, Dalaman, Adana, Trabzon, Milas, Nevşehir, Antalya, Gaziantep, Kayseri, Urfa, Batman, Adıyaman, Elazığ, Muş, Sivas and Konya airports; when the rent period ends, DHMİ will have the right to retain the immovables in the area free of charge.

TAV Tbilisi

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations.

With regards to the BOT Agreement, TAV Tbilisi is required to;

- comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;
- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and IATA, ICAO or ECAC;
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by the Company to existing communication networks or inappropriate use or operation thereof.

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in "Batumi Airport Ltd" (the "Agreement") together with its Schedules annexed to the Agreement. In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

With regards to the Agreement, TAV Batumi is required to;

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport Ltd from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport Ltd and/or achievement of dividends by the TAV Batumi from Batumi Airport Ltd;
- protect, promote, develop and extend the business interests and reputation of Batumi Airport in connection with the Services (reasonable effort basis);
- maintain and operate Batumi Airport in accordance with the international standards applicable to similar international airports, and any other local standards that will be applicable to the operations of an international airport;
- recruit and train sufficient number of staff for the operation of Batumi Airport in accordance with standard, accepted operational standards;
- perform regular, periodic and emergency maintenance and repair works of all the fixed assets, as well as the annexations and accessories related thereto located on the territory of Batumi Airport; and
- procure and maintain insurance policies listed under the Agreement during the term of the operation.

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TAV Tunisie

TAV Tunisie is bound by the terms of the Concession Agreements related to the building and operation of Enfidha Airport and to the operation of Monastir Airport. In case TAV Tunisie fails to comply with the provisions of these Concession Agreements as well as the Terms and Specifications annexed thereto, it may be forced to cease the operation of the said airports.

According to Enfidha Concession Agreement, TAV Tunisie is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009, unless the requirements by the Terms and Specifications of the Agreement fails;
- finance up to 30% of the Project by Equity.

According to Monastir Concession Agreement, TAV Tunisie is required to maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Monastir Airport.

Pursuant to both Concession Agreements, TAV Tunisie is required to:

- market and promote the activities operated in the Airports and perform the public service related with these activities
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Domainial and Operational Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisie's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- to comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisie may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Antalya Gazipaşa Airport.

If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervison of the Ministry of Transportation Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, Equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.

In the event that TAV Gazipaşa is delayed in paying the rent and/or the rent is not fully paid to DHMİ, TAV Gazipaşa will be charged a monthly penalty in the amount of 10% of the outstanding amount.

Management believes that as at 31 December 2008, the Group has complied with the terms of the contingencies mentioned above.

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Contingent asset

TAV İstanbul is able to expense VAT on concession rent payments upon the issuance of the related invoice and DHMİ issues the invoice monthly. Cumulative VAT expense related with DHMİ invoices as at 31 December 2008 is EUR 33,532,119 (31 December 2007: EUR 24,258,638).

TAV İstanbul has opened a tax court case in February 2006 against Ministry of Finance for the concession rent, which has been paid partially and the remaining will be paid to DHMİ, for not being subject to VAT. According to temporary VAT code number 12, TAV İstanbul stated that airport privatisations are exempt from VAT. The resolution of the İstanbul First Tax Court has been declared to TAV İstanbul on 9 April 2007. The resolution sets forth that the administrative transaction is not a tax error in the manner prescribed in the Tax Procedures Law, and that no legal inappropriateness had been observed in the transaction that had been formed via the rejection of the application made upon complaint. The decision does not assess whether there is an exemption from the VAT or not; and it is judged that the application does involve a legal shortcoming; TAV İstanbul had submitted the case to the Court of Appeals. With regard to the mentioned case, the Company had submitted a letter to the 4th Department of the Court of Appeals on 28 May 2007 and required a motion for stay. TAV İstanbul has brought a tax case against Ministry of Finance and Maltepe Tax Administration, with the claim that the rent amounts paid to the State Airports Authority General Directorate are exempt from value added tax; and the Tax Court dismissed the case on the grounds of incompetence. TAV İstanbul had applied against the dismissal decision of the Tax Court. The award of the 4th Chamber of the Council of State ("Danistay") had been declared to TAV İstanbul on 25 July 2007. Accordingly, the Council of State approved the application of TAV İstanbul and decided to reverse the judgement of the Tax Court. The case reverted to the Tax Court according to the Code of Administrative Procedures and the Tax Court rejected the case with the decision notified to TAV İstanbul on 29 November 2007. An application for appeal has been made, and the process is continuing as of the date of this report. Group management believes that this court will be finalised in Group's favor, paid VAT will be reimbursed to the Group, and the Group will not pay VAT on concession rent anymore.

40. RELATED PARTY TRANSACTIONS

The major immediate parents and ultimate controlling parties of the Group are Tepe and Akfen Groups.

The Company has a number of operating and financial relationships with its shareholders and other entities owned by its shareholders. There are no set payment terms for any of the related party transactions. The related party receivables and payables resulting from operating activities are generally settled in the normal course of business.

All other transactions not described in this footnote between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of balances between the Group and other related parties are disclosed below.

Key management personnel compensation:

The remuneration of directors and other members of key management during the year comprised the following:

	2008	2007
Short-term benefits (salaries, bonuses etc.)	6,387,130	5,502,025
	6,387,130	**5,502,025**

As at 31 December 2008 and 2007, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

The details of the transactions between the Group and any other related parties are disclosed below:

Other related party transactions:

	31 December 2008	31 December 2007
Due from related parties	4,068,907	2,539,689
Loan to related parties	2,951,011	2,163,208
Non-current loan to related parties	8,140,329	-
	15,160,247	**4,702,897**

Due from related parties	31 December 2008	31 December 2007
ATÜ	2,815,542	1,523,163
Other related parties	1,253,365	1,016,526
	4,068,907	**2,539,689**

Loan to related parties	31 December 2008	31 December 2007
TAV Havacılık A.Ş.	897,041	1,713,016
Other related parties	2,053,970	450,192
	2,951,011	**2,163,208**

Non-current loan to related parties	31 December 2008	31 December 2007
TAV Urban Georgia LLC	8,140,329	-
	8,140,329	**-**

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	31 December 2008	31 December 2007
Due to related parties	14,227,623	28,543,835
Loan from related parties, short term	38,201,044	754,864
Loan from related parties, long term	9,591,944	
	62,020,611	**29,298,699**

Due to related parties	31 December 2008	31 December 2007
Tav Tepe Akfen Yat.İnş ve İşl.A.Ş. ("TAV İnşaat") (*)	9,793,089	25,064,519
Other related parties	4,434,534	3,479,316
	14,227,623	**28,543,835**

(*) Payable to TAV İnşaat represents the trade payables related with the construction and renovation of Enfidha and Monastir Airports, respectively.

Loan from related parties, short term	31 December 2008	31 December 2007
Tepe İnşaat	31,906,472	751,336
ATÜ	3,318,119	-
TAV İnşaat	2,976,453	-
Other	-	3,528
	38,201,044	**754,864**

Loan from related parties, long term	31 December 2008	31 December 2007
ATÜ	9,591,944	-
	9,591,944	**-**

Services rendered to related parties	2008	2007
ATÜ	66,963,440	61,695,109
HAVAŞ	-	2,506,164
Other related parties	2,740,191	1,560,776
	69,703,631	**65,762,049**

Services rendered by related parties	2008	2007
Tepe İnşaat	1,615,416	-
TAV İnşaat	502,478	-
Tepe Prefabrik İnş. San. Tic. A.Ş.	342,913	-
TAV Yatırım Holding	-	95,494
Other related parties	952,006	1,857,928
	3,412,813	**1,953,422**

IBS Sigorta Brokerlık Hizmetleri A.Ş. provides insurance intermediatory services to the Group.

Interest (expense)/income from related parties (net)	2008	2007
TAV İnşaat	(2,084,257)	-
Tepe İnşaat	(140,952)	84,998
TAV Havacılık A.Ş.	106,139	213,298
Other related parties (net)	186,549	287,400
	(1,932,521)	**585,696**

The average interest rate used within the Group is 6,96% per annum (31 December 2007: 6,84%). The Group converts related party TRY loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

Construction work rendered by related parties	2008	2007
TAV İnşaat	198,543,472	33,966,653
	198,543,472	**33,966,653**

As at 31 December 2008, TAV İnşaat provided services to renovation of Monastır Airport and construction of Enfidha Airport.

41. JOINT VENTURES

The Group has the following significant interests in joint ventures:

- 49.98% equity shareholding with 50% voting power in ATÜ, a jointly controlled entity established in Turkey. Summary of financial information of ATÜ, not adjusted for the percentage ownership held by the Group is as follows:

Balance Sheet	31 December 2008	31 December 2007
Current assets	36,100,704	60,234,452
Non-current assets	57,942,847	7,970,169
Current liabilities	(26,725,396)	(23,627,746)
Non-current liabilities	(44,250,402)	(29,551,110)

Income Statement	2008	2007
Total revenues	303,825,727	277,365,832
Total expenses	(287,825,601)	(267,428,374)
Profit for the year	16,000,126	9,937,459

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- 60.00% equity shareholding with 50% voting power, in TAV Tbilisi, a joint venture established in Georgia. Summary of financial information of TAV Tbilisi, not adjusted for the percentage ownership held by the Group is as follows:

Balance Sheet	31 December 2008	31 December 2007
Current assets	4,307,985	10,869,793
Non-current assets	86,467,903	96,349,033
Current liabilities	(13,111,527)	(54,478,752)
Non-current liabilities	(50,007,903)	(14,232,925)

Income Statement	2008	2007
Total revenues	17,345,233	17,584,563
Total expenses	(23,152,692)	(18,630,335)
Loss for the year	(5,807,458)	(1,045,772)

- 50.00% equity shareholding with 50% voting power, in CAS, a joint venture established in KKTC. Summary of financial information of CAS, not adjusted for the percentage ownership held by the Group is as follows:

Balance Sheet	31 December 2008	31 December 2007
Current assets	1,252,664	-
Non-current assets	728,736	-
Current liabilities	(1,334,388)	-

Income Statement	2008	2007
Total revenues	1,599,965	-
Total expenses	(2,913,807)	-
Loss for the year	(1,313,842)	-

- 32.40% equity shareholding with 32.40% voting power, in TAV Gözen, a joint venture established in Turkey. Summary of financial information of TAV Gözen, not adjusted for the percentage ownership held by the Group is as follows:

Balance Sheet	31 December 2008	31 December 2007
Current assets	180,914	-
Non-current assets	2,896,750	-
Current liabilities	(2,402,855)	-
Non-current liabilities	(15,485)	-

Statement of Operations	2008	2007
Total revenues	28,980	-
Total expenses	(214,446)	-
Loss for the year	(185,466)	-

42. EVENTS AFTER THE BALANCE SHEET DATE

- On 20 February 2009, TAV Holding has increased its capital to TRY 363,281,250 from TRY 242,187,500 within the Company's TRY 1.5 billion maximum registered capital limit and the amount is fully paid in February 2009,

- TAV Tunisie syndication was completed on 27 February 2009. The following financial institutions signed Loan Agreements with TAV Tunisie and joined the syndication as parallel lenders with a total commitment amount of EUR 190,000,000 (replacing current lenders' commitments in the same amount).

European Investment Bank (EIB)	: EUR 70,000,000
African Development Bank (AfDB)	: EUR 70,000,000
Proparco	: EUR 30,000,000
OPEC Fund for International Development (OFID)	: EUR 20,000,000

- On 3 March 2009, joint venture of TAV Holding and Skonto Buve LTD, a construction company headquartered in Latvia with a shareholding structure of 50%-50% has been selected to operate SJSC Riga International Airport (for the infrastructure development and the operation of the airport). In year 2008, SJSC Riga International Airport served 3.7 million passengers, while the number of passengers that the Airport has been serving had registered a 39% CAGR growth between the years 2003-2008.

- On 4 February and 4 March 2009, TAV İstanbul has drawn additional bank loan for trigenaration project. The total amount of the new portion is EUR 5 million with an average interest rate of Euribor+2.50% and final maturity of 4 January 2019.

- According to the decree of the Council of Ministers numbered 2007/11963 and dated 4 April 2007, for the currency unit of the Republic of Turkey, the term "New" in the name of the national currency has been removed effective from 1 January 2009.

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43. RESTATEMENT OF PRIOR PERIODS' FINANCIAL STATEMENTS

The consolidated financial statements as at 31 December 2006 and 2007 and consolidated financial statements as of 31 December 2007 have been restated for the following:

	Accumulated losses
Balance at 31 December 2007, as previously reported	**(53,499,998)**
Effect of adoption for IFRIC 12 as at 31 December 2006 (a)	3,115,646
Effect of adoption for IFRIC 12 (a)	(6,215,472)
Deferred tax effect of adoption for IFRIC 12 as at 31 December 2006 (a)	(802,157)
Deferred tax effect of adoption for IFRIC 12 (a)	817,384
Balance at 31 December 2007, as restated	**(56,584,597)**

	Accumulated losses
Balance at 31 December 2006, as previously reported	**(5,131,662)**
Correction of error in concession expense as at 31 December 2005	(419,142)
Correction of error in concession expense in 2006	(7,426,316)
Deferred tax effect on correction of error in concession expense as at 31 December 2005	125,740
Deferred tax effect on correction of error in concession expense	1,485,262
Effect of group structure change as at 31 December 2005	3,255,008
Effect of group structure change	(5,321,718)
Effect of adoption for IFRIC 12 as at 31 December 2006 (a)	3,115,646
Deferred tax effect of adoption for IFRIC 12 as at 31 December 2006 (a)	(802,157)
Balance at 31 December 2006, as restated	**(11,119,339)**

a) Effect of adoption of IFRIC 12:

The Company adopted IFRIC 12 and reflected the effect of adoption retrospectively:

	Restated at 31 December 2007	Previously Reported at 31 December 2007
Airport operation right	295,835,595	-
Trade receivables	49,883,346	25,407,313
Non-current trade receivables	179,431,221	-
Deferred tax assets	21,157,808	21,142,581
Build-operate-transfer ("BOT") Inventory	-	502,842,676

	Restated at 1 January-31 December 2007	Previously Reported at 1 January-31 December 2007
Construction revenue	53,914,284	-
Aviation income	98,902,683	127,402,683
Income tax benefit	4,745,445	3,878,116
Discount interest income from IFRIC 12	2,411,345	-
Cost of construction	(52,941,288)	-
Depreciation and amortisation expense	(30,103,199)	(48,955,917)

b) Change in classification of certain balance sheet items:

The Company has changed the classification of certain balance sheet items in order to achieve a more appropriate presentation in the current period. The comparatives are restated unless impracticable as presented below:

	Restated at 31 December 2007	Previously Reported at 31 December 2007
Loans and borrowings, short-term	234,768,093	235,064,055
Loans and borrowings, long-term	763,812,573	767,503,201
Inventories (advances received)	9,309,476	9,442,540
Other receivables and current assets	43,579,331	43,742,231
Other non-current assets	24,788,454	27,309,817
Property and equipment	66,145,594	67,314,856

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