TAV Havalimanları Holding A.Ş.
and its Subsidiaries

Consolidated Interim Financial Statements
As at and for the Nine-Month Period Ended 30 September 2010

26 October 2010
This report contains the Consolidated Interim Financial Statements and their explanatory notes" comprising 103 pages.

TAV Havalimanları Holding A.Ş.
and its Subsidiaries

Table of Contents

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Financial Position
As at 30 September 2010

(Amounts expressed in Euro unless otherwise stated)

	Notes	(Unaudited) 30 September 2010	31 December 2009
ASSETS			
Property and equipment	17	155,656,664	117,527,566
Intangible assets	18	38,292,276	41,320,152
Airport operation rights	19	712,693,126	723,041,011
Other investments	20	24,238	24,238
Goodwill	7	154,561,157	151,402,835
Prepaid concession expenses	21	110,878,378	107,413,971
Trade receivables	25	118,972,593	134,457,502
Other non-current assets	24	2,181,418	8,930,598
Deferred tax assets	22	70,174,999	54,254,039
Total non-current assets		**1,363,434,849**	**1,338,371,912**
Inventories	23	13,355,829	11,403,317
Prepaid concession expenses	21	125,406,088	117,275,560
Trade receivables	25	88,802,301	62,044,641
Due from related parties	40	31,704,594	10,482,379
Derivative financial instruments	36	26,715,924	6,390,781
Other receivables and current assets	24	40,674,902	29,287,322
Cash and cash equivalents	26	30,129,215	34,010,922
Restricted bank balances	27	317,138,897	313,849,601
Total current assets		**673,927,750**	**584,744,523**
TOTAL ASSETS		**2,037,362,599**	**1,923,116,435**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Financial Position
As at 30 September 2010

(Amounts expressed in Euro unless otherwise stated)

	Notes	(Unaudited) 30 September 2010	31 December 2009
EQUITY			
Share capital		162,383,978	162,383,978
Share premium		220,286,470	220,286,470
Legal reserves		19,494,019	18,385,795
Other reserves		14,622,932	-
Revaluation surplus		2,068,119	2,324,325
Purchase of shares of entities under common control		40,063,860	40,063,860
Cash flow hedge reserve		(73,391,130)	(59,776,657)
Translation reserves		1,659,210	(2,056,517)
Retained earnings / (Accumulated losses)		22,953,397	(9,168,016)
Total equity attributable to equity holders of the Company		**410,140,855**	**372,443,238**
Non-controlling interest		100,965,576	40,555,777
Total Equity	28	**511,106,431**	**412,999,015**
LIABILITIES			
Loans and borrowings	30	1,061,947,300	1,089,524,346
Reserve for employee severance indemnity	31	6,614,845	4,645,483
Due to related parties	40	19,249,243	19,082,385
Deferred income	33	18,940,930	14,339,463
Deferred tax liabilities	22	6,133,945	7,335,962
Total non-current liabilities		**1,112,886,263**	**1,134,927,639**
Bank overdraft	26	3,575,458	2,379,933
Loans and borrowings	30	172,215,600	196,758,985
Trade payables	35	29,290,482	29,306,087
Due to related parties	40	8,668,333	12,285,718
Derivative financial instruments	36	141,246,256	85,400,809
Current tax liabilities	16	4,387,084	1,391,675
Other payables	32	43,985,536	39,264,452
Provisions	34	3,297,820	2,695,918
Deferred income	33	6,703,336	5,706,204
Total current liabilities		**413,369,905**	**375,189,781**
Total Liabilities		**1,526,256,168**	**1,510,117,420**
TOTAL EQUITY AND LIABILITIES		**2,037,362,599**	**1,923,116,435**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Comprehensive Income
For the Nine-Month Period Ended 30 September 2010

(Amounts expressed in Euro unless otherwise stated)

	Notes	(Unaudited) 1 January-30 September 2010	(Unaudited) 1 July-30 September 2010	(Unaudited) 1 January-30 September 2009	(Unaudited) 1 July-30 September 2009
Construction revenue	8	14,938,184	1,462,568	248,756,746	51,174,532
Operating revenue	9	537,014,586	221,020,485	435,607,233	177,807,847
Other operating income	10	31,524,970	8,917,689	27,905,582	16,050,919
Construction expenditure	8	(14,652,584)	(1,460,157)	(237,215,908)	(48,908,671)
Cost of catering inventory sold		(12,916,948)	(4,931,218)	(10,204,152)	(3,669,399)
Cost of duty free inventory sold		(48,198,604)	(18,625,931)	(42,450,356)	(16,014,931)
Cost of services rendered		(30,652,091)	(12,609,232)	(25,012,022)	(10,900,135)
Personnel expenses	11	(158,917,347)	(57,814,720)	(110,864,857)	(37,922,805)
Concession rent expenses	12	(95,341,372)	(34,810,736)	(109,001,339)	(38,936,910)
Depreciation and amortisation expense	14	(43,462,556)	(15,742,324)	(27,470,475)	(9,117,239)
Other operating expenses	13	(75,316,100)	(26,705,899)	(51,046,793)	(17,442,592)
Operating profit		**104,020,138**	**58,700,525**	**99,003,659**	**62,120,616**
Finance income		16,658,548	6,940,902	12,988,304	5,047,827
Finance costs		(66,952,998)	(27,286,652)	(60,034,615)	(21,465,053)
Net finance costs	15	**(50,294,450)**	**(20,345,750)**	**(47,046,311)**	**(16,417,226)**
Profit before income tax		**53,725,688**	**38,354,775**	**51,957,348**	**45,703,390**
Income tax expense	16	(14,318,236)	(5,821,429)	(16,666,950)	(7,944,291)
Profit for the period		**39,407,452**	**32,533,346**	**35,290,398**	**37,759,099**
Other comprehensive income					
Revaluation of property and equipment		51,240	17,080	51,240	17,080
Effective portion of changes in fair value of cash flow hedges	15	(34,924,092)	(42,649,618)	(46,456,238)	(16,586,607)
Foreign currency translation differences for foreign operations	15	3,553,991	(4,279,765)	(979,090)	(802,335)
Income tax on cash flow hedge reserves	15	8,861,236	9,302,157	7,843,337	2,922,811
Other comprehensive income for the period, net of tax		**(22,457,625)**	**(37,610,146)**	**(39,540,751)**	**(14,449,051)**
Total comprehensive income for the period		**16,949,827**	**(5,076,800)**	**(4,250,353)**	**23,310,048**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Comprehensive Income
For the Nine-Month Period Ended 30 September 2010

(Amounts expressed in Euro unless otherwise stated)

	Notes	(Unaudited) 1 January- 30 September 2010	(Unaudited) 1 July- 30 September 2010	(Unaudited) 1 January- 30 September 2009	(Unaudited) 1 July- 30 September 2009
Profit attributable to:					
Owners of the Company		33,466,535	24,968,119	33,781,943	35,876,105
Non-controlling interest		5,940,917	7,565,227	1,508,455	1,882,994
Profit for the period		**39,407,452**	**32,533,346**	**35,290,398**	**37,759,099**
Total comprehensive income attributable to:					
Owners of the Company		23,619,029	(8,364,260)	(4,611,506)	22,335,963
Non-controlling interest		(6,669,202)	3,287,460	361,153	974,085
Total comprehensive income for the period		**16,949,827**	**(5,076,800)**	**(4,250,353)**	**23,310,048**
Weighted average number of shares outstanding		**363,281,250**	**363,281,250**	**341,021,369**	**363,281,250**
Earnings per share – basic	29	**0.09**	**0.07**	**0.10**	**0.10**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 2010

(Amounts expressed in Euro unless otherwise stated)

	Attributable to equity holders of the Company											
	Share Capital	Share Premium	Legal Reserves	Other Reserves	Revaluation Surplus	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings / (Accumulated Losses)	Total	Non-Controlling Interest	Total Equity
Balance at 1 January 2009	**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**
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	33,781,943	33,781,943	1,508,455	35,290,398
Other comprehensive income												
Revaluation of property and equipment	-	-	-	-	(256,206)	-	-	-	307,446	51,240	-	51,240
Effective portion of changes in fair value of cash hedges, net of tax	-	-	-	-	-	-	(37,735,062)	-	-	(37,735,062)	(877,839)	(38,612,901)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	(709,627)	-	(709,627)	(269,463)	(979,090)
Total other comprehensive income	-	-	-	-	(256,206)	-	(37,735,062)	(709,627)	307,446	(38,393,449)	(1,147,302)	(39,540,751)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(256,206)**	**-**	**(37,735,062)**	**(709,627)**	**34,089,389**	**(4,611,506)**	**361,153**	**(4,250,353)**
Issue of share capital	57,473,711	103,989	-	-	-	-	-	-	-	57,577,700	19,973	57,597,673
Dividend distributions	-	-	-	-	-	-	-	-	-	-	441,610	441,610
Sale of non-controlling interest	-	-	-	-	-	-	-	-	(3,359,950)	(3,359,950)	19,006,365	15,646,415
Total transactions with owners	**57,473,711**	**103,989**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,359,950)**	**54,217,750**	**19,467,948**	**73,685,698**
Transfers	-	-	3,323,726	-	-	-	-	-	(2,755,087)	568,639	(568,639)	-
Exchange differences on translation reserves	-	-	-	-	-	-	-	-	(14,118)	(14,118)	-	(14,118)
Balance at 30 September 2009	**162,383,978**	**220,286,470**	**18,385,795**	**-**	**2,409,726**	**40,063,860**	**(69,036,865)**	**(1,582,178)**	**(28,727,915)**	**344,182,871**	**34,277,656**	**378,460,527**
Balance at 1 January 2010	**162,383,978**	**220,286,470**	**18,385,795**	**-**	**2,324,325**	**40,063,860**	**(59,776,657)**	**(2,056,517)**	**(9,168,016)**	**372,443,238**	**40,555,777**	**412,999,015**
Total comprehensive income for the period												
Income for the period	-	-	-	-	-	-	-	-	33,466,535	33,466,535	5,940,917	39,407,452
Other comprehensive income												
Revaluation of property and equipment	-	-	-	-	(256,206)	-	-	-	307,446	51,240	-	51,240
Effective portion of changes in fair value of cash hedges, net of tax	-	-	-	-	-	-	(13,614,473)	-	-	(13,614,473)	(12,448,383)	(26,062,856)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	3,715,727	-	3,715,727	(161,736)	3,553,991
Total other comprehensive income	-	-	-	-	(256,206)	-	(13,614,473)	3,715,727	307,446	(9,847,506)	(12,610,119)	(22,457,625)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(256,206)**	**-**	**(13,614,473)**	**3,715,727**	**33,773,981**	**23,619,029**	**(6,669,202)**	**16,949,827**
Issue of share capital	-	-	-	-	-	-	-	-	-	-	202,808	202,808
Dividend distributions	-	-	-	-	-	-	-	-	-	-	(640,545)	(640,545)
Sale of non-controlling interest, net	-	-	-	14,622,932	-	-	-	-	-	14,622,932	66,972,394	81,595,326
Total transactions with owners	**-**	**-**	**-**	14,622,932	**-**	**-**	**-**	**-**	**-**	14,622,932	66,972,394	81,157,589
Transfers	-	-	1,108,224	-	-	-	-	-	(1,652,568)	(544,344)	544,344	-
Balance at 30 September 2010	**162,383,978**	**220,286,470**	**19,494,019**	**14,622,932**	**2,068,119**	**40,063,860**	**(73,391,130)**	**1,659,210**	**22,953,397**	**410,140,855**	**100,965,576**	**511,106,431**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Cash Flows
For the Nine-Month Period Ended 30 September 2010

(Amounts expressed in Euro unless otherwise stated)

	Notes	(Unaudited) 1 January-30 September 2010	(Unaudited) 1 January-30 September 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**39,407,452**	**35,290,398**
Adjustments for:			
Amortisation of airport operation right	14-19	24,646,701	14,208,889
Depreciation of property and equipment	14-17	14,742,929	9,861,449
Amortisation of intangible assets	14-18	4,072,926	3,400,137
Amortisation of prepaid concession rent	12	95,341,372	109,001,339
Provision for employment termination benefits		3,075,370	2,106,376
Provision set for doubtful receivables	38	334,618	237,438
Provision set for tax penalties	34	-	972,275
Other provisions released		(179,028)	(13,261)
Gain on sale of non-controlling interest in a subsidiary		-	(8,993,461)
Discount on receivables and payables, net		34,698	213,920
Gain on sale of property and equipment		(367,936)	(59,798)
Impairment of property and equipment	17	6,638,910	-
Provision set for unused vacation	34	651,031	700,936
Provision set / (released) for slow moving inventory		61,692	14,387
Accrued insurance income	10	(8,923,823)	-
Other income accrual		(9,450,966)	-
Interest income		(8,598,002)	(8,143,081)
Interest expense on financial liabilities	15	55,456,812	35,119,148
Income tax expense	16	14,318,236	16,666,950
Discount income from concession receivable	15	(7,973,726)	(4,775,899)
Unrealised foreign exchange differences on statement of financial position items		13,487,795	18,674,203
Cash flows from operating activities		**236,777,061**	**224,482,345**
Change in trade receivables		(27,113,041)	(20,007,380)
Change in non-current trade receivables		23,458,635	21,162,915
Change in inventories		(2,014,144)	(1,793,481)
Change in due from related parties		(21,222,215)	(1,796,901)
Change in restricted bank balances		86,415,176	57,239,724
Change in other receivables and current assets		14,465,621	25,206,832
Change in trade payables		(9,504,080)	2,536,730
Change in due to related parties		(3,450,526)	(48,374,147)
Change in other payables and provisions		10,319,683	4,870,382
Change in other long term assets		7,868,769	1,250,361
Additions to prepaid concession expenses	21	(97,461,768)	(104,458,367)
Cash provided from operations		**218,539,171**	**160,319,013**
Income taxes paid	16	(19,632,391)	(6,498,534)
Interest paid		(46,001,706)	(41,165,144)
Retirement benefits paid	31	(1,540,572)	(733,524)
Net cash provided from operating activities		**151,364,502**	**111,921,811**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Cash Flows
For the Nine-Month Period Ended 30 September 2010

(Amounts expressed in Euro unless otherwise stated)

	Notes	1 January-30 September 2010	1 January-30 September 2009
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,942,989	7,615,708
Proceeds from sales of non-controlling interest in subsidiaries		141,668,682	27,999,826
Proceeds from sale of property and equipment and intangible assets		2,242,185	340,602
Acquisition of property and equipment	17	(61,208,084)	(20,501,080)
Additions to airport operation right	19	(15,211,456)	(234,710,210)
Net change in investments		-	(13,799,449)
Acquisition of joint venture net of cash acquired	7	(3,241,766)	-
Acquisition of intangible assets	18	(644,533)	(559,242)
Net cash provided from / (used in) investing activities		**68,548,017**	**(233,613,845)**
CASH FLOWS FROM FINANCING ACTIVITIES			
New borrowings raised		121,535,978	305,617,978
Repayment of borrowings		(191,241,082)	(154,281,617)
Change in restricted bank balances		(100,275,409)	(59,536,934)
Non-controlling interest change		(59,538,367)	(4,045,669)
Change in revaluation surplus and translation reserves		3,715,727	(453,422)
Addition to / (repayment of) finance lease liabilities		813,402	(99,513)
Increase in share premium		-	103,989
Increase in share capital		-	57,473,711
Net cash (used in) / provided from financing activities		**(224,989,751)**	**144,778,523**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(5,077,232)**	**23,086,489**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	26	**31,630,989**	**20,727,590**
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	26	**26,553,757**	**43,814,079**

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

Notes to the consolidated interim financial statements

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 the Company's shares are traded as "TAVHL". The immediate parents and ultimate controlling parties 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 30 September 2010 and 31 December 2009 are as follows:

			30 September 2010		31 December 2009	
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 Tunisia")	Airport Operator	Tunisia	67.00	67.00	85.00	85.00
TAV Batumi Operations LLC ("TAV Batumi")	Airport Management Service Provider	Georgia	60.00	100.00	60.00	100.00
TAV Urban Georgia LLC ("TAV Tbilisi")	Airport Operator	Georgia	66.00	66.00	66.00	66.00
Batumi Airport LLC	Airport Operator	Georgia	-	100.00	-	100.00
TAV Macedonia Dooel Petrovec ("TAV Macedonia")	Airport Operator	Macedonia	100.00	100.00	100.00	100.00
TAV Gazipaşa Yapım, Yatırım ve İşletme A.Ş. ("TAV Gazipaşa")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
HAVAŞ Havalimanları Yer Hizmetleri Yatırım Holding A.Ş. ("Havaş Holding")	Holding	Turkey	65.00	65.00	-	-
HAVAŞ Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ")	Ground Handling Services	Turkey	65.00	65.00	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 ("BTA Tunisia")	Food and Beverage Services	Tunisia	66.66	66.66	66.66	66.66
BTA Macedonia Dooel Petrovec ("BTA Macedonia")	Food and Beverage Services	Macedonia	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	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

1. REPORTING ENTITY (continued)

			30 September 2010		31 December 2009	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV Tunisie Operation Services SARL (“TAV İşletme Tunisia”)	Lounge Services	Tunisia	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

The entities that are jointly controlled by the Company as at 30 September 2010 and 31 December 2009 are as follows:

			30 September 2010		31 December 2009	
Name of joint venture	**Principal activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
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
ATÜ Tunisie SARL (“ATÜ Tunisia”)	Duty Free Services	Tunisia	49.98	50.00	49.98	50.00
ATÜ Macedonia Dooel (“ATÜ Macedonia“)	Duty Free Services	Macedonia	49.98	50.00	-	-
TAV Gözen Havacılık İşletme ve Ticaret A.Ş. (“TAV Gözen”)	Operating Special Hangar	Turkey	32.40	32.40	32.40	32.40
Cyprus Airport Services Ltd. (“CAS”)	Management and Ground Handling	KKTC	50.00	50.00	50.00	50.00
TGS Yer Hizmetleri A.Ş. (“TGS”)	Ground Handling	Turkey	50.00	50.00	50.00	50.00
North Hub Services SIA (“NHS”)	Ground Handling	Latvia	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 on 10 June 2008. HAVAŞ has 32.4% ownership in TAV Gözen as at 30 September 2010. TAV Gözen is engaged in management of all operational inventory, machinery and system in the special hangar of İstanbul Atatürk Airport, and 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 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 Türk Hava Yolları A.Ş. (“THY”) to participate in the 50% share in TGS. For the acquisition of TGS see note 7. On 1 January 2010, TGS started its operations in five airports and it continues its operations in six airports as at 30 September 2010.

On 12 April 2010, HAVAŞ signed the agreement regarding the purchase of 50% shares of NHS. For the acquisition of NHS, see note 7.

1. REPORTING ENTITY (continued)

Description of Operations

The Group's core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. TAV Esenboğa, TAV İzmir and TAV Gazipaşa 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 Tunisia 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 contracts, the Group will transfer the ownership of the terminal buildings or airports 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:

<u>İstanbul Atatürk International Airport</u>

A BOT agreement was executed between TAV and DHMİ regulating the reconstruction, investment and operations of 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 September 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 AIAT to DHMİ. On 3 September 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 period under the terms of the concession agreement. In addition, TAV İstanbul is required to maintain the facilities throughout the concession period.

An addendum has been signed on 4 November 2008, namely Atatürk Airport Development Project, covering installment of new passenger boarding bridges and constructing various number of commercial developments which led TAV to undertake approximately EUR 36 million of investment in exchange of the concession of newly created commercial areas.

<u>Ankara Esenboğa International Airport</u>

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.

1. REPORTING ENTITY (continued)

BOT Agreements (continued)

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 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 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 Tblisi International 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 TAV Tbilisi 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.

Tunisia Monastir and Enfidha International Airports

A BOT agreement was executed between TAV Tunisia 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). Through the BOT agreement TAV Tunisia undertakes the operation of the existing Monastir Habib Bourguiba Airport and design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal of Enfidha Airport. The operations of Monastir Habib Bourguiba Airport and Enfidha Airport were undertaken on January 2008 and December 2009, respectively. The concession periods of both airports will end in May 2047. The operations of the Monastir and Enfidha Airports cover all airport activities such as passenger handling, ramp, check-in counter services, ground handling, cargo and parking apron taxi services excluding air traffic control services.

Gazipaşa Airport

Relating to the transfer of the operational rights of Antalya-Gazipaşa Airport via a lease, the concession agreement between TAV Gazipaşa 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 USD 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.

1. REPORTING ENTITY (continued)

BOT Agreements (continued)

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 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. The effective date of the concession contract for Alexander the Great Airport and St. Paul the Apostle Airport is 1 March 2010. The effective date for initiating construction of New Cargo Airport in Shtip will be decided after meteorological and technical measurements which will last for at least 10 years after signing of Concession Agreement.

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 preceding 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 utilise 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 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 domestic terminals.

The Group employs approximately 18,887 (average: 17,090) people as at 30 September 2010 (31 December 2009: 10,719 (average: 12,194) people).

2. BASIS OF PREPARATION

a) Statement of compliance

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

The Group's consolidated interim financial statements were authorized for issue by the Board of Directors on 26 October 2010.

b) Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis except for derivative financial instruments which 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 Turkish Lira ("TRL") 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 interim 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 TRL to EUR for the purpose of fair presentation in accordance with IFRSs.

Although the currency of the country in which the majority of the Group entities are domiciled is TRL, 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
TAV Esenboğa	EUR
TAV İzmir	EUR
TAV Tunisia	EUR
TAV Tbilisi	Georgian Lari ("GEL")
TAV Batumi	GEL
Batumi Airport LLC	GEL
TAV Macedonia	EUR
TAV Gazipaşa	EUR
HAVAŞ Holding	EUR
HAVAŞ	EUR
BTA	TRL
BTA Georgia	GEL
BTA Tunisia	Tunisian Dinar ("TND")
BTA Macedonia	Macedonian Dinar ("MKD")
Cakes & Bakes	TRL
TAV İşletme	TRL
TAV İşletme Georgia	GEL
TAV İşletme Tunisia	TND
TAV Bilişim	EUR
TAV Güvenlik	TRL
ATÜ	EUR
ATÜ Georgia	GEL
ATÜ Tunisia	EUR
ATÜ Macedonia	EUR
TAV Gözen	USD
CAS	USD
TGS	TRL
NHS	EUR

2. BASIS OF PREPARATION (continued)

d) Use of estimates and judgements

The preparation of the consolidated interim 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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated interim financial statements is included in the following notes:

Note 3(f) – mark-up applied to construction cost incurred under IFRIC 12.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 7 – goodwill

Note 22 – utilisation of tax losses

Note 31 – measurement of reserve for employee severance indemnity

Notes 34 and 39 – provisions and contingencies

Note 17 and 18 – valuation of property and equipment and intangible assets

Note 38 – valuation of financial instruments

e) Changes in accounting policies

i) Overview
Strarting as of 1 January 2010, the Group has changed its accounting policies in the following areas:
- Accounting for business combinations
- Accounting for increases in non-controlling interests

ii) Accounting for business combinations

The Group has adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for all business combinations occurring in the financial year starting 1 January 2010. All business combinations occurring on or after 1 January 2010 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no material impact on earnings per share.

The Group has applied the acquisition method for the business combination disclosed in note 7.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

2. BASIS OF PREPARATION (continued)

e) Changes in accounting policies (continued)

ii) Accounting for business combinations (continued)

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

iii) Accounting for increases in non-controlling interests

The Group has adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for increases in non-controlling interests which became effective as of 1 January 2010. The Group has applied IAS 27 (2008) for the increases in non-controlling interests as explained in note 28.

Under the new accounting policy, decreases in a parent's ownership interest in a subsidiary after control is obtained that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). As a result, no gain or loss on such changes is recognised.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

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, except as explained in note 2(e), which addresses changes in accounting policies.

a) Basis of consolidation

The consolidated interim 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, TAV İşletme, TAV Gazipaşa, TAV Batumi and TAV Macedonia are fully consolidated without non-controlling interest's ownership.

- TAV Tunisia, HAVAŞ, HAVAŞ Holding, BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, TAV İşletme Georgia, TAV İşletme Tunisia, TAV Bilişim, TAV Tbilisi, Batumi Airport LLC and TAV Güvenlik are fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest. The share capital of Batumi Airport LLC is fully allocated as non-controlling interest due to the transfer of right on shares to JSC at the end of share management agreement period. In 2009, TAV Holding acquired 6% shareholding of TAV Tbilisi, increasing its total share from 60% to 66% and its voting power from 50% to 66%. After the transfer of 6% shares, TAV Tbilisi is fully consolidated with the non-controlling interest's ownership which is 34% reflected as a non-controlling interest.

- ATÜ, ATÜ Georgia, ATÜ Tunisia, ATÜ Macedonia, TAV Gözen, CAS, TGS and NHS are proportionately consolidated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

i) Subsidiaries:

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated interim 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 revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated interim financial statements. The components of equity of the acquired entities are added to the same components within the 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 consent 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 interim financial statements on a line-by-line basis.

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 interim 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.

Effect of group structure change:

After the acquisition of 6% shares of TAV Tbilisi in 2009, TAV Holding obtained control of TAV Tbilisi and accordingly TAV Tbilisi which was previously proportionally consolidated has started to be fully consolidated from the effective date of share transfer (Note 7).

As stated in the joint venture agreement which was approved by the Competition Board on 27 August 2009, 50% of TGS was acquired by HAVAŞ in 2009. TGS is jointly controlled by HAVAŞ and THY and is proportionately consolidated (Note 7).

On April 2010, 50% of NHS was acquired by HAVAŞ. NHS is jointly controlled by HAVAŞ and Baltic Aviation Services and is proportionately consolidated (Note 7).

The effects of such changes are presented as "effect of group structure change" in the notes to the consolidated interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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, TRL, USD, TND, GEL or MKD 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 reporting 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 TRL as their functional currency, were restated to compensate for the effect of changes in the general purchasing power of the TRL until 31 December 2005, in accordance with IAS 29 as TRL was the currency of a hyperinflationary economy. Financial statements of such subsidiaries are then translated into Euro, reporting currency of the Group, by the exchange rate ruling at reporting date.

The EUR / TRL, EUR / GEL, EUR / TND, EUR / USD, EUR / MKD exchange rates as of the related periods are as follows:

	30 September 2010	31 December 2009
EUR / TRL	1.9754	2.1603
EUR / GEL	2.4585	2.4195
EUR / TND	1.9367	1.8985
EUR / USD	1.3612	1.4347
EUR / MKD	61.6363	61.1732

Foreign currency differences are recognised in other comprehensive income, under the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments

i) Non-derivative financial assets:

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Group comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, due from related parties, guaranteed passenger fee receivable from DHMİ (Concession receivables) (see note 25).

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. 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 consolidated statement of cash flows.

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

The Group recognizes a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration received or receivable is accounted for separately and is recognised initially at the fair value of the consideration received or receivable (see also note 3(f)).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

ii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables and due to related parties.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

iii) Share capital:

Ordinary shares are classified as equity.

iv) Derivative financial instruments, including hedge accounting:

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

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

iv) Derivative financial instruments (continued)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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

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 and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment (continued)

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 calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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 since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. 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	1-15 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

e) Intangible assets

i) Goodwill:

Goodwill that arises upon the acquisition of subsidiaries and joint ventures is included in intangible assets.

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 non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognized as a result of such transactions.

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 and purchase of TGS shares in 2009. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

ii) Intangible assets recognised in a business combination (continued)

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

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 interim financial statements. In accordance with IFRS 3, the Group applied step acquisition during the purchase of the remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion was recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangibles assets which were already carried in the consolidated interim financial statements prior to the acquisition of the additional 40% shareholding.

50% share purchase of TGS was accounted by adopting IFRS 3 in 2009. DHMİ license and customer relations arising from the acquisition of shares were revalued at their fair values which were determined by independent valuation experts.

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 calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

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, since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

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

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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 receivable 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 Tunisia 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). The concession periods of both airports will end in May 2047.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Service concession arrangements (continued)

A concession agreement was executed between TAV Gazipaşa and DHMİ on 4 January 2008 for the operation of Antalya Gazipaşa Airport (air side, land side, parking-apron-taxi ways). The agreement covers a period up to July 2034.

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 and the Ministry of Transport and Communication of Macedonia. The agreement covers a period up to March 2030.

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 or upgrade 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, TAV Tunisia and TAV Gazipaşa are 0%, 0%, 15%, 5% and 0% respectively.

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 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 passenger fee 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 is estimated as the present value of all future cash receipts discounted using the prevailing market rate of instrument.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Service concession arrangements (continued)

Under IFRIC 12 "Service Concession Arrangements" an operator recognizes an intangible asset or financial asset received as consideration for providing construction or upgrade services or other items. In TAV İstanbul there is neither 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.

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 consolidated statement of financial position.

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 (FIFO) 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.

i) Impairment

i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment (continued)

i) Financial assets (continued)

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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 labour 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 TRL 2,517 as at 30 September 2010 (equivalent to EUR 1,274 as at 30 September 2010) (31 December 2009: TRL 2,365 (equivalent to EUR 1,095 as at 31 December 2009)) 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 interim 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The unwinding of the discount is recognized as finance cost.

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 persuasive evidence exists, usually in the form of an executed sales agreement, that 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 reporting 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Revenue (continued)

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 or 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 finance costs

Finance income comprises interest income on funds invested and unwinding of discount on guaranteed passenger fee receivable from DHMİ arising from the application of IFRIC 12. 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 costs 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. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 a business combination, or items recognised directly in equity or in other comprehensive income.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Income tax (continued)

Deferred tax is recognised in respect of 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

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 interim financial statements, have been calculated on a separate-entity basis.

p) Earnings per share

The Group presents basic earnings 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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the nine-month period ended 30 September 2010, and have not been applied in preparing these consolidated interim financial statements. None of these will have an effect on the consolidated interim financial statements of the Group.

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 and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

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 acquired in a business combination were determined according to the excess earnings method and replacement cost approach, respectively.

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, TAV Tunisia and TAV Gazipaşa are 0%, 0%, 15%, 5% and 0% respectively.

iii) 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. This fair value is determined for disclosure purposes.

iv) 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.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

v) 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. Fair values of the trade and other payables are determined as their costs and are assumed to approximate to their carrying values.

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
- operational 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 interim financial statements.

Risk management framework

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 the 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.

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 and trade and other receivables.

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

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 main customer is Turkish Airlines ("THY"). Based on past history with this customer, the Group management believes there is no significant credit risk for this customer. 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.

5. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

The Group applies hedge accounting in order to manage volatility in profit or loss.

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 30 September 2010, 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, TND, MKD and TRL which are disclosed within the relevant notes to these consolidated interim financial statements. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments as mentioned in Note 38.

The Group is exposed to currency risk because of the concession rent payments to DHMİ. This risk is mitigated by cross currency swap agreements. The Group applies hedge accounting to manage the fluctuations in profit or loss arising from currency risk.

ii) Interest rate risk

The Group adopts a policy of ensuring that between 50 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.

5. FINANCIAL RISK MANAGEMENT (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6. SEGMENT REPORTING

Operating 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 Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC 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, BTA Georgia, BTA Tunisia, BTA Macedonia and Cakes & Bakes.

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

- ***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, HAVAŞ Holding, CAS, TAV Gözen, TGS and NHS. HAVAŞ 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 İşletme Georgia, TAV İşletme Tunisia, TAV Bilişim and TAV Güvenlik.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

6. SEGMENT REPORTING (continued)

Operating Segments

	Nine-month periods ended 30 September											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Total external revenues	228,834,300	181,876,013	38,434,777	30,972,778	120,037,667	106,341,271	128,782,225	98,799,760	20,925,617	17,617,411	537,014,586	435,607,233
Inter-segment revenue	74,615,889	63,953,272	10,135,045	7,636,387	-	-	43,589	39,655	14,339,930	10,320,674	99,134,453	81,949,988
Construction revenue	14,938,184	248,756,746	-	-	-	-	-	-	-	-	14,938,184	248,756,746
Construction expenditure	(14,652,584)	(237,215,908)	-	-	-	-	-	-	-	-	(14,652,584)	(237,215,908)
Interest income	9,173,532	7,335,306	134,508	53,346	604,681	621,950	483,921	578,326	2,282,153	2,434,751	12,678,795	11,023,679
Interest expense	(46,272,668)	(26,223,659)	(331,515)	(150,818)	(980,621)	(1,168,267)	(4,613,810)	(24,256)	(7,349,374)	(10,431,708)	(59,547,988)	(37,998,708)
Depreciation and amortisation	(31,106,416)	(17,388,201)	(1,821,289)	(1,527,207)	(694,415)	(457,442)	(8,823,828)	(6,899,502)	(1,016,608)	(1,198,123)	(43,462,556)	(27,470,475)
Operating profit / (loss)	**80,662,015**	**54,215,851**	**4,279,232**	**3,283,280**	**9,169,209**	**9,148,271**	**20,256,871**	**22,225,717**	**(9,457,550)**	**10,219,624**	**104,909,777**	**99,092,743**

	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Reportable segment assets	1,660,196,932	1,587,946,633	21,670,362	13,284,018	22,995,212	21,970,303	156,690,345	120,978,799	175,809,748	178,936,682	2,037,362,599	1,923,116,435
Other investments	-	-	-	-	-	-	-	-	24,238	24,238	24,238	24,238
Capital expenditure	46,653,494	299,898,526	2,236,537	2,957,487	724,932	3,313,287	25,597,346	4,642,469	1,851,764	1,267,030	77,064,073	312,078,799
Reportable segment liabilities	1,263,869,833	1,216,366,204	14,304,388	8,053,339	34,862,591	33,217,536	134,655,248	56,582,199	78,564,108	195,898,142	1,526,256,168	1,510,117,420

6. SEGMENT REPORTING (continued)

Operating Segments

	Three-month period ended 30 September											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Total external revenues	94,767,001	73,022,335	15,637,296	11,766,441	46,418,651	40,208,041	57,723,950	46,975,217	6,473,587	5,835,813	221,020,485	177,807,847
Inter-segment revenue	29,588,056	24,400,121	3,457,199	2,522,485	-	-	13,343	13,191	5,594,687	3,446,132	38,653,285	30,381,929
Construction revenue	1,462,568	51,174,532	-	-	-	-	-	-	-	-	1,462,568	51,174,532
Construction expenditure	(1,460,157)	(48,908,671)	-	-	-	-	-	-	-	-	(1,460,157)	(48,908,671)
Interest income	3,198,337	2,592,010	101,223	37,938	211,018	203,016	60,069	167,634	752,033	642,061	4,322,680	3,642,659
Interest expense	(12,595,660)	(8,404,882)	(169,855)	(78,106)	(337,277)	(349,536)	(1,885,156)	(6,338)	(1,937,554)	(2,673,611)	(16,925,502)	(11,512,473)
Depreciation and amortisation	(11,449,482)	(5,743,657)	(619,754)	(515,882)	(228,457)	(149,383)	(3,127,492)	(2,317,955)	(317,139)	(390,362)	(15,742,324)	(9,117,239)
Operating profit	**42,678,792**	**30,816,512**	**2,144,914**	**1,307,732**	**4,100,427**	**3,808,834**	**15,309,330**	**16,382,423**	**(14,048,476)**	**10,295,854**	**50,184,987**	**62,611,355**

6. SEGMENT REPORTING (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

Revenues	**1 January-30 September 2010**	**1July-30 September 2010**	**1 January-30 September 2009**	**1 July-30 September 2009**
Total revenue for reportable segments	615,821,676	249,068,064	738,375,882	250,082,363
Other revenue	35,265,547	12,068,274	27,938,085	9,281,945
Elimination of inter-segment revenue	(99,134,453)	(38,653,285)	(81,949,988)	(30,381,929)
Consolidated revenue	**551,952,770**	**222,483,053**	**684,363,979**	**228,982,379**

Operating profit	**1 January-30 September 2010**	**1 July-30 September 2010**	**1 January-30 September 2009**	**1 July-30 September 2009**
Segment operating profit	114,367,327	64,233,463	88,873,119	52,315,501
Other operating (loss) / profit	(9,457,550)	(4,866,624)	10,219,624	10,295,854
Elimination of inter-segment operating profit	(889,639)	(666,314)	(89,084)	(490,739)
Consolidated operating profit	**104,020,138**	**58,700,525**	**99,003,659**	**62,120,616**
Finance income	16,658,548	6,940,902	12,988,304	5,047,827
Finance expense	(66,952,998)	(27,286,652)	(60,034,615)	(21,465,053)
Consolidated profit before tax	**53,725,688**	**38,354,775**	**51,957,348**	**45,703,390**

Assets	**30 September 2010**	**31 December 2009**
Total assets for reportable segments	1,861,552,851	1,744,179,753
Other assets	175,809,748	178,936,682
Consolidated total assets	**2,037,362,599**	**1,923,116,435**

Liabilities	**30 September 2010**	**31 December 2009**
Total liabilities for reportable segments	1,447,692,060	1,314,219,278
Other liabilities	78,564,108	195,898,142
Consolidated total liabilities	**1,526,256,168**	**1,510,117,420**

Interest income	**1 January-30 September 2010**	**1 July-30 September 2010**	**1 January-30 September 2009**	**1 July-30 September 2009**
Total interest income for reportable segments	10,396,642	3,570,647	8,588,928	3,000,598
Other interest income	2,282,153	752,033	2,434,751	642,061
Elimination of inter-segment interest income	(4,080,793)	(1,350,233)	(2,880,598)	(997,800)
Consolidated interest income	**8,598,002**	**2,972,447**	**8,143,081**	**2,644,859**

6. SEGMENT REPORTING (continued)

Interest expense	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Total interest expense for reportable segments	(52,198,614)	(14,987,948)	(27,567,000)	(8,838,862)
Other interest expense	(7,349,374)	(1,937,554)	(10,431,708)	(2,673,611)
Elimination of inter-segment interest expense	4,091,176	1,374,883	2,879,560	1,026,886
Consolidated interest expense	**(55,456,812)**	**(15,550,619)**	**(35,119,148)**	**(10,485,587)**

Geographical segments

The main geographical segments of the Group are comprised of Turkey, Tunisia 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.

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Turkey	486,628,298	191,218,961	396,093,609	157,319,696
Tunisia	39,648,479	19,577,092	272,969,728	64,641,899
Georgia	14,830,879	6,289,858	7,257,518	2,820,499
Other	10,845,114	5,397,142	8,043,124	4,200,285
Consolidated revenue	**551,952,770**	**222,483,053**	**684,363,979**	**228,982,379**

	30 September 2010	31 December 2009
Turkey	765,225,047	735,374,262
Tunisia	516,118,621	510,195,397
Georgia	80,940,027	92,462,026
Other	1,151,154	340,227
Consolidated non-current assets	**1,363,434,849**	**1,338,371,912**

7. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING AND ADDITIONAL INTERESTS

An analysis of goodwill as at 30 September 2010 and 31 December 2009 is as follows:

	30 September 2010	31 December 2009
Balance at 1 January	151,402,835	131,564,539
Additions during period	3,158,322	19,838,296
Balance at period end	**154,561,157**	**151,402,835**

Acquisition of jointly controlled entity

Acquisition of 50% shares of NHS:

On 12 April 2010, HAVAŞ acquired 50% shareholding of NHS for a consideration of EUR 3,250,000 from Baltic Aviation. After the transfer of 50% of shares, NHS which provides ground services at Latvia Riga International Airport, is proportionately consolidated in the Group's consolidated interim financial statements.

Pre-acquisition carrying amounts were determined based on the applicable IFRSs immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognized on acquisition are their estimated fair value.

Identifiable assets acquired and liabilities assumed	**Recognized values on acquisition**
Property and equipment	89,069
Intangible assets	483
Other investments	712
Other non-current assets	131,434
Inventories	22,177
Trade receivables	83,662
Cash and cash equivalents	8,234
Other assets	64,622
Loans and borrowings	(53,223)
Trade payables	(141,341)
Other liabilities and tax payables	(114,151)
Total net identifiable assets	**91,678**
Goodwill	3,158,322
Total consideration, satisfied by cash	**3,250,000**
Cash consideration paid	3,250,000
Cash and cash equivalents acquired	(8,234)
Net cash outflow arising on acquisition	**3,241,766**

Due to the fact that the management of the Group is proceeding with determination of the fair values of net identifiable assets and liabilities of NHS, the purchase transaction has been accounted for at provisional amounts. In accordance with IFRS 3 "Business Combinations", during the measurement period, which can not exceed one year from the acquisition date, the acquirer retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

7. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING AND ADDITIONAL INTERESTS (continued)

Acquisition of jointly controlled entity (continued)

Acquisition of 50% share of TGS:

In 2009, THY and HAVAŞ signed a joint venture agreement which sets the terms and the conditions for the sale of 50% share capital of TGS to HAVAŞ as well as the basic principles of the engagement between THY and TGS. The joint venture was approved by the Competition Board on 27 August 2009. As stated in the joint venture agreement, 50% of TGS' capital which has a nominal value of TL 6,000,000 was acquired by HAVAŞ for TL 119,000,000 (equivalent of EUR 54,737,810) including a share premium of TL 113,000,000. As of the reporting date, TL 58,000,000 (equivalent to EUR 26,678,933) of the total consideration is paid and the remaining payments amounting to TL 61,000,000 (equivalent to EUR 28,058,878) will be made in three installments on 31 October 2010, 31 October 2011 and 31 October 2012, respectively.

TGS had no operation before the acquisition date.

Pre-acquisition carrying amounts were determined based on the applicable IFRSs immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

The fair value of the customer relationship acquired is based on the excess earnings method whereas the fair value of licenses is based on the replacement cost approach.

TGS signed a Service Agreement with THY. According to this agreement TGS provides ground handling services to THY in six main airports of Turkey, i.e. İstanbul Atatürk, İstanbul Sabiha Gökçen, Ankara, İzmir, Antalya and Adana Airports. Under IFRS 3, customer relationships at the amount of EUR 9,480,000 and DHMI license at the amount of EUR 2,420,000 have been recognized as intangible assets arising from the acquisition of 50% share of TGS.

Identifiable assets acquired and liabilities assumed	**Recognized values on acquisition**
Intangible assets	11,900,000
Due from related parties	14,868,005
Cash and cash equivalents	13,885,834
Deferred tax liability	(1,896,000)
	38,757,839
Goodwill	15,979,972
Total consideration	**54,737,811**
Total consideration	54,737,811
Unpaid portion	(28,058,878)
Cash consideration paid	26,678,933
Cash and cash equivalents acquired	(13,885,834)
Net cash outflow arising on acquisition	**12,793,099**

7. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING AND ADDITIONAL INTERESTS (continued)

Acquisition of additional interest

Acquisition of TAV Tbilisi:

In 2009, TAV Holding acquired 6% shareholding of TAV Tbilisi, increasing its total share from 60% to 66% and its voting power from 50% to 66%. The sales price of the relevant shares has been calculated through the investment amount. After the transfer of 6% shares, TAV Tbilisi is fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest.

Identifiable assets acquired and liabilities assumed	**Recognized values on acquisition**
Property and equipment	278,671
Intangible assets	1,398
Airport operation right	3,980,592
Other non-current assets	493,813
Deferred tax asset	73,838
Inventories	27,181
Trade receivables	173,189
Due from related parties	12,776
Cash and cash equivalents	2,313
Restricted bank balances	224,887
Other assets	28,999
Loans and borrowings	(2,002,568)
Trade payables	(31,017)
Due to related parties	(1,320,092)
Other liabilities and tax payables	(415,821)
Provisions	(12,391)
Total net identifiable assets	**1,515,768**
Goodwill	3,858,324
Total consideration, satisfied by cash	**5,374,092**
Cash consideration paid	5,374,092
Cash and cash equivalents acquired	(2,313)
Net cash outflow arising on acquisition	**5,371,779**

8. CONSTRUCTION REVENUE AND EXPENDITURE

An analysis of the Group's construction revenue and expenditure for the nine-month and three-month periods ended 30 September is as follows:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Construction expenditure	**14,652,584**	**1,460,157**	**237,215,908**	**48,908,671**
Mark up on construction expenditure	285,600	2,411	11,540,838	2,265,861
Construction revenue	**14,938,184**	**1,462,568**	**248,756,746**	**51,174,532**

Construction revenue and expenditure for the nine-month periods ended 30 September 2010 and 30 September 2009 relate to the construction of Enfidha International Airport and Antalya Gazipaşa Airport.

9. OPERATING REVENUE

An analysis of the Group's operating revenue for the nine-month and three-month periods ended 30 September is as follows:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Aviation income	129,867,916	55,874,488	101,190,070	42,495,429
Ground handling income	121,441,409	55,316,053	89,756,542	43,139,039
Sales of duty free goods	120,037,667	46,418,651	106,341,271	40,208,041
Commission from sales of duty free goods	56,883,413	22,710,163	51,680,604	20,381,365
Catering services income	34,531,473	14,077,244	27,736,731	10,692,390
Income from car parking operations and valet service income	18,491,345	6,863,189	14,995,923	5,438,574
Income from lounge services	16,154,471	5,278,154	12,884,110	3,873,760
Bus services income	15,909,181	6,495,389	10,340,225	4,191,382
Area allocation income	15,470,886	5,475,760	13,351,384	4,693,528
Other operating revenue	8,226,825	2,511,394	7,330,373	2,694,339
Total operating revenue	**537,014,586**	**221,020,485**	**435,607,233**	**177,807,847**

10. OTHER OPERATING INCOME

An analysis of the Group's other operating income for the nine-month and three-month periods ended 30 September is as follows:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Advertising income	9,422,503	3,445,346	7,805,675	3,039,612
Insurance income (*)	8,923,823	1,020,681	-	-
Rent income from sublease	7,008,836	2,843,396	5,665,059	2,209,828
Net gain on sale of non-controlling interest in a subsidiary (**)	-	-	8,993,461	8,993,461
Utility and general participation income and other income (***)	6,169,808	1,608,266	5,441,387	1,808,018
Total other operating income	**31,524,970**	**8,917,689**	**27,905,582**	**16,050,919**

(*) For the damage occurred on the generators of the Trigeneration Project of TAV İstanbul, insurance income is accrued for the receivables from insurance companies (See note 17).

(**) Net gain on sale of non-controlling interest in a subsidiary includes the sale of 15% of shares of TAV Tunisia at a sales price of EUR 27,999,825 to International Finance Corporation ("IFC"), a World Bank entity as of 30 June 2009.

(***) Utility and general 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 m^2 of the areas rented.

11. PERSONNEL EXPENSES

An analysis of the Group's personnel expenses for the nine-month and three-month periods ended 30 September is as follows:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Wages and salaries	126,374,101	45,484,873	84,725,016	28,996,788
Compulsory social security contributions	18,152,124	7,162,060	11,813,051	4,179,480
Employment termination benefit expenses	3,075,370	823,713	2,106,376	234,450
Other personnel expenses	11,315,752	4,344,074	12,220,414	4,512,087
Total personnel expenses	**158,917,347**	**57,814,720**	**110,864,857**	**37,922,805**

12. CONCESSION RENT EXPENSES

An analysis of the Group's concession rent expenses for the nine-month and three-month periods ended 30 September is as follows:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
TAV İstanbul	85,866,833	28,936,808	97,298,378	32,517,287
TAV Tunisia (*)	7,921,881	5,054,101	11,702,961	6,419,623
TAV Macedonia (**)	1,552,658	819,827	-	-
Total concession rent expenses	**95,341,372**	**34,810,736**	**109,001,339**	**38,936,910**

(*) TAV Tunisia has a concession period of 40 years with a concession rent fee that will increase in a linear rate between 11% and 26% of the annual revenues of the Monastir and Enfidha Airports to be paid.

(**) The concession fee of TAV Macedonia is going to be 15% of the gross annual turnover until the number of passengers using the two airports reaches 1 million, and when the number of passengers exceeds 1 million, this percentage shall change between 4% and 2% depending on the number of passengers.

13. OTHER OPERATING EXPENSES

An analysis of the Group's other operating expenses for the nine-month and three-month periods ended 30 September is as follows:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Utility cost	10,198,006	4,402,902	8,917,793	2,964,653
Consultancy expense	9,085,131	5,511,535	2,438,923	347,895
VAT non-recoverable	8,888,036	2,970,458	8,700,340	2,702,042
Insurance expense	7,669,779	2,871,572	5,630,635	1,882,432
Maintenance expenditures	6,922,348	2,106,460	5,789,376	2,061,946
Impairment loss on property and equipment (*)	6,638,910	-	-	-
Cleaning expense	6,480,401	2,355,653	4,668,937	1,621,267
Communication and stationary expenses	2,866,026	1,033,789	1,858,260	685,638
Taxes	2,566,302	912,990	3,549,236	1,798,216
Traveling and transportation expenses	2,545,839	845,677	1,683,329	595,913
Rent expense	2,170,599	806,805	1,407,340	323,399
Advertisement and marketing expenses	2,075,628	550,784	1,214,137	285,946
Representation expenses	969,420	194,978	696,733	238,900
Security cost	684,082	261,305	372,094	130,040
Other operating expenses	5,555,593	1,880,991	4,119,660	1,804,305
Total other operating expenses	**75,316,100**	**26,705,899**	**51,046,793**	**17,442,592**

(*) Impairment loss recognised is related with the fire in the Trigeneration Project of TAV İstanbul (See Note 17).

14. DEPRECIATION AND AMORTISATION

An analysis of the Group's accumulated depreciation and amortisation for the nine-month period ended 30 September is as follows:

	Airport operation right	Property and equipment	Intangible assets	Total
Balance at 1 January 2009	**44,000,202**	**64,079,963**	**10,081,126**	**118,161,291**
Effect of movements in exchange rates	(342,646)	(183,030)	(114,589)	(640,265)
Charge for the period	14,208,889	9,861,449	3,400,137	27,470,475
Disposals	-	(682,385)	(25)	(682,410)
Balance at 30 September 2009	**57,866,445**	**73,075,997**	**13,366,649**	**144,309,091**
Balance at 1 January 2010	**68,808,174**	**78,156,329**	**14,522,282**	**161,486,785**
Effect of movements in exchange rates	(378,086)	650,376	80,341	352,631
Charge for the period	24,646,701	14,742,929	4,072,926	43,462,556
Disposals	-	(1,255,975)	(61,411)	(1,317,386)
Effect of change in group structure	-	2,676	26	2,702
Balance at 30 September 2010	**93,076,789**	**92,296,335**	**18,614,164**	**203,987,288**

15. FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss

An analysis of the Group's finance income and finance costs for the nine-month and three-month periods ended 30 September are as follows:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Interest income on bank deposits and intercompany loans	8,598,002	2,972,447	8,143,081	2,644,859
Discount income (*)	7,973,726	3,967,666	4,775,899	2,378,463
Other finance income	86,820	789	69,324	24,505
Finance income	**16,658,548**	**6,940,902**	**12,988,304**	**5,047,827**
Interest expense on financial liabilities and intercompany loans	(55,456,812)	(15,550,619)	(35,119,148)	(10,485,587)
Foreign exchange loss, net	(5,400,783)	(9,705,169)	(8,144,123)	(4,212,034)
Fair value of derivatives	(596,215)	(596,215)	(9,714,079)	(4,628,346)
Commission expense	(1,256,173)	(245,842)	(1,035,900)	(374,550)
Other finance costs (**)	(4,243,015)	(1,188,807)	(6,021,365)	(1,764,536)
Finance costs	**(66,952,998)**	**(27,286,652)**	**(60,034,615)**	**(21,465,053)**
Net finance costs	**(50,294,450)**	**(20,345,750)**	**(47,046,311)**	**(16,417,226)**

(*) 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 in accordance with the requirements of project financing facilities.

Recognised in other comprehensive income

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Effective portion of changes in fair value of cash flow hedges	(34,924,092)	(42,649,618)	(46,456,238)	(16,586,607)
Foreign currency translation differences for foreign operations	3,553,991	(4,279,765)	(979,090)	(802,335)
Income tax on cash flow hedge reserves	8,861,236	9,302,157	7,843,337	2,922,811
Finance costs recognised in other comprehensive income, net of tax	**(22,508,865)**	**(37,627,226)**	**(39,591,991)**	**(14,466,131)**

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Equity holders of the Company	(9,898,746)	(33,349,459)	(38,444,689)	(13,557,222)
Non-controlling interest	(12,610,119)	(4,277,767)	(1,147,302)	(908,909)
Finance costs recognised in other comprehensive income, net of tax	**(22,508,865)**	**(37,627,226)**	**(39,591,991)**	**(14,466,131)**

16. INCOME TAX

An analysis of the Group's income tax expense for the nine-month and three-month periods ended 30 September is as follows:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Current tax expense				
Current period tax expense	22,627,800	1,040,736	8,871,872	4,890,038
Deferred tax (income) / expense				
Origination and reversal of temporary differences	(10,349,406)	7,172,575	7,795,078	3,054,253
Change in previously unrecognised investment incentives	(3,019,039)	35,821	-	-
Recognition of tax loss carry forwards	5,058,881	(2,427,703)	-	-
	(8,309,564)	4,780,693	7,795,078	3,054,253
Total income tax expense	**14,318,236**	**5,821,429**	**16,666,950**	**7,944,291**

Income tax recognised in other comprehensive income

	1 January - 30 September 2010			1 January - 30 September 2009		
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
Revaluation of property and equipment	51,240	-	51,240	51,240	-	51,240
Effective portion of changes in fair value of cash flow hedges	(34,924,092)	8,861,236	(26,062,856)	(46,456,238)	7,843,337	(38,612,901)
Foreign currency translation differences for foreign operations	3,553,991	-	3,553,991	(979,090)	-	(979,090)
	(31,318,861)	**8,861,236**	**(22,457,625)**	**(47,384,088)**	**7,843,337**	**(39,540,751)**

	30 September 2010	31 December 2009
Corporate tax provision	22,627,800	10,061,625
Add: taxes payable from previous period	1,391,675	2,488,341
Less: corporation taxes paid during the period	(19,632,391)	(11,158,291)
Current tax liabilities	**4,387,084**	**1,391,675**

16. INCOME TAX (continued)

Reconciliation of effective tax rate

The reported income tax expenses for the nine-month and three-month periods ended period ended 30 September 2010 and 2009 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:

	%	1 January-30 September 2010	%	1 July-30 September 2010	%	1 January-30 September 2009	%	1 July-30 September 2009
Profit / (loss) for the period		39,407,452		32,533,346		35,290,398		37,759,099
Total income tax expense		14,318,236		5,821,429		16,666,950		7,944,291
Profit before income tax		**53,725,688**		**38,354,775**		**51,957,348**		**45,703,390**
Income tax using the Company's domestic tax rate	20	10,745,138	20	7,670,955	20	10,391,470	20	9,140,677
Tax effects of:								
- not deductible expenses	2	1,039,876	<1	119,664	2	1,063,581	(3)	(1,365,639)
- translation of non monetary items according to IAS 21	17	9,288,903	(2)	(582,018)	<1	(180,328)	<1	(223,142)
- investment incentives	(5)	(2,744,473)	1	310,387	<1	(12,204)	<1	(12,204)
- tax exempt income	<1	(145,670)	<1	130,070	(2)	(1,208,343)	(2)	(823,508)
- translation effect on tax losses	(4)	(2,138,219)	2	694,989	<1	(38,875)	<1	(26,638)
- change in previously recognized tax losses	(1)	(572,985)	6	2,470,206	4	2,065,567	-	-
- recognition of previously unrecognized tax losses	(3)	(1,656,390)	(4)	(1,656,390)	-	-	-	-
- current year losses which no deferred tax asset is recognized	4	2,186,973	(10)	(3,787,623)	4	2,136,004	<1	122,576
- effect of different tax rates for foreign jurisdictions	(2)	(896,428)	<1	81,994	4	1,882,211	2	950,461
- other consolidation adjustments	(1)	(788,489)	1	369,195	1	567,867	<1	181,708
Income tax expense	**27**	**14,318,236**	**15**	**5,821,429**	**32**	**16,666,950**	**17**	**7,944,291**

16. INCOME TAX (continued)

Reconciliation of effective tax rate (continued)

Corporate tax:

The Turkish entities within the Group are subject to Turkish corporate taxes. Provision is made in the accompanying consolidated interim 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 30 September 2010 is 20% (30 September 2009: 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 15% on income less deductible expenses.

Tunisian corporate income tax is levied at a rate of 30% on income less deductible expenses. According to concession agreement, TAV Tunisia is exempt from corporate tax for a period of 5 years starting from the concession agreement date.

Macedonian corporate income tax is levied at a rate of 10% on income less deductible expenses. Unless there is a dividend distribution, no corporate tax is levied. Corporate taxpayers should pay tax on their non-deductible expenses at a rate of %10 regardless of their loss. Losses cannot be carried forward.

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.

Investment allowance:

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no. 26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other hand, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no. 5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no. 2 of the Article 15 of the Law no. 5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no. 27456 dated 8 January 2010.

16. INCOME TAX (continued)

Reconciliation of effective tax rate (continued)

Investment allowance (continued):

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

Subsequently, new treatment on investment incentive was introduced by the Law no. 6009 "Law on the Amendment of the Income Tax Law and Certain Laws and Decree Laws" which was promulgated in the Official Gazette on 1 August 2010. The Article 5 of the Law regulates the amount of investment incentive to be benefited in computing the corporate tax base after the cancellation of the clause no.2 of the Article of the Law no. 5479. According to the Law no. 6009, the taxpayers are allowed to benefit from the investment incentive stemming from the periods before the promulgation of the Law no. 5479 up to 25% of the taxable income of the respective tax period.

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. 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 September 2006. After the resolution, declared in Official Gazette on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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.

Research and development incentives:

TAV Bilişim is qualified for the incentives and exemptions provided by Support of Research and Development Act, numbered 5746 for 2 years effective from 24 November 2008. For the period ended 30 September 2010, TAV Bilişim utilized a corporate tax benefit of EUR 168,840 due to research and development spendings.

17. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Cost								
Balance at 1 January 2009	**14,336,908**	**94,701**	**51,250,566**	**16,603,763**	**16,124,474**	**28,143,964**	**15,637,085**	**142,191,461**
Effect of movements in exchange rates	(426,537)	(2,736)	(73,851)	(87,675)	(78,560)	(69,015)	(31,975)	(770,349)
Additions	-	229,872	697,139	1,009,730	1,554,322	1,126,440	15,883,577	20,501,080
Disposals	-	-	(15,971)	(130,433)	(207,059)	(605,209)	-	(958,672)
Transfers (*)	-	-	(76,396)	-	76,396	3,479,102	(3,619,625)	(140,523)
Balance at 30 September 2009	**13,910,371**	**321,837**	**51,781,487**	**17,395,385**	**17,469,573**	**32,075,282**	**27,869,062**	**160,822,997**
Balance at 1 January 2010	**14,026,022**	**380,627**	**56,314,378**	**19,373,671**	**18,853,278**	**35,345,700**	**51,390,219**	**195,683,895**
Effect of movements in exchange rates	(213,208)	(3,342)	74,920	(48,019)	540,738	751,598	(2,745)	1,099,942
Additions	-	-	21,275,765	3,242,436	3,915,151	4,089,241	28,685,491	61,208,084
Disposals	-	-	(68,209)	(339,233)	(273,963)	(2,444,203)	-	(3,125,608)
Effect of change in group structure (**)	-	-	90,154	-	-	1,590	-	91,744
Impairment losses (***)	-	-	-	-	-	-	(6,638,910)	(6,638,910)
Transfers (*)	-	-	-	26,096	6,195	54,066,650	(54,465,089)	(366,148)
Balance at 30 September 2010	**13,812,814**	**377,285**	**77,687,008**	**22,254,951**	**23,041,399**	**91,810,576**	**18,968,966**	**247,952,999**

(*) The remaining portion of transfer amounting to EUR 366,148 (30 September 2009: EUR 140,523) are transferred to intangible assets.

(**) Effect of acquisition of 50% shares of NHS in 2010 See note 3(a).

(***) There has been a fire in the Trigeneration Project of TAV İstanbul in March 2010 which is covered by an insurance policy. Impairment loss amounting to EUR 6,638,910 is recognised in the consolidated interim financial statements for the damage occurred on the generators. Additionally, an income accrual is booked for the amount that will be compensated by the insurance company for the damage and loss of operations.

17. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Accumulated depreciation								
Balance at 1 January 2009	**-**	**24,688**	**39,381,757**	**6,654,941**	**9,219,041**	**8,799,536**	**-**	**64,079,963**
Effect of movements in exchange rates	-	(1,405)	(41,674)	(43,978)	(65,359)	(30,614)	-	(183,030)
Depreciation for the period	-	26,826	2,120,554	2,248,489	1,980,827	3,484,753	-	9,861,449
Disposals	-	-	(15,190)	(51,571)	(82,258)	(533,366)	-	(682,385)
Transfers	-	-	(49,345)	-	49,345	-	-	-
Balance at 30 September 2009	**-**	**50,109**	**41,396,102**	**8,807,881**	**11,101,596**	**11,720,309**	**-**	**73,075,997**
Balance at 1 January 2010	**-**	**81,581**	**42,625,987**	**10,293,059**	**12,180,527**	**12,975,175**	**-**	**78,156,329**
Effect of movements in exchange rates	-	(1,819)	36,866	(32,853)	396,276	251,906	-	650,376
Depreciation for the period	-	27,880	3,341,306	2,625,090	2,405,682	6,342,971	-	14,742,929
Disposals	-	-	(32,650)	(250,216)	(196,676)	(776,433)	-	(1,255,975)
Effect of change in group structure (**)	-	-	2,600	-	-	76	-	2,676
Balance at 30 September 2010	**-**	**107,642**	**45,974,109**	**12,635,080**	**14,785,809**	**18,793,695**	**-**	**92,296,335**
Carrying amounts								
At 30 September 2009	**13,910,371**	**271,728**	**10,385,385**	**8,587,504**	**6,367,977**	**20,354,973**	**27,869,062**	**87,747,000**
At 31 December 2009	**14,026,022**	**299,046**	**13,688,391**	**9,080,612**	**6,672,751**	**22,370,525**	**51,390,219**	**117,527,566**
At 30 September 2010	**13,812,814**	**269,643**	**31,712,899**	**9,619,871**	**8,255,590**	**73,016,881**	**18,968,966**	**155,656,664**

(**) Effect of acquisition of 50% shares of NHS in 2010 See note 3(a).

17. PROPERTY AND EQUIPMENT (continued)

There is a pledge on vehicles of HAVAŞ amounting to EUR 2,037,126 (31 December 2009: EUR 2,037,126) for the outstanding notes payable amounting to EUR 1,137,791 (31 December 2009: EUR 1,869,948).

There is a pledge on property and equipment of TAV Tunisia amounting to EUR 4,632,846 (31 December 2009: EUR 3,075,511) with respect to the borrowings from financial institutions.

18. INTANGIBLE ASSETS

	Purchased software and brandmarks	Customer relationships	DHMİ license	Total
Cost				
Balance at 1 January 2009	**14,208,640**	**23,228,550**	**5,323,771**	**42,760,961**
Effect of movements in exchange rates	(13,793)	-	-	(13,793)
Additions	559,242	-	-	559,242
Disposals	(4,543)	-	-	(4,543)
Transfers from construction in progress (**)	140,523	-	-	140,523
Balance at 30 September 2009	**14,890,069**	**23,228,550**	**5,323,771**	**43,442,390**
Balance at 1 January 2010	**15,390,113**	**32,708,550**	**7,743,771**	**55,842,434**
Effect of movements in exchange rates	118,843	-	-	118,843
Additions	644,533	-	-	644,533
Disposals	(66,027)	-	-	(66,027)
Effect of change in group structure (*)	509	-	-	509
Transfers from construction in progress (**)	366,148	-	-	366,148
Balance at 30 September 2010	**16,454,119**	**32,708,550**	**7,743,771**	**56,906,440**
Amortisation				
Balance at 1 January 2009	**4,511,920**	**5,569,206**	**-**	**10,081,126**
Effect of movements in exchange rates	(114,589)	-	-	(114,589)
Amortisation for the period	1,886,500	1,513,637	-	3,400,137
Disposals	(25)	-	-	(25)
Balance at 30 September 2009	**6,283,806**	**7,082,843**	**-**	**13,366,649**
Balance at 1 January 2010	**6,934,894**	**7,587,388**	**-**	**14,522,282**
Effect of movements in exchange rates	80,341	-	-	80,341
Amortisation for the period	1,848,289	2,224,637	-	4,072,926
Disposals	(61,411)	-	-	(61,411)
Effect of change in group structure (*)	26	-	-	26
Balance at 30 September 2010	**8,802,139**	**9,812,025**	**-**	**18,614,164**
Carrying amounts				
At 30 September 2009	**8,606,263**	**16,145,707**	**5,323,771**	**30,075,741**
At 31 December 2009	**8,455,219**	**25,121,162**	**7,743,771**	**41,320,152**
At 30 September 2010	**7,651,980**	**22,896,525**	**7,743,771**	**38,292,276**

(*) Effect of acquisition of 50% shares of NHS in 2010 See note 3(a).
(**) Transfers amounting to EUR 366,148 (30 September 2009: EUR 140,523) is related with construction in progress.

There is a pledge on intangible assets of TAV Tunisia amounting to EUR 47,350 (31 December 2009: EUR 106,408) with respect to the borrowings from financial institutions.

19. AIRPORT OPERATION RIGHT

	Ankara Esenboğa International Airport	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Antalya Gazipaşa Airport	Skopje International Airport	Total
Cost							
Balance at 1 January 2009	**111,500,212**	**80,469,270**	**49,948,468**	**256,388,415**	**3,104,675**	**-**	**501,411,040**
Effect of movements in exchange rates	-	-	(1,553,610)	-	-	-	(1,553,610)
Additions	-	-	-	228,311,047	6,399,163	-	234,710,210
Balance at 30 September 2009	**111,500,212**	**80,469,270**	**48,394,858**	**484,699,462**	**9,503,838**	**-**	**734,567,640**
Balance at 1 January 2010	**111,500,212**	**80,469,270**	**81,361,094**	**506,688,471**	**11,830,138**	**-**	**791,849,185**
Effect of movements in exchange rates	-	-	(1,290,726)	-	-	-	(1,290,726)
Additions	-	-	-	5,290,962	8,974,248	946,246	15,211,456
Balance at 30 September 2010	**111,500,212**	**80,469,270**	**80,070,368**	**511,979,433**	**20,804,386**	**946,246**	**805,769,915**

19. AIRPORT OPERATION RIGHT (continued)

	Ankara Esenboğa International Airport	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Antalya Gazipaşa Airport	Skopje International Airport	Total
Accumulated amortisation							
Balance at 1 January 2009	**14,817,090**	**22,100,886**	**7,082,226**	**-**	**-**	**-**	**44,000,202**
Effect of movements in exchange rates	-	-	(342,646)	-	-	-	(342,646)
Amortisation for the period	5,036,538	7,319,485	1,852,866	-	-	-	14,208,889
Balance at 30 September 2009	**19,853,628**	**29,420,371**	**8,592,446**	**-**	**-**	**-**	**57,866,445**
Balance at 1 January 2010	**21,532,473**	**31,860,199**	**15,415,502**	**-**	**-**	**-**	**68,808,174**
Effect of movements in exchange rates	-	-	(378,086)	-	-	-	(378,086)
Amortisation for the period	5,036,535	7,319,484	2,996,902	9,147,608	146,172	-	24,646,701
Balance at 30 September 2010	**26,569,008**	**39,179,683**	**18,034,318**	**9,147,608**	**146,172**	**-**	**93,076,789**
Carrying amounts							
At 30 September 2009	**91,646,584**	**51,048,899**	**39,802,412**	**484,699,462**	**9,503,838**	**-**	**676,701,195**
At 31 December 2009	**89,967,739**	**48,609,071**	**65,945,592**	**506,688,471**	**11,830,138**	**-**	**723,041,011**
At 30 September 2010	**84,931,204**	**41,289,587**	**62,036,050**	**502,831,825**	**20,658,214**	**946,246**	**712,693,126**

20. OTHER INVESTMENTS

Non-current investments

At 30 September 2010 and 31 December 2009, non-current investments comprised the following:

	Ownership %	30 September 2010	31 December 2009
Unlisted entities			
TAV Havacılık A.Ş. ("TAV Havacılık")	1.00	24,238	24,238
		24,238	**24,238**

21. PREPAID CONCESSION EXPENSES

An analysis of the Group's prepaid concession expenses as at 30 September 2010, 31 December 2009 and 30 September 2009 is as follows:

30 September 2010	**Rent**	**Prepaid development expenditures**	**Total**
Balance at 31 December 2009	**190,777,674**	**33,911,857**	**224,689,531**
Rent payments	97,461,768	-	97,461,768
Current period concession expense – TAV İstanbul	(83,564,437)	(2,302,396)	(85,866,833)
Balance at 30 September 2010	**204,675,005**	**31,609,461**	**236,284,466**
Presented as current prepaid concession expense	**122,327,791**	**3,078,297**	**125,406,088**
Presented as non-current prepaid concession expense	**82,347,214**	**28,531,164**	**110,878,378**

31 December 2009	**Rent**	**Prepaid development expenditures**	**Total**
Balance at 31 December 2008	**211,984,112**	**36,990,152**	**248,974,264**
Rent payments	104,458,368	-	104,458,368
Current period concession expense – TAV İstanbul	(125,664,806)	(3,078,295)	(128,743,101)
Balance at 31 December 2009	**190,777,674**	**33,911,857**	**224,689,531**
Presented as current prepaid concession expense	**114,197,264**	**3,078,296**	**117,275,560**
Presented as non-current prepaid concession expense	**76,580,410**	**30,833,561**	**107,413,971**

21. PREPAID CONCESSION EXPENSES (continued)

30 September 2009	Rent	Prepaid development expenditures	Total
Balance at 31 December 2008	**211,984,112**	**36,990,152**	**248,974,264**
Rent payments	104,458,367	-	104,458,367
Current period concession expense – TAV İstanbul	(94,995,982)	(2,302,396)	(97,298,378)
Balance at 30 September 2009	**221,446,497**	**34,687,756**	**256,134,253**
Presented as current prepaid concession expense	**114,184,984**	**2,302,396**	**116,487,380**
Presented as non-current prepaid concession expense	**107,261,513**	**32,385,360**	**139,646,873**

Rent:

The total rent associated with the concession agreement is USD 2,543,000,000 plus VAT (equivalent to EUR 1,868,179,407 plus VAT as at 30 September 2010). TAV İstanbul paid 23% of the total amount plus VAT as required by the Concession Agreement. 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 30 September 2010:

Year	Amount (US Dollar)	Amount (Euro)
2011	139,865,000	102,749,867
2012	139,865,000	102,749,867
2013	139,865,000	102,749,867
2014	139,865,000	102,749,867
After 2015 to 2020	839,190,000	616,499,204
	1,398,650,000	**1,027,498,672**

Prepaid development expenditures:

Prepaid development expenditures represent costs incurred by TAV İstanbul 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 2009: 20%), the rate of 15% for subsidiaries and joint ventures in Georgia (31 December 2009: 15%), the rate of 30% for subsidiaries in Tunisia (31 December 2009: 30%) and the rate of 10% for subsidiaries in Macedonia (31 December 2009: 10%) are 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 30 September 2010 and 31 December 2009, deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	30 September 2010	**31 December 2009**	**30 September 2010**	**31 December 2009**	**30 September 2010**	**31 December 2009**
Property and equipment, airport operation right and other intangible assets	13,151,546	9,413,198	(14,202,512)	(18,435,510)	(1,050,966)	(9,022,312)
Prepaid concession expenses	(5,602,792)	-	-	(7,769,016)	(5,602,792)	(7,769,016)
Other investments	-	-	-	(3,061,313)	-	(3,061,313)
Derivatives	21,388,429	12,407,950	-	-	21,388,429	12,407,950
Loans and borrowings	3,847,027	2,629,130	(1,912,837)	(652,064)	1,934,190	1,977,066
Reserve for employee severance indemnity	1,286,467	893,095	502	-	1,286,969	893,095
Provisions	616,202	484,426	(102)	(120)	616,100	484,306
Trade and other receivables and payables	97,339	103,422	(390,309)	(85,477)	(292,970)	17,945
Other items	839,137	985,547	(3,143,749)	(101,732)	(2,304,612)	883,815
Investment incentives	25,847,118	22,828,079	-	-	25,847,118	22,828,079
Tax loss carry-forwards	22,219,588	27,278,462	-	-	22,219,588	27,278,462
Deferred tax assets / (liabilities)	**83,690,061**	**77,023,309**	**(19,649,007)**	**(30,105,232)**	**64,041,054**	**46,918,077**
Set off of tax	(13,515,062)	(22,769,270)	13,515,062	22,769,270	-	-
Net deferred tax assets / (liabilities)	**70,174,999**	**54,254,039**	**(6,133,945)**	**(7,335,962)**	**64,041,054**	**46,918,077**

22. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movements in temporary differences during the period

	Balance at 1 January 2009	Recognised in profit or loss	Effect of change in group structure	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Acquired in business combinations	Balance at 31 December 2009	Recognised in profit or loss	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Balance at 30 September 2010
Property and equipment, airport operation right and other intangible assets	(3,676,622)	(3,723,626)	273,936	-	-	(1,896,000)	(9,022,312)	8,019,169	-	(47,823)	(1,050,966)
Prepaid concession expenses	(8,711,900)	942,884	-	-	-	-	(7,769,016)	2,166,224	-	-	(5,602,792)
Other investments	(3,396,840)	335,527	-	-	-	-	(3,061,313)	3,061,313	-	-	-
Trade and other receivables and payables	(4,826)	59,070	(36,299)	-	-	-	17,945	(310,915)	-	-	(292,970)
Derivatives	4,097,669	-	-	7,299,593	1,010,688	-	12,407,950	119,243	8,861,236	-	21,388,429
Loans and borrowings	121,210	1,854,259	1,597	-	-	-	1,977,066	(42,876)	-	-	1,934,190
Reserve for employee severance indemnity	397,080	496,015	-	-	-	-	893,095	393,874	-	-	1,286,969
Provisions	447,062	22,863	14,381	-	-	-	484,306	131,794	-	-	616,100
Tax loss carry-forwards	41,727,578	(14,456,889)	7,773	-	-	-	27,278,462	(5,058,874)	-	-	22,219,588
Investment incentives	-	22,828,079	-	-	-	-	22,828,079	3,019,039	-	-	25,847,118
Other items	613,783	57,612	212,420	-	-	-	883,815	(3,188,427)	-	-	(2,304,612)
Tax assets / (liabilities)	**31,614,194**	**8,415,794**	**473,808**	**7,299,593**	**1,010,688**	**(1,896,000)**	**46,918,077**	**8,309,564**	**8,861,236**	**(47,823)**	**64,041,054**

22. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of a portion of tax loss carry forwards and investment incentives because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Movements in unrecognised temporary differences during the period

	Balance at 1 January 2009	Additions	Recognised	Balance at 31 December 2009	Additions	Recognised	Balance at 30 September 2010
Tax loss carry-forwards	6,886,990	11,143,589	(6,304,082)	11,726,497	1,180,034	(2,229,375)	10,677,156
Investment incentives	-	34,218,815	(22,828,079)	11,390,736	5,368,257	(2,744,473)	14,014,520
Deductible temporary differences	2,591,348	-	(2,591,348)	-	-	-	-
Unrecognised deferred tax liabilities / (assets)	**9,478,338**	**45,362,404**	**(31,723,509)**	**23,117,233**	**6,548,291**	**(4,973,848)**	**24,691,676**

22. DEFERRED TAX ASSETS AND LIABILITIES (continued)

At the reporting date, the Group has unused tax losses of EUR 164,483,718 (31 December 2009: EUR 195,485,819) 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 53,385,397 (31 December 2009: EUR 58,915,967) 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. Deferred tax asset amounting to EUR 22,219,588 (31 December 2009: EUR 27,278,462) which the Group can utilize for offsetting the against tax losses in the following years, is recognised as at 30 September 2010. Unutilised tax losses will expire as follows:

	30 September 2010	**31 December 2009**
Expire in year 2010	-	20,619,294
Expire in year 2011	4,038,608	23,920,603
Expire in year 2012	5,900,867	11,889,039
Expire in year 2013	116,973,025	112,136,247
Expire in year 2014	26,394,722	26,920,636
Expire in year 2015	11,176,496	-
Total	**164,483,718**	**195,485,819**

In accordance with IAS 12 "*Income Taxes"*, at 30 September 2010, a deferred tax liability of EUR 17,644,878 (31 December 2009: EUR 31,061,488) 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.

As per the annulment decision of the Turkish Constitutional Court (see Note 16), TAV Esenboğa and TAV İzmir, consolidated subsidiaries of the Company, are subject to investment allowance ruling and can use their available allowances to reduce their taxable corporate income without any time limitations. Accordingly, deferred tax asset amounting EUR 25,847,118 (31 December 2009: EUR 22,828,079) is recorded in the accompanying consolidated interim financial statements as of 30 September 2010 considering the fact that TAV Esenboğa and TAV İzmir may use their right of deducting investment allowances from their corporate income in the future.

Movements of deferred tax assets are as follows:

	1 January-30 September 2010	**1 January-30 September 2009**
Balance at 1 January	**46,918,077**	**31,614,194**
Recognised in other comprehensive income	8,861,236	9,218,104
Effect of movements in exchange rates	(47,823)	-
Recognised in profit or loss for the period	8,309,564	(7,795,078)
Balance at 30 September	**64,041,054**	**33,037,220**

23. INVENTORIES

At 30 September 2010 and 31 December 2009, inventories comprised the following:

	30 September 2010	31 December 2009
Duty free inventories	6,935,062	6,580,720
Spare parts and other inventories	5,090,102	3,754,240
Catering inventories	1,330,665	1,068,357
	13,355,829	**11,403,317**

At 30 September 2010, the write-down of inventories to net realizable value amounted to EUR 229,445 (31 December 2009: EUR 167,753).

24. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 30 September 2010 and 31 December 2009, other receivables and current assets comprised the following:

Other receivables and current assets	30 September 2010	31 December 2009
Income accruals (*)	21,082,332	918,872
VAT deductible (**)	4,981,022	13,750,599
Other prepaid expense	3,965,139	2,977,911
Prepaid taxes and funds	3,720,807	1,318,494
Prepaid insurance	3,103,895	6,856,484
Advances to suppliers	1,546,097	551,219
Advances given to personnel	402,485	347,706
Business advances given	158,071	104,109
Other receivables	1,715,054	2,461,928
	40,674,902	**29,287,322**

At 30 September 2010 and 31 December 2009, non-current assets comprised the following:

Other non-current assets:	30 September 2010	31 December 2009
Advances to suppliers (***)	1,198,763	-
Non-current prepaid insurance expenses	281,191	25,976
VAT deductible and carried forward (**)	-	7,036,169
Other non-current receivables	701,464	1,868,453
	2,181,418	**8,930,598**

(*) Income accruals amounting to EUR 8,923,823 is the accrued insurance income from insurance companies related with the Trigeneration Project of TAV İstanbul, and income accruals amounting to EUR 9,532,778 is the accrued income within operations of TGS.
(**) VAT deductible is mainly attributable to the VAT of TAV Macedonia, TAV Tbilisi and TAV Tunisia according to local legislations.
(***) Advances to suppliers consist of advances given for property and equipment.

25. TRADE RECEIVABLES

At 30 September 2010 and 31 December 2009, trade receivables comprised the following:

Trade receivables:	**30 September 2010**	**31 December 2009**
Trade receivables (*)	65,261,329	39,840,694
Guaranteed passenger fee receivable from DHMİ (**)	20,077,741	21,849,354
Doubtful receivables	2,029,383	2,046,447
Allowance for doubtful receivables (-)	(2,029,383)	(2,046,447)
Notes receivable	3,267,149	324,224
Other	196,082	30,369
	88,802,301	**62,044,641**
Non-current trade receivables:		
Guaranteed passenger fee receivable from DHMİ (**)	118,972,593	134,457,502
	118,972,593	**134,457,502**

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.

(*) Pledges on trade receivables are disclosed in Note 39.

(**) 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 30 September 2010 and 31 December 2009, cash and cash equivalents comprised the following:

	30 September 2010	31 December 2009
Cash on hand	834,464	556,765
Cash at banks		
- Demand deposit	6,335,513	3,732,314
- Time deposits	20,575,974	27,624,667
Other liquid assets	2,383,264	2,097,176
Cash and cash equivalents	**30,129,215**	**34,010,922**
Bank overdrafts used for cash management purposes	(3,575,458)	(2,379,933)
Cash and cash equivalents in the statement of cash flows	**26,553,757**	**31,630,989**

The details of the Group's time deposits, maturities and interest rates as at 30 September 2010 and 31 December 2009 are as follows:

30 September 2010

Original Currency	Maturity	Interest rate %	Balance
EUR	October 2010	0.15-0.50	10,170,504
TRL	October 2010	6.50-9.00	9,202,388
USD	October 2010	0.50-3.00	1,143,412
MKD	October 2010	5.00	59,670
			20,575,974

31 December 2009

Original Currency	Maturity	Interest rate %	Balance
EUR	January 2010	0.25-2.85	10,888,643
TRL	January 2010	6.25-8.93	16,018,058
USD	January 2010	0.20-0.50	717,966
			27,624,667

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 30 September 2010 and 31 December 2009.

27. RESTRICTED BANK BALANCES

At 30 September 2010 and 31 December 2009, restricted bank balances comprised the following:

	30 September 2010	31 December 2009
Project reserve and funding accounts (*)	298,509,136	303,178,589
Cash collaterals (**)	18,629,761	10,671,012
	317,138,897	**313,849,601**

(*) Certain subsidiaries, namely TAV İstanbul, TAV Esenboğa, TAV İzmir, TAV Tunisia, TAV Tbilisi 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.

(**) Cash collaterals include the time deposit provided by HAVAŞ as guarantee for bank loan.

Interest rates are in the range of 0.50% - 3.70% (31 December 2009: 0.10% - 3.70%) for EUR reserves, in the range of 0.22% - 3.00% (31 December 2009: 0.17% - 1.50%) for USD reserves, and in the range of 4.25% - 8.90% (31 December 2009: 4.25% - 10.50%) for TRL reserves.

28. CAPITAL AND RESERVES

At 30 September 2010 and 31 December 2009, the shareholding structure of the Company was as follows:

Shareholders	(%)	30 September 2010
Akfen Holding A.Ş. ("Akfen Holding")	26.12	94,886,071
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	26.06	94,664,477
Sera Yapı Endüstrisi ve Tic. Ltd. Şti. ("Sera Yapı")	4.36	15,841,216
Other non-floated	3.52	12,775,048
Free float	39.94	145,114,438
Paid in capital in TRL (nominal)	**100.00**	**363,281,250**
Paid in capital in EUR (nominal) as at 30 September 2010		183,902,627
Effect of non-cash increases and exchange rates		(21,518,649)
Paid in capital EUR		**162,383,978**

28. CAPITAL AND RESERVES (continued)

Shareholders	(%)	31 December 2009
Tepe İnşaat	26.12	94,890,026
Akfen Holding	26.12	94,886,071
Sera Yapı	4.43	16,101,375
Other non-floated	3.88	14,113,087
Free float	39.45	143,290,691
Paid in capital in TRL (nominal)	**100.00**	**363,281,250**
Paid in capital in EUR (nominal) as at 31 December 2009		168,162,407
Effect of non-cash increases and exchange rates		(5,778,429)
Paid in capital EUR		**162,383,978**

The Company's share capital consists of 363,281,250 shares amounting to TRL 363,281,250 as at 30 September 2010 (31 December 2009: 363,281,250 shares amounting to TRL 363,281,250).

On 20 February 2009, TAV Holding has increased its capital to TRL 363,281,250 from TRL 242,187,500 within the Company's TRL 1.5 billion maximum registered capital limit and the amount was fully paid in February 2009.

Legal Reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Communiqué XI-29, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 30 September 2010, legal reserves of the Company amount to EUR 19,494,019 (31 December 2009: EUR 18,385,795).

Dividend distribution

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") regulations explained below:

According to CMB's decision on 27 January 2010 numbered 02/51, corporations traded on the stock exchange market are not obliged to distribute a specified amount of dividends. For corporations that will distribute dividends, in relation to the resolutions in their general meeting the dividends may be in cash, may be free by adding the profit into equity, or may be partially from both, it is also permitted not to distribute determined first party dividends falling below 5 percent of the paid-in capital of the company but, corporations that increased capital before distributing the previous year's dividends and as a result their shares are separated as "old" and "new" are obliged to distribute 1st party dividends in cash.

In the Ordinary General Shareholders' Meeting for the year 2009, it was resolved that there would not be distribution of profit for 2009 fiscal year, mainly due to accumulated losses.

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.

28. CAPITAL AND RESERVES (continued)

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.

Other reserve

Other reserve comprises all gain or loss realized on sale of non-controlling interest in a subsidiary.

On 5 March 2010, an agreement regarding the sale of 18% of shares of TAV Tunisia to Pan African Infrastructure Development Fund ("PAIDF") was signed by the parties. Fore-mentioned shares have been transferred to PAIDF in June 2010 and PAIDF has gained the control of these shares afterwards. As a result, as at 30 September 2010, TAV Holding's share in TAV Tunisia has decreased to 67% and the effect of this transaction amounting to EUR 20,402,679 is recognised as an equity transaction as other reserves in the consolidated interim financial statements.

On 18 March 2010, HAVAŞ Holding has been established as per the laws of the Republic of Turkey in which TAV has 65%, HSBC Investment Bank Holdings Plc ("HSBC") has 28.33% and İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("İş Girişim") has 6.67% ownership interest. HAVAŞ Holding has taken over whole shares of HAVAŞ by paying EUR 180 million and in accordance with its ownership in HAVAŞ Holding, TAV had transferred capital of EUR 78 million to HAVAŞ Holding, as HSBC and İş Girişim injected EUR 34 million and EUR 8 million, respectively into HAVAŞ Holding, totaling to a capital of EUR 120 million. As a result, the Group's share in HAVAŞ decreased to 65% and HAVAŞ is fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest and the effect of this transaction is recognised as an equity transaction as other reserves in the consolidated interim financial statements.

29. EARNINGS PER SHARE

The calculation of basic income per share at 30 September 2010 was based on the profit attributable to ordinary shareholders of EUR 33,466,535 (30 September 2009: income of EUR 33,781,943) and a weighted average number of ordinary shares outstanding of 363,281,250 (30 September 2009: 341,021,369), calculated as follows:

	1 January-30 September 2010	**1 July-30 September 2010**	**1 January-30 September 2009**	**1 July-30 September 2009**
Numerator:				
Profit for the period	**33,466,535**	**24,968,119**	**33,781,943**	**35,876,105**
Denominator:				
Weighted average number of shares	363,281,250	363,281,250	341,021,369	363,281,250
Basic profit per share	**0.09**	**0.07**	**0.10**	**0.10**

	1 January-30 September 2010	**1 July-30 September 2010**	**1 January-30 September 2009**	**1 July-30 September 2009**
Issued ordinary shares at 1 January	363,281,250	363,281,250	242,187,500	242,187,500
Effect of shares issued during the period	-	-	98,833,869	121,093,750
Weighted average number of ordinary shares	**363,281,250**	**363,281,250**	**341,021,369**	**363,281,250**

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.

	30 September 2010	31 December 2009
Non-current liabilities		
Secured bank loans (*)	1,042,624,300	1,071,051,709
Unsecured bank loans	18,446,649	18,244,670
Finance lease liabilities	876,351	227,967
	1,061,947,300	**1,089,524,346**
Current liabilities		
Current portion of long term secured bank loans (*)	107,208,345	113,113,533
Short term unsecured bank loans	10,934,931	62,449,923
Short term secured bank loans (*)	29,806,950	19,429,978
Current portion of long term unsecured bank loans	23,854,028	1,519,223
Current portion of finance lease liabilities	411,346	246,328
	172,215,600	**196,758,985**

(*) 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 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
Bank loans	1,232,875,203	1,285,809,036
Finance lease liabilities	1,287,697	474,295
Total	**1,234,162,900**	**1,286,283,331**

The Group's bank loans as at 30 September 2010 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV İstanbul	42,635,856	382,447,571	425,083,427
TAV Tunisia	16,691,684	361,382,924	378,074,608
TAV Esenboğa	9,211,476	135,033,778	144,245,254
HAVAŞ Holding	3,521,950	55,666,932	59,188,882
TAV İzmir	19,031,339	39,976,867	59,008,206
TAV Holding	27,672,603	19,284,284	46,956,887
TAV Tbilisi	5,950,127	25,523,319	31,473,446
HAVAŞ	9,086,880	18,797,674	27,884,554
ATÜ	4,354,752	20,009,742	24,364,494
Others	33,647,587	2,947,858	36,595,445
	171,804,254	**1,061,070,949**	**1,232,875,203**

30. LOANS AND BORROWINGS (continued)

The Group's bank loans as at 31 December 2009 are as follows:

	Presented as		
	Current liabilities	**Non-current liabilities**	**Total**
TAV İstanbul	31,841,606	414,020,732	445,862,338
TAV Tunisia	15,235,735	358,451,695	373,687,430
TAV Esenboğa	8,366,571	135,681,647	144,048,218
TAV İzmir	18,558,267	57,323,568	75,881,835
TAV Holding	103,182,666	56,823,518	160,006,184
TAV Tbilisi	5,409,562	26,108,300	31,517,862
ATÜ	3,615,263	20,457,758	24,073,021
HAVAŞ	1,330,555	18,442,788	19,773,343
Others	8,972,432	1,986,373	10,958,805
	196,512,657	**1,089,296,379**	**1,285,809,036**

Redemption schedules of the Group's bank loans according to original maturities as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	**31 December 2009**
On demand or within one year	171,804,254	196,512,657
In the second year	143,090,345	146,765,061
In the third year	127,556,048	133,208,198
In the fourth year	113,533,175	119,315,744
In the fifth year	119,591,343	105,976,491
After five years	557,300,038	584,030,885
	1,232,875,203	**1,285,809,036**

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 30 September 2010 is between 1.50% – 5.75% and 4.50% – 6.80%, respectively (31 December 2009: 1.54% – 5.75% and 1.20% – 4.50%, respectively).

100%, 65%, 100%, 50% and 50% of floating bank loans for TAV İstanbul, TAV İzmir, TAV Esenboğa, HAVAŞ and HAVAŞ Holding, respectively are fixed with interest rate swaps, 100% of floating senior bank loans for TAV Tunisia was fixed with interest rate swap until 31 October 2009 and 85% of floating senior bank loans for TAV Tunisia is fixed with interest rate swap starting from 1 November 2009, as explained in Note 36.

The Group has obtained project loans to finance construction of its BOT concession projects, namely TAV Esenboğa, TAV İzmir, TAV Tbilisi and TAV Tunisia; 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:

30. LOANS AND BORROWINGS (continued)

TAV İstanbul

The breakdown of bank loans as at 30 September 2010 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans (*)	EUR	2018	Euribor + 2.50%	394,020,000	388,424,669
Secured bank loans (**)	EUR	2019	Euribor + 2.50%	37,200,000	36,658,758
				431,220,000	**425,083,427**

TAV İstanbul has bank loan in the amount of EUR 425,083,427 under the facility agreement. The terms of the loan require monthly principal and interest payments until 5 July 2010 and semi-annual principal and interest payments on 4 July and 4 January of each year following 5 July 2010 according to the loan agreements.

(*) 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 2009 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans (*)	EUR	2018	Euribor + 2.50%	415,800,000	406,756,931
Secured bank loans (**)	EUR	2019	Euribor + 2.50%	40,000,000	39,105,407
				455,800,000	**445,862,338**

(*) 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.

Redemption schedules of TAV İstanbul bank loans according to the original maturities as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
On demand or within one year	42,635,856	31,841,606
In the second year	46,592,690	42,588,595
In the third year	51,725,308	46,641,170
In the fourth year	56,181,488	51,374,707
In the fifth year	60,000,456	55,398,538
After five years	167,947,629	218,017,722
	425,083,427	**445,862,338**

30. LOANS AND BORROWINGS (continued)

TAV Tunisia

The breakdown of bank loans as at 30 September 2010 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2028	Euribor + 2.28%	168,329,132	167,985,670
Secured bank loan	EUR	2022	Euribor + 2.00%	110,235,201	109,376,180
Secured bank loan	EUR	2028	Euribor + 1.54%	70,000,000	70,659,659
Secured bank loan	EUR	2028	Euribor + 4.75%	29,950,427	30,053,099
				378,514,760	**378,074,608**

The breakdown of bank loans as at 31 December 2009 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2028	Euribor + 2.28%	168,329,132	165,951,425
Secured bank loan	EUR	2022	Euribor + 2.00%	110,235,201	108,330,795
Secured bank loan	EUR	2028	Euribor + 1.54%	70,000,000	69,910,379
Secured bank loan	EUR	2028	Euribor + 4.75%	29,950,427	29,494,831
				378,514,760	**373,687,430**

Redemption schedules of TAV Tunisia bank loans as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
On demand or within one year	16,691,684	15,235,735
In the second year	19,407,765	20,735,684
In the third year	20,183,860	25,054,753
In the fourth year	22,860,614	23,455,665
In the fifth year	25,117,103	25,375,000
After five years	273,813,582	263,830,593
	378,074,608	**373,687,430**

TAV Esenboğa

The breakdown of bank loans as at 30 September 2010 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2021	Euribor + 2.35%	145,500,000	144,245,254
				145,500,000	**144,245,254**

30. LOANS AND BORROWINGS (continued)

TAV Esenboğa (continued)

TAV Esenboğa has a bank loan in the amount of EUR 144,245,254 under loan agreement. The terms of the loan require 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 2009 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2021	Euribor + 2.35%	147,000,000	144,048,218
				147,000,000	**144,048,218**

Redemption schedules of TAV Esenboğa borrowings according to original maturities as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
On demand or within one year	9,211,476	8,366,571
In the second year	11,171,270	10,481,986
In the third year	12,076,989	11,857,442
In the fourth year	13,351,833	12,866,252
In the fifth year	14,447,666	13,893,880
After five years	83,986,020	86,582,087
	144,245,254	**144,048,218**

HAVAŞ Holding

The breakdown of bank loan for HAVAŞ Holding as at 30 September 2010 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2018	Euribor + 4.75%	60,000,000	59,188,882
				60,000,000	**59,188,882**

Redemption schedules of the HAVAŞ Holding bank loans as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
On demand or within one year	3,521,950	-
In the second year	10,418,782	-
In the third year	9,383,325	-
In the fourth year	8,382,606	-
In the fifth year	7,467,709	-
After five years	20,014,510	-
	59,188,882	**-**

30. LOANS AND BORROWINGS (continued)

HAVAŞ Holding (continued)

Pledges regarding the bank loans of HAVAŞ Holding:

HAVAŞ Holding utilized a bank loan amounting to EUR 60,000,000 with an interest rate of Euribor + 4.75% and a maturity of March 2018 from Türkiye İş Bankası A.Ş.. Related with these loans, 65% shares of HAVAŞ Holding with a nominal amount of TRL 148,199,998 have been pledged in favor of Türkiye İş Bankası A.Ş. by TAV Holding. However, the voting right for these shares remains at TAV Holding. Following securities are provided in favor of the lender:

- TAV Holding is provided surety of EUR 10,000,000.
- Second ranking pledge was established on 50% of the shares in TGS.
- Dividend receivables arising from joint ventures are assigned to repayment of the outstanding loan.
- Second ranking pledge was established on the shares of HAVAŞ.

The loan agreement includes covenants, including restrictions on the ability of HAVAŞ Holding to incur additional indebtedness; to make certain other restricted payments, loans; to create liens; to give guarantees; to dispose of assets, and to acquire a business or an undertaking.

TAV İzmir

The breakdown of bank loans as at 30 September 2010 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2013	Euribor + 3.00%	58,522,448	59,008,206
				58,522,448	**59,008,206**

TAV İzmir has bank loans in the amount of EUR 59,008,206 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 2009 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2013	Euribor + 3.00%	74,312,653	75,881,835
				74,312,653	**75,881,835**

30. LOANS AND BORROWINGS (continued)

TAV İzmir (continued)

Redemption schedules of TAV İzmir bank loans according to original maturities as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
On demand or within one year	19,031,339	18,558,267
In the second year	19,604,251	18,652,964
In the third year	20,372,616	19,074,871
In the fourth year	-	19,595,733
	59,008,206	**75,881,835**

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,

Pledges regarding the project bank loan of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia 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, TAV Tunisia under an Equity Subordinated Loan Agreement,
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

30. LOANS AND BORROWINGS (continued)

TAV Holding

The breakdown of bank loans as at 30 September 2010 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	USD	2011	5.50%	18,365,901	18,415,336
Unsecured bank loan	EUR	2011	4.10% - 8.00%	17,000,000	17,211,632
Secured bank loan	EUR	2011	8.00%	8,000,000	8,197,567
Unsecured bank loan	USD	2010	Libor + 4.50%	3,060,983	3,132,352
				46,426,884	**46,956,887**

The breakdown of bank loans as at 31 December 2009 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2012	Libor + 1.85%	62,341,573	62,615,071
Unsecured bank loan	EUR	2010	Euribor + %4.00 - Euribor + %5.00	32,500,000	32,610,000
Unsecured bank loan	EUR	2010-2011	4.10% - 8.00%	20,500,000	20,634,037
Unsecured bank loan	TRL	2010	8.75% + 16.50%	12,336,250	13,255,196
Secured bank loan	EUR	2010	Euribor + 4.00%	10,000,000	10,041,179
Secured bank loan	EUR	2011	8.00%	8,000,000	8,036,679
Unsecured bank loan	USD	2010	4.50%	6,969,865	6,975,037
Unsecured bank loan	USD	2010	Libor + 1.20%	5,808,221	5,838,985
				158,455,909	**160,006,184**

Redemption schedules of TAV Holding bank loans as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
On demand or within one year	27,672,603	103,182,666
In the second year	19,284,284	39,859,003
In the third year	-	16,964,515
	46,956,887	**160,006,184**

30. LOANS AND BORROWINGS (continued)

TAV Tbilisi

The breakdown of bank loan as at 30 September 2010 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2015	Libor + 4.50%	30,706,708	31,473,446
				30,706,708	**31,473,446**

The breakdown of bank loan as at 31 December 2009 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2015	Libor + 4.50%	31,456,290	31,517,862
				31,456,290	**31,517,862**

Redemption schedules of the TAV Tbilisi bank loans as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
On demand or within one year	5,950,127	5,409,562
In the second year	6,062,103	5,642,313
In the third year	6,261,772	5,685,279
In the fourth year	6,249,444	5,690,724
In the fifth year	6,950,000	5,645,067
After five years	-	3,444,917
	31,473,446	**31,517,862**

Pledges regarding the bank loans

a) Share pledge - to take control of 75 percent plus one share of the charter capital of TAV Tbilisi;

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 of TAV Tbilisi'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;

d) Pledge over insurance proceeds – to receive all insurance compensation and any other amounts payable under the insurance policies of TAV Tbilisi;

e) Pledge over BOT rights – to control all interests and benefits of TAV Tbilisi pursuant to the BOT Agreement;

f) Pledge over rights under the construction guarantees – to control all right, title and interest under each construction guarantee;

g) Pledge over project reserve account – to control the project reserve account.

30. LOANS AND BORROWINGS (continued)

TAV Tbilisi (continued)

The shareholders of TAV Tbilisi, TAV Holding, Akfen İnşaat, Urban İnşaat Sanayi ve Ticaret A.Ş., Sera Yapı Endüstrisi ve Ticaret A.Ş., and Aeroser International Holding (UK) Limited concluded Guarantee, Share Retention, Support and Subordination Deed with EBRD and IFC in respect with the loans extended to TAV Tbilisi. Accordingly, all shareholders irrevocably and unconditionally guarantee, on joint and several basis:

- to pay to EBRD and IFC on demand, and in the currency in which the same falls due for payment by TAV Tbilisi, all monies and liabilities which shall have been advanced to, become due, owing or incurred by TAV Tbilisi to or in favour of EBRD and IFC;
- to indemnify EBRD and IFC in full on demand against all losses, costs and expenses suffered or incurred by EBRD and IFC arising from or in connection with any one or more of the purported liabilities or obligations of TAV Tbilisi to EBRD and IFC under the loan and related agreements.

HAVAŞ

The breakdown of bank loan for HAVAŞ as at 30 September 2010 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2017	Euribor + 5.75%	20,000,000	20,196,768
Unsecured bank loan	TRL	2010	8.00% - 8.25%	7,687,961	7,687,786
				27,687,961	**27,884,554**

The breakdown of bank loan for HAVAŞ as at 31 December 2009 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2017	Euribor+5.75%	20,000,000	19,773,343
				20,000,000	**19,773,343**

Redemption schedules of the HAVAŞ bank loans as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
On demand or within one year	9,086,880	1,330,555
In the second year	3,673,770	3,333,626
In the third year	3,257,384	3,189,703
In the fourth year	2,864,747	2,823,325
In the fifth year	2,244,161	2,494,514
After five years	6,757,612	6,601,620
	27,884,554	**19,773,343**

30. LOANS AND BORROWINGS (continued)

HAVAŞ (continued)

Pledges regarding the bank loans of HAVAŞ:

HAVAŞ utilized a bank loan amounting to EUR 20,000,000 with an interest rate of Euribor + 5.75% and a maturity of December 2017 from Türkiye İş Bankası A.Ş.. Following securities are provided in favor of the lender:

- First ranking pledge was established on 50% of the shares in TGS.
- Time deposit amounting to EUR 7,442,005 is provided as guarantee.
- TAV Holding is provided surety for the total outstanding loan amount.
- Dividend receivables arising from joint ventures are assigned to repayment of the outstanding loan.
- Pledge has been registered with first priority against trade register and all assets of HAVAŞ.
- First ranking pledge was established on the shares of HAVAŞ.

The loan agreement includes covenants, including restrictions on the ability of HAVAŞ to incur additional indebtedness; to make certain other restricted payments, loans; to create liens; to give guarantees; to dispose of assets, and to acquire a business or an undertaking.

ATÜ

The breakdown of bank loans as at 30 September 2010 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2015	Euribor + 2.70%	11,574,316	11,644,406
Secured bank loan	EUR	2018	7.00%	9,996,250	10,040,900
Secured bank loan	EUR	2012	5.20%	1,072,916	1,080,531
Secured bank loan	EUR	2012	5.00%	862,248	922,948
Secured bank loan	TND	2013	5.93%	645,186	675,709
				24,150,916	**24,364,494**

The breakdown of bank loans as at 31 December 2009 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2015	Euribor + 2.70%	12,639,810	12,575,704
Secured bank loan	EUR	2018	7.00%	9,996,250	10,277,022
Secured bank loan	EUR	2012	5.00%	1,220,204	1,220,295
				23,856,264	**24,073,021**

Redemption schedules of the ATÜ bank loans as at 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
On demand or within one year	4,354,752	3,615,263
In the second year	4,066,280	3,997,476
In the third year	4,156,082	4,227,506
In the fourth year	3,642,443	3,509,338
In the fifth year	3,364,247	3,169,492
After five years	4,780,690	5,553,946
	24,364,494	**24,073,021**

30. LOANS AND BORROWINGS (continued)

Finance lease liabilities

	Minimum lease payments	
	30 September 2010	**31 December 2009**
Amounts payable under finance leases		
Less than one year	411,346	246,328
Between one and five years	876,351	227,967
Present value of lease obligations	**1,287,697**	**474,295**

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 30 September 2010. For the nine-month period ended 30 September 2010, the average effective borrowing rate was 6.71% (31 December 2009: 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 TRL 2,517 as at 30 September 2010 (equivalent to EUR 1,274 as at 30 September 2010) (31 December 2009: TRL 2,365 (equivalent to EUR 1,095 as at 31 December 2009)) 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 interim financial statements as at 30 September 2010, 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 provision at 30 September 2010 has been calculated assuming an annual inflation rate of 4.80% and a discount rate of 11.00% resulting in a real discount rate of approximately 5.92% (31 December 2009: annual inflation rate of 4.80% and a discount rate of 11.00% resulting in a real discount rate of approximately 5.92%). 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.

31. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY (continued)

	1 January-30 September 2010	1 January-30 September 2009
Balance at 1 January	**4,645,483**	**3,247,519**
Interest cost	1,992,873	1,673,732
Service cost	1,742,310	1,290,331
Payment made during the period	(1,540,572)	(733,524)
Effects of change in foreign exchange rate	434,564	(29,315)
Actuarial difference	(659,813)	(857,687)
Balance at 30 September	**6,614,845**	**4,591,056**

32. OTHER PAYABLES

At 30 September 2010 and 31 December 2009, other payables comprised the following:

	30 September 2010	31 December 2009
Concession payable (*)	19,397,149	11,450,078
Due to personnel	7,580,564	7,664,301
Expense accruals	6,358,205	1,116,835
Social security premiums payable	4,562,215	3,198,013
Taxes and duties payable	4,300,001	11,067,818
Advances received	959,500	464,355
Other accruals and liabilities	827,902	4,303,052
	43,985,536	**39,264,452**

(*) TAV Tunisia has concession period of 40 years with a concession rent fee that will increase in a linear rate between 11% and 26% of the annual revenues of the Monastir and Enfidha Airports to be paid.

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 30 September 2010 and 31 December 2009 is as follows:

	30 September 2010	31 December 2009
Deferred income		
Short-term deferred income	6,703,336	5,706,204
Long-term deferred income	18,940,930	14,339,463
	25,644,266	**20,045,667**

EUR 15,034,491 (31 December 2009: EUR 15,784,295) of deferred income is related with the unearned concession rent income from ATÜ.

34. PROVISIONS

At 30 September 2010 and 31 December 2009, provisions comprised the following:

	30 September 2010	31 December 2009
Unused vacation provision	3,249,376	2,468,446
Other provisions	48,444	227,472
	3,297,820	**2,695,918**

Unused vacation	1 January-30 September 2010	1 January-30 September 2009
Balance at 1 January	**2,468,446**	**2,538,425**
Provision set during the period, net	651,031	700,936
Effects of change in foreign exchange rate	129,899	(22,912)
Balance at 30 September	**3,249,376**	**3,216,449**

35. TRADE PAYABLES

At 30 September 2010 and 31 December 2009, trade payables comprised the following:

	30 September 2010	31 December 2009
Trade payables	28,512,511	28,613,929
Deposits and guarantees received	689,496	631,027
Other	88,475	61,131
	29,290,482	**29,306,087**

Trade payables 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.

36. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2010 and 31 December 2009, derivative financial instruments comprised the following:

	30 September 2010		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(141,246,256)	(141,246,256)
Cross currency swap	26,715,924	-	26,715,924
	26,715,924	**(141,246,256)**	**(114,530,332)**

	31 December 2009		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(85,400,809)	(85,400,809)
Cross currency swap	6,390,781	-	6,390,781
	6,390,781	**(85,400,809)**	**(79,010,028)**

Interest rate swap

TAV Esenboğa uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. 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 Tunisia uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. 85% of floating senior bank loan is hedged through 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 İzmir uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. 65% of total project finance loan is hedged through IRS contract.

HAVAŞ uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. 50% of total loan is hedged through IRS contract.

HAVAŞ Holding uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. 50% of total loan is hedged through IRS contract.

Cross currency swap

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.

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 until year 2018. The total notional amount of the contract is EUR 297,230,058 (in exchange of USD 440,792,177) as at 30 September 2010 (31 December 2009: EUR 317,474,667 (in exchange of USD 470,814,932)).

The fair value of derivatives at 30 September 2010 is estimated at EUR 114,530,332 (31 December 2009: EUR 79,010,028). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 30 September 2010 changes in the fair value of these interest rate derivatives and cross currency swaps were reflected to other comprehensive income amounting to a loss of EUR 26,062,856 (30 September 2009: a loss of EUR 38,612,901) net of tax.

36. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
• Level 3: input for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2010	**Level 1**	**Level 2**	**Level 3**
Derivative financial liabilities	-	(114,530,332)	-
	-	**(114,530,332)**	**-**

31 December 2009	**Level 1**	**Level 2**	**Level 3**
Derivative financial liabilities	-	(79,010,028)	-
	-	**(79,010,028)**	**-**

Fair value disclosures:

The Group has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

Since the book values of the foreign exchange denominated monetary items are approximate to their fair values, these monetary items are translated to EUR by using the foreign exchange rates as at year end. Since the financial assets and liabilities are short term in nature, it is accepted that their fair values approximate to their carrying amounts.

37. OPERATING LEASES

The Group entered into various operating lease agreements (excluding concession agreement for TAV İstanbul, TAV Macedonia and TAV Tunisia). For the nine-month period ended 30 September 2010, total rent expenses for operating leases amounted to EUR 2,170,599 (30 September 2009: EUR 1,407,340).

38. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. However, most of the Group's 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, TAV Tunisia, HAVAŞ and HAVAŞ Holding use interest rate swaps as to hedge the fluctuations in Euribor and Libor rates (i.e.100%, 65%, 100%, 85%, 50% and 50% of floating loans of TAV İstanbul, TAV İzmir, TAV Esenboğa, TAV Tunisia, HAVAŞ and HAVAŞ Holding, respectively are fixed).

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	30 September 2010	31 December 2009
Trade receivables - non-current	25	118,972,593	134,457,502
Trade receivables - current	25	88,802,301	62,044,641
Due from related parties	40	31,704,594	10,482,379
Other receivables and current assets (*)	24	18,755,808	1,535,893
Restricted bank balances	27	317,138,897	313,849,601
Cash and cash equivalents (**)	26	29,294,751	33,454,157
Interest rate and cross currency swaps used for hedging	36	26,715,924	6,390,781
		631,384,868	**562,214,954**

(*) Non-financial instruments such as 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.

38. FINANCIAL INSTRUMENTS (continued)

Impairment losses

The movements in the allowance for impairment in respect of trade receivables during the nine-month period ended 30 September were as follows:

	1 January-30 September 2010	1 January-30 September 2009
Balance at 1 January	**(2,046,447)**	**(1,846,399)**
Collections during the period	420,265	367,654
Impairment loss recognized	(334,618)	(237,438)
Effect of changes in foreign exchange rates	(68,583)	16,667
Balance at 30 September	**(2,029,383)**	**(1,699,516)**

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:

30 September 2010	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	1,179,639,595	(1,578,298,679)	(23,004,202)	(117,119,713)	(570,205,527)	(867,969,237)
Unsecured bank loans	53,235,608	(55,837,118)	(11,603,726)	(24,631,480)	(19,601,912)	-
Financial lease liabilities	1,287,697	(1,287,697)	(106,419)	(304,927)	(876,351)	-
Bank overdraft	3,575,458	(3,575,459)	(3,575,459)	-	-	-
Trade payables (*)	28,600,986	(28,660,866)	(28,660,866)	-	-	-
Due to related parties	27,917,576	(38,516,770)	(19,509,201)	(2,348,779)	(12,230,241)	(4,428,549)
Other payables (*)	43,026,036	(43,026,036)	(24,853,968)	(18,172,068)	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	141,246,256	(154,463,234)	(5,895,007)	(25,381,117)	(79,960,493)	(43,226,617)
Currency swaps						
Outflow	-	(297,230,059)	-	(36,353,869)	(145,229,884)	(115,646,306)
Inflow	(26,715,924)	334,198,034	-	41,126,222	163,144,939	129,926,873
	1,451,813,288	**(1,866,697,884)**	**(117,208,848)**	**(183,185,731)**	**(664,959,469)**	**(901,343,836)**

38. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

31 December 2009

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	1,203,595,220	(1,695,934,414)	(34,032,256)	(103,320,641)	(573,585,146)	(984,996,371)
Unsecured bank loans	82,213,816	(85,543,037)	(13,089,720)	(52,507,767)	(19,945,550)	-
Financial lease liabilities	474,295	(494,862)	(66,438)	(196,563)	(231,861)	-
Bank overdraft	2,379,933	(2,379,933)	(2,379,933)	-	-	-
Trade payables (*)	28,675,060	(28,748,874)	(28,748,874)	-	-	-
Due to related parties	31,368,103	(32,865,946)	(6,650,611)	(7,132,950)	(19,082,385)	-
Other payables (*)	38,800,097	(38,800,097)	(38,358,333)	(441,764)	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	85,400,809	(114,995,377)	(2,365,800)	(23,339,016)	(66,743,806)	(22,546,755)
Currency swaps						
Outflow	-	(317,474,668)	(20,244,609)	(16,384,804)	(144,084,516)	(136,760,739)
Inflow	(6,390,781)	325,206,006	20,423,643	16,992,073	148,875,101	138,915,189
	1,466,516,552	**(1,992,031,202)**	**(125,512,931)**	**(186,331,432)**	**(674,798,163)**	**(1,005,388,676)**

(*) 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 the derivatives those are cash flow hedges expected to occur.

30 September 2010

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Assets	-	-	-	-	-	-
Liabilities	(141,246,256)	(154,463,234)	(5,895,007)	(25,381,117)	(79,960,493)	(43,226,617)
Cross currency swaps						
Assets	26,715,924	36,967,975	-	4,772,353	17,915,055	14,280,567
Liabilities	-	-	-	-	-	-

31 December 2009

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Assets	-	-	-	-	-	-
Liabilities	(85,400,809)	(114,995,377)	(2,365,800)	(23,339,016)	(66,743,806)	(22,546,755)
Cross currency swaps						
Assets	6,390,781	7,731,338	179,034	607,269	4,790,585	2,154,450
Liabilities	-	-	-	-	-	-

38. FINANCIAL INSTRUMENTS (continued)

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows in Euro equivalent of their original currencies:

30 September 2010

Foreign currency denominated monetary assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	20,423	-	23,389	56,101	99,913
Trade receivables	16,222,005	1,930,109	4,334,581	8,306,455	30,793,150
Due from related parties	357,446	-	1,851,446	11,525	2,220,417
Derivative financial instruments	26,715,924	-	-	-	26,715,924
Other receivables and current assets	205,188	400	6,290,366	6,109,285	12,605,239
Restricted bank balances	86,929,140	3,766	87,336,019	1,637,983	175,906,908
Cash and cash equivalents	1,864,110	413,203	3,712,494	2,449,492	8,439,299
	132,314,236	**2,347,478**	**103,548,295**	**18,570,841**	**256,780,850**
Foreign currency denominated monetary liabilities					
Loans and borrowings	(54,344,874)	-	(5,283,935)	(1,540,041)	(61,168,850)
Bank overdraft	-	-	(1,808,417)	(212,829)	(2,021,246)
Trade payables	(1,053,295)	(38,106)	(5,062,008)	(4,367,744)	(10,521,153)
Due to related parties	(81,072)	(33,456)	(16,205,495)	-	(16,320,023)
Other payables	(2,970,950)	(47,440)	(11,352,186)	(21,487,802)	(35,858,378)
	(58,450,191)	**(119,002)**	**(39,712,041)**	**(27,608,416)**	**(125,889,650)**
Net exposure	**73,864,045**	**2,228,476**	**63,836,254**	**(9,037,575)**	**130,891,200**

(*) The figures in this column reflect the Euro position of subsidiaries that have functional currencies other than Euro.

38. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Exposure to currency risk (continued)

31 December 2009

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	19,376	-	102,819	2,827	125,022
Trade receivables	9,451,883	711,409	6,829,672	2,449,024	19,441,988
Due from related parties	1,906,589	663	2,252,010	535,632	4,694,894
Derivative financial instruments	6,390,781	-	-	-	6,390,781
Other receivables and current assets	56,982	415,285	3,274,415	12,912,103	16,658,785
Restricted bank balances	105,508,839	1,127	74,029,307	4,013,945	183,553,218
Cash and cash equivalents	1,103,130	1,098,235	2,152,926	1,203,127	5,557,418
	124,437,580	**2,226,719**	**88,641,149**	**21,116,658**	**236,422,106**
Foreign currency denominated financial liabilities					
Loans and borrowings	(108,532,085)	-	(19,152,528)	-	(127,684,613)
Bank overdraft	-	-	(1,627,468)	-	(1,627,468)
Trade payables	(3,073,367)	(47,926)	(6,455,251)	(3,807,971)	(13,384,515)
Due to related parties	(3,794,634)	(1,237)	(416,931)	-	(4,212,802)
Other payables	(394,974)	(6,822)	(13,600,390)	(1,879,075)	(15,881,261)
	(115,795,060)	**(55,985)**	**(41,252,568)**	**(5,687,046)**	**(162,790,659)**
Net exposure	**8,642,520**	**2,170,734**	**47,388,581**	**15,429,612**	**73,631,447**

(*) The figures in this column reflect the Euro position of subsidiaries that have functional currencies other than Euro.

38. FINANCIAL INSTRUMENTS (continued)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date Closing Rate	
	30 September 2010	**31 December 2009**	**30 September 2010**	**31 December 2009**
USD	0.7599	0.7187	0.7346	0.6970
TRL	0.5100	0.4649	0.5062	0.4629
GEL	0.4300	0.4291	0.4068	0.4133

Sensitivity analysis

The Group's principal currency rate risk relates to changes in the value of the Euro relative to TRL 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 (weakening) of EUR against the following currencies at 30 September 2010 and 31 December 2009 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.

	Equity		Profit or loss	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
30 September 2010				
USD	(31,375,389)	29,622,687	(4,714,812)	4,714,812
TRL	-	-	(6,383,625)	6,383,625
Other	-	-	903,758	(903,758)
Total	**(31,375,389)**	**29,622,687**	**(10,194,679)**	**10,194,679**
31 December 2009				
USD	(26,023,783)	31,784,618	(225,174)	225,174
TRL	-	-	(4,738,858)	4,738,858
Other	-	-	(1,542,961)	1,542,961
Total	**(26,023,783)**	**31,784,618**	**(6,506,993)**	**6,506,993**

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, TAV Tunisia, HAVAŞ and HAVAŞ Holding use interest rate swap to hedge of fluctuations in Euribor and Libor rates (i.e. 100%, 65%, 100%, 85%, 50% and 50% of floating loans of TAV İstanbul, TAV İzmir, TAV Esenboğa, TAV Tunisia, HAVAŞ and HAVAŞ Holding, respectively are fixed).

38. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	30 September 2010	**31 December 2009**
Fixed rate instruments		
Financial assets	267,833,785	279,062,772
Financial liabilities	(235,598,160)	(172,684,670)
	32,235,625	**106,378,102**

	Carrying amount	
	30 September 2010	**31 December 2009**
Variable rate instruments		
Financial assets	14,138,621	13,305,923
Financial liabilities	(1,135,230,256)	(1,224,728,989)
	(1,121,091,635)	**(1,211,423,066)**

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.

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 interest expense of approximately EUR 2.8 million on the Group's variable rate debt when ignoring effect of derivative financial instruments. EUR 2.3 million of the exposure is hedged through interest rate swap contracts. Therefore, the net exposure on statement of comprehensive income would be EUR 0.5 million. A 50 basis points increase in Euribor or Libor would have resulted an increase in cash flow hedge reserve in equity approximately by EUR 27.9 million and a 50 basis points decrease in Euribor or Libor would have resulted an decrease in cash flow hedge reserve in equity approximately by EUR 29.1 million.

38. FINANCIAL INSTRUMENTS (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		30 September 2010		31 December 2009	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Trade receivables - non current	25	118,972,593	163,444,979	134,457,502	194,810,901
Trade receivables - current	25	88,802,301	93,381,058	62,044,641	64,266,282
Due from related parties	40	31,704,594	31,704,594	10,482,379	10,482,379
Other receivables and current assets (*)	24	18,755,808	18,755,808	1,535,893	1,535,893
Restricted bank balances	27	317,138,897	317,138,897	313,849,601	313,849,601
Cash and cash equivalents	26	30,129,215	30,129,215	34,010,922	34,010,922
Derivative financial instruments	36	26,715,924	26,715,924	6,390,781	6,390,781
Financial liabilities					
Bank overdraft	26	(3,575,458)	(3,575,458)	(2,379,933)	(2,379,933)
Loans and borrowings	30	(1,234,162,900)	(1,234,162,900)	(1,286,283,331)	(1,286,283,331)
Trade payables (**)	35	(28,600,986)	(28,600,986)	(28,675,060)	(28,675,060)
Due to related parties	40	(27,917,576)	(27,917,576)	(31,368,103)	(31,368,103)
Derivative financial instruments	36	(141,246,256)	(141,246,256)	(85,400,809)	(85,400,809)
Other payables (**)	32	(43,026,036)	(43,026,036)	(38,800,097)	(38,800,097)
		(846,309,880)	**(797,258,737)**	**(910,135,614)**	**(847,560,574)**

(*) 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

	30 September 2010	31 December 2009
Letters of guarantee given to DHMİ	118,858,576	112,246,397
Letters of guarantee given to third parties	80,783,653	46,321,988
Letters of guarantee given to Tunisian Government	27,571,230	57,921,230
Letters of guarantee given to Macedonian Government	20,250,000	6,000,000
	247,463,459	**222,489,615**

The Group is obliged to give 6% of the total rent amount of USD 152,580,000 of TAV İstanbul as a letter of guarantee according to the rent agreement made with DHMİ. The total obligation has been provided by TAV İstanbul.

39. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Commitments and contingencies (continued)

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 27,121,230 to the Ministry of Transport and EUR 450,000 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.

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 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.

39. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

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 agreements:

- The share capital of the companies cannot 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 and TGS

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ, HAVAŞ and TGS undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. They also take 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 and TGS are 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 and TGS. Fines which are overdue 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 and TGS are 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, İzmir and Konya airports; when the rent period ends, DHMİ will have the right to retain the immovables in the area free of charge.

39. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

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 TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

The commercial operation of the New Terminal is carried out based on the Provisional Acceptance Protocol concluded according to the BOT Agreement for Tbilisi International Airport terminal building and related infrastructure. The Final Acceptance Protocol was not concluded as of the date of approval for issue of these consolidated interim financial statements, as the legal form of transfer of the New Terminal was still under discussion among the parties to the BOT Agreement in order to be in compliance with the Georgian legislation. The legal form of the final acceptance of the New Terminal may have various effects on the TAV Tbilisi's financial and/or tax positions.

Tax legislation and contingencies

Georgian commercial legislation and tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result TAV Tbilisi may be assessed additional taxes, penalties and interest. Tax periods remain open to review by the tax authorities for three years. Management believe that their interpretation of the relevant legislation is appropriate and TAV Tbilisi's profit, currency and customs positions will be sustained.

39. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

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.

TAV Tunisia

TAV Tunisia 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 Tunisia 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 Tunisia 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 which is then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails;
- finance up to 30% of the Project by Equity.

39. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tunisia (continued)

According to Monastir Concession Agreement, TAV Tunisia 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 Tunisia 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 Concession 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 Tunisia'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;
- comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisia 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 supervision 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.

39. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

TAV Gazipaşa (continued)

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. Facility usage amount represents the 50.000 USD fixed payment that is paid as a usage amount of the airport facility, subsequent to rent period starting, within the last month of each rent payment year.

Management believes that as at 30 September 2010, the Group has complied with the terms of the contingencies mentioned above.

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 30 September 2010 is EUR 71,572,890 (31 December 2009: EUR 54,779,378).

TAV İstanbul has opened a tax court case in February 2006 against the Ministry of Finance for the concession rent, which has been paid partially and the remaining that 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 by TAV İstanbul. But according to the last decision declared by 4th Chamber of the Danistay, the rejection decision of Tax Court was approved and TAV İstanbul appealed for the correction of decision.

Contingent liability

BTA and the Ministry of Finance were not able to reach an agreement upon a reconciliation requested for the corporate and value added tax notified in the penalty report regarding the accounts of October 2007-December 2007. Ministry of Finance had determined a value added tax of TL 1,483,014, a corporate tax of TL 222,523 and a tax loss penalty of 1.5 folds of the total tax amount in the penalty report. The report stated that the food and beverage sales of BTA carried out at the customs zones of the airports (also known as "airside") must not be exempt from value added tax. In January 2010, BTA filed a lawsuit disputing the abovementioned tax and penalty. The management, lawyers and tax auditors of BTA are in the opinion that the lawsuit will result in BTA's favor, so no provision is provided in the accompanying consolidated interim financial statements.

40. RELATED PARTIES

The major immediate parents and ultimate controlling parties of the Group are Tepe and Akfen Groups.

All other transactions not described in this footnote between the Company and its subsidiaries and joint ventures, 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 nine-month and three-month periods ended 30 September comprised the following:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Short-term benefits (salaries, bonuses etc.)	5,825,199	1,198,122	4,428,254	1,000,670
	5,825,199	**1,198,122**	**4,428,254**	**1,000,670**

As at 30 September 2010 and 2009, 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:

	30 September 2010	31 December 2009
Due from related parties	29,235,865	8,733,358
Current loan to related parties	2,468,729	1,749,021
	31,704,594	**10,482,379**

Due from related parties	30 September 2010	31 December 2009
TAV Tepe Akfen Yat.İnş ve İşl. A.Ş. ("TAV İnşaat")	25,405,219	6,581,484
ATÜ	2,037,641	1,631,069
Other related parties	1,793,005	520,805
	29,235,865	**8,733,358**

Loan to related parties	30 September 2010	31 December 2009
CAS	468,227	425,195
TAV İnşaat	-	4,861
Other related parties	2,000,502	1,318,965
	2,468,729	**1,749,021**

40. RELATED PARTIES (continued)

	30 September 2010	31 December 2009
Due to related parties	516,100	5,638,584
Current loan from related parties	8,152,233	6,647,134
	8,668,333	**12,285,718**
Non-current loan from related parties	19,249,243	19,082,385
	19,249,243	**19,082,385**

Due to related parties	30 September 2010	31 December 2009
IBS Brokerlik ve Sigorta Hizmetleri A.Ş. (IBS Sigorta) (*)	363,771	4,448,649
Other related parties	152,329	1,189,935
	516,100	**5,638,584**

(*) IBS Sigorta provides insurance intermediatory services to the Group.

Current loan from related parties	30 September 2010	31 December 2009
TGS (*)	5,613,466	5,120,205
ATÜ	1,223,843	692,838
TAV İnşaat	902,113	421,218
Tepe İnşaat	412,811	412,873
	8,152,233	**6,647,134**

Non-current loan from related parties	30 September 2010	31 December 2009
TGS (*)	10,377,645	9,489,423
ATÜ	8,871,598	9,592,962
	19,249,243	**19,082,385**

(*) Loan from TGS is related with HAVAŞ's share of unpaid portion of the capital increase of TGS.

40. RELATED PARTIES (continued)

Services rendered to related parties	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
ATÜ (*)	54,491,950	20,960,844	48,372,886	18,247,220
Other related parties	2,964,364	1,186,295	4,155,098	930,843
	57,456,314	**22,147,139**	**52,527,984**	**19,178,063**

(*) Services rendered to ATÜ comprise non-eliminated portion of concession fee duty-free per proportionate consolidation.

Services rendered by related parties	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
IBS Sigorta (*)	5,810,753	2,032,909	5,657,574	1,988,942
TAV İnşaat	439,507	374,751	311,586	764
Other related parties	557,474	222,890	746,181	428,002
	6,807,734	**2,630,550**	**6,715,341**	**2,417,708**

(*) IBS Sigorta provides insurance intermediatory services to the Group.

Interest (expense) / income from related parties (net)	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
TGS	(1,203,778)	(409,047)	-	-
ATÜ	(495,187)	(166,120)	(520,968)	(149,539)
TAV İnşaat	(161,262)	17,645	(610,847)	(544,089)
Tepe İnşaat	-	-	(236,568)	(996)
TAV Havacılık A.Ş.	-	-	24,757	-
Other related parties	17,773	4,897	359,682	347,520
	(1,842,454)	**(552,625)**	**(983,944)**	**(347,104)**

The average interest rate used within the Group is 3.82% per annum (30 September 2009: 4.12%). The Group converts related party TRL 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	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
TAV İnşaat (*)	22,912,161	14,148,646	210,362,889	24,289,573
	22,912,161	**14,148,646**	**210,362,889**	**24,289,573**

(*) TAV İnşaat provides services relating to the renovation of Monastir, Gazipaşa, İstanbul Atatürk Airports 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 and its subsidiaries, not adjusted for the percentage ownership held by the Group is as follows:

Statement of Financial Position	30 September 2010	31 December 2009
Current assets	38,959,660	34,465,038
Non-current assets	56,550,637	61,609,187
Current liabilities	(32,678,758)	(27,879,283)
Non-current liabilities	(41,150,082)	(41,841,781)

Statement of Comprehensive Income	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Total revenues	245,847,882	178,862,187	218,616,260	82,757,243
Total expenses	(232,041,247)	(167,698,668)	(206,475,474)	(77,468,674)
Profit for the period	13,806,635	11,163,519	12,140,786	5,288,569

- 60% equity shareholding with 50% voting power in TAV Tbilisi, a joint venture established in Georgia. In 2009, the Group obtained 6% of TAV Tbilisi's shares and consequently acquired 66% equity shareholding with 66% voting power. As at 30 September 2010 and 31 December 2009, TAV Tbilisi was fully consolidated with the minority's ownership reflected as a minority interest (See note 3). Summary of financial information of TAV Tbilisi, not adjusted for the percentage ownership held by the Group is as follows:

Statement of Financial Position	30 September 2010	31 December 2009
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-

Statement of Comprehensive Income	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Total revenues	-	-	11,991,006	4,136,444
Total expenses	-	-	(13,635,605)	(4,211,537)
Loss for the period	-	-	(1,644,599)	(75,093)

41. JOINT VENTURES (continued)

- 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:

Statement of Financial Position	30 September 2010	31 December 2009
Current assets	1,127,418	690,833
Non-current assets	672,014	678,530
Current liabilities	(3,488,696)	(2,281,034)

Statement of Comprehensive Income	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Total revenues	2,686,132	1,810,569	3,305,520	1,224,293
Total expenses	(3,439,558)	(2,200,539)	(4,432,371)	(1,462,171)
Loss for the period	(753,426)	(389,970)	(1,126,851)	(237,878)

- 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:

Statement of Financial Position	30 September 2010	31 December 2009
Current assets	314,642	251,348
Non-current assets	887,678	2,479,082
Current liabilities	(31,420)	(2,020,030)

Statement of Comprehensive Income	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Total revenues	1,237,319	457,579	389,870	118,872
Total expenses	(800,654)	(496,335)	(930,115)	(346,856)
Profit / (loss) for the period	436,665	(38,756)	(540,245)	(227,984)

41. JOINT VENTURES (continued)

- 50.00% equity shareholding with 50.00% voting power in TGS, a joint venture established in 2009 in Turkey. Summary of financial information of TGS, not adjusted for the percentage ownership held by the Group is as follows:

Statement of Financial Position	30 September 2010	31 December 2009
Current assets	43,123,436	35,423,947
Non-current assets	54,722,995	2,417,653
Current liabilities	(26,035,255)	(7,352,202)
Non-current liabilities	(1,500,674)	-

Statement of Comprehensive Income	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Total revenues	65,747,791	51,785,232	-	-
Total expenses	(59,712,600)	(47,686,146)	-	-
Profit for the period	6,035,191	4,099,086	-	-

- 50.00% equity shareholding with 50.00% voting power in NHS, a joint venture established in 2010 in Latvia. Summary of financial information of NHS, not adjusted for the percentage ownership held by the Group is as follows:

Statement of Financial Position	30 September 2010	31 December 2009
Current assets	920,846	-
Non-current assets	2,760,775	-
Current liabilities	(1,709,149)	-
Non-current liabilities	(973,038)	-

Statement of Comprehensive Income	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Total revenues	3,122,418	1,392,746	-	-
Total expenses	(3,123,240)	(1,648,705)	-	-
Loss for the period	(822)	(255,959)	-	-

42. SUBSEQUENT EVENTS

- As of 27 September 2010, the Company became the preferred bidder in the tender held by SJSC Riga International Airport Management regarding the operations of the commercial areas (Duty-Free, Food and Beverage, Lounges, Exchange Offices, etc.) within Riga Airport. As per the tender specifications, the Company will undertake the operations of the commercial area of 4,650 meter square gradually as of January 1, 2011 for a period of 10 years. On 6 October 2010, the management agreed to establish and register a company under the name of "SIA TAV Latvia" in Latvia for managing the operations of the commercial areas within SJSC Riga International Airport in Latvia. The capital stock of SIA TAV Latvia is 2,000 LVL (two thousand Lats) splitted in 2,000 (two thousand) shares; each share having a nominal value of 1 LVL (one Lat).

- TAV Bilişim has increased its paid-in capital from TL 2,500,000 to TL 5,500,000 on 18 October 2010. Accordingly, the share of TAV Holding in the capital of TAV Bilişim has been marked up from TL 2,425,000 to TL 5,425,000. As a result, the share of TAV Holding in TAV Bilişim has been raised to 99% from 97%.