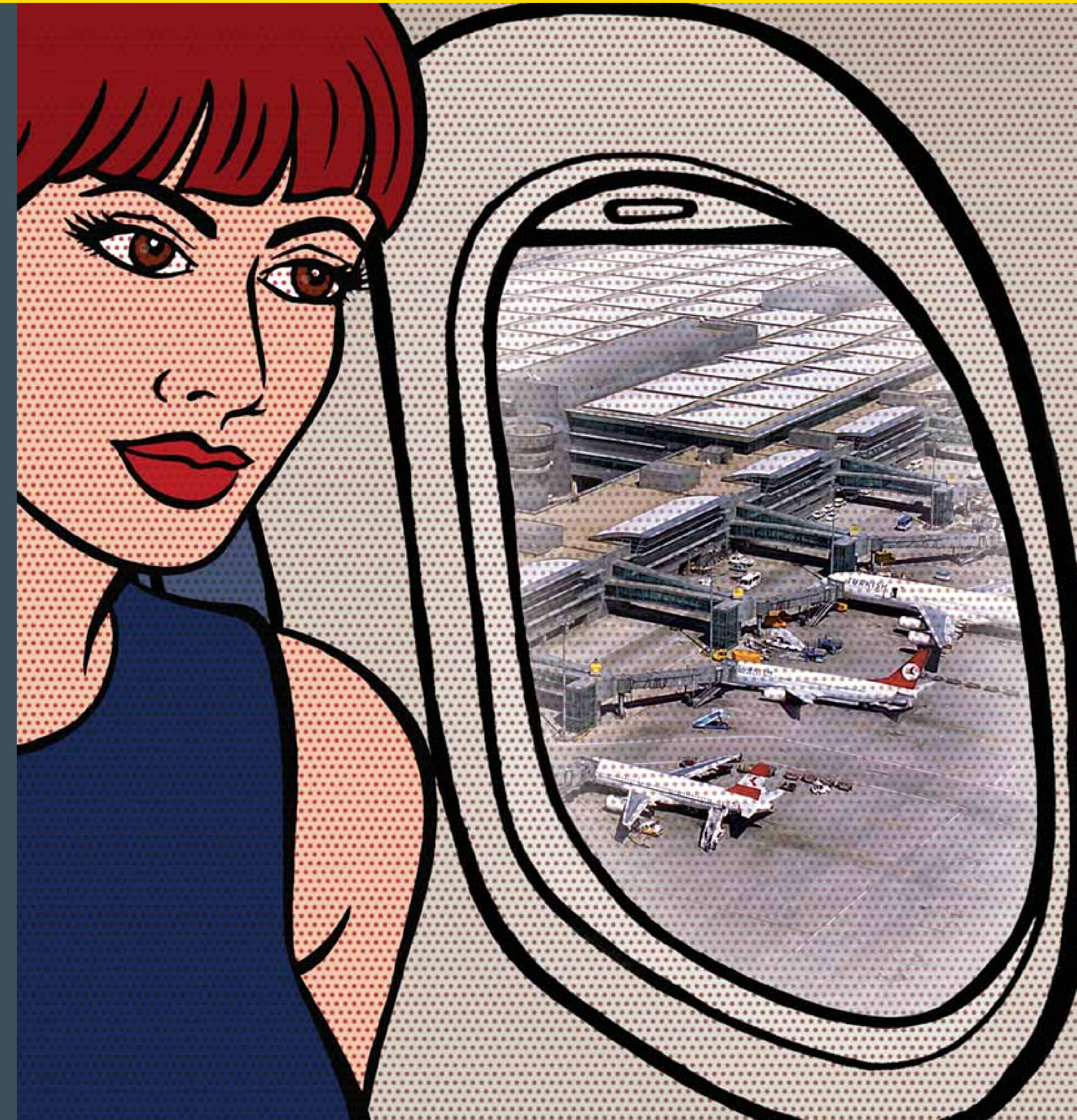
ANNUAL REPORT 2007

Tepe Akfen
TAV
Airports



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TAV Airports Tepe Akfen

ANNUAL REPORT 2007

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THIS ANNUAL REPORT CONTAINS EXCERPTS FROM THE NOVEL "İSTANBULLULAR" (ISTANBULLIANS) BY BUKET UZUNER.

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Atatürk Airport as a character of Istanbullians

It would not be incorrect at all to say that choosing the primary setting that will constitute the background of a novel where a glorious and historical city like İstanbul is the main character should be vitally important for the author. Because the author faces İstanbul, for which city praises called "şehrengiz" were written for centuries, as well as its neighborhoods, one more beautiful than the other, for each of which local and foreign poets, travelers and authors wrote hundreds of pieces. However, perhaps the first thing I chose without even hesitation when writing a novel with such an assertive title as "Istanbullians" was the primary setting, since a novel like this could only take place at the Atatürk Airport International Terminal.

I chose Atatürk Airport as the primary setting for "Istanbullians" without even thinking about it because it is the largest gate; the largest, most spacious, best-preserved, as well as technologically equipped with the most advanced modern technology indoors location in İstanbul, a city which witnessed large waves of immigration and emigration throughout history. Because Atatürk Airport is as important a city furnishing as the magnificent Ayasofya (Hagia Sophia), Sultanahmet (Blue Mosque), Kız Kulesi (Maiden's Tower) and/or the Bosphorus Bridge that represent the city and provides an excellent environment and opportunity for a meaningful demographic cross section that will depict an İstanbul that is very rich in terms of cultural diversity.

Atatürk Airport International Terminal is an extremely important gate opening from Europe and the Balkans to Turkey and thus Anatolia, Eastern Mediterranean and the Middle East, by way of İstanbul. This gate is the first place the visitors entering Turkey through İstanbul and the last place the leaving passengers see. On the other hand, as a travel writer who has been in many airports on various continents, horizontal spaciousness and passenger-friendly layout of the Atatürk Airport, especially the International Terminal, led me to personally like this place and find it practical. As a fiction writer who spends a significant amount of her time at the airports, I am hoping that I would be forgiven for believing that these dynamic indoor venues also have a spirit of their own and possess experienced and wise personality traits.

Buket Uzuner
Author, March 2008, İstanbul

WITHIN A SMOOTHLY FUNCTIONING STERILE ENVIRONMENT, ATATÜRK AIRPORT CATERS FOR ITS DENIZENS: THOSE MESSY CREATURES, THOSE HIGHLY CHARGED BEINGS, MANY OF WHOM ARE AT THEIR BEST AND AT THEIR WORST, HERE, IN THE AIRPORT, WHERE ALL EXPERIENCE IS HEIGHTENED AND EMOTIONALLY HYPER:

AIRPORT OPERATIONS / TAV İSTANBUL TERMİNAL İŞLETMECİLİĞİ A.Ş. (TAV ISTANBUL) / TAV ESENBOĞA YATIRIM, YAPIM VE İŞLETME A.Ş. (TAV ESENBOGA) / TAV İZMİR TERMİNAL İŞLETMECİLİĞİ A.Ş. (TAV IZMIR) / TAV GAZİPAŞA YATIRIM, YAPIM VE İŞLETME A.Ş. (TAV GAZIPASA) / TAV URBAN GEORGIA LLC. (TAV GEORGIA) / TAV BATUMI OPERATIONS LLC. / TAV TUNISIE SA (TAV TUNISIE) SUBSIDIARIES / HAVAALANLARI YER HİZMETLERİ A.Ş. (HAVAS) / BTA HAVALİMANLARI YİYECEK VE İÇECEK HİZMETLERİ A.Ş. (BTA) / ATÜ TURİZM İŞLETMECİLİĞİ A.Ş. (ATU) / TAV İŞLETME HİZMETLERİ A.Ş. (TAV O&M) / TAV BİLİŞİM HİZMETLERİ A.Ş. (TAV IT) / TAV ÖZEL GÜVENLİK HİZMETLERİ A.Ş. (TAV SECURITY)


KETE...
BELGİN'S NANNY, AT THE AIRPORT TO GREET BELGİN
YANNİS SEFERİS...
A PROFESSOR AT BOĞAZİÇİ UNIVERSITY, BELGİN'S FORMER TEACHER
BELGİN...
41 YEARS OLD, SCIENTIST, RETURNING FROM NEW YORK TO İSTANBUL FOR GOOD
AYHAN...
36 YEARS OLD, A SCULPTOR FROM ADANA, BELGİN'S BOYFRIEND
EROL...
ARCHITECT, RETURNING FROM AN ARCHITECTURE SYMPOSIUM IN BARCELONA, BELGİN'S UNCLE

VISION, MISSION AND CORPORATE VALUES

OUR VISION

To become the leader and the pioneer airport operating company in our targeted regions (Eastern Europe, Caucasus, Middle East and North Africa).

OUR MISSION

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

OUR CORPORATE VALUES

PROFESSIONALISM: TAV employees perform their jobs diligently and with the highest standards, following global developments in relation to their jobs. In all their interactions, their jobs and job-related priorities are taken into consideration.

RESPECT: TAV employees act in line with ethical standards as a fundamental rule, prioritizing respect for people, environment, laws and regulations. They behave in an honest, transparent, fair and responsible manner in all their endeavors.

DYNAMISM: TAV employees have adopted the principle of dynamic and flexible work manner. They work in an efficient and result-oriented manner whatever the circumstances are. Constantly checking the environmental conditions and monitoring change, TAV employees respond and adapt to change promptly.

INNOVATION: TAV employees always create opportunities for improvement and innovation in their customer satisfaction-based processes. They are aware that the difference stems from innovative practices and extend their best efforts to make their services different, contemporary and creative.

TEAMWORK: TAV employees are aware that cooperation, mutual commitment, expertise and sharing knowledge are the building blocks of success. They consider teamwork the assurance of personal success as well and support teamwork in all their work efforts.

VALUE CREATION

With the energy and determination it possesses, TAV Airports Holding will continue to create value for its shareholders.

REGIONAL PLAYER

TAV Airports Holding has become the leader in Turkey and one of the strongest regional players in Eastern Europe, the Caucasus, the Middle East and North Africa.

CUSTOMER SATISFACTION

With its experience, highly qualified human resources and advanced technology, TAV Airports Holding has a service approach that emphasizes customer satisfaction in operations and management.

HUMAN QUALITY AND TEAMWORK

Having put together a young and dynamic staff from among the most qualified professionals in Turkey and having earned a distinguished standing for its human resources, TAV Airports Holding is transferring this know-how and experience within the Company, developing its own human resources and transforming its activities into value-creating enterprises.

PERFORMANCE

In 2007, TAV Airports Holding handled approximately 315,000 flights and approximately 31 million passengers from approximately 300 airline companies in the airports in which it operated. It is one of the leading airport operating companies in the world with this capacity.

GROWTH

Having become an international brand with an ever growing business volume and successful operations abroad, TAV Airports Holding is moving forward with determination towards its target of "catering to an average of 100 million passengers annually by 2017".

TAV Airports' main goal is to provide excellent services in an integrated structure at airports visited by thousands of people every day. Accordingly, TAV Airports Holding is continuously exerting efforts to create a secure and comfortable environment for all its passengers while offering services at global quality standards for Turkey.

TAV AIRPORTS HOLDING: TURKEY'S PRIDE WORLDWIDE...

TAV Airports Holding is a success story written with know-how, experience and creativity in airport operations, one of the world's most challenging sectors.

TAV's history began in 1997 with the tender for İstanbul Atatürk Airport International Terminal. After being awarded the tender, Tepe and Akfen Groups established TAV as a joint venture. İstanbul Atatürk Airport is one of the first examples of airport operation projects undertaken as a Build-Operate-Transfer model worldwide. Reflecting Turkey's modern face, this project also constituted the first concrete step of TAV's 11-year success story.

Becoming a great success story in its sector in short order, TAV became the expert airport operator in Turkey as well as throughout the region thanks to its know-how, highly qualified human resources and advanced technology.

Since its inception, TAV made significant strides which became landmarks in the history of the sector, towards becoming one of the prestigious brands of Turkey throughout the international arena with respect to airport construction projects as well as a totally new area of airport operations.

In line with its ambitious targets, TAV underwent restructuring in 2006 and organized its activities as "operations" and "construction" under TAV Airports Holding (TAV Airports) and TAV Construction, respectively. TAV Airports Holding went public in February 2007 after this restructuring. Following the restructuring, the Company is continuing its operations to add to its successful efforts every year and to represent Turkey as best as it can.

TAV Airports Holding is aware that underneath its accomplishments lie the intense and passionate efforts of its young and dynamic staff comprised of the most qualified professionals in Turkey. Therefore, the Company believes in the importance of being a human resources brand as well as an expert airport operator. Supporting the development of its own employees through extensive programs, TAV Airports is enjoying the advantages of its distinguished standing thanks to its qualified human capital.

TAV AIRPORTS IS A STORY OF HARD WORK AND COURAGE.

TAV Airports Holding operates İstanbul Atatürk and Ankara Esenboğa Domestic and International Terminals as well as the İzmir Adnan Menderes Airport International Terminal in Turkey; along with Georgia's Tbilisi and Batumi International Airports and Tunisia's Monastir Habib Bourguiba International Airport abroad. In addition, the Company retains the right to operate the Antalya Gazipaşa Airport as well as the Enfidha Zine El Abidine Ben Ali International Airport in Tunisia.

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

With its more than 11,000 employees throughout three continents, TAV Airports is undertaking projects for and about people in line with its ambitious targets and high principles.

TAV AIRPORTS IS A STORY OF EXCELLENT SERVICE.

In 2007, TAV Airports catered to approximately 315,000 flights and 31 million passengers of approximately 300 airline companies in the airports it operates. One of the leading airport operating companies in the world with that capacity, TAV Airports is bolstering its leading and strong market position in Turkey, Eastern Europe, Caucasus, Middle East and North Africa with its decisive strides and successful projects.

The main goal of TAV Airports is to provide excellent services in an integrated structure at the airports that are visited by thousands of people every day. Accordingly, TAV Airports is continuously expending efforts to create a secure and comfortable environment for all its passengers and provide services at global quality standards for Turkey.

TAV AIRPORTS IS A STORY OF CLEVER STRATEGIES AND VISION.

Working relentlessly to meet one by one the goals it has set, consistent with its growth strategies in its target markets, TAV Airports has established strategic partnerships with US-based Goldman Sachs International, Australia-based Babcock&Brown, Islamic Development Bank (IDB) Infrastructure Fund (EMP) and Global Investment House KSCC and Global Opportunistic II Fund of the Global Group, one of Kuwait's largest investment companies, in 2006 through share sales of its founding partners. The strategic partnerships that were formed when these companies became TAV Airports Holding's shareholders are significant steps taken towards achieving the Company's targets.

Drawing the attention of the world's important investment companies with its projects since the day it was established, TAV Airports deemed it a duty to share the fruits of its success with the entire country and, with a courageous step in this direction, offered a portion of its shares to the public in February 2007. The successful public offering is a result of TAV Airports' desire to share its success with the millions of people it serves at the airports.

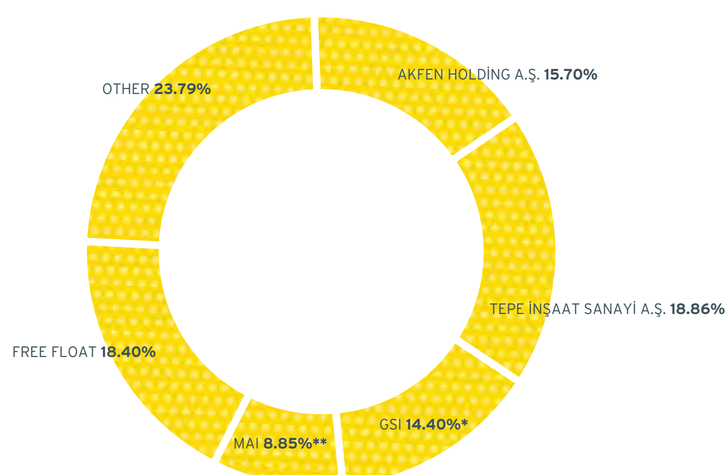
TAV Airports continues to attract interest from investors with its high-quality, professional and people-oriented projects. Consequently, Meinl Airports International, the Austria-based leading airport investor in Central and Eastern Europe, acquired 10.1% of TAV Airports Holding shares from the international investment bank Goldman Sachs in November 2007. Following this development, Meinl Airports International became the latest strategic partner of TAV Airports.

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

There is no room for error, confusion or indecision in airport operations where there is a frantic pace 24 hours a day. Armed with this awareness, TAV Airports serves its guests with its experienced and cheerful staff at every point from the parking lot, security control and check-in to cafes, duty free shops and boarding gates. TAV Airports is working passionately and diligently to share people's excitements and provide them with the most comfortable and pleasant experience at the airports where the most intense emotions are experienced.

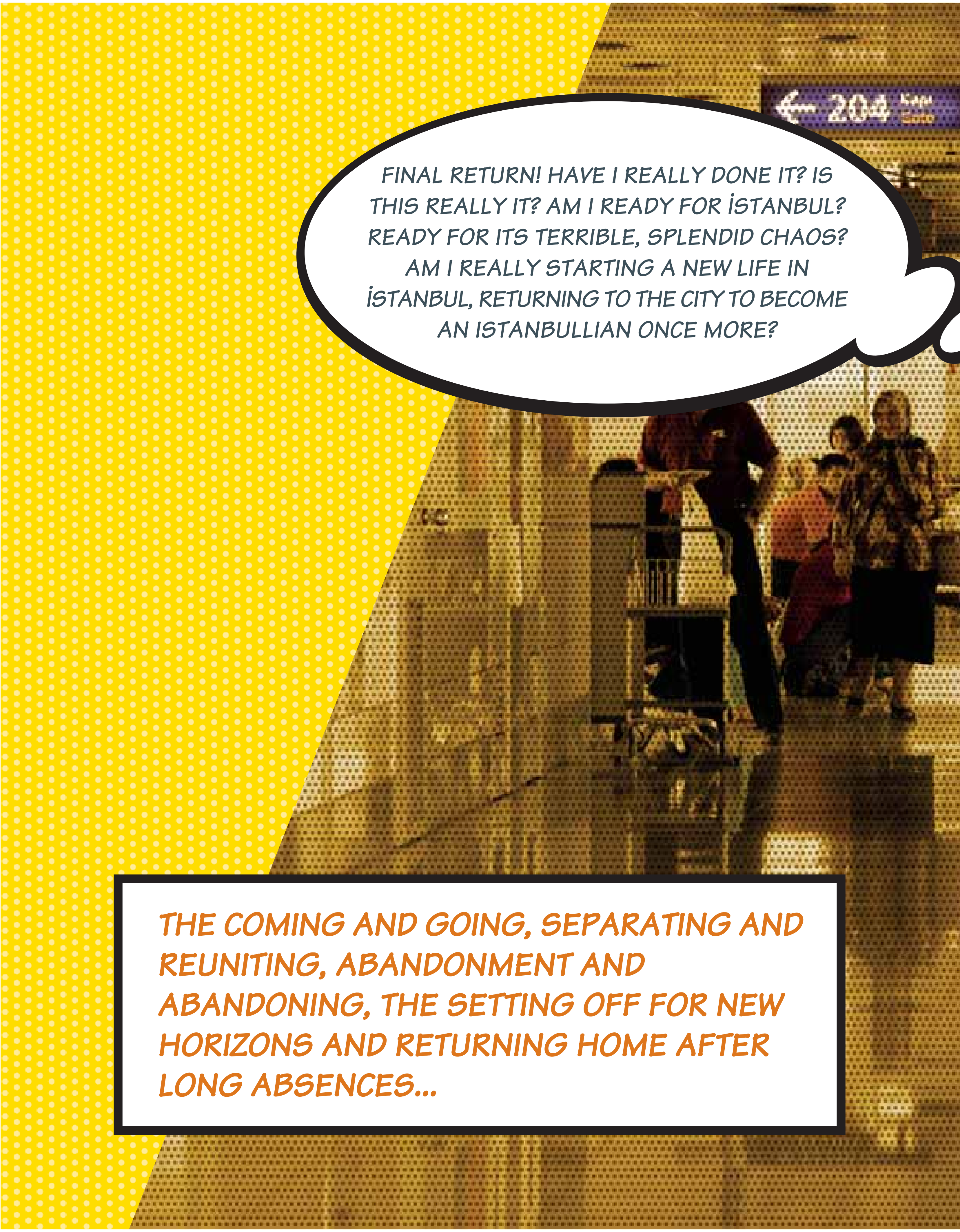
SHAREHOLDING STRUCTURE

SHAREHOLDER	(TRY)	CAPITAL SHARE (%)
Akfen Holding A.Ş	38,022,747	15.70
Akfen İnşaat Turizm ve Ticaret A.Ş.	27,529	0.01
Tepe İnşaat Sanayi A.Ş.	45,672,151	18.86
Sera Yapı Endüstrisi ve Ticaret A.Ş.	7,621,875	3.15
Goldman Sachs International	34,875,000	14.40*
Kuwait Investment Authority	7,750,000	3.20
Meinl Airports International	21,443,250	8.85**
Babcock&Brown Turkish Airports LLC.	10,455,290	4.32
Tricom Equities Limited	2,041,239	0.84
Global Investment House KSCC	7,265,625	3.00
Global Opportunistic Fund II	4,843,750	2.00
IDB Infrastructure Fund L.P.	11,924,792	4.92
Old Mutual Life Assurance Company	5,681,750	2.35
Mehmet Cem Kozlu	2	0.00
Free Float	44,562,500	18.40
Total	**242,187,500**	**100.00**



* 34,875,000 of the shares owned by Goldman Sachs corresponding to 14.4% of the issued and outstanding share capital of the Company have been provided by Tepe İnşaat Sanayi A.Ş., Akfen Holding A.Ş. and Sera Yapı Endüstrisi ve Ticaret A.Ş. to Goldman Sachs as collateral and the title of those shares have been transferred to Goldman Sachs for this purpose. There is a pledge granted by Goldman Sachs in favor of Tepe İnşaat Sanayi A.Ş., Akfen Holding A.Ş. and Sera Yapı Endüstrisi ve Ticaret A.Ş. As a result, the voting rights, rights to receive dividends and pre-emption rights for participation in cash share capital increases in connection with those shares (except for acquiring gratis shares under any share capital increases) belong to Tepe İnşaat Sanayi A.Ş., Akfen Holding A.Ş. and Sera Yapı Endüstrisi ve Ticaret A.Ş.

** 3,017,688 floating shares corresponding to 1.25% of the Company's share capital owned by Meinl Airports International ("MAI") have been included in the free float. Share of MAI in the Company's capital is 10.1%.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FINAL RETURN! HAVE I REALLY DONE IT? IS THIS REALLY IT? AM I READY FOR İSTANBUL? READY FOR ITS TERRIBLE, SPLENDID CHAOS? AM I REALLY STARTING A NEW LIFE IN İSTANBUL, RETURNING TO THE CITY TO BECOME AN ISTANBULLIAN ONCE MORE?
THE COMING AND GOING, SEPARATING AND REUNITING, ABANDONMENT AND ABANDONING, THE SETTING OFF FOR NEW HORIZONS AND RETURNING HOME AFTER LONG ABSENCES...

MILESTONES: AN 11-YEAR SUCCESS STORY

Successful service adventure, strengthened capital structure through international ventures and international esteem earned with dedicated efforts...

1997

>> TAV was founded.

1999

>> ATU and BTA ventures, providing duty free shopping and catering services, respectively, were established under the TAV umbrella.

2000

>> TAV began operating the Atatürk Airport International Terminal.

2002

>> "primeclass" CIP service was launched.

2004

>> TAV's operation right for the Atatürk Airport was extended until 2005.

>> BTA began operating the Istanbul International Airport Hotel.

>> TAV assumed the construction and operation of the Esenboğa Airport Domestic and International Terminal. TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. (TAV Esenboga) was founded.

>> TAV İşletme Hizmetleri A.Ş. (TAV O&M) was founded.

2005

>> TAV was awarded the tender to operate the Atatürk Airport International and Domestic Terminal Building, Parking Garage and the General Aviation Terminal for 15 and a half years under a lease agreement.

>> TAV İstanbul Terminal İşletmeciliği A.Ş. (TAV Istanbul) was founded.

>> Atatürk Airport Domestic Terminal also commenced operations under the TAV umbrella.

>> 60% of Havaalanları Yer Hizmetleri A.Ş. (HAVAS) shares were acquired.

>> Construction and operation of the İzmir Adnan Menderes International Terminal was transferred to TAV. TAV İzmir Terminal İşletmeciliği A.Ş. (TAV Izmir) was founded.

>> TAV Bilişim Hizmetleri A.Ş. (TAV IT) was founded.

>> TAV was awarded the tender for Tbilisi International Airport in Georgia. TAV Urban Georgia LLC. (TAV Georgia) was established to operate this airport.

2006

>> Operation and construction services were restructured under "TAV Havalimanları Holding A.Ş." (TAV Airports Holding Co.) and "TAV İnşaat" (TAV Construction) as two separate companies.

>> İzmir Adnan Menderes Airport International Terminal commenced service.

>> Esenboğa Airport Domestic and International Terminal commenced operation.

>> TAV Özel Güvenlik Hizmetleri A.Ş. (TAV Security) was founded.

2007

>> TAV Airports Holding was offered to the public.

>> Tbilisi International Airport new passenger terminal commenced service.

>> Batumi International Airport commenced operation.

>> A refinancing agreement was signed to improve the terms of the existing loans of TAV Esenboga.

>> TAV Batumi Operations LLC. was founded.

>> TAV Airports was awarded the tender for the Monastir Habib Bourguiba and Enfidha Zine El Abidine Ben Ali International Airports in Tunisia. TAV Tunisie SA (TAV Tunisie) was established.

>> Groundbreaking ceremony for the Tunisia Enfidha Zine El Abidine Ben Ali International Airport was performed.

>> 40% minority shares of HAVAS were acquired. HAVAS became a wholly-owned subsidiary of TAV Airports Holding.

>> TAV Airports Holding became the 100% owner of TAV Izmir and TAV Esenboga.

>> TAV Airports was awarded the tender for the operation of Antalya Gazipaşa Airport.

>> The Hopa Terminal operated by HAVAS commenced service.

2008

>> TAV Airports assumed the operation of Tunisia's Monastir Habib Bourguiba International Airport.

>> TAV Istanbul entered into a refinancing agreement to improve the terms of its existing loans.

>> TAV Gazipaşa Yatırım, Yapım ve İşletme A.Ş. (TAV Gazipasa) was founded to operate the Antalya Gazipaşa Airport.

>> TAV Tunisie SA signed a project finance loan agreement.

As we approach our target of ten airports in ten years, we are setting a new target for ourselves; catering to an average of 100 million passengers annually by 2017. We aim to raise the number of passengers we serve at the airports we operate from 31 million in 2007 to 100 million by 2017.

HAMDİ AKIN
CHAIRMAN

Dr. M. SANİ ŞENER
PRESIDENT & CEO

ALİ HAYDAR KURTDARCAN
VICE CHAIRMAN

Dear Shareholders,

After undergoing a successful restructuring process in 2006, a year in which aviation industry witnessed a surge around the world as well as in Turkey, TAV Airports Holding accomplished all the goals it had set for itself in 2007 thanks to its extensive vision. Year 2007 was extremely successful for the Company, one in which we accomplished our goals and gained strength and motivation for the goals we will accomplish in the years ahead.

The Company sees airport operations as a whole and derives its strength from the information sharing between the units that constitute this whole. We believe that power is based on knowledge and great effort is exerted to ensure that there is uninterrupted data flow between the Company's units. We know that our success and strength lay in this sharing and with our highly qualified human resources. Armed with this awareness, we achieve even greater accomplishments every year and look forward to the future with confidence.

Despite the turmoil in the global markets in 2007, the growth of the sector did not skip a beat globally and the Turkish economy maintained its stability during the year, helping TAV Airports to achieve its goals.

Global markets have been in a continuous growth trend since 2002. However, a new era characterized by uncertainty began in the markets since the financial crisis in the second half of 2007. Despite this tumultuous period that impacted the European markets as well, the Turkish economy managed to remain stable.

Since 2002, the Turkish economy has continued this growth, albeit at a slower pace with respect to the previous year. Thanks to the economy's ability to withstand this instability without a significant crisis, the aviation industry, like all other sectors, continued to develop and grow.

Having become one of the world's most important business sectors as a result of the developments in the last few years, the aviation sector is growing thanks to globalization, liberalization and economic growth. We expect this trend to further accelerate in the upcoming period especially in the regions where TAV Airports is directing its investments. We are forecasting new airport investments in the regions designated by TAV Airports as its target regions; Eastern Europe, the Caucasus, the Middle East and North Africa.

TAV Airports took very important steps in 2007 to help it sustain its lead position in Turkey and to also bolster its position in the world aviation sector. In Turkey, TAV Airports was awarded the Antalya Gazipaşa Airport tender, became the 100% owner of HAVAS and refinanced the Esenboğa Airport during the previous year. Internationally, the Company was awarded the operational rights for 40 years for the Enfidha Zine El Abidine Ben Ali and Monastir Habib Bourguiba International Airports in Tunisia. It also signed an agreement to operate the Batumi International Airport for a period of 20 years. With the strength derived from these achievements, we are moving forward and successfully implementing our projects.

Completion of projects at the İzmir Adnan Menderes and Ankara Esenboğa Airports enhanced uncontested market leadership of TAV Airports in Turkey. With unprecedented architecture and technology, Ankara Esenboğa Airport became the symbol of TAV Airports' prestige and modernity after the İstanbul Atatürk Airport. İzmir Adnan Menderes Airport International Terminal went a long way toward adding value to the country's tourism.

Following all these investments, we can see that the success story of TAV Airports went beyond the borders of Turkey. The Company is now recognized worldwide and is well respected for its accomplishments.

Two international airport tenders undertaken by TAV Airports in Tunisia were the Company's first investments in this rapidly-developing region. Considering the growth rate of the African continent in the aviation sector, it is easy to see the significance of these investments for TAV Airports and the return they will provide in the future.

Accomplishing all its goals in short order thanks to its excellent performance, the Company was also very successful in its public offering that took place in February 2007. Shortly after the public offering, market capitalization of TAV Airports exceeded US$ 2.2 billion at the end of 2007, up from US$ 1.74 billion. Such a high rate of return for TAV Airports shares increased the interest of foreign investors in Turkey and in the Company as well. The share of foreign investors in the Company's free float rose from 69% at the time of the public offering to above 90% as of year-end 2007, clearly demonstrating this interest.

Taking on a major role in making airport operations a promising sector in Turkey and presenting it to investors with its accomplishments, TAV Airports is now pursuing new goals. Particularly encouraged with our financial power, our primary goals for 2008 are to continue to increase our share in the expanding market, to be successful with regard to our overseas investments as well as our domestic investments and to continue to provide favorable return for our investors.

As we approach our target of ten airports in ten years, we are setting a new target for ourselves, to cater to an average of 100 million passengers annually by 2017. We aim to raise the number of passengers we serve at the airports we operate from 31 million in 2007 to 100 million in 2017. We know that there are no hurdles that can prevent us from accomplishing these targets thanks to the financial instruments we use in the sector, successful practices and most importantly, our dedicated and highly qualified human resources.

Under the TAV Airports corporate structure, there are seven operating companies active in eight airports and six service companies that provide support services at these airports. This structure facilitates business diversity as well as successful vertical and horizontal communication thanks to the easy information flow created by data democracy. Consequently, diversity and integration of this diversity result in economies of scale and scope, thus leading to higher revenues and lower costs. Our true strength stems from information and fast transfer of information. Data democracy not only converts data into information very rapidly, but also gives TAV Airports an advantage with regard to analytical competition for new tenders in the global market.

With its strong corporate structure, financial resources, contemporary vision and highly qualified human resources, TAV Airports Holding is reinforcing its market position in the world and moving us toward new goals with confidence and courage. We sincerely thank our shareholders for extending us their trust and support during this journey, our solution partners for always being in close cooperation with us and our colleagues for making a difference and adding value to TAV Airports with their dedicated efforts.

Hamdi Akın
Chairman

Ali Haydar Kurtdarcan
Vice Chairman

Dr. M. Sani Şener
President & CEO

BOARD OF DIRECTORS

HAMDİ AKIN
CHAIRMAN

ALİ HAYDAR KURTDARCAN
VICE CHAIRMAN

MUSTAFA SANİ ŞENER
PRESIDENT & CEO

MEHMET CEM KOZLU
BOARD MEMBER

PIERRE DE CHAMPFLEURY
BOARD MEMBER

JAMES BERNARD FARLEY
BOARD MEMBER

SHAILESH KUMAR DASH
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MUMTAZ KHAN
BOARD MEMBER

İLHAN İL
BOARD MEMBER

İBRAHİM SÜHA GÜÇSAV
BOARD MEMBER

MUSTAFA KALENDER
BOARD MEMBER

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ŞEREF EREN
BOARD MEMBER

MEHMET ERDOĞAN
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SÜLEYMAN SON
BOARD MEMBER

AUDIT COMMITTEE

AUDIT COMMITTEE CHAIRMAN

ALİ HAYDAR KURTDARCAN
VICE CHAIRMAN
TAV AIRPORTS HOLDING CO.

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FINANCIAL AFFAIRS AND AUDIT DIRECTOR
BİLKENT HOLDING CO.

ŞEREF EREN
CONSULTANT
TAV AIRPORTS HOLDING CO.

OKTAY UĞUR
FINANCIAL AFFAIRS COORDINATOR
AKFEN HOLDING CO.

TANSEL SARAÇ
CAPITAL MARKETS MANAGER
AKFEN HOLDING CO.

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MANAGING DIRECTOR
GOLDMAN SACHS INTERNATIONAL

ALTUĞ KORALTAN
INTERNAL AUDIT DIRECTOR
TAV AIRPORTS HOLDING CO.

CORPORATE GOVERNANCE COMMITTEE

CORPORATE GOVERNANCE COMMITTEE CHAIRMAN

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BOARD MEMBER
TAV AIRPORTS HOLDING CO.

MEMBERS OF THE CORPORATE GOVERNANCE COMMITTEE

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HUMAN RESOURCES DIRECTOR
TAV AIRPORTS HOLDING CO.

MURAT ULUĞ
FINANCE DIRECTOR (CFO)
TAV AIRPORTS HOLDING CO.

ÜMİT KAZAK
LOGISTICS AND CONTRACTS DIRECTOR
TAV AIRPORTS HOLDING CO.

SENIOR MANAGEMENT

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PRESIDENT & CEO
TAV AIRPORTS HOLDING CO.

MURAT ULUĞ
FINANCE DIRECTOR (CFO)
TAV AIRPORTS HOLDING CO.

SERKAN KAPTAN
BUSINESS DEVELOPMENT AND INVESTMENTS DIRECTOR
TAV AIRPORTS HOLDING CO.

ÜMİT KAZAK
LOGISTICS AND CONTRACTS DIRECTOR
TAV AIRPORTS HOLDING CO.

ÖZLEM TEKAY
HUMAN RESOURCES DIRECTOR
TAV AIRPORTS HOLDING CO.

ALTUĞ KORALTAN
INTERNAL AUDIT DIRECTOR
TAV AIRPORTS HOLDING CO.

ERSAGUN YÜCEL
GENERAL SECRETARY
TAV AIRPORTS HOLDING CO.

BANU PEKTAŞ
LEGAL COUNSEL
TAV AIRPORTS HOLDING CO.

ŞEREF EREN
CONSULTANT
TAV AIRPORTS HOLDING CO.

HÜSEYİN ULUKANLI
CONSULTANT
TAV AIRPORTS HOLDING CO.

KEMAL ÜNLÜ
GENERAL MANAGER
TAV İSTANBUL TERMİNAL İŞLETMECİLİĞİ A.Ş. (TAV ISTANBUL)

MURAT ÖRNEKOL *
GENERAL MANAGER
TAV ESENBOĞA YATIRIM YAPIM VE İŞLETME A.Ş. (TAV ESENBOGA)

ÖMER VANLI **
GENERAL MANAGER
TAV İZMİR TERMİNAL İŞLETMECİLİĞİ A.Ş. (TAV IZMIR)

HALUK BİLGİ
COUNTRY DIRECTOR
TAV TUNISIE SA (TAV TUNISIE)

ERSEL GÖRAL
GENERAL MANAGER
TAV TUNISIE SA (TAV TUNISIE)

BURAK BİRHEKİMOĞLU
GENERAL MANAGER
TAV URBAN GEORGIA LLC. (TAV GEORGIA)

ERSAN ARCAN
GENERAL MANAGER
ATÜ TURİZM İŞLETMECİLİĞİ A.Ş. (ATU)

SAADETTİN CESUR
GENERAL MANAGER
BTA HAVALİMANLARI YİYECEK VE İÇECEK HİZMETLERİ A.Ş. (BTA)

MÜJDAT YÜCEL
GENERAL MANAGER
HAVAALANLARI YER HİZMETLERİ A.Ş. (HAVAS)

EDA BİLDİRİCİOĞLU
GENERAL MANAGER
TAV İŞLETME HİZMETLERİ A.Ş. (TAV O&M)

BİROL BAKIRSEVER ***
GENERAL MANAGER
TAV BİLİŞİM HİZMETLERİ A.Ş. (TAV IT)

YUSUF ACIBİBER
GENERAL MANAGER
TAV ÖZEL GÜVENLİK HİZMETLERİ A.Ş. (TAV SECURITY)

* Murat Örnekol, General Manager of TAV Esenboga was appointed as the Operations Director, TAV Airports Holding Co.; Nuray Demirer was promoted from Assistant General Manager to General Manager at TAV Esenboga.

** Following Ömer Vanlı's resignation from TAV Izmir General Manager post, TAV Izmir Assistant General Manager Erkan Balcı was appointed as TAV Izmir's Acting General Manager.

*** Birol Bakırsever was transferred from his position as TAV IT General Manager to TAV IT Board of Directors Consultant. Uğur Yiğiter was appointed as TAV IT General Manager.


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SPECIAL OFFER
FOR İSTANBUL IS THE SCENT OF LAVENDER. IT DOESN'T MATTER WHO YOU ARE, OR WHERE YOU'RE FROM: FIRST THE LAVENDER GOES TO YOUR HEAD, SOFTLY AND SWEETLY; THEN, SUDDENLY, YOU'RE REELING.


WANDERERS AND DRIFTERS, MOVERS AND SHAKERS, MODERNDAY NOMADS AND EXPLORERS; FINDERS AND SEEKERS, EXILES AND REFUGEES...
EVERYBODY LOVES DUTY FREE.

KEY FINANCIAL DATA

TOTAL INCOME (EUR thousands)

2007 / 507,529

2006 / 401,832

26%

TOTAL ASSETS (EUR thousands)

2007 / 1,481,967

2006 / 1,349,978

10%

TOTAL EQUITY (EUR thousands)

2007 / 340,553

2006 / 327,406

4%

SUMMARY INCOME STATEMENT (EUR)*	2007	2006
Operating Income	507,528,793	401,832,133
Operating Expenses	479,460,419	389,271,425
Net Operating Profit	28,068,374	12,560,708
Profit/(Loss) Before Tax	(42,316,441)	(62,647,109)
Income Tax Benefit/(Expense)	3,878,116	(7,615,671)
Net Profit/(Loss) for the Period	(38,438,325)	(70,262,780)
Profit/(Loss) Attributable to Minority Interest	(121,940)	265,467
EBITDA**	77,024,291	28,863,569
EBITDAR***	217,813,296	169,546,774
SUMMARY CASH FLOW STATEMENT		
Net cash obtained from operating activities	16,722,051	134,345,908
Net cash used in investment activities	(199,566,914)	(338,925,290)
Net cash obtained from financing activities	239,272,452	199,905,447
SUMMARY BALANCE SHEET		
Cash and Cash Equivalents	64,652,433	6,254,146
Restricted Bank Balances	257,520,816	323,524,530
Total Assets	1,481,966,752	1,349,978,310
Financial Liabilities	1,004,537,954	870,462,903
Total Liabilities	1,141,413,845	1,022,572,479
Total Equity	340,552,907	327,405,831
Net Debt	682,364,705	540,684,227

* Consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

** Earnings before interest, taxes, depreciation and amortization.

*** EBITDA before concession rent payments.

KEY OPERATIONAL DATA

TOTAL PASSENGER TRAFFIC

2007 / 30,410,881

2006 / 27,832,015

9%

TOTAL AIR TRAFFIC MOVEMENTS

2007 / 313,477

2006 / 289,875

8%

PASSENGER TRAFFIC (1)	2007	2006	CHANGE (%)
Atatürk Airport	23,196,229	21,265,974	9
International	13,600,306	12,174,281	12
Domestic	9,595,923	9,091,693	6
Esenboğa Airport (2)	4,958,128	4,547,578	9
International	1,349,006	1,259,993	7
Domestic	3,609,122	3,287,585	10
İzmir Airport (3)			
International	1,600,890	1,451,061	10
TURKEY TOTAL	66,463,286	58,778,131	13
International	37,152,953	32,133,681	16
Domestic	29,310,333	26,644,450	10
Tbilisi Airport (4)	615,872	567,402	9
International	610,649	563,034	8
Domestic	5,223	4,368	20
Batumi Airport (5)	39,637	-	-
International	38,613	-	-
Domestic	1,024	-	-
Hopa Terminal (6)	125	-	-
TAV TOTAL	30,410,881	27,832,015	9
International	17,199,464	15,448,369	11
Domestic	13,211,417	12,383,646	7

AIR TRAFFIC MOVEMENTS (7)	2007	2006	CHANGE (%)
Atatürk Airport	243,363	225,549	8
International	142,488	130,539	9
Domestic	100,875	95,010	6
Esenboğa Airport (2)	50,104	47,434	6
International	13,677	12,502	9
Domestic	36,427	34,932	4
İzmir Airport (3)			
International	13,060	11,475	14
TURKEY TOTAL	573,835	522,785	10
International	292,362	262,228	11
Domestic	281,473	260,557	8
Tbilisi Airport (4)	6,428	5,417	19
International	5,679	4,846	17
Domestic	749	571	31
Batumi Airport (5)	522	-	-
International	418	-	-
Domestic	104	-	-
TAV TOTAL	313,477	289,875	8
International	175,322	159,362	10
Domestic	138,155	130,513	6

Source: Turkish State Airports Authority (DHMİ) and Civil Aviation Administration of Georgia.

(1) Arriving and departing passenger total, excluding transit passengers.

(2) Operation commenced on October 16, 2006 under the TAV Airports corporate structure.

(3) Only the International Terminal went into operation on September 13, 2006 under the TAV Airports corporate structure.

(4) The new terminal commenced operation on February 7, 2007.

(5) Commencement date of operation: May 26, 2007 (2007 figures reflect post-May 26 period).

(6) Commencement date of operation: December 18, 2007 (2007 figures reflect post-December 18 period).

(7) Commercial flights only.

The Company's total income reached EUR 507.5 million in 2007, from EUR 401.8 million in 2006 with a 26.3% increase. This increase was primarily due to revenue increases in duty free shops, aviation, ground handling and catering services.

2007 FINANCIAL RESULTS

>> According to Turkish State Airports Authority (DHMİ) data, passenger traffic through the airports operated by TAV Airports Holding increased by 9%, reaching 30.4 million passengers. Similarly, the number of commercial flights reached 313,477 with an 8% increase during the same period. TAV Airports Holding is the sector leader in passenger traffic in Turkey with a 45% market share.

>> In 2007, the Company's income was EUR 507.5 million; up from EUR 401.8 million in 2006 representing a 26.3% increase. This increase was primarily due to revenue increases in duty free shops, aviation, ground handling and catering services. The growth resulted primarily from organic growth, i.e. due to the increase in passenger traffic at the İstanbul Atatürk Airport, as well as inorganic growth, i.e. from income derived from new airports. Full consolidation of HAVAS for the last quarter of the year also contributed to the increase. While HAVAS was 60% consolidated until September 30, 2007, it was fully consolidated in the last quarter of 2007 after the acquisition of the remaining 40% of the shares.

>> Duty free services continued to constitute the largest share of the Company's income (39%), followed by aviation income (aviation and ground handling, 38%) and other income (23%).

>> EBITDA reached EUR 77.0 million in 2007, up from EUR 28.9 million in 2006. Despite the 62% increase in employee benefit expenses, EBITDA margin rose from 7% in 2006 to 15% in 2007, thanks to constant concession rent payments and operational leverage.

>> EBITDAR rose 29% in 2007 to EUR 217.8 million from EUR 169.5 million in 2006 and its margin increased from 42% in 2006 to 43% in 2007.

>> Net loss was EUR 38.4 million in 2007, whereas it was EUR 70.2 million in 2006. While the net loss attributable to TAV Airports shareholders was EUR 70.5 million in 2006, it dropped to EUR 38.3 million in 2007 thanks to high operating profit, lower financial costs and deferred tax income (advantage of the impact of the deferred taxes), despite higher employee benefit expenses derived from the addition of new airports and the increase in depreciation and amortization expenses.

>> The net loss in 2007, despite the strong operational performance, was primarily the result of non-cash expenses. For instance, non-cash expenses from derivative instruments were EUR 7.2 million whereas provision for tax penalties stemming from controversy in Value-Added Tax (VAT) practices, discussed below, was EUR 9.2 million. But for the losses from these non-cash items, the net loss in 2007 would have been EUR 22 million.

>> The non-cash loss incurred by TAV Airports as of year-end 2007 from its cross currency swap contracts due to the rise in the EUR/US$ parity during the year was EUR 5.4 million, whereas non-cash loss from Interest Rate Swap (IRS) contracts was EUR 1.8 million.

>> As explained in Note 23 of the Notes to Consolidated Financial Statements, TAV Airports made provisions for a total of EUR 9.2 million in its year-end 2007 financial statements as a result of the assessment of tax practices in BTA and TAV Istanbul. The Company included in its year-end 2007 Income Statement, as operating expenses, EUR 4.8 million in tax penalty provisions, EUR 4.1 million in interest expense for these tax penalties and EUR 0.3 million in conversion loss.

>> Net debt rose from EUR 621 million at the end of September 2007 to EUR 682 million as of the end of December 2007. This increase for the most part resulted from additional loans taken out for the acquisition of the remaining 40% of outstanding shares of HAVAS as well as Tunisia project investments.

ASSESSMENT OF 2007 FINANCIAL RESULTS

>> The Company's total income reached EUR 507.5 million in 2007 from EUR 401.8 million in 2006 with a 26.3% increase. This increase was primarily due to revenue increases from duty free shops, aviation, ground handling and catering services.

>> Most of the Company's revenue was collected in foreign currency (Euro and US dollar). In 2007, the Company's aviation income, including ground handling, constituted 38% of its total income whereas non-aviation income made up the remaining 62%.

>> Aviation income (excluding ground handling) grew 28.5% in 2007 to EUR 127.4 million from EUR 99.1 million in 2006. This increase resulted primarily from the new terminals in operation during 2007. Esenboğa Airport Domestic and International Terminals contributed EUR 15.9 million to the Company's aviation income, whereas the contribution from İzmir Adnan Menderes Airport International Terminal was EUR 17.0 million. While international passenger traffic rose 11.7% at Atatürk Airport in 2007, aviation income rose 3.3%. Since the Company collects per-passenger service fees for international flights in US dollars and the Euro appreciated against the US dollar during the year, revenue growth denominated in Euro was lower than passenger traffic growth. However, on a US dollar basis, aviation income growth at the Atatürk Airport was 12.3%, which is higher than the growth in passenger traffic.

>> Sales of duty free goods grew 27.2% in 2007 to EUR 135.5 million from EUR 106.6 million in 2006. This increase resulted primarily from full-year participation at the new terminals in Ankara, İzmir and Tbilisi in 2007, as well as growth in international and transit passenger traffic at İstanbul Atatürk Airport, by 12% and 35%, respectively. Average duty free expenditure per passenger, calculated by dividing total duty free sales by total international and transit passengers, dropped from EUR 16.0 in 2006 to EUR 14.8 in 2007 as a result of the commencement of operations at new airports and the increase in transit passenger traffic. Average expenditure per passenger was EUR 11.6 at İzmir Adnan Menderes Airport and EUR 11.5 at Ankara Esenboğa Airport. On the other hand, the average expenditure per passenger in 2007 was EUR 16.0 at İstanbul Atatürk Airport, unchanged from 2006. Revenue increased as a result of the reorganization of the duty free shopping area at the İstanbul Atatürk Airport and the average expenditure per passenger reached EUR 17.5 during the last quarter of 2007, up from EUR 16.1 during the last quarter of 2006).

>> Ground handling income rose 25% in 2007 to EUR 63.5 million from EUR 51.0 million in 2006, primarily as a result of increased flight traffic as well as full consolidation of HAVAS during the last quarter of 2007 (while it was 60% consolidated in the prior periods).

>> Concession fees from duty free sales grew 25% in 2007 to EUR 60.8 million, from EUR 48.8 million in 2006. The concession payments made to TAV Istanbul by ATU corresponded to approximately 43% of duty free goods sales at the İstanbul Atatürk Airport. On the other hand, concession payments made to TAV Esenboga and TAV Izmir by ATU correspond to approximately 40% of duty free goods sales at these airports.

>> Income from catering services increased 46% in 2007 to EUR 31.7 million from EUR 21.8 million in 2006. The increase resulted primarily from the start of catering services in the airports that recently went into operation, as well as the activities of Cakes&Bakes that is also active outside the airports. Depreciation of the Euro against the New Turkish lira also had a favorable effect, since most catering revenues are collected in New Turkish liras.

>> Other operating income increased 19% in 2007 to EUR 88.5 million from EUR 74.6 million in 2006. Primary drivers of this increase were derived from the parking lot, CIP lounge operation and area allocations. Although income from passenger transportation via shuttle buses decreased by 18% in 2007, this drop resulted from the change in the way shuttle revenue was accounted for. In 2006, TAV O&M, wholly-owned by TAV Airports, accounted for shuttle bus income by invoicing it to HAVAS. Starting in 2007, shuttle bus income is recorded as revenue for HAVAS, which was partially consolidated for the first nine months of the year. In addition, depreciation of the Euro against the New Turkish lira in 2007 also had an adverse effect on shuttle bus and parking lot income, since these fees are collected in New Turkish liras.

EBITDAR rose 29% in 2007 to EUR 217.8 million, up from EUR 169.5 million in 2006. The EBITDAR margin increased to 42.9% in 2007 from 42.2% in 2006; 82% of the Company's total EBITDAR was derived from TAV Istanbul, whereas the EBITDAR margin of TAV Istanbul rose from 66% in 2006 to 74% in 2007.

» Operating expenses rose 23% in 2007 to EUR 479.5 million from EUR 389.3 million in 2006. This was primarily the result of increases in employee benefits depreciation and amortization expense due to the opening of new terminals. When new terminals go into operation, Build-Operate-Transfer assets are subjected to depreciation over the life of the Build-Operate-Transfer contract using the straight line depreciation method; in other words, construction and financing costs were capitalized during the construction process. Despite this, a share of the operating expenses excluding concession rent expense, depreciation and amortization expenses in total income dropped from 58% in 2006 to 57% in 2007.

» Concession rent expenses in 2007 did not change and remained flat at EUR 140.8 million, whereas the ratio of concession rent expenses to total income dropped to 28% in 2007 from 35% in 2006, thanks to operational leverage. Concession rent expenses consist of rent payments made to DHMİ pursuant to Atatürk Airport's lease agreement as well as renovation investments at the Domestic Terminal. This item includes previously paid concession expenses as well as depreciation and amortization of renovation investments.

» The cost of duty free inventory sold rose from EUR 45.9 million (43.1% of revenue) in 2006 to EUR 56.0 million (41.3% of revenue), for a 22% year-over-year change.

» The cost of catering inventory sold, which was EUR 7.7 million in 2006, rose 41% to EUR 10.9 million in 2007. This cost increase, which is lower than catering services income growth, resulted from the increase in the catering services area with commencement of these services in new airports, as well as the activities of Cakes&Bakes.

» Employee benefit expenses grew from EUR 69.8 million in 2006 to EUR 113.3 million in 2007 for a 62% increase. This increase resulted from new recruitments due to the commencement of service at new terminals, new recruitments at the existing airports and full consolidation of HAVAS during the final quarter of 2007.

» The cost of services outsourced decreased by 9% in 2007 to EUR 22.6 million from EUR 24.9 million in 2006. This item is comprised of the operating expenses of ATU, BTA, TAV O&M and the consolidated portion of HAVAS. The drop in this item resulted primarily from the decrease in HAVAS operating expenses.

» Amortization and depreciation expenses reached EUR 49.0 million in 2007 from EUR 16.3 million in 2006. The depreciation and amortization expense in 2006 was related to the İstanbul Atatürk Airport and HAVAS. Depreciation and amortization of İzmir Adnan Menderes Airport's Build-Operate-Transfer assets began with the inauguration of operations at the International Terminal on September 13, 2006 and EUR 20.4 million of depreciation and amortization expense occurred in 2007. Similarly, Ankara Esenboğa Airport's Build-Operate-Transfer investment began on October 16, 2006 and depreciation and amortization expenses for the full year in 2007 were EUR 15.5 million.

» Other operating expenses rose 4% to EUR 86.9 million in 2007 from EUR 83.9 million in 2006 despite the drop in maintenance and management consulting expenses. This increase was caused by non-recurring (one off) expenses during the year as well as expenses incurred as a result of the start up of services at new airports. A tax penalty of EUR 4.8 million within the scope of the tax assessments mentioned above, EUR 4.4 million consulting services expense related to the projects in Tunisia and EUR 3.4 million public offering expenditures happened during the first quarter (as shown in the advertising and marketing expenses, representation expenses and travel and transportation expense items) are the other operating expenses that arise on a non-recurring basis. Increases in insurance and cleaning expenses are related to the commencement of operation at the new airports.

» Operating profit surged from EUR 12.6 million in 2006 to EUR 28.1 million in 2007 for a 124% increase due to the reasons mentioned above.

» EBITDA more than doubled to EUR 77.0 million in 2007, up from EUR 28.9 million in 2006. Similarly, the EBITDA margin rose from 7.2% in 2006 to 15.2% in 2007, thanks primarily to ongoing concession rent payments and operational leverage, despite the 62% increase in employee benefit expenses.

» EBITDAR (EBITDA before concession rent payments) rose 29% in 2007 to EUR 217.8 million from EUR 169.5 million in 2006. The EBITDAR margin increased to 42.9% in 2007 from 42.2% in 2006; 82% of the Company's total EBITDAR was derived from TAV Istanbul, whereas the EBITDAR margin of TAV Istanbul rose from 66% in 2006 to 74% in 2007.

» Net finance costs dropped by 6.4% to EUR 70.4 million in 2007 from EUR 75.2 million in 2006. Despite the increase in other finance costs including the EUR 4.1 million interest expense related to the tax penalty, net finance costs registered a decrease in 2007 due to decrease in bank expenses and the drop in net transaction loss.

» Transaction gains (losses) reflect the gains or losses from the Company's financial assets and liabilities denominated in US dollars and New Turkish liras due to the fluctuation of exchange rates. The Company's transaction loss dropped from EUR 19.8 million in 2006 to EUR 10.2 million in 2007, due to the appreciation of the New Turkish lira against the Euro as well as the impact of the Company's cross currency swap contracts in 2006 and 2007.

>> Income tax benefit (expense) is comprised of the deferred taxes and corporate taxes. An income tax expense of EUR 7.6 million in 2006 turned into an income tax benefit of EUR 3.9 million in 2007. Due to the amendment in the tax legislation in 2006, unused investment incentives and the related deferred tax assets were expensed in 2006 and as a result the Company had been unable to benefit from the tax advantage. As a result of this loss incurred, the Company has deferred tax assets to offset any future year profit.

>> Profits (losses) attributable to minority interest reflect the profit and loss from 33.33% of TAV Security and BTA.

Net loss: The Company's net loss dropped from EUR 70.3 million in 2006 to EUR 38.4 million in 2007. Net loss attributable to TAV Airports shareholders was EUR 38.3 million in 2007, whereas it was EUR 70.5 million in 2006.

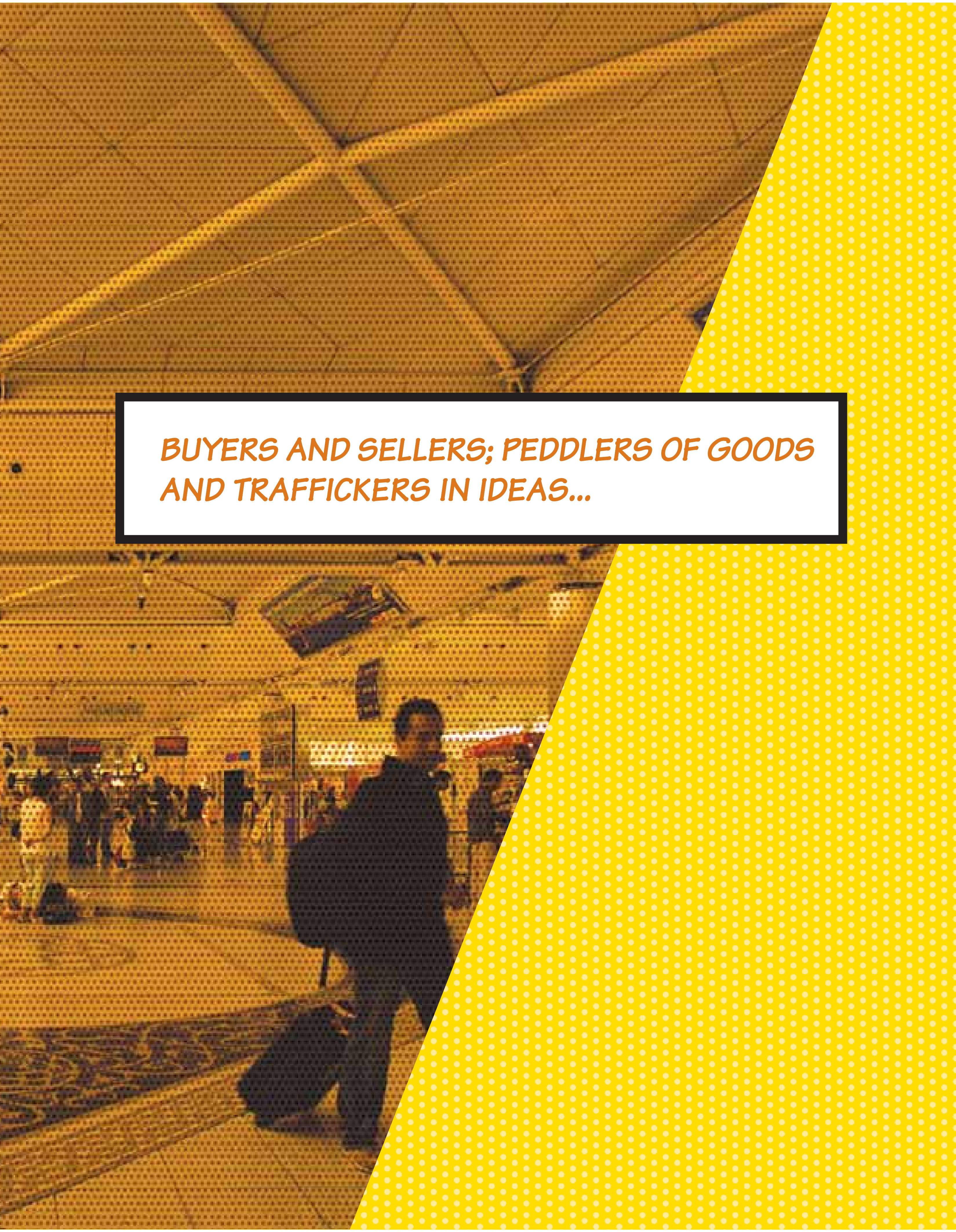
SUMMARY FINANCIAL DATA FOR 2007 (COMPANY BASIS)

(EUR millions)	REVENUE	EBITDA (*)	EBITDA (*) MARGIN	NET DEBT
Airports	313.7	199.8	64%	570
İstanbul	244.2	179.7	74%	294
Ankara	32.5	11.6	36%	120
İzmir	29.0	14.2	49%	84
Tbilisi (%60)	8.0	1.4	17%	34
Batumi	0.0	(0.3)	-	0
Tunisia	0.0	(6.7)	-	39
Service Companies	313.1	13.9	4%	111
ATU (50%)	138.4	8.8	6%	11
BTA	50.3	(0.2)	0%	0
HAVAS (60%)**	74.0	11.9	16%	(5)
Other	50.3	(6.6)	(13%)	105
Total	626.8	213.7	34%	682
Eliminations	(119.3)	4.1		
Consolidated	507.5	217.8	43%	682

* EBITDAR figure is used for TAV Istanbul.

** HAVAS is 60% consolidated for the first nine months, whereas it is fully consolidated for the last quarter.


IN THE OLD DAYS, TOO, PEASANTS STREAMING INTO THE BIG CITY WERE IGNORANT OF AESTHETICS, CULTURAL OR ARCHITECTURAL, BUT THEY WOULD AT LEAST TRY TO LEARN, TO BENEFIT FROM THE CULTURAL OFFERINGS OF THE URBAN ENVIRONMENT;
OVER TIME, THEY TOO WOULD BECOME HEIRS TO THE LEGACY OF CIVILIZATION WHICH IS THE VERY DEFINITION OF A GREAT CITY LIKE İSTANBUL. NOW, THEY COME HERE JUST TO FILL THEIR POCKETS BY PLUNDERING AND RAPING, BY DESTROYING AND RAZING, AND ALL IN THE NAME OF DEVELOPMENT AND MODERNIZATION. VANDALS! JUST LOOK AT WHAT YOU'VE DONE! BRAVO!


BUYERS AND SELLERS; PEDDLERS OF GOODS AND TRAFFICKERS IN IDEAS...

TAV Airports further bolstered its market position in Turkey as well as in the world after undertaking significant projects domestically and abroad last year.

2007 has been a year of achievements for TAV Airports Holding, where ongoing investments were finalized and new ones were planned. The Company furthered its performance in line with its goals and continued to add to its accomplishments. TAV Airports further bolstered its market position in Turkey and around the world after undertaking significant projects domestically and abroad last year.

Leasing the Antalya Gazipaşa Airport, which has a great strategic importance for TAV Airports Holding, for 25 years was among the significant domestic developments. Located at the heart of the tourism regions, the airport is being planned for transformation into a regionally important center through the investments to be made within the framework of the contemporary and courageous vision of TAV Airports. Another important domestic undertaking was the refinance agreement signed in order to improve the terms of the existing loans of TAV Esenboga, a TAV Airports subsidiary.

Another significant development in 2007 was the acquisition of the remaining shares of HAVAS by TAV Airports, which already owned 60% of the shares. As a result of this US$ 115 million transaction, HAVAS became a wholly-owned subsidiary of TAV Airports Holding.

Reinforcing its leading and uncontested market position in Turkey with the projects it undertakes every year, TAV Airports Holding is proving itself an international powerhouse in the aviation sector with each passing day thanks to its completed projects abroad. Positioning its investments in the regions where the growth of the sector is much faster compared to the global growth, TAV Airports is looking forward to the coming years with confidence generated by this vision. Within this framework, the Company was awarded two very important airport operation tenders in Tunisia. Since the operation of the Monastir Habib Bourguiba International Airport was transferred to TAV Airports on the first day of 2008, a sense of comfort and convenience reflecting the identity of the Company was being felt there. Construction of the Enfidha Zine El Abidine Ben Ali International Airport that began in July 2007 is progressing rapidly. Thanks to the African aviation sector that is forecasted to maintain its rapid growth rate in the coming years, the importance of these airports whose operation rights have been acquired by TAV Airports is expected to increase further.

Another important overseas venture of TAV Airports Holding in 2007 was the signing of the agreement for the operation of the Batumi International Airport. With the signing of the agreement for the operation of the Batumi International Airport last year after the Tbilisi International Airport was transferred to TAV Airports Holding operation in 2005, an important step was taken for the cooperation of the two countries. As a first in this area, Batumi International Airport became the first airport used jointly by Turkey and Georgia. This development is expected to strengthen ties between the two countries.

Corporate Social Responsibility is a corporate policy for TAV Airports.

TAV Airports is also fulfilling its social responsibility duties. Aware of its responsibility toward society in every country it operates, TAV Airports is supporting the attempts for development and change in these societies. With this goal in mind, TAV Airports supported many social development projects during 2007. TAV Airports has adopted social responsibility as an ethical responsibility and a duty.

TAV Airports Holding participates in international trade fairs, which is an indispensable element for closely monitoring the developments in the sector. In addition to following the developments in the aviation sector, the Company also plays a significant role in promoting Turkey through these trade fairs.

İstanbul Atatürk Airport

A successful example of modernity and excellent service: **TAV Istanbul**

The success story of TAV Airports Holding that began at the İstanbul Atatürk Airport International Terminal set an example for many companies involved with airport operations. The most advanced aviation technology is used at Atatürk Airport, which serves 300 airline companies from all around the world.

Turkey's window to the world, a never-sleeping and never-resting city, İstanbul is a test case for airport operations with its population of more than 12 million and millions of passengers it welcomes every year. Atatürk Airport International Terminal is the first experience of TAV Airports in the sector. İstanbul Atatürk Airport is the most important reference point of modernity and impeccable service for TAV Airports, which has passed this difficult test with flying colors.

Atatürk Airport International Terminal was constructed under the Build-Operate-Transfer model in a record-breaking 22 months. The terminal went into service in January 2000 and was expanded in 2004 with the construction of an additional facility. The International Terminal sits on an area of 268,000 square meters.

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

With its architecture, rapid passenger flow and service quality, İstanbul Atatürk Airport is not only Turkey's largest airport, but is one of the most commended and important airports throughout Europe. In addition, Atatürk Airport is catering to its passengers and their families and friends with the largest parking lot in Europe under a single roof.

64,000 passengers and 670 flights every day... Approximately 650-700 airplanes land and take off daily; on average 64,000 passengers use the airport every 24 hours. During peak seasons, the daily passenger count reaches 85-90,000 with approximately 850-900 airplanes landing and taking off.

Catering to the needs of approximately 300 airlines from all around the world, Atatürk Airport is equipped with the most advanced aviation technology such as the automation system CUTE, which links the world's airlines to each other with common software and thus saves passengers from checking in baggage at each transfer. The baggage handling system can sort 15,000 items of baggage hourly. With the Explosive Detection System (EDS) at the Atatürk Airport that was put in service on January 7, 2007, every piece of baggage that is loaded on the plane goes through a 100% baggage control scan.

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

İstanbul Atatürk Airport International Awards

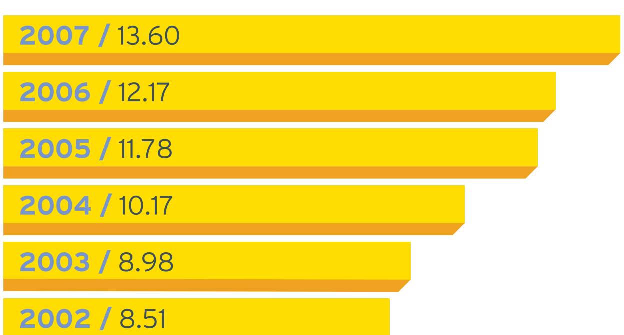
- "Highly Commended Award" 2007: 13th World Route Development Forum, Routes
- "Second Best Airport" 2003: www.travelquality.com
- Europe's Most Comfortable International Terminal 2002: Deutsche Aeroconsult
- Engineering Academy Award 2002: ACEC-American Council of Engineering Companies (TAV was the first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

İstanbul Atatürk Airport

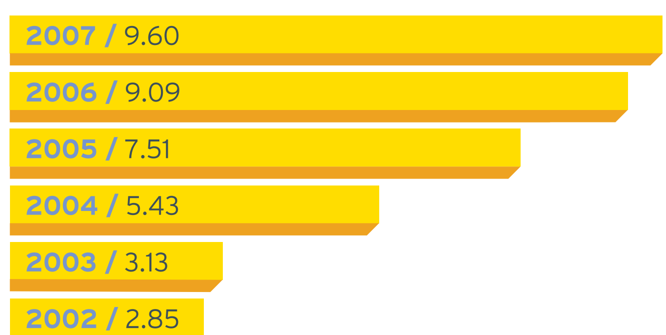
International Terminal
Duration / Expiration of Operation:
15 years 6 months / January 2021
2007 Passenger traffic*: 13,600,306
2007 Commercial flight traffic*: 142,488

Domestic Terminal
Duration / Expiration of Operation:
15 years 6 months / January 2021
2007 Passenger traffic*: 9,595,923
2007 Commercial flight traffic*: 100,875

INTERNATIONAL TERMINAL PASSENGER TRAFFIC (MILLIONS)



DOMESTIC TERMINAL PASSENGER TRAFFIC (MILLIONS)



* Source: Turkish State Airports Authority (DHMİ)

Ankara Esenboğa Airport

The newest and most modern airport in Europe: **TAV Esenboga**

Constructed under the Build-Operate-Transfer model and completed one year ahead of schedule, Esenboğa Airport has the distinction of being the newest and the most contemporary airport not only in Turkey, but also in Europe.

Ankara Esenboğa Airport is the only airport in Turkey to combine domestic and international terminals under a single roof. Representing Ankara's new, modern face with unique architectural design and the open perspective of the terminal that allows the passengers easy access to their destinations, the airport has brought a breath of fresh air to the Turkish capital.

Turning Atatürk Airport into the sector's success story, TAV Airports Holding fulfilled this difficult duty by deploying its experience in airport operations to the Ankara Esenboğa Airport in 2006.

Constructed under the Build-Operate-Transfer model by TAV Esenboğa Yatırım, Yapım ve İşletme A.Ş. (TAV Esenboga) and completed one year ahead of schedule, Esenboğa Airport had the distinction of being the newest and most contemporary airport not only in Turkey but also in Europe since it commenced service on October 16, 2006.

Esenboğa Airport is equipped with the most advanced technology; all systems and services utilized by passengers at Esenboğa are under constant supervision, from the time one enters the parking lot through to check-in and passport control and finally boarding the plane. This makes for a pleasant and comfortable journey and a very happy ending. TAV makes sure that they operate in a rapid, continuous and integrated manner and at the highest standards, 24 hours a day, 365 days a year, with its experienced, cheerful staff.

An airport that becomes the capital... As the diplomacy and protocol gate of Turkey, Ankara Esenboğa Airport has a strategic importance. Having changed the face of the capital as the first stop in Turkey in the international arena, TAV Airports with its high service standards, also plays a significant role in promoting Turkey abroad.

Ankara Esenboğa Airport is equipped with the latest technological security systems. Every piece of baggage that is loaded onto the plane is scanned with the Explosive Detection System (EDS) and goes through a thorough security check. Full passenger and baggage security is ensured at the Esenboğa Airport with these measures.

Additional new ground was broken at the Esenboğa Airport Domestic and International Terminal. Electricity there is generated from natural gas using a cogeneration plant while the heat captured with an exhausted steam recapture boiler is used for terminal air-conditioning. These measures provided 25% savings of energy costs.

With the TAV Airports Holding Operation Quality concept in mind, TAV Esenboga is working with the aim of making Ankara Esenboğa Airport the most effectively operating and most comfortable terminal for passengers in both Turkey and in Europe.

Ankara Esenboğa Airport

International Terminal

Duration / Expiration of Operation:
16 years 7 months / May 2023
2007 Passenger traffic*: 1,349,006
2007 Commercial flight traffic*: 13,677

Domestic Terminal

Duration / Expiration of Operation:
16 years 7 months / May 2023
2007 Passenger traffic*: 3,609,122
2007 Commercial flight traffic*: 36,427

INTERNATIONAL TERMINAL PASSENGER TRAFFIC (MILLIONS)

2007 / 1.35
2006 / 1.26
2005 / 1.19
2004 / 1.13
2003 / 1.01
2002 / 1.02

DOMESTIC TERMINAL PASSENGER TRAFFIC (MILLIONS)

2007 / 3.61
2006 / 3.29
2005 / 2.64
2004 / 2.14
2003 / 1.77
2002 / 1.81

* Source: Turkish State Airports Authority (DHMİ)

İzmir Adnan Menderes Airport

A breath of fresh air for tourism and commerce volume of the Aegean Region: **TAV Izmir**

İzmir is extremely important for Anatolia's commerce traffic. Serving this city that is also a regional center, Adnan Menderes Airport has a very important role in realizing the tourism and commerce potential of Western Anatolia.

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

Constructed under the Build-Operate-Transfer model and completed by TAV Airports eight months ahead of schedule, Adnan Menderes Airport International Terminal commenced service on September 13, 2006. The new terminal built by TAV Airports sits on 108,000 square meters.

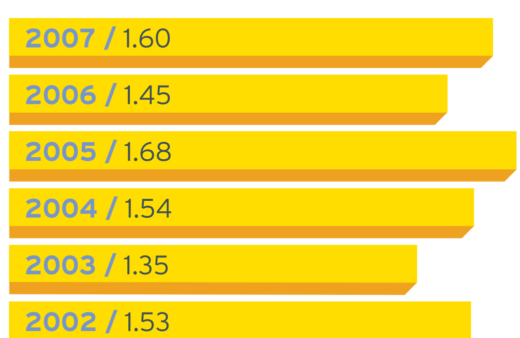
Adnan Menderes Airport International Terminal brought a breath of fresh air into the tourism and commerce volume of İzmir. İzmir is extremely important for Anatolia's commerce traffic. Serving this city that is also a regional center, Adnan Menderes Airport has a very important role in realizing the tourism and commerce potential of Western Anatolia. Acting with a real sense of social responsibility, TAV Airports lend support to the efforts to enhance the tourism potential of İzmir and its surrounding region. The collaboration between TAV Izmir and the Destination İzmir Promotion and Business Development Group, founded by tourism service providers from Çeşme, Kuşadası, Ephesus and İzmir, works diligently to promote İzmir and its surrounding region to the world and position İzmir as an alternative location for tourism on a global scale.

İzmir Adnan Menderes Airport

International Terminal

Duration / Expiration of Operation:
8 years 4 months / January 2015
2007 Passenger traffic*: 1,600,890
2007 Commercial flight traffic*: 13,060

INTERNATIONAL TERMINAL PASSENGER TRAFFIC (MILLIONS)



* Source: Turkish State Airports Authority (DHMİ)

Heart of the Mediterranean: Antalya Gazipaşa Airport...

Setting out to target constant growth and development, TAV Airports Holding was awarded the tender for the operation of the Antalya Gazipaşa Airport in August 2007. The airport has been leased to TAV Airports for 25 years pursuant to the contract signed on January 4, 2008.

Built in 1999 and possessing 2,144 square meters of terminal area with an annual capacity of 500,000 passengers with its existing infrastructure, Antalya Gazipaşa Airport is one of the most strategic facilities in the constantly-developing region. TAV Airports Holding is planning to deploy its experience and know-how in airport operations gained from the Antalya Gazipaşa Airport toward building and improving boutique airports in Turkey and its surrounding region. It is anticipated that this will create new international flight destinations. By expanding the existing runway, the Company is aiming to transform the Gazipaşa Airport into an international center serving Alanya and its surrounding region.

Antalya Gazipaşa Airport
Operation Duration: 25 years

Georgia, Tbilisi International Airport

Respected companies at strategic locations...
TAV Georgia

At the Tbilisi International Airport, all operations inside and outside the terminal, ground handling services, duty free and regular retail shops plus catering services are administered by TAV Airports with a comprehensive and integrated approach.

Creating a brand in airport operations in its region, TAV Airports took one of the most important steps toward developing its vision of becoming a regional actor with the Tbilisi International Airport.

Located in the capital of Georgia, which is expected to become a significant bridge between Europe and Asia in the near future, Tbilisi International Airport has been operated by TAV Urban Georgia LLC. (TAV Georgia), a 60% owned subsidiary of TAV Airports Holding, since October 31, 2005. The new passenger terminal, constructed by TAV Georgia, commenced service on February 7, 2007 and made the airport ready and sufficient for its strategic requirements.

Tbilisi International Airport
Duration / Expiration of Operation:
20 years / February 2027
2007 Passenger traffic*: 615,872
2007 Commercial flight traffic*: 6,428

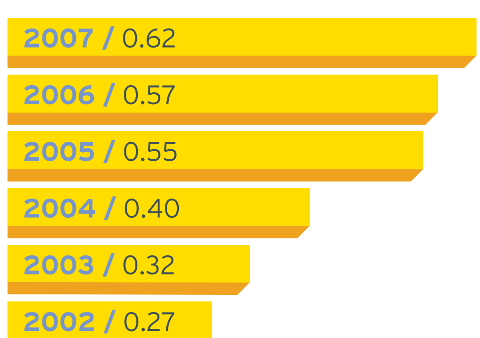
At the Tbilisi International Airport, all operations inside and outside the terminal, ground handling services, duty free and regular retail shops and catering services are administered by TAV Airports with a comprehensive and integrated approach.

With plans to carry out important projects in Eastern Europe, the Caucasus, the Middle East and North Africa, TAV Airports Holding intends to use its experience in the aviation sector to accelerate the development of Georgia's civil aviation sector and contribute to the Georgian economy.

Tbilisi International Airport has an important and privileged place in fulfilling TAV Airports' vision of becoming a regional player. TAV Airports Holding has the right to operate the Tbilisi International Airport for 20 years, the Company's first project abroad.

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

PASSENGER TRAFFIC (MILLIONS)



* Source: Georgia Civil Aviation Authority

Second TAV signature in Georgia: Batumi International Airport

Batumi International Airport
Duration / Expiration of Operation:
20 years / February 2027
2007 Passenger traffic*: 39,637
2007 Commercial flight traffic*: 522

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

With its new runway, taxi route, apron and terminal building, Batumi International Airport is being operated by TAV Batumi Operations LLC., which is a 60% owned subsidiary of TAV Airports Holding.

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

Batumi International Airport is catering to its customers with advanced technology and functional design. The airport's flexibility allows future expansion based on growth of passenger potential.

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

TAV signature in North Africa: Tunisia, Monastir Habib Bourguiba International Airport

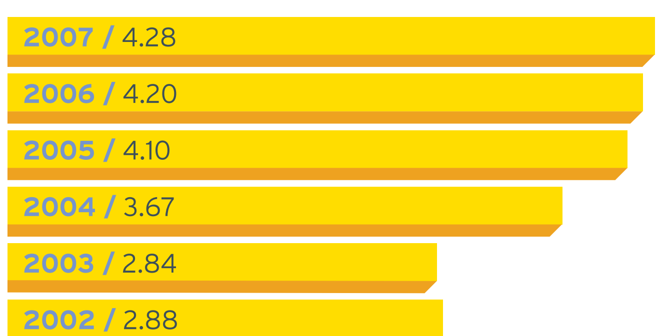
TAV Airports Holding added yet another to its airport projects abroad with the Monastir Habib Bourguiba International Airport, located in Tunisia, the tourism center of North Africa, when it began operations on January 1, 2008. The Company will operate the Monastir Habib Bourguiba Airport for 40 years.

Tunisia's Monastir Habib Bourguiba International Airport is considered to be a haven for tourism of North Africa because it is only two hours away from many capitals in Europe. Although its passenger capacity is 3.5 million, the airport catered to 4.3 million international passengers in 2007. Monastir Habib Bourguiba International Airport has a terminal usage area of 28,000 square meters and a seating area of 18,000 square meters. In 2007, approximately 35,000 flights landed and took off from the Monastir Habib Bourguiba Airport. Its cargo capacity reached 900 tons.

Operations in Tunisia are being administered by TAV Tunisie SA (TAV Tunisie), a wholly-owned subsidiary of TAV Airports Holding. The operation consists of all airport operations except for air traffic control.

Monastir Habib Bourguiba International Airport
Duration / Expiration of Operation: 40 years / May 2047
2007 Passenger traffic*: 4,279,802
2007 Commercial flight traffic*: 31,556

PASSENGER TRAFFIC (MILLIONS)



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

A new bridge between Turkey and Tunisia: Enfidha Zine El Abidine Ben Ali International Airport

TAV Airports Holding is aiming to commence service in the Enfidha Zine El Abidine Ben Ali International Airport in 2009.

Currently under construction, the Enfidha Zine El Abidine Ben Ali International Airport will be the second operation of TAV Airports in Tunisia and will also be operated by TAV Tunisie SA for 40 years.

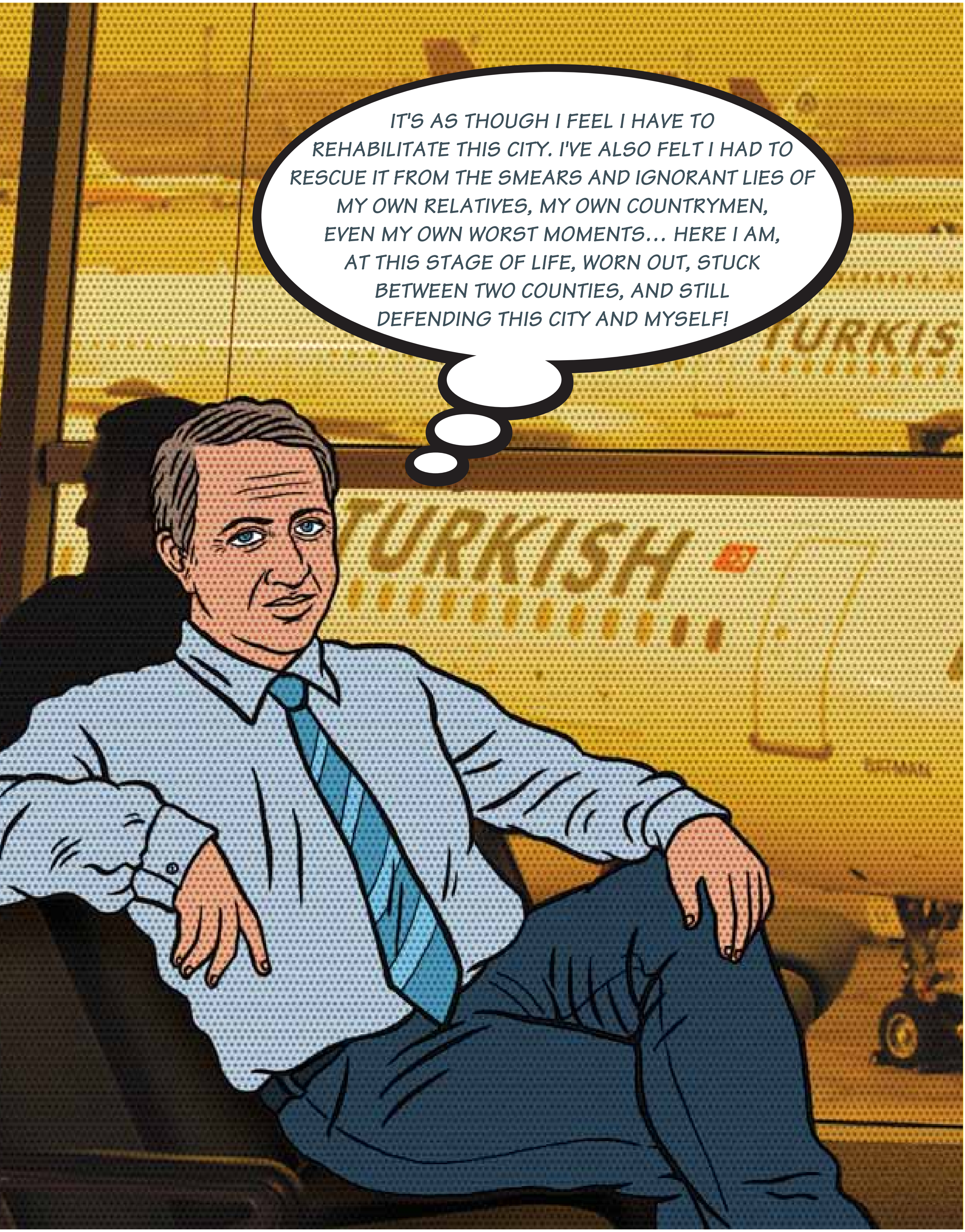
TAV Airports is planning to transform the Enfidha Zine El Abidine Ben Ali International Airport into the most important flight center in Africa. Currently under construction 60 kilometers from the Monastir Habib Bourguiba International Airport, the Company has planned a nearly half million Euro investment for the Enfidha Zine El Abidine Ben Ali International Airport. After this investment, annual passenger capacity at the Enfidha Zine El Abidine Ben Ali International Airport is expected to reach seven million. Passenger capacity will be 22 million after four stages of work are completed throughout the duration of operation.

The airport will be built on an area covering 4,300 hectares and the terminal building in the first stage will be 90,000 square meters. The Enfidha Zine El Abidine Ben Ali International Airport project consists of a new terminal building with an outdoor parking area, a runway, apron and taxi routes as well as construction of service buildings. The concession period for the airport will end in May 2047. TAV Airports Holding group companies (e.g. ATU, BTA, HAVAS, TAV O&M) are also planned to operate at the Enfidha Zine El Abidine Ben Ali International Airport.

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

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


SOME RUNNING FROM LONELINESS AND SOME RUNNING OFF TO BE ALONE...


IT'S AS THOUGH I FEEL I HAVE TO REHABILITATE THIS CITY. I'VE ALSO FELT I HAD TO RESCUE IT FROM THE SMEARS AND IGNORANT LIES OF MY OWN RELATIVES, MY OWN COUNTRYMEN, EVEN MY OWN WORST MOMENTS... HERE I AM, AT THIS STAGE OF LIFE, WORN OUT, STUCK BETWEEN TWO COUNTIES, AND STILL DEFENDING THIS CITY AND MYSELF!
TURKISH
TURKIS

HAVAS

HAVAS, Turkey's first ground handling company, is responsible for providing passenger and baggage transactions, ramp, aircraft cleaning, load control and communications, cargo, flight operation, transportation, representation and monitoring services.

TAV Airports Holding provides ground handling services within the scope of airport operations. Havaalanları Yer Hizmetleri A.Ş. (HAVAS) was founded as a state enterprise in 1933 as the first ground handling services company in Turkey; it provided ground handling and catering services to airlines. The Company's catering services division was spun off under USAŞ as a separate company in 1987, whereas ground handling services division continued its operations under the HAVAS name. HAVAS was privatized in 1995 as the first and most successful privatization in Turkey. In 2005, 60% of HAVAS was acquired by TAV Airports, whereas the remaining shares of HAVAS were acquired in 2007. As a result, HAVAS became a wholly-owned subsidiary of TAV Airports Holding.

HAVAS, Turkey's first ground handling company, provides passenger and baggage transactions, ramp, aircraft cleaning, load control and communication, cargo, flight operation, transportation, representation and monitoring services. The Company provides ground handling services at the İstanbul, Ankara, İzmir, Adana, Antalya, Bodrum, Dalaman, Gaziantep, Trabzon, Kayseri and Nevşehir airports. HAVAS has an extensive portfolio of over 200 airlines catering to scheduled as well as chartered flights.

HAVAS also operates the Hopa Passenger Terminal since December 2007. Hopa Terminal is connected to the Batumi International Airport, which is operated by TAV Airports Holding. Hopa Terminal provides an easy travel option to the people of the Eastern Black Sea region because of its proximity to this area.

HAVAS provides passenger transportation services between the airport and the city center at the İstanbul Atatürk, İstanbul Sabiha Gökçen, Ankara, İzmir, Antalya, Bodrum, Dalaman, Malatya and Samsun airports as well as parking services at the Antalya and Bodrum airports.

Always focusing on its assertive approach in the ground handling sector, HAVAS is determined to continue its existence in this industry as a ground handling services company at the world standards with its service quality, equipment park and technological infrastructure. HAVAS received many awards from the world's leading airline companies.

HAVAS International Awards

- SAS Norge Airlines 2007: "Excellence" award
- First Choice Airlines 2004: "World's best ground handling company" (HAVAS ranked first for its services in Dalaman and second for its services in Bodrum.)
- British Airways 2004: "One of the three best ground handling services received by British Airlines"
- First Choice Airlines 2004: "World's Best Ground Handling Company"
- KLM Royal Dutch Airlines 2002: KLM Royal Dutch Airlines' second biggest award "4 Crown"


Havaş
Havaş
Havaş

TAV O&M

TAV Airports Holding sees airports as places where full range of services is provided to the passengers in a contemporary and unlimited manner.

TAV O&M is in charge of devising and managing non-aviation revenue sources from services such as area allocation, business development with new commercial activities, marketing of advertisement and promotion areas, HAVAS Tourism & Travel Agency, GATE airport magazine, prime class CIP passenger service, CIP lounge operations, Prime Valet and luggage wrapping.

For TAV Airports Holding, airports are more than just transit points; rather, they are places where full range of services is provided to the passengers in a contemporary and unlimited manner.

TAV O&M is in charge of devising and managing non-aviation revenue sources from services such as area allocation, business development with new commercial activities, marketing of advertisement and promotion areas, HAVAS Tourism & Travel Agency, GATE airport magazine, prime class CIP passenger service, CIP lounge operations, Prime Valet and luggage wrapping.

Commercial Areas

Exceptional service from distinguished companies from Turkey as well as from around the world... Seeing airport operation as a whole, made up of integrated services, TAV Airports Holding has set extremely ambitious targets for services provided to the passengers. Going to great lengths to think about and satisfy all passenger needs, the Company, through its subsidiary TAV O&M, allocates offices and retail shops to distinguished companies from Turkey and around the world in many different areas from gift shops and convenience stores to car rental, banking and hair styling.

Advertisement Areas

Messages that reach tens of thousands of people each day...
Advertisements for prestige purposes as well as special promotional campaigns can be displayed through various advertising channels such as permanent boards, network systems and stand areas.

Personal Services: "primeclass"

Primeclass CIP services reflect the unlimited service approach of TAV Airports Holding.

Proof of the unlimited service approach of TAV Airports Holding, "primeclass" is designed to facilitate every step of the passenger's trip, both inside and outside the airport.

Any passenger can use the "primeclass" service regardless of airline or flight class. The passengers who request "primeclass" service are greeted at the terminal gate by a porter and a CIP representative and their baggage is wrapped upon request. Their security, check-in and passport procedures are carried out quickly and without a long wait with the assistance of designated personnel. The guests are hosted at "primeclass" lounges until flight time with every conceivable element to assure their comfort. They are escorted by a CIP representative to the boarding gate with a mini golf cart in time for their flight. These services are available for passengers for both domestic and international flights, at both departure and arrival.

Using its experience and know-how in the sector as well as its professional staff, "primeclass" CIP Service also operates CIP lounges for corporate clients at the airport. Operating lounges for Turkish Airlines, Akbank and Garanti Bank at the domestic and international terminals as well as for Yapı Kredi Bank at the international terminal, "primeclass" provides luxury, comfort and privilege to the passengers before their flights.

HAVAS Tourism & Travel Agency

An A-Class and an IATA member travel agency, HAVAS Tourism & Travel Agency provides services with the assurance of TAV O&M. HAVAS Tourism offers services for domestic and international plane ticket reservations, hotel reservations, tour organizations, car rentals and convention-seminar-meeting organizations as well as its other travel products with a professional service approach and an expert staff.

A Service that Simplifies Your Life: Prime Valet

Striving to provide high quality services to the passengers at every stage of their travels, TAV O&M intends to save time for the passengers with its Prime Valet service. Thanks to this service, passengers can hand over their vehicles to the valet staff at the terminal entrance and perform their check-in transactions without losing any time.

Secure Baggage Service 24 Hours a Day, 7 Days a Week

The baggage wrapping machines located on the departure floors of both Domestic and International Terminals at the Atatürk Airport allow passengers to wrap their baggage and parcels with stretch film. The baggage wrapping service, which facilitates safer transportation and less wear and tear, is available 24 hours a day, 7 days a week.

A Difference-Making Magazine for Your Trip: The GATE

One of Turkey's highest circulation magazines, The GATE is among the most important channels to reach almost everyone who visits an airport. A magazine that is making a difference with its distinguished readership, The GATE is now available to its readers on the Internet.

Duty free services: **ATU**

Operator of the largest duty free shops in Turkey, ATU offers duty free shopping services at the İstanbul Atatürk, Ankara Esenboğa, İzmir Adnan Menderes Airports as well as at the Tbilisi and Batumi International Airports in Georgia.

Duty free stores are an inseparable part of airports. TAV Airports offers duty free shopping services at İstanbul Atatürk, Ankara Esenboğa, İzmir Adnan Menderes Airports as well as at Tbilisi and Batumi International Airports. A joint venture of TAV Airports Holding and Unifree, ATU gives the passengers the opportunity to shop for over 40,000 products from among the world's most famous brands at attractive prices.

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

As the operator of the largest duty free shops in Turkey, ATU offers duty free shopping services to passengers at İstanbul Atatürk, Ankara Esenboğa, İzmir Adnan Menderes Airports as well as at the Tbilisi and Batumi International Airports in Georgia in 42 outlets in an area of 10,354 square meters.

The Company offers pre-ordering service on its website, which allows passengers to pick up their orders immediately and thus save time at the airports.

Aiming to provide service at world standards, ATU continuously expands its product portfolio. Within the framework of TAV Airports' goal of constantly improving service quality, all shops at the Atatürk Airport were renovated in 2007. Launched in 2007 and granted the "Best New Shop Opening" award at the Global Awards organization of Duty Free News International (DFNI), ATU's new shops offer 40,000 reference products to the passengers.

ATU was deemed the second best Duty Free operator in the world in 2000 by the Frontier Magazine.

Airports Served by ATU	Duty Free Area (square meters)
İstanbul Atatürk Airport	5,334
Ankara Esenboğa Airport	2,240
İzmir Adnan Menderes Airport	2,353
Tbilisi International Airport	351
Batumi International Airport	75


DUTY FREE
OFFER
SPECIAL OFFER
SPECIAL OFFER

Catering Services: **BTA**

BTA serves approximately 24,000 people daily with a seating capacity for 10,400. BTA's kitchen employs an experienced and strong team.

Offering the highest quality and healthiest food to the passengers is part of TAV Airports' contemporary service approach. At the İstanbul Atatürk Airport International Terminal, Ankara Esenboğa Airport Domestic and International Terminals, İzmir Adnan Menderes Airport International Terminal as well as at the Tbilisi and Batumi International Airports, all operated by TAV Airports Holding, catering services are provided by BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş. (BTA), a 66.66% owned subsidiary of TAV Airports Holding. BTA offers catering services via cafes, bars, restaurants, passenger lounges and kiosks 24 hours a day for passengers from many different countries and cultures. Adopting a service approach at all airports it operates centered on the comfort and safety of the passengers, TAV Airports offers high quality food that complies with international food safety standards as quickly as possible in a limited period of time.

Combining a rich menu selected from world cuisines with traditional Turkish hospitality, BTA caters to an average of 24,000 people daily. With a seating capacity for 10,400, BTA offers its customers quick, meticulous service at the airports in which it operates.

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

BTA provides catering services around the clock to all passengers from different countries via the cafes, bars, restaurants and kiosks it operates utilizing a comfort and safety-oriented approach.

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

Cakes&Bakes

In recent years, Turkish consumers are increasingly getting in the habit of going out to eat and the catering professionals active on a global scale have decided to grow in Turkey. Founded in 2006 by BTA in order to meet the need for companies that can produce food in high standards arising as a direct consequence of these recent developments, Cakes&Bakes is now a supplier to world-renowned fast food and coffee house chains.

Producing bread, cakes, pastry products, sandwiches and salads in its five-story, 2,500 square-meter building in İkitelli, Cakes&Bakes supplies to 200 stores of internationally known food and beverage chains throughout Turkey as well as the units at the airports where BTA operates. With a production capacity of 1 million units per month, Cakes&Bakes is awaiting food enthusiasts with a wide array of delicious selections at the Cakes&Bakes cafes it has launched at the airports where catering services are provided by BTA.

Ideal Airport Accommodation: Istanbul International Airport Hotel

Airport Hotel provides its customers with all the comforts of home, away from home.

Airport hotels are designed to provide the fastest and most comfortable service to passengers. Like almost all the leading airports in the world, İstanbul Atatürk Airport has an elegant hotel designed for the comfort and convenience of the passengers.

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

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

Like all other elements of the TAV Airports Holding, Istanbul International Airport Hotel is an ideal place for accommodation that strives to provide the highest quality service to the passengers in the best possible manner.

Integrated turnkey solutions: **TAV IT**

With integrated turnkey solutions, TAV IT renders information systems an indispensable instrument in airport operations for both airport operators and other business partners. At the airports where TAV IT is responsible for system administration, all business partners are free from all functional and systemic defects, helping them to focus only on their own operations.

With the products it develops using know-how as well as its staff specialized in aviation sector and technological solutions, TAV IT strives to rid airport operations of complicated transactions while reducing costs and enhancing service quality.

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

Airport Business Suite allows the information flowing from the systems installed at the airports to be organized based on flights and to be centrally managed through real time data transfer to related points. As a result, all operational and financial transactions are structured around proven business processes, interpreted and managed in the best possible way. Operational management is simplified by minimizing personnel involvement in the transactions. The product has been successfully installed at the İstanbul Atatürk Airport, Tbilisi International Airport, Monastir Habib Bourguiba International Airport and İstanbul Sabiha Gökçen Airport in 2007.

Thanks to its extensive scope and smart elements, the Flight Information Display System allows immediate and error-free distribution and posting of flight information. Thanks to its multimedia support, it allows posting of non-flight related information such as advertisements, logo and real time weather information on the information monitors, alongside flight information. The Flight Information Display System is a solution that provides real financial value-added as well as flight information. The System was installed at the Tbilisi International Airport, Batumi International Airport, Monastir Habib Bourguiba International Airport and İstanbul Sabiha Gökçen Airport in 2007.

Oracle e-Business Suite, another important product offered by TAV IT, is used by four airports and TAV O&M, as well as by TAV Airports Holding internally. At the beginning of 2007, following the Accounting and Logistics processes, the Oracle e-Business Suite was expanded as of the third quarter of the year, to include Consolidations Transactions and Budget Realization Reporting processes, which are important to monitor and report within the Company. In the last quarter of the year, Human Resources and Treasury Management applications were launched, thus putting in service the other two elements of the ERP System. In addition, in line with organic growth strategies of TAV Airports Holding and in compliance with the Tunisian legislation, all Accounting and Logistics processes of Oracle were organized to provide service in Turkish, English and French at the Monastir Habib Bourguiba International Airport in Tunisia.

In addition to these products, the Company is aiming to facilitate most effective management of fixed and mobile resources as well as human resources at the airports with the Resource Management System, currently under development. The need to manage the resources in real time as well as to provide concrete value-added to the operations personnel brought to light the requirement of this system to possess artificial intelligence capability and complex modeling features. The Company has therefore established long-term collaborations with academic circles. The system is planned for launch in 2008.

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

With these goals in mind, in addition to the solutions it provides to the airports operated by TAV Airports Holding, TAV IT aims to expand outside of the TAV Airports structure and market its solutions that are highly advantageous in terms of cost as well as technology throughout the sector.

24/7 Critical and Fine Technology Solutions

The highly professional staff at TAV IT designs the infrastructure and applications while providing installation, optimization, operation and support services with an approach that exceeds the uncompromising expectations of the aviation sector.

TAV IT also produces solutions for all voice and data communication needs that meets or exceeds sector standards; it provides the strong computer backbone utilized for many different purposes with reliable, decisive, fast and well-managed backup solutions. The infrastructure needed for voice and data transmission is managed with optimum engineering solutions that comply with structural cabling standards accepted worldwide. The projects produced in this area represent Turkey successfully in the international arena, in Egypt, Qatar, Tunisia, Georgia and Libya.

Our Paths Cross with more than 30 Million People Every Year

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

VIP and Valet Service for more than Half a Million Flights per Year

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

Hundreds of Systems Speak the Same Language

TAV IT has successfully integrated many systems thanks to solutions that simplify the complicated processes needed by passengers, baggage, aircraft and companies terminal-wide. TAV IT enables automatic invoicing of (AODB) tariff services and simplifies the management and monitoring of different systems. The established structure easily accommodates even new and different systems in this solution.

24/7 Service in Four Different Geographies

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

Automation in Every Area: Office Tasks Have Been Simplified

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

You are safe at the airport: **TAV Security**

The Company combined the experience and know-how of the public sector with the advantages of the private sector while forming its expert management staff.

Security tops the list of vital priorities for airports that are visited by thousands of passengers every day. TAV Security serves alongside police at all control points as well as in the parking lot area at all terminals operated by TAV Airports.

Setting high standards with more than 2,000 employees in a total of nine projects including cargo security, physical security (shop, facility, company) and legal arms transportation service that it provides to companies outside TAV Airports Holding, in addition to its primary operation area of civil aviation security, TAV Security operates in the civil aviation security field in compliance with the principles stipulated by the National Civil Aviation Security Program, international standards/directives and Law No. 5188 Regarding Private Security Services and related Directive.

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

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

* İstanbul Atatürk Airport pursuant to Turkish Ministry of Interior's "Private Security Training Institution Operation License" No 497 dated September 13, 2007;

* İzmir Adnan Menderes Airport pursuant to Turkish Ministry of Interior's "Private Security Training Institution Operation License" No 505 dated December 25, 2007;

* Ankara Esenboğa Airport pursuant to Turkish Ministry of Interior's "Private Security Training Institution Operation License" No 525 dated December 31, 2007.


1

TAV Airports contributes to the development of the Turkish aviation sector as well through the trade fairs in which it participates.

Trade fairs that bring together many aviation companies from around the world have great significance in establishing communication between companies, following the emerging technology and promoting Turkey. Aware of this significance while closely following developments in its sector, TAV Airports Holding participated in many trade fairs during the previous year as well. Aviation and aviation technology is the fastest growing sector in the world. TAV Airports management supports every effort that contributes to the Turkish aviation sector's development in the same direction and at the same pace as global progress. Determined to maintain its leadership in this area with the projects it undertakes, TAV Airports Holding is focused on taking advantage of the decisive strategic position of Turkey. With the belief that international trade fairs are instrumental not just in following developments in the sector but also in promoting Turkey, TAV Airports is contributing to the promotion of Turkey through the trade fairs it participates with this awareness.

ITB INTERNATIONAL TOURISM EXCHANGE FAIR >> TAV Airports Holding took part in the ITB International Tourism Exchange Fair held in Germany's capital, Berlin, on March 7-11, 2007. The TAV Airports Holding exhibit representing its duty free shopping services provider ATU, catering services provider BTA, ground handling company HAVAS and TAV O&M subsidiaries HAVAS Tourism and CIP passenger service "primeclass" were visited by the Turkish Minister of Tourism and Culture, Atilla Koç on the first day of the fair.

TAV Izmir, an operating company within TAV Airports Holding, participated in the expo jointly with Destination İzmir, an industry group established to promote the tourism potential of İzmir and its surrounding area to the global tourism market. Destination İzmir promoted İzmir during the trade fair as a new destination for tourism; its objective was to position it abroad as a brand synonymous with excellent service.

WORLD ROUTE DEVELOPMENT FORUM: ROUTES >> Organized annually, the 13th World Route Development Forum, Routes was held in Stockholm, Sweden on September 23-25, 2007. TAV Airports Holding won an award at Routes for its work on the İstanbul Atatürk Airport. The Airport Marketing Awards 2007 winners which are selected by the airline companies at the Forum, concluded the voting in four categories. Atatürk Airport received the Highly Commended award in the Airports with 10-25 Million Passengers per Year category.

Approximately 650 airports, 350 airlines plus tourism and economy representatives from hundreds of countries gathered at the 13th World Route Development Forum Routes. During the Forum that hosted an estimated 10,000 participants, 1.5 million visitors and more than 8,000 press representatives, TAV Airports Holding promoted Ankara Esenboğa and İzmir Adnan Menderes Airports as well as the Atatürk Airport.

INTERNATIONAL TRAVEL AND TOURISM TRADE FAIR TTW >> TAV Airports Holding took part in the 32nd International Travel and Tourism Trade Fair TTW held in Montreux, Switzerland on October 24-26, 2007 with domestic and overseas projects as well as its operating company TAV Izmir. Setting the agenda for the travel industry this year, as it does every year, the Trade Fair showcased extensive product portfolios as well as unique seminars and training programs designed specifically for sector employees. New destination routes and travel programs were the subjects that drew the most interest from the visitors.

1ST GLOBAL AIRPORT INVESTMENT CONGRESS >> 1st Global Airport Investment Congress that brought together aviation authorities was held in İstanbul on November 5-6, 2007 with the participation of Turkey's Minister of Transport, Binali Yıldırım. In today's world where airport privatizations are becoming popular following important projects, the 1st Global Airport Investment Congress was organized to present new ideas and assess new projects underway in various geographies and to create an environment of cooperation. TAV Airports Holding contributed to the organization of this Congress, whose opening remarks were delivered by Turkey's Minister of Transport, Binali Yıldırım, who has created significant projects for the development of the Turkish aviation sector.

46TH ANNUAL WORLD CONFERENCE OF INTERNATIONAL FEDERATION OF AIR TRAFFIC CONTROLLERS' ASSOCIATIONS (IFATCA) >> The 46th Annual World Conference of International Federation of Air Traffic Controllers' Associations (IFATCA) was hosted by the Turkish Air Traffic Controllers Association on April 16-20, 2007 in İstanbul. TAV Airports Holding was the main sponsor for this organization. Organized annually by the IFATCA, a civil aviation trade association that aims to develop professional air traffic controllers and defends their interests, this conference lasted five days.

WTM TOURISM AND TRAVEL TRADE FAIR >> Held in London, capital of England, which is the second most important tourism market after Germany, the WTM Tourism and Travel Trade Fair took place on November 12-15, 2007. The trade fair played a significant role in promotion of Turkey, third largest market after Spain and Greece. Participating in many tourism trade fairs domestically and abroad to promote İzmir and its surrounding area to the world, Destination İzmir Group took part in the WTM London Trade Fair for the first time this year with the support of TAV Izmir, an operating company of TAV Airports Holding. A very important trade fair for getting together with international travel agencies and tourism veterans, WTM Tourism and Travel Trade Fair was a vibrant event for the sector.

TRAVEL TURKEY İZMİR TOURISM FAIR & CONFERENCE >> Travel Turkey İzmir Tourism Fair & Conference took place on December 13-16, 2007 in İzmir. The trade fair contributed to the promotion of Turkey on an international platform while breathing new life into the tourism sector. TAV Izmir, a TAV Airports Holding company, also participated in the trade fair. A resurgence of tourism between Greece and Turkey was recognized by having Greece participate as a partner country to this event. Groups that participated in this trade fair organized for the first time in İzmir included Business and Congress Tourism, Active and Adventure Tourism, Sports Tourism, SPA Tourism, Holiday Resorts, Congress Tourism and Hotels, Travel Agencies and Tour Operators, Transportation Companies, Tourism Training Institutions and City Culture and Tourism Directorates.

UTRECHT VAKANTIEBEURS TRADE FAIR >> TAV Izmir, a TAV Airports Holding operating company, took part in the Utrecht Vakantiebeurs Trade Fair, which took place on January 9-11, 2007 in the Netherlands, jointly with Destination İzmir. During the trade fair attended by the sector professionals as well as Dutch consumers to find new destinations, Destination İzmir, benefiting from its previous experience, expended efforts to make new connections to Çeşme, Kuşadası and Pamucak and to increase the number of tours as well as incoming and potential Dutch tourists.

INVESTOR RELATIONS AND SHARE PERFORMANCE

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

The Department responded to information requests from many investors and equity analysts before and after the public offering and provided continuous information about financial reporting periods as well as new developments. The Department held meetings with approximately 113 investors and analysts before the public offering in major financial centers such as London, Frankfurt, Amsterdam, The Hague, Dubai, Stockholm, Paris, Milan and Zurich. As a result of these efforts, a corporate investor portfolio was created and domestic and international research departments began publishing TAV Airports Holding reports. In an attempt to provide information to the investors after the public offering, the Department attended nine conferences abroad, three conferences in Turkey and conducted a meeting with analysts in Turkey. 317 face-to-face meetings were held with investors, shareholders and analysts about Company's operating results, performance and other developments. In addition, pursuant to Capital Markets Law, 64 material disclosures were made in 2007; these material disclosures were also posted on the Company website. The Department responded to inquiries from many investors and analysts via telephone and e-mail during 2007 while detailed presentations were prepared about the Company's financial results during financial reporting periods.

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

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

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

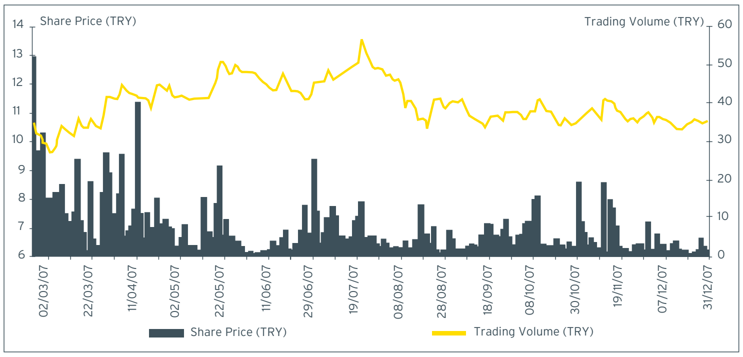
The following information is posted on the http://ir.tav.aero website:

>> Company history
>> Current management and shareholding structure
>> Summary balance sheet, income statement and cash flow statement
>> Summary operational data
>> Corporate governance guidelines
>> Code of ethics
>> Board of Directors and Board Committees
>> Most recent version of the Articles of Association and the dates and issue numbers of the Trade Registry Gazette where the amendments were published
>> Prospectuses and public offering circular
>> Trade registry information
>> General Assembly Meeting agenda, proxy form, meeting minutes
>> Annual report
>> Periodic financial statements and reports
>> Financial calendar
>> Material disclosures
>> Presentations
>> Share information
>> News updated by the data provider company
>> Frequently asked questions
>> Contact information

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

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

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



Carrying out its business through employees and executives led by the CEO, TAV Airports Holding has established Corporate Governance Principles to accomplish the objectives of the Company while maintaining and enhancing the value created for shareholders.

The Board of Directors reviews the Company's corporate governance principles and practices regularly. TAV Airports Holding Management recognizes the impact of its business practices on third parties and that all Company initiatives must be responsive to the needs and interests of customers, shareholders, employees, public entities, suppliers and all stakeholders in general.

The Board of Directors has established and is responsible for the administration of the TAV Code of Ethics to prevent risks related to business ethics, to provide guidance to the management, to ensure the healthy and continual operation for the reporting of unethical conduct reporting mechanisms and to help foster and sustain a culture of honesty and responsibility within the Company.

All members of the Board of Directors, executives and employees assume the responsibility under the TAV Code of Ethics to prevent and avoid situations that present a potential or actual conflict of interest between their personal interests and the Company's interests.

TAV Airports Holding conducts its business in compliance with applicable laws, rules and regulations. No member of the Board of Directors, executive or employee shall engage in any unlawful activity in conducting his or her business or daily duties.

CODE OF ETHICS

Conflict of Interest

While undertaking their corporate responsibilities, employees are expected to hold the Company's interests above their own interests as well as the interests of their families and acquaintances. The employees are to avoid any conduct that may be construed as pursuing the interests of their own or acquaintances. The possible cases of conflict of interest as well as the cases defined by the Company Management are shared with the employees and the management takes the necessary precautions.

Responsibility to Take Care in Their Duties

Employees are responsible for carrying out their duties meticulously and conducting their relationships with other employees, business partners and shareholders in compliance with the Code of Ethics. No employee may obtain benefits from third parties or institutions in relation to their work; they may not engage in personal business activities, nor demand/make payments.

The Responsibility to Protect the Company Assets and Interests

Employees are responsible for protecting the assets and interests of the Company and must abstain from all conduct that may damage these. The employees may not utilize Company means for their personal interests.

Confidentiality and Responsibility to Keep Secrets

All employees, regardless of whether it is related to their duties or not , are obliged to keep the information and trade secrets they have acquired regarding the Company. This liability continues even after the termination of their relationship with the Company.

Public Disclosure Responsibility

Information on behalf of the Company to third parties can only be disclosed by the employees authorized by the Management. The information given to the press, investors and financial analysts is prepared in accordance with the disclosure policies of the Company.

The Responsibility to Comply with the Laws, Company Principles and Rules

All employees are obliged to comply with the laws as well as the rules, internal regulations and directives stipulated by the Company Management regarding discipline, compliance, health and safety.

The Responsibility to be Careful in Conduct and Relationships

The employees are obliged to work in harmony with their colleagues and managers; to have good and proper relationships with private or official persons or institutions associated with the workplace and to carry out their duties in a rapid and honest manner.


Eczane
Pharmacy
TAKE YOUR LATE FATHER, HALİT ZİYA: HE WAS PERFECTLY IN PLACE IN BEBEK BECAUSE HE WAS JUST LIKE BEBEK: OPENHEARTED AND GENEROUS, FULL OF LIFE BUT A REAL GENTLEMAN. AND ORTAKÖY'S JUST RIGHT FOR AYHAN, TOO. ANYWAY, ONE DAY I GOT ONTO THE BUS IN SARIYER, TRAVELED ALL THE WAY DOWN THE BOSPHORUS, REMEMBERING ALL OVER AGAIN HOW BEAUTIFUL IT IS, RUMELİ FORTRESS, AŞİYAN, BEBEK AND GOT OUT RIGHT IN THE MIDDLE OF ORTAKÖY.
THE WAITING TO GO AND THE WAITING TO ARRIVE AND THE WAITERS WITH NO PROSPECT OF GOING ANYWHERE AT ALL...


Left Baggage
Information
Restoran
Restaurant
Bankalar
Banks
Cafe - Bar

TAV Airports Holding supports social development and meeting social requirements in all countries in which it operates as an indispensable responsibility.

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

Armed with this awareness, TAV Airports extends its best efforts every year to meet its responsibility by overcoming vital problems in domestic social development such as education.

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

During 2007, TAV Airports Holding meticulously undertook social responsibility projects in many different areas - from "We're Adding Schools" campaign and support for the Gaziemir High School to the Ankara International Film Festival, 10th İstanbul Biennial and the 1st Black Sea Games.

Ankara International Film Festival Receiving high praises for its support for culture and the arts, TAV Airports Holding was the Gold Sponsor of the 18th Ankara International Film Festival, an event aimed at enhancing the influence of Turkish cinema in the international arena. The Ankara Film Festival took place on April 12-22, 2007. TAV Airports Holding was presented a plaque of appreciation for its contributions at the Festival's opening ceremony. The Ankara International Film Festival has a major role in Ankara's quest to become a cultural center.

Special Tunisia Performance of Fire of Anatolia (Anadolu Ateşi) Successfully representing Turkey on the international stage, the group called -Fire of Anatolia- took stage at the Carthage Festival as well as in Hammamet, a tourism center 80 kilometers from Tunisia, during the Ground Breaking Ceremony for the Enfidha Zine El Abidine Ben Ali Airport, under the TAV Airports sponsorship.

The performance by Fire of Anatolia took place at the magical atmosphere of the Antique Theatre and was met with great appreciation.

DRUM Circle Activities TAV Airports Holding provided support for DRUM, a private group dedicated to improving harmony between different civilizations within a framework of dialog, respect and understanding through music. In an event entitled, "Bring Your Hands Together for the Rhythm of Peace" held on May 10, 2007 at the Rahmi M. Koç Museum, DRUM brought together representatives of the media, non-governmental organization representatives and prominent names from business, art and social life. At a press conference, it was announced that Sertab Erener would represent the project as the DRUM World Representative.

"We're Adding Schools" Campaign It has been emphasized that the greatest hurdle preventing children, especially girls, from attending school in Turkey is the insufficiency of classrooms. Setting out with this premise, NTV and Turkish National Committee for UNICEF invited everybody to support the "We're Adding Schools" campaign, which was launched on the NTV channel in April. This project will build additional prefabricated classrooms where they are needed. This campaign, also supported by TAV Airports Holding through donations, is a continuation of the "Let's Go To School Girls!" (Haydi Kızlar Okula!) campaign. This campaign is helping to increase awareness of the importance to have a good education.

1st Black Sea Games Turkey hosted the Black Sea Games this year, organized for the first time. Turkish Minister of State and Deputy Prime Minister Mehmet Ali Şahin emphasized that this organization will play a major role in bringing countries and young citizens from the Black Sea region closer to each other. Also supported by TAV Airports Holding, the 1st Black Sea Games took place in Trabzon, Rize and Giresun on July 2-8, 2007. Athletes under 18 participated in this event and competed in ten sports. The participant athletes were from the 12 countries of the Organization of the Black Sea Economic Cooperation, which was set up 15 years ago, the result of Turkey's efforts. Besides Turkey, Albania, Azerbaijan, Bulgaria, Armenia, Georgia, Moldova, Romania, Russia, Serbia, Ukraine and Greece took part in these games. Thousand of visitors attended the games, cheering on competitors in track and field, basketball, gymnastics, soccer, wrestling, volleyball, archery, taekwondo, swimming and cycling events. In addition, archery, track and field and swimming competitions took place for athletes with disabilities.

10th International İstanbul Biennial TAV Airports Holding served as the Special Project Sponsor for the International İstanbul Biennial, which was organized by the İstanbul Foundation for Culture and Arts (İKSV) for the tenth year. Chosen by the world-renowned curator Hou Hanru, projects by 96 international artists and artist groups were exhibited at the Atatürk Cultural Center (AKM), Antrepo (Warehouse) No. 3, İstanbul Textile Traders' Market (İMÇ), Santralistanbul and Kadıköy Public Education Center during the Biennial, which began on September 8, 2007. Thanks to the İstanbul Biennial, İstanbul became the focus of global art circles.

The İstanbul Biennial this year hosted critics, curators, museum and gallery managers from international contemporary art circles as well as over 300 press representatives and 3,000 guests from 35 countries.

CowParade-İstanbul 2007 TAV Airports Holding was among the companies that provided promotional support to the İstanbul edition of CowParade, an urban art and social responsibility event. This powerful project has been met with great interest throughout the world bringing a colorful presence to the cities that host it. CowParade decorated the streets of İstanbul with colorful and creatively designed cow sculptures. Previously, CowParade was hosted in 54 big cities around the world such as Paris, New York, Monaco, Moscow, Sydney, Tokyo and London. TAV Airports Holding participated in the CowParade by sponsoring the cows at Hasbahçe in Nişantaşı, Nazar (Evil Eye) in Ortaköy, GoldCow in Akmerkez, Nazar Boncuğu (Blue Bead) in Cevahir Shopping Center and Oturan Güzel (Sitting Beauty) in Kanyon. Furthermore, two CowParade cows on the air and land sides of the Atatürk Airport International Terminal and one cow at the Domestic Terminal were greeted with great interest by passengers. This charitable event exhibits locally decorated cow sculptures at CowParade events and then auctions off the objects of art and donates the proceeds to local charities. The CowParade in İstanbul benefitted the Street Kids Rehabilitation Association, The Mother Children Education Foundation (AÇEV) and TEMA (The Turkish Foundation for Combating Soil Erosion, Reforestation and Protecting Natural Habitats).

"Airport from the Objective" Exhibit The first Atatürk Airport exhibit entitled "the Airport from the Objective" began with a selection of 65 photographs utilizing an airport as the central theme and taken by airport photographers. The opening ceremony of the exhibit was presided over by the Turkish Minister of Transport Binali Yıldırım and Minister of Culture and Tourism Ertuğrul Günay. Photographs of people and events that have left their mark on history and that were taken at the Atatürk Airport by airport journalists and photographers over the course of many years was the central theme of the "Airport from the Objective" exhibition.

Created with the support of TAV Airports Holding, "Airport from the Objective" brought together passengers, businessmen, historians, artists and reporters at the Atatürk Airport.

TAV Izmir Support for Gaziemir High School TAV Airports Holding supports social development in the regions where it manages airports. TAV Izmir, the Company operating the Adnan Menderes Airport International Terminal, sponsored students from Gaziemir High School in the Turkish Track and Field Championship that took place in the İzmir Atatürk Stadium on May 5-6, 2007. Ümit Tan, one of 22 athletes attending Gaziemir High School, broke Turkey's record for the high jump. Ümit Tan, who also holds second place in the World Youth rankings, was pleased with this great accomplishment. Aşkın Karaca and Sait Özdemir, also students in Gaziemir High School, took first place in the triple jump and 2,000 meter hurdles, respectively.

Destination İzmir Destination İzmir aims to transform İzmir and Çeşme regions into a global tourism brand and raise the voice of İzmir, the pearl of the Aegean. The Destination İzmir promotion and business development platform was formed with contributions from TAV Izmir, SunExpress, hotel owners and tourism operators of Çeşme and İzmir and İzmir Metropolitan Municipality as well as the Çeşme and Alaçatı Municipalities. Within the scope of this project, TAV Izmir has taken part in many trade fairs worldwide and contributed to the promotion of İzmir as well as Turkey.

Stanley Clarke and Kerem Görsev Jazz Concerts In line with its support for the arts and social responsibility approach, TAV Airports Holding provided support for Stanley Clarke, a world-class jazz musician and the Kerem Görsev Trio, a group led by Kerem Görsev, one of Turkey's most important jazz artists in a concert that took place in April 2007 at İstanbul Jazz Center.

"Turkey from 1,000 feet" Exhibit The photographs in the book Turkey from 1,000 feet authored by Alp Alper, a Turkish Airlines flight expert, were displayed at the Atatürk Airport International Terminal. Among the bird's eye view photos by Alper who has taken photographs of Turkey as seen from eyes of the mythological gods of Olympus, are Yassıca Islands, Kekova (Caravola), Lake Küçükçekmece, Sümela Monastery, Atatürk Dam, Halfeti, Lake Meke, Hagia Sophia and Mount Ararat.

Larry Bossidy and Dr. Ram Charan – "Execution" TAV Airports Holding has published the Turkish translation of the book Execution by Larry Bossidy, the CEO of Honeywell and Dr. Ram Charan, a faculty member at Harvard Business School. The book is premised on the assertion that "You may be able to beat your competitors if your strategy is correct, but you must be able to get things done in order to win". TAV Airports Holding had previously published the book "Winning" by Jack Welch. As with Winning, the introduction to Execution: The Discipline of Getting Things Done was written by TAV Airports Holding President & CEO, Dr. M. Sani Şener.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with the Corporate Governance Principles

TAV Airports Holding ("Company") makes every effort to comply with the Capital Markets Board Corporate Governance Principles ("Corporate Governance Principles") originally published in July 2003 and later revised in February 2005 by the Capital Markets Board ("CMB"). To this end, the Company will also begin to implement some of the stipulations specified as recommendations in the Principles.

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

SECTION I-SHAREHOLDERS

2. Shareholder Relations Unit

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

In order to oversee all relations with shareholders and establish the channels of communication between the Company and the shareholders, the Investor Relations Department was established within the Company in September 2006, before the initial public offering in February 2007. Per the organization of the Company, the Investor Relations Department reports directly to the Chief Financial Officer (CFO).

Primary responsibilities of the Investor Relations Department include:

>> Ensuring that the records kept about the shareholders are accurate, reliable and up-to-date,

>> Responding to written or verbal information requests from shareholders, potential investors, stock analysts, legal bodies (Capital Markets Board, Istanbul Stock Exchange, Central Registry Agency, etc.) and financial publication houses about the Company unless the requested information is publicly unavailable, confidential or a trade secret, ensuring that information is simultaneously made available to everybody in a consistent manner, and updating existing information

>> Preparing and sending the material disclosures to the Istanbul Stock Exchange in both Turkish and English simultaneously,

>> Reviewing all Company announcements and preparing the announcements about financial results in both Turkish and English simultaneously,

>> Updating the Investor Relations Section on the Company website and using other electronic communication means to transmit information to shareholders and potential investors,

>> Creating a database consisting of domestic and foreign institutional investors as well as equity and sector analysts,

>> Representing the Company in investor relations meetings with existing and potential investors and analysts in Turkey and abroad,

>> Examining and monitoring analyst reports,

>> Monitoring significant developments and statistics about the sector,

>> Taking necessary measures to ensure that the General Assembly meetings are held in compliance with existing legislation, Company's Articles of Association and other Company regulations,

>> Preparing the documents that will be beneficial to shareholders for the General Assembly meeting,

>> Ensuring that meeting minutes are sent to the shareholders,

>> Monitoring and overseeing every aspect of public disclosure process in compliance with legislation.

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

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

Persons in charge of the relations with the shareholders are listed below:

Nursel İlgen, CFA Investor Relations Manager
Telephone: +90 (212) 465 5555
Facsimile: +90 (212) 465 3100
e-mail: nursel.ilgen@tav.aero
investorrelations@tav.aero

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investorrelations@tav.aero
investorrelations@tav.aero

Of the Company's outstanding shares 18.4% are publicly held, approximately 90% of which reside in the portfolios of foreign investors. Consequently, following the public offering in February 2007, the Department participated in 9 overseas and 3 domestic conferences as well as in numerous analyst meetings in Turkey, in an attempt to provide information to shareholders and investors. The Department had 317 in-person meetings with investors, shareholders and analysts on the Company's operations results, performance and other developments.

In addition, pursuant to the Capital Markets Legislation, 64 material disclosures were made during 2007 and these disclosures were also posted on the Company website. During 2007, the Department responded to numerous investor and analyst inquiries via phone and e-mail, while preparing detailed announcements on financial results during financial reporting periods.

3. Exercise of Shareholder's Right to Obtain Information

It is the Company's principle to treat all shareholders, potential investors and analysts equally with respect to exercise of rights to obtain and analyze information as well as to make all information disclosures to everybody simultaneously and with identical content. All information sharing is performed within the scope of the content previously disclosed to the public.

Many written and verbal information requests from the shareholders were responded to on an expedited basis under the supervision of the Investor Relations Department and in compliance with the Capital Markets Law. The Articles of Association currently do not recognize requests for assignment of a special auditor as an individual right. The Company did not receive any requests for appointment of special auditors. However, Article 20.1 of the Company's Articles of Association authorizes shareholders to direct the attention of auditors to doubtful matters and request necessary explanations.

In order to enhance shareholders' rights to obtain information, all necessary information that can impact the exercise of rights is presented to the shareholders in an up-to-date form on the Company website. All information on the Company website is presented in Turkish as well as in English in order to treat all shareholders, domestic and foreign, equally.

4. Information on General Assembly

Since the Company was unable to convene the Ordinary General Assembly regarding 2006 activities by the end of March, the Ordinary General Assembly Meeting was held on May 28, 2007 at 10 a.m. in the Akfen Meeting Hall of the Company Headquarters. As the Company is a holding company and is obligated to prepare its financial statements on a consolidated basis pursuant to International Financial Reporting Standards, it was not possible to prepare and publicly release the financial statements in such a short time. In addition, CMB and Istanbul Stock Exchange ("ISE") regulations allowed to publicly announce the 2006 financial statements until April 13, 2007 (April 27, 2007 for TAV Airports Holding due to its additional two weeks). As a result, we believe that our practice in this matter complies with both the Capital Markets Law and the Principles.

The announcement for the General Assembly including the necessary information about the meeting date and time, meeting location, agenda items, procedures for the attendance of shareholders in the meeting, proxy forms and arrangement procedure was published on pages 116 and 117 of the Turkish Trade Registry Gazette issue no. 6806 dated May 11, 2007. The announcement was also published in the daily Dünya Newspaper dated May 7, 2007.

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

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

Of the 242,187,500 shares representing the Company's capital, 199,388,413 shares (82.33%) were represented at the General Assembly meeting.

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

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

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

The Company did not receive any requests from the shareholders for adding items to the agenda of the General Assembly regarding 2006 activities.

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

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

The Akfen Meeting Hall at the Company Headquarters where the General Assembly Meeting took place can accommodate all shareholders.

During the General Assembly Meeting, agenda items were presented in an objective, detailed, clear and comprehensible manner and the language and expressions used did not allow for different interpretations. Shareholders were given equal opportunity to voice their opinions and ask questions, thus creating a healthy discussion environment; however, shareholders did not exercise this right during the General Assembly Meeting regarding the year 2006.

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

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

5. Voting Rights and Minority Rights

Voting Rights

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

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

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

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

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

Minority Rights

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

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

The Company's Articles of Association do not provide for cumulative voting.

Principle of Equal Treatment of Shareholders

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

6. Dividend Policy and Timing of Distribution

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

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

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

As a result of the Company showing a net period loss as of the end of the 2006 fiscal year, the General Assembly at its meeting held on May 28, 2007 resolved not to make a dividend payment to shareholders for the 2006 fiscal year.

7. Transfer of Shares

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

SECTION II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy of the Company

The Company strictly adheres to conduct within the framework of equality, truthfulness, impartiality, consistency and promptness in the disclosure of information to all shareholders and other stakeholders.

Public Disclosure Principles and Tools

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

>> The Investor Relations Department is responsible for overseeing and monitoring all issues related to public disclosures. Questions received from outside the Company are responded to by the CEO, the CFO, or within the knowledge of and authorization limits set by the CEO and the CFO, by the Investor Relations Department. All correspondence and meetings with the capital markets participants are carried out by the Investor Relations Department.

>> Aside from the channels stipulated by legislation, other public disclosure tools and methods such as press bulletins, electronic data distribution channels, e-mails, meetings with shareholders and potential investors as well as announcements posted on the Company website are effectively utilized.

>> The Code of Ethics stipulated within TAV Airports Holding spells out the principles and rules that all managers and employees are obligated to comply with. These conduct rules are posted on the Company website for the information of the public. According to the “public disclosure responsibility” provision of these rules, information on behalf of the Company can only be disclosed to the third parties by the persons authorized by the management. This provision also stipulates that the information submitted to the press, investors and financial analysts be prepared in accordance with the Company's public disclosure policies.

>> Without prejudice to any of the provisions in the relevant regulations, the Company informs the public when a material change occurs, or is expected to occur in the near future in the financial position and/or activities of the Company.

>> The Company continuously updates and publicly announces any changes or developments that arise regarding the public announcements made by the Company.

Periodic Financial Statements and Reports in Public Disclosures

The Company's financial statements and accompanying notes for year 2007 are prepared on a consolidated basis in accordance with CMB Communiqué Series: XI, No. 25 as well as the International Financial Reporting Standards (IFRS), and are independently audited and announced to the public.

9. Material Disclosures

The developments that have the potential to impact the value of the Company's capital market instruments are announced to the public on an expedited basis within the timeframe stipulated by the legislation. The Company made 61 material disclosures during 2007, two of which were additional disclosures requested by the CMB or the Istanbul Stock Exchange Management.

The Company has no additional disclosure obligations since the Company does not have any capital market instruments listed in foreign stock exchanges.

10. The Company Website and its Contents

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

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

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

All publicly disclosed information by the Company is also available on the Company website. The Company letterhead clearly indicates the address of its website. The following information is posted on the http://ir.tav.aero website:

>> Company history

>> Current management and shareholding structure

>> Summary balance sheet, income statement and cash flow statement

>> Summary operational data

>> Corporate Governance Principles

>> Code of Ethics

>> Board of Directors and Board Committees

>> Most recent version of the Articles of Association and the dates and issue numbers of the Trade Registry Gazette where the amendments were published

>> Prospectuses and public offering circular

>> Trade registry information

>> General Assembly Meeting agenda, proxy form, meeting minutes

>> Annual report

>> Periodic financial statements and reports

>> Financial calendar

>> Special Case material disclosures

>> Presentations

>> Share information

>> News updated by the data provider company

>> Frequently asked questions

>> Contact information

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

11. Disclosure of Ultimate Controlling Shareholder(s)

There is no individual in the Company with ultimate controlling shares.

12. Public Disclosure of Insiders

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

>> Board Members listed in Article 18 of this report;

>> Ersagun Yücel, General Secretary to the CEO;

>> TAV Airports Holding Directors;

Murat Uluğ
Finance Director (CFO)
TAV Airports Holding Co.

Serkan Kaptan
Business Development and Investments Director
TAV Airports Holding Co.

Ümit Kazak
Logistics and Contracts Director
TAV Airports Holding Co.

Özlem Tekay
Human Resources Director
TAV Airports Holding Co.

Altuğ Koraltan
Internal Audit Director
TAV Airports Holding Co.

Murat Örnekol*
Operations Director
TAV Airports Holding Co.

Banu Pektaş
Legal Counsel
TAV Airports Holding Co.

Şeref Eren
Consultant
TAV Airports Holding Co.

Hüseyin Ulukanlı
Consultant
TAV Airports Holding Co.

Haluk Bilgi
Country Director
TAV Tunisie SA

* Murat Örnekol, General Manager of TAV Esenboga was appointed as the Operations Director, TAV Airports Holding Co.; Nuray Demirer was promoted from Assistant General Manager to General Manager at TAV Esenboga.

>> TAV Airports Holding Coordinators;

>> Spouses and first degree relatives and in-laws of the people listed above.

Since the insiders were disclosed in the circular and other documents prepared during the public offering, the Company does not find it necessary to disclose these people in a separate list in another form. As explained above, all employment contracts contain the clause:

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

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

SECTION III-STAKEHOLDERS

13. Informing the Stakeholders

The Company's corporate governance practices and code of ethics ensure the protection of the rights of stakeholders as stipulated in legislation or mutual agreements.

Stakeholders are constantly informed within the framework of the Company's public disclosure policy established with respect to governing legislation and the Company's code of ethics. Efforts are under way to document the Information Disclosure Policy as a written statement and to provide information to various departments on this matter. Once these efforts are finalized, the resulting Information Disclosure Policy Document will be posted on the Company website.

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

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

14. Participation of Stakeholders in Management

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

15. Human Resources Policy

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

>> The Company has adopted the principle of offering equal opportunities in recruitment, training and development, remuneration and career planning.

>> Recruitment criteria are documented in writing and are followed in practice.

>> The Company treats its employees equally in development and promotion opportunities and devises development policies and plans for the employees to enhance their skills and experience.

>> Decisions and developments concerning the employees are transmitted via the Corporate Intranet and the Corporate Magazine, which were established to enhance and accelerate communication among employees.

>> Job descriptions, performance evaluation and rewarding criteria of the employees are determined by the managers and shared with the employees.

>> Relations with employees are carried out by the Human Resources Directorate. The Company does not discriminate between its employees. No complaints related to discrimination were received from the employees.

16. Information about Relations with Customers and Suppliers

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

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

17. Social Responsibility

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

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

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

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

SECTION IV-BOARD OF DIRECTORS

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

The formation and election of the Board of Directors conform to the Corporate Governance Principles and the procedures regarding this issue are set forth in the Company's Articles of Association. Accordingly;

>> The Company is managed by a Board of Directors comprised of at least 15 members elected by the General Assembly from among shareholders. As stipulated in the Company's Articles of Association, two Board Members are required to be independent members as defined by the Capital Markets Board's Corporate Governance Principles.

The names of the Board Members appointed in accordance with the Company's Articles of Association are presented below:

Hamdi Akın
Chairman

Ali Haydar Kurtdarcan
Vice Chairman

Mustafa Sani Şener
President & CEO

Mehmet Cem Kozlu
Board Member

Pierre de Champfleury
Board Member

James Bernard Farley
Board Member

Shailesh Kumar Dash
Board Member

Mumtaz Khan
Board Member

İlhan İl
Board Member

İbrahim Süha Güçsav
Board Member

Mustafa Kalender
Board Member

İrfan Erciyas
Board Member

Şeref Eren
Board Member

Mehmet Erdoğan
Board Member

Süleyman Son
Board Member

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

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

The independent Board Members are obligated to submit a written statement of independence to the Board of Directors and immediately inform the Board of Directors when their independent status ceases.

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

19. Qualifications of Board Members

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

The Board of Directors is structured to ensure maximum influence and effectiveness that is in compliance with the CMB Principles. The Company's Articles of Association do not contain any provisions on this issue.

20. Mission, Vision and Strategic Goals of the Company

Our Mission

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

Our Vision

To become the leader and the pioneer airport operating company in our targeted regions (Eastern Europe, Caucasus, Middle East and North Africa).

Our Strategic Goals

The Company's general strategic goals are specified below:

>> To achieve long term, sustainable and profitable growth,

>> To maintain and make permanent our leadership in the domestic market and to become the leader or the leader's closest pursuer at the international level in the upcoming period.

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

21. Risk Management and Internal Control Mechanism

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

The Internal Audit Director reports both to the CEO and the Board of Directors separately. The Internal Audit Director reports to the Board of Directors operationally through the Internal Audit Committee and reports to the CEO hierarchically.

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

22. Authorities and Responsibilities of the Board Members and Executives

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

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

23. Operating Principles of the Board of Directors

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

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

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

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

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

>> The Board of Directors shall meet as the business and transactions of the Company require. However, it is required that the Board of Directors meets at least once every three months. Four Board of Directors meetings were held during 2007.

>> The Chairman, Vice Chairman or any Board Member has the right to call the Board of Directors for a meeting and/or include any subject in the agenda that he/she wants discussed by making an invitation to all Board Members at least seven days in advance.

>> Such meeting invitations shall be made via e-mail. Board Members may waive these meeting formalities in writing.

>> All meetings of the Board of Directors in 2007 were held at the Company Headquarters, as it was not decided otherwise by the Board of Directors.

>> Every Board Member is entitled to one vote. Board Members do not have weighted voting rights or affirmative/negative veto rights.

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

24. Prohibited Dealings and Competition with the Company

At the General Assembly meeting that took place on May 28, 2007, the proposal that was presented for shareholder approval to authorize the Chairman and the Board Members to perform the transactions stipulated in articles 334 and 335 of the Turkish Commercial Code regarding the ban on doing business and competing with the Company was approved by the General Assembly.

25. Code of Ethics

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

With this Code of Ethics, it is aimed to ensure that the conducts of the TAV executives and employees are of the highest standards and that they are aware of the impact of their conduct and attitudes on the Company. Furthermore, the Code ensures that ethics of highest standards are displayed and best methods are employed regarding Company activities and the shareholders.

26. The Number, Structure and Independence of Board Committees

In line with the Capital Markets Board Corporate Governance Principles, a Corporate Governance Committee and an Audit Committee, which report to the Board of Directors, were formed within the Company.

Corporate Governance Committee

Reporting directly to the Board of Directors, the Corporate Governance Committee assists the Board of Directors on the formation and development of structures and practices necessary for TAV, to be managed in accordance with internationally accepted corporate governance principles, and remuneration of and coordination of development and career planning activities for high-level executives.

Members of the Corporate Governance Committee are listed below:

Chairman of the Corporate Governance Committee

Mehmet Cem KOZLU
Board Member
TAV Airports Holding Co.

Members of the Corporate Governance Committee

Özlem TEKAY
Human Resources Director
TAV Airports Holding Co.

Murat ULUĞ
Finance Director (CFO)
TAV Airports Holding Co.

Ümit KAZAK
Logistics and Contracts Director
TAV Airports Holding Co.

Audit Committee

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

Members of the Audit Committee are listed below:

Chairman of the Audit Committee

Ali Haydar KURTDARCAN
Vice Chairman
TAV Airports Holding Co.

Members of the Audit Committee

Önder SEZGİ
Financial Affairs and Audit Director,
Bilkent Holding Co.

Şeref EREN
Consultant
TAV Airports Holding Co.

Oktay UĞUR
Financial Affairs Coordinator
Akfen Holding Co.

Tansel SARAÇ
Capital Markets Manager
Akfen Holding Co.

James Bernard FARLEY
Board Member
Babcock&Brown Turkish Airports LLC

Halil EMECEN
Managing Director
Goldman Sachs International

Altuğ KORALTAN
Internal Audit Director
TAV Airports Holding Co.

27. Remuneration of the Board of Directors

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

AGENDA FOR THE ORDINARY GENERAL ASSEMBLY MEETING

1. Opening; formation of the Chairmanship Committee,
2. Authorization of the Chairmanship Committee to sign the General Assembly Meeting Minutes,
3. Reading, discussion and approval of the Company's Board of Directors' Activity Report and the Statutory Auditors' Report for year 2007,
4. Reading, discussion and approval of the Company's 2007 Balance Sheet and Profit/Loss Accounts,
5. Presentation for information of and approval by the General Assembly the fact and the proposal that the Company shall not make a dividend payment to the shareholders since the Company has a net loss from previous years as of the end of 2007 fiscal year,
6. Release of the members of the Board of Directors and the Auditors for their activities relating to the year 2007,
7. Presentation of information to the General Assembly about the donations made by the Company during 2007,
8. Authorization of the Chairman and the Members of the Board of Directors to execute the transactions stipulated in articles 334 and 335 of the Turkish Commercial Code,
9. Requests and wishes,
10. Closing.

TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2007 WITH INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

To the Board of Directors of
TAV Havalimanları Holding Anonim Şirketi

We have audited the accompanying consolidated financial statements of TAV Havalimanları Holding Anonim Şirketi and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated statements of operations, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of certain consolidated companies as at and for the year ended 31 December 2007 which statements reflect total assets constituting 12%, and total revenues constituting 2% of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for these companies, is based solely on the report of the other auditors. The corresponding figures presented are based on the consolidated financial statements of the Group as at and for the year ended 31 December 2006, prior to the restatements described in note 41 to these consolidated financial statements, which were audited by another auditor whose report dated 27 April 2007 expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2007, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw your attention to Note 41 to the consolidated financial statements. During 2007, an error was discovered in the consolidated financial statements of the Group as at and for the year ended 31 December 2006. The related corresponding figures for 31 December 2006 have been restated accordingly.

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

İstanbul, Turkey
11 April 2008

TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007

(Amounts expressed in Euro unless otherwise stated)

ASSETS	Notes	2007	Restated (*) 2006
Property and equipment	15	67,314,856	33,806,957
Intangible assets	16	30,395,636	18,131,797
Build-operate-transfer ("BOT") investments	17	502,842,676	441,200,616
Other investments	18	1,235,348	742,801
Goodwill	7	131,564,539	72,717,730
Prepaid concession expenses, non-current portion	19	154,155,439	187,567,509
Other non-current assets	22	27,309,817	27,549,640
Deferred tax assets	20	21,142,581	14,416,548
Total non-current assets		**935,960,892**	**796,133,598**
Inventories	21	9,442,540	11,513,064
Prepaid concession expenses, current portion	19	140,797,438	140,818,617
Trade receivables	23	25,407,313	25,549,510
Due from related parties	38	4,194,406	10,617,200
Other receivables and current assets	22	43,742,231	35,409,916
Cash and cash equivalents	24	64,652,433	6,254,146
Restricted bank balances	25	257,520,816	323,524,530
Investments held for trading	18	248,683	157,729
Total current assets		**546,005,860**	**553,844,712**
TOTAL ASSETS		**1,481,966,752**	**1,349,978,310**

(*) See "Restatement of Prior Periods' Financial Statements" – Note 41

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

TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007
(Amounts expressed in Euro unless otherwise stated)

EQUITY	Notes	2007	Restated (*) 2006
Share capital	26	104,910,267	99,543,528
Premium in excess of par		220,182,481	195,558,166
Legal reserves		10,559,039	8,766,287
Revaluation surplus		3,007,539	-
Purchase of shares of entities under common control		40,063,860	35,589,741
Translation reserves		343,039	(83,244)
Accumulated losses		(53,499,998)	(13,432,828)
Total equity attributable to equity holders of the Company		**325,566,227**	**325,941,650**
Minority interest		**14,986,680**	**1,464,181**
Total Equity		**340,552,907**	**327,405,831**
LIABILITIES			
Loans and borrowings	28	767,503,201	49,739,170
Reserve for employee severence indemnity	29	4,884,107	3,685,054
Deferred income	31	19,068,150	22,568,298
Deferred tax liabilities	20	4,581,203	3,888,875
Total non-current liabilities		**796,036,661**	**79,881,397**
Bank overdraft	24	1,970,698	-
Loans and borrowings	28	235,064,055	820,723,733
Trade payables	33	22,007,749	56,250,458
Due to related parties	38	28,790,208	34,894,531
Derivative financial instruments	34	17,144,780	9,941,501
Current tax liabilities		1,487,698	1,680,846
Other payables	30	18,014,081	13,528,728
Provisions	32	11,533,560	949,545
Deferred income	31	9,364,355	4,721,740
Total current liabilities		**345,377,184**	**942,691,082**
Total Liabilities		**1,141,413,845**	**1,022,572,479**
TOTAL EQUITY AND LIABILITIES		**1,481,966,752**	**1,349,978,310**

(*) See "Restatement of Prior Periods' Financial Statements" – Note 41

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

TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2007
(Amounts Expressed in Euro Unless Otherwise Stated)

	Notes	2007	Restated (*) 2006
Revenue	8	487,223,597	381,839,723
Other operating income	9	20,305,196	19,992,410
Cost of catering inventory sold		(10,890,429)	(7,719,770)
Cost of duty free inventory sold		(56,040,406)	(45,920,056)
Cost of services rendered		(22,578,695)	(24,917,635)
Personnel expenses	10	(113,294,400)	(69,816,359)
Concession rent expenses	19	(140,789,005)	(140,683,205)
Depreciation and amortization expense	12	(48,955,917)	(16,302,861)
Other operating expenses	11	(86,911,567)	(83,911,539)
Operating profit		**28,068,374**	**12,560,708**
Finance income		11,549,032	18,517,052
Finance expenses		(81,933,847)	(93,724,869)
Net finance expense	**13**	**(70,384,815)**	**(75,207,817)**
Loss before income tax		**(42,316,441)**	**(62,647,109)**
Income tax benefit/(expense)	14	3,878,116	(7,615,671)
Loss for the year		**(38,438,325)**	**(70,262,780)**
Attributable to:			
Equity holders of the Group		(38,316,385)	(70,528,247)
Minority interest		(121,940)	265,467
Loss for the year		**(38,438,325)**	**(70,262,780)**
Weighted average number of shares outstanding		**240.717.076**	**94.687.500**
Loss per share – basic	**27**	**(0.15968)**	**(0.74204)**

(*) See "Restatement of Prior Periods' Financial Statements" – Note 41

TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007
(Amounts Expressed in Euro Unless Otherwise Stated)

	Share Capital	Share Premium	Legal Reserves	Revaluation Surplus	Translation Reserves	Purchase of Shares of Retained Earnings	Attributable to Entities Under Common Control	Equity Holders of the Parent	Minority Interest	Total
Balance as at 31 December 2005										
as previously reported	**82,060,070**	**22,793,383**	**8,362,895**	**-**	**183,918**	**54,871,460**	**(12,367,409)**	**155,904,317**	**10,852,802**	**166,757,119**
Correction of an error (Note 41)	-	-	-	-	-	(293,402)	-	(293,402)	-	(293,402)
Effect of purchase of shares from										
subsidiaries (Note 3(a)(ii))	-	7,597,794	-	-	-	3,255,008	-	10,852,802	(10,852,802)	-
Balance as at 31 December 2005										
as restated	**82,060,070**	**30,391,177**	**8,362,895**	**-**	**183,918**	**57,833,066**	**(12,367,409)**	**166,463,717**	**-**	**166,463,717**
Cash injection in share capital	17,483,458	171,881,833	-	-	-	-	-	189,365,291	-	189,365,291
Effect of purchase of shares										
from subsidiaries (Note 3(a)(ii))	-	(6,714,844)	-	-	-	(334,255)	47,957,150	40,908,051	22,907	40,930,958
Transfers	-	-	403,392	-	-	(403,392)	-	-	979,476	979,476
Exchange differences on										
translation reserves	-	-	-	-	(267,162)	-	-	(267,162)	196,331	(70,831)
Loss for the period	-	-	-	-	-	(70,528,247)	-	(70,528,247)	265,467	(70,262,780)
Balance as at 31 December 2006	**99,543,528**	**195,558,166**	**8,766,287**	**-**	**(83,244)**	**(13,432,828)**	**35,589,741**	**325,941,650**	**1,464,181**	**327,405,831**
Balance as at 31 December 2006										
as previously reported	**99,543,528**	**171,881,833**	**8,766,287**	**-**	**(83,244)**	**(5,131,662)**	**35,589,741**	**310,566,483**	**23,073,804**	**333,640,287**
Correction of an error (Note 41)	-	-	-	-	-	(6,234,456)	-	(6,234,456)	-	(6,234,456)
Effect of purchase of shares										
from subsidiaries (Note 3(a)(ii))	23,676,333	-	-	-	-	(2,066,710)	-	21,609,623	(21,609,623)	-
Balance as at 31 December 2006										
as restated	**99,543,528**	**195,558,166**	**8,766,287**	**-**	**(83,244)**	**(13,432,828)**	**35,589,741**	**325,941,650**	**1,464,181**	**327,405,831**
Cash injection in share capital	5,366,739	48,300,648	-	-	-	-	-	53,667,387	-	53,667,387
Effect of purchase of shares										
from subsidiaries (Note 3(a)(ii))	-	(23,676,333)	-	-	-	-	4,474,119	(19,202,214)	13,818,118	(5,384,096)
Revaluation of property and										
equipment, net of tax	-	-	-	3,007,539	-	85,402	-	3,092,941	-	3,092,941
Transfers	-	-	1,792,752	-	-	(1,836,187)	-	(43,435)	43,435	-
Exchange differences on translation reserves	-	-	-	-	426,283	-	-	426,283	129,149	555,432
Dividend distributions	-	-	-	-	-	-	-	-	(369,959)	(369,959)
Loss for the period	-	-	-	-	-	(38,316,385)	-	(38,316,385)	(121,940)	(38,438,325)
Issue of share capital in affiliates	-	-	-	-	-	-	-	-	23,696	23,696
Balance as at 31 December 2007	**104,910,267**	**220,182,481**	**10,559,039**	**3,007,539**	**343,039**	**(53,499,998)**	**40,063,860**	**325,566,227**	**14,986,680**	**340,552,907**

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

TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in Euro unless otherwise stated)

	Notes	2007	Restated 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(38,438,325)	(70,262,780)
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation of BOT investments	12-17	37,784,314	8,665,233
Depreciation of property and equipment	12-15	8,588,490	5,695,202
Amortisation of intangible assets	12-16	2,583,113	2,096,057
Amortisation of concession asset	19	140,789,005	140,683,205
Non-recoverable VAT related to concession payments		10,135,128	9,626,113
Provision for employment termination benefits	29	723,817	2,319,265
Provision for doubtful receivables		(20,774)	437,909
Provision for tax penalties	32	9,248,823	-
Other provisions		-	524,579
Discount on receivables and payables		112,806	(183,059)
Gain on sale of property and equipment		-	117,317
Unused vacation accrual	32	1,256,739	298,099
Inventory write-down		(216,862)	83,012
Unrealized foreign exchange differences on loans		(14,332,394)	(25,652,997)
Interest expense on financial liabilities		55,257,881	62,357,531
Income tax (benefit)/expense	14	(3,878,116)	7,615,671
Marked to market valuation of derivative instruments		7,203,279	8,626,171
Cash flows from operating activities		**216,796,974**	**153,046,528**
Change in trade receivables		12,402,223	(10,093,163)
Change in inventories		2,547,333	3,545,857
Change in due from related parties		(108,694)	(15,302,289)
Change in restricted bank balances		5,056,392	(150,959,209)
Change in advances received		(557,308)	2,151,154
Change in other receivables and current assets		(7,295,325)	4,644,873
Change in trade payables		(25,977,895)	33,052,059
Change in due to related parties		(16,023,619)	206,520,225
Change in other payables and provisions		1,420,715	173,396
Change in other long term assets		(2,093,673)	126,265
Additions to prepaid concession expenses		(107,355,756)	(44,011,350)
Change in VAT portion of prepaid rent		(7,801,633)	14,296,180
Cash generated from operations		**71,009,684**	**197,190,526**
Income taxes paid		(3,238,888)	(4,966,703)
Interest paid		(50,058,532)	(57,009,288)
Retirement benefits paid		(990,213)	(868,627)
Net cash from operating activities		**16,722,051**	**134,345,908**

TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2007
(Amounts expressed in Euro unless otherwise stated)

	Notes	2007	Restated 2006
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments held for trading/held to maturity		(90,954)	(262,266)
Acquisition of subsidiary net of cash acquired	7	(76,446,285)	-
Proceeds from sale of property and equipment		984,162	6,023,299
Acquisition of property and equipment	15	(18,855,826)	(24,743,321)
Acquisition of BOT investments	17	(100,474,712)	(315,222,035)
Acquisition of intangible assets	16	(1,267,225)	(4,720,967)
Revaluation of intangible assets		(3,416,074)	-
Net cash used in investing activities		**(199,566,914)**	**(338,925,290)**
CASH FLOWS FROM FINANCING ACTIVITIES			
New borrowings raised		233,157,597	246,808,908
Repayment of borrowings		(92,224,347)	(236,737,570)
Change in restricted bank balances		60,947,322	(37,137,320)
Increase in premium in excess of par		48,300,648	171,881,833
Purchase of shares of entities under common control		4,474,119	24,852,418
Effect of group structure change		(34,601,256)	(4,260,701)
Increase of share capital		5,366,739	17,483,458
Minority change		13,522,500	17,058,020
Addition in/(payments of) finance lease liabilities		699,089	(43,599)
Dividends paid		(369,959)	-
Net cash from financing activities		**239,272,452**	**199,905,447**
NET INCREASE IN/(DECREASE FROM) CASH AND CASH EQUIVALENTS		**56,427,589**	**(4,673,935)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**24**	**6,254,146**	**10,928,081**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**24**	**62,681,735**	**6,254,146**

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

(Amounts expressed in Euro unless otherwise stated)

1. REPORTING ENTITY

TAV Havalimanları Holding A.Ş. (formerly known as "TAV Havalimanları İşletme 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 immediate parent and ultimate controlling party of TAV and its subsidiaries are Tepe Group and Akfen Group. As explained in Note 3, significant accounting policies, in 2005, 2006 and 2007 the ultimate shareholders of the Company transferred their shares in certain companies and joint ventures to the Company. As a result of these share transfers, the Company became the parent company of these subsidiaries.

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

			2007		2006	
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	75.00	100.00
TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir")	İzmir Airport Terminal Services	Turkey	100.00	100.00	99.98	100.00
TAV Tunisia SA (" TAV Tunisia")	Airport Operator	Tunisia	100.00	100.00	-	-
TAV Batumi Operations LLC ("TAV Batumi")	Airport Management Service Provider	Georgia	60.00	100.00	-	-
Batumi Airport LLC	Airport Operator	Georgia	-	100.00	-	-
HAVAŞ Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ") (*)	Ground Handling Services	Turkey	100.00	100.00	60.00	50.00
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
TAV İşletme Hizmetleri A.Ş. ("TAV İşletme")	Operations & Maintenance ("O&M"), Lounge Services	Turkey	99.99	99.99	99.99	99.99
TAV Georgia Operation Services LLC ("TAV İşletme Georgia")	Lounge Services	Georgia	99.99	99.99	99.99	99.99
TAV Bilişim Hizmetleri A.Ş. ("TAV Bilişim")	Software and System Services	Turkey	97.00	97.00	97.00	97.00
TAV Özel Güvenlik Hizmetleri A.Ş. ("TAV Güvenlik")	Security Services	Turkey	66.67	66.67	66.67	66.67

(*) Proportionally consolidated as joint venture as at 31 December 2006. See note 3(a).

BTA, TAV İşletme, TAV İstanbul, ATÜ and insignificant amount of TAV Esenboğa were acquired from parents of the Company on 29 December 2005. Although the Company owned insignificant amount of shares of TAV Esenboğa in 2005, it had the power to appoint and remove the majority of the board of directors and control the entity by the board.

(Amounts expressed in Euro unless otherwise stated)

Accordingly, as at 31 December 2005, TAV Esenboğa was reflected as a subsidiary due to a formal protocol signed between TAV and shareholders of TAV Esenboğa which transfers all operational and financial control of TAV Esenboğa to TAV. On 29 December 2006 and 6 July 2007, TAV acquired the majority interest in TAV Esenboğa, increasing ownership interest from 0.01 %to 75% and from 75% to 100%, respectively.

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

The entities that are jointly controlled by the Company as at 31 December 2007 and 2006 are as follows:

			31 December 2007		31 December 2006	
Name of joint venture	Principal activity	Place of operation	Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
ATÜ Turizm İşletmeciliği A.Ş. ("ATÜ")	Duty free Services	Turkey	49.98	50.00	49.98	50.00
ATÜ Georgia Operation Services LLC ("ATÜ Georgia")	Duty free Services	Georgia	49.98	50.00	49.98	50.00
TAV Urban Georgia LLC ("TAV Tbilisi")	Airport Operator	Georgia	60.00	50.00	60.00	50.00

Description of Operations

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

Atatürk International Airport

A BOT agreement was executed between TAV and DHMİ regulating the reconstruction, investment and operations of the Atatürk International Airport International Lines Building (referred as "Atatürk Airport Terminal" or "AAT") in 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 remaining parts of the project was finalized in August 2000. DHMİ and the Undersecretariat of Treasury gave their acceptance of the project in August 2000 when the investment period was formally completed.

An addendum to the agreement was made in June 2000. Under the terms of the addendum, TAV committed to enlarge the International Lines Building by 30% by 2004. In return for extending the International Lines Building, operation period of TAV was extended by 13 months 12 days (approximately 66 months in total) through June 2005. The contract expired in June 2005 and TAV transferred AAT to DHMİ. On 3 June 2005, TAV İstanbul signed a concession agreement to operate AAT for 15,5 years until 2021. The concession agreement requires TAV İstanbul to make annual rent payments totaling US Dollar ("USD") 2,543,000,000 plus VAT (18%) over the life of the concession agreement, of which USD 584,890,000 plus VAT has been prepaid at the beginning of the concession agreement under the terms of the agreement. In addition, the Company is required to make certain enhancements and improvements to the domestic terminal within the first year of the concession agreement and to maintain the facilities through the concession period.

Ankara Esenboğa International Airport

A BOT agreement was executed between TAV 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 was required to complete the construction within 36 months after the agreement date and would then have the right to operate the facilities of the Ankara Esenboğa International Airport Terminal for a period of 15 years and 8 months. In the operations phase, TAV Esenboğa has been providing mainly passenger, ramp and check-in counter services since 16 October 2006.

İzmir Adnan Menderes International Airport

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

Tbilisi International Airport

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The BOT agreement undertakes the design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal for Tbilisi International Airport, for an initially agreed term of 10 years and 6 months from the commencement date of the new terminal operations. Subsequently, this period was extended by another 9,5 years in exchange for an obligation by the Company to invest an additional amount for the construction of the terminal (including construction of additional runways, extension of apron etc.) for Batumi airport. TAV Tbilisi has started to provide all airport activities such as passenger, ramp, check-in counter services and parking-apron-taxi services excluding air traffic services in New Tbilisi International Airport on 8 February 2007.

Batumi International Airport

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

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) which is planned to be constructed in two years. The BTO agreement undertakes the operation of existing Monastir Habib Bourguiba Airport and design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal of Enfidha Airport, which shall be undertaken following the completion of the investment amounting to approximately Euro ("EUR") 400 million, latest by 1 October 2009. The operation of Monastir Habib Bourguiba Airport is planned to be undertaken as at 1 January 2008. The concession periods of both airports will end in May 2047. The operation of the Monastir and Enfidha Airports will cover all airport activities such as passenger handling, ramp, check-in counter services, ground handling, cargo and parking apron taxi services excluding air traffic services.

Operations Contracts

BOT operations and management contracts include the following:

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

Duty free goods-The Goup has the right to manage duty free operations within the terminal 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 terminal both for the passengers and the terminal personnel. The Group subcontracts certain food and beverage operations in exchange for a commission based on sales.

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

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

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

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

Software and system services-The Group develops software and systems on operational and financial optimization 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 terminal.

The Group employs approximately 10,792 (average: 9,473) people as at 31 December 2007, 10,370 (average: 8,146) people as at 31 December 2006.

Growth of the Group

The Group has experienced major and rapid growths in the recent years following the award of contracts at İstanbul Atatürk Airport, İzmir Adnan Menderes Airport, Ankara Esenboğa Airport, Tbilisi International Airport, Batumi International Airport, and Tunisia Monastir and Enfidha International Airports. In connection with these contracts, the Group constructed the airports or made large prepayments for operational leasing under the terms of concession agreements with airport authorities. Although construction cost and prepayments amounted to approximately EUR 1 billion in the last two years, cash flows from their operations will be primarily generated in periods commencing from 2008 as the construction was primarily completed in 2006, except İstanbul Airport that has been in operation since July 2005.

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

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

Waiving of Default

In 2006, some of the Group companies (TAV İstanbul, TAV İzmir and TAV Esenboğa) had not been in compliance with certain covenants of bank borrowings as a result of which the related liabilities became payable on demand, and accordingly, the associated loans for the long term portion, in the amount of EUR 776,611,486 had been classified as short-term loans as at 31 December 2006 in accordance with IAS 1 "Presentation of Financial Statements". The liability had been classified as current because, at the balance sheet date, the entity did not have an unconditional right to defer its settlement for at least twelve months after that date. As a result of this classification, the Group's current liabilities had exceeded its current assets by EUR 408,846,366 as at 31 December 2006 after the additional corrections and reclassifications as explained in Note 41. The management of the Group completed the financial restructuring regarding the defaults to be waived in December 2006. Upon completion of the restructuring, and other conditions established by the banks, the banks had waived all events of default on 22 January 2007 and as a result, the loans are payable on the original schedule as at 31 December 2007.

2. BASIS OF PREPARATION

a) Statement of compliance

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

The Group's financial statements were approved by the Board of Directors on 11 April 2008.

b) Basis of measurement

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

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

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

c) Functional and presentation currency

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

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

Company	Functional Currency
TAV Holding	EUR
TAV İstanbul	EUR
ATÜ	EUR
HAVAŞ	EUR
BTA	TRY
TAV Esenboğa	EUR
TAV İzmir	EUR
TAV Tunisia	EUR
TAV Tbilisi	Georgian Lari ("GEL")
TAV Batumi	GEL
Batumi Airport LLC	GEL
TAV İşletme	TRY
TAV Bilişim	EUR
TAV Güvenlik	TRY
ATU Georgia	GEL
BTA Georgia	GEL
TAV İşletme Georgia	GEL

d) Use of estimates and judgements

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

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

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

Note 7-acquisition of subsidiaries and minority interests
Note 16-valuation of intangible assets
Note 20-utilisation of tax losses
Note 29-measurement of reserve for employee severance indemnity
Notes 32 and 37-provisions and contingencies
Note 36-valuation of financial instruments

3. SIGNIFICANT ACCOUNTING POLICIES

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

Certain comparative amounts have been reclassified to conform with the current year's presentation (See note 41).

a) Basis of consolidation

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

Each entity is consolidated based on the following methods:

- TAV İstanbul, TAV İzmir, TAV Esenboğa, HAVAŞ, TAV Batumi and TAV Tunisia are fully consolidated without minority's ownership. After acquisition of the remaining 40% shares of HAVAŞ in November 2007, from independent third party, HAVAŞ is fully consolidated as at 31 December 2007 from effective date of acquisition whereas it was consolidated proportionally in 2006. The effects of such change are presented as "effect of change in group structure" in the notes to the consolidated financial statements.

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

- ATÜ and TAV Tbilisi are proportionally consolidated.

i) Subsidiaries:

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

ii) Acquisitions from entities under common control:

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity. The increase in Group's shareholding in TAV Esenboğa from 75% to 100% in the current year was accounted as described above.

iii) Jointly controlled entities:

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

iv) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the joint venture.

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 recognized at their fair values at the acquisition date.

(Amounts expressed in Euro unless otherwise stated)

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.

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

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

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

Year:	31 December 2007	31 December 2006	31 December 2005
TRY/EUR	1.7102	1.8515	1.5875
GEL/EUR	2.3315	2.2562	2.1245

The financial statements of subsidiaries, namely BTA, TAV İşletme and TAV Güvenlik (established in 2006), which have the TRY as their functional currency, were restated to compensate for the effect of changes in the general purchasing power of the TRY, until 31 December 2005, in accordance with IAS 29 as TRY was the currency of a hyperinflationary economy. Financial statements of such subsidiaries are then translated into Euro, the main reporting currency of the Group, at the closing balance sheet exchange rate.

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.

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

c) Financial instruments

i) Non-derivative financial instruments:

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

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

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

Accounting for finance income and expense is discussed in note 3(o).

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

Financial assets at fair value through profit or loss

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

Other

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

ii) Derivative financial instruments:

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

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

Economic hedge

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. TAV İstanbul, TAV Esenboğa and TAV İzmir use derivative financial instruments (primarily cross currency and interest rate derivative contracts) to manage their risks associated with interest rate fluctuations relating to certain firm commitments and forecasted transactions.

iii) Share capital:

Ordinary shares are classified as equity.

d) Property and equipment

i) Recognition and measurement:

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

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

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 "operating income/(expense), net" in profit or loss.

ii) Subsequent costs:

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

iii) Depreciation:

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

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

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

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

e) Intangible assets

i) Goodwill:

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

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

Acquisitions of minority interests

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

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii) Intangibles recognized in business combination:

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

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

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

iii) Other intangible assets:

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

iv) Subsequent expenditure:

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

v) Amortisation:

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

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

f) Build-operate-transfer ("BOT") investments

All construction expenditures, equipment and system investments, made during the BOT periods according to the agreements commenced with DHMİ, JSC and OACA in the context of a Build-Operate-Transfer model, are accounted as BOT Investments.

BOT investments related to buildings are depreciated during the operation period of BOT. Other BOT assets are depreciated based on their useful lives not to exceed the BOT operation period.

Borrowing costs related to the acquisition or construction of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying amounts is deducted from the borrowing costs eligible for capitalization.

g) Leased assets

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

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

h) Inventories

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

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

i) Impairment

i) Financial assets:

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

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

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

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

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

ii) Non-financial assets:

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

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

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

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

j) Reserve for employee severance indemnity

In accordance with the existing labor law in Turkey, the Group entities operating in Turkey are is required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum TRY 2,030 as at 31 December 2007 (equivalent to EUR 1,187 as at 31 December 2007) (31 December 2006: TRY 1,857 (equivalent to EUR 1,003 as at 31 December 2006)) 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 financial statements on a current basis. The management of the Company used some assumptions (detailed in Note 29) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

k) Provisions

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

l) Accounting for operations contract (TAV İstanbul)

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

m) Revenue

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

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

Area allocation income: Area allocation income is recognized 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 recognized when goods are delivered and title passes.

Catering services income: Catering services income is recognized 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 subsidiary operates.

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

Commission: The Group subcontracts the right to operate certain of 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 recognized based on the sales reports provided from the subcontractor entities in every 2 to 3 days.

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

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

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

n) Lease payments

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

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

o) Finance income and expenses

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

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss1 using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

p) Income tax

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

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

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

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

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

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

q) Earnings per share

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

r) Segment reporting

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

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

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

s) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007 and have not been applied in preparing these consolidated financial statements:

Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset. The revised IAS 23 will become mandatory for the Group's 2009. The Group currently capitalizes the borrowing costs and there will be no change in current situation after adaptation of revised IAS 23.

Revised IFRS 3 Business Combinations made changes to the scope of IFRS 3, revised the definition of business, made some revisions at recognition principles of acquired assets and enhanced the disclosure requirements. The revised standard is effective for annual financial periods beginning on or after 1 July 2009, with early adoption permitted for annual periods beginning on or after 30 June 2007 providing that the entity also applies IAS 27 in the same period.

Revised IAS 27 Consolidated and Separate Financial Statements mainly changes the accounting for non-controlling interest and the loss of control of a subsidiary. The revised standard is effective for annual financial periods beginning on or after 1 July 2009, with early adoption permitted providing that the entity also applies IFRS 3 in the same period.

Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of "non vesting conditions", requires non-vesting conditions to be reflected in grant date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 is effective for annual periods beginning on or after 1 January 2009, with early adoption permitted and is not expected to have any effect on the consolidated financial statements.

Amendments to "IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements-Puttable Financial Instruments and Obligations Arising on Liquidation" improve the accounting for particular types of financial instruments that have characteristics similar to ordinary shares but are at present classified as financial liabilities. The amendments will apply for annual periods beginning on or after 1 January 2009, with earlier application is permitted and is not expected to have any effect on the consolidated financial statements.

Revised IAS 1 Presentation of Financial Statements does not change the recognition measurement or disclosure of transactions and events that are required by other IFRSs. The revised standard introduces as a financial statement the "statement of comprehensive income". The revised standard is effective for annual financial periods beginning on or after 1 January 2009, with early adoption permitted.

IFRIC 11 IFRS 2 Group and Treasury Share Transactions requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group's 2008 financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements.

International Financial Reporting Interpretations Committee ("IFRIC") 12 Service Concession Arrangements provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public to private service concession agreements. IFRIC 12 becomes effective for annual periods beginning on or after 1 January 2008. The management assessment for the effects of IFRIC 12 on financial statements continues as of this report date.

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

IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements on such assets. It also addresses when a minimum funding requirement might give rise to a liability. IFRIC 14 is effective for annual periods beginning on or after 1 January 2008, with retrospective application required and is not expected to have any impact on the financial statements of the Group.

IFRS 8 Operating Segments introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Company's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's management in order to assess each segment's performance and to allocate resources to them. Currently the Company presents segment information in respect of its business segments (note 6). Considering the growth of existing operations and new opportunities abroad, the Company plans to present segment information in respect of both its business segments and geographic segments.

4. DETERMINATION OF FAIR VALUES

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

(i) Property and equipment

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

(ii) Intangible assets

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

(iii) Investments in equity securities

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

(iv) Trade and other receivables

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

(v) Derivatives

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

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

(vi) Non-derivative financial liabilities

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

5. FINANCIAL RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- market risk

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

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

The Group is in a process of establishing a Risk Management Department but presently through its training and management standards and procedures, 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 audit, providing assurance in relation to control, governance and the risk management process.

The Group Audit Committee is assisted in its oversight role by Internal Audit. The mission of Internal Audit Directorate of the Group is to assist Holding Board of Directors and Management (including subsidiaries) in their oversight, management and operating responsibilities by identifying; ineffectiveness's 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 Director has a dual reporting line to the CEO and Board of Directors. Functionally it reports to Board of Directors via Internal Audit Committee. Hierarchically it reports to the CEO.

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

Credit risk

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

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

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

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

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

Liquidity risk

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

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

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing 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 Company as mentioned in Note 34.

i) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 31 December 2007, 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 and TRY which are disclosed within the relevant notes to these financial statements. The Group manages this currency risk by maintaining foreign currency cash balances. The currency risk is managed by using of some financial intruments as mentioned in note 36.

DHMİ installments Group, have been hedged using cross currency swap contracts that mature on the same dates that DHMİ installments are due for payment.

ii) Interest rate risk

The Group adopts a policy of ensuring that between 75 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 36.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-redeemable preference shares and minority interests. In addition, consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The Board of Directors also monitors the level of dividends to ordinary shareholders.

6. SEGMENT REPORTING

Business Segments:

For management purposes, the Group is currently organized 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 Tunisia, TAV Tbilisi, and TAV Batumi. TAV Tbilisi and TAV Batumi also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.

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

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

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

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

The operations of the Group comprising 87.8% of total consolidated assets and 98.4% of total revenue are generated from one geographical segment, Turkey. Therefore, segment reporting is presented only for the business segments.

(Amounts expressed in Euro unless otherwise stated)

31 December 2007	Terminal Operations	Catering Operations	Duty Free Operations	Ground Handling and Bus Operations(*)	Other Operations	Consolidation Eliminations	Consolidated
External revenues	221,866,131	35,339,395	135,529,675	73,463,093	21,025,303	-	487,223,597
Inter-segment revenue	80,477,921	7,744,110	-	45,897	19,168,288	(107,436,216)	-
Operating expenses	(221,694,808)	(44,538,319)	(127,376,814)	(56,917,708)	(29,255,938)	87,234,735	(392,548,852)
Other operating income	11,158,114	7,342,526	2,767,177	1,149,028	10,681,981	(12,793,630)	20,305,196
Other operating expenses	(73,011,906)	(7,808,592)	(2,623,354)	(8,944,143)	(29,193,365)	34,669,793	(86,911,567)
Operating profit	**18,795,452**	**(1,920,880)**	**8,296,684**	**8,796,167**	**(7,573,731)**	**1,674,682**	**28,068,374**
Net finance expense							(70,384,815)
Income tax benefit							3,878,116
Loss for the year							**(38,438,325)**
Other information							
Segment assets	1,205,146,333	14,354,961	34,089,522	56,915,877	646,765,771	(475,305,712)	1,481,966,752
Total assets							**1,481,966,752**
Segment liabilities	(925,194,428)	(13,467,119)	(26,579,457)	(15,686,388)	(206,364,503)	45,878,050	(1,141,413,845)
Total liabilities							**(1,141,413,845)**
Tangible, intangible assets and BOT purchases	108,829,814	2,977,535	3,007,957	4,050,665	1,731,792	-	120,597,763
Tangible, intangible assets and BOT depreciation and amortization	(39,965,570)	(1,796,853)	(390,115)	(5,331,443)	(1,580,677)	108,741	(48,955,917)
Concession rent expense	140,789,005	-	-	-	-	-	140,789,005
Additions to prepaid concession expenses	107,355,756	-	-	-	-	-	107,355,756

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

(Amounts expressed in Euro unless otherwise stated)

31 December 2006	Terminal Operations	Catering Operations	Duty Free Operations	Ground Handling and Bus Operations(*)	Other Operations	Consolidation Eliminations	Consolidated
External revenues	172,747,759	24,590,570	106,577,547	58,866,679	19,057,168	-	381,839,723
Inter -segment revenue	61,067,382	5,130,617	-	3,091,605	16,563,053	(85,852,657)	-
Operating expenses	(174,965,648)	(28,841,803)	(54,585,045)	(55,574,751)	(20,249,858)	28,857,219	(305,359,886)
Other operating income	12,960,193	5,232,172	2,006,035	(640,876)	3,184,372	(2,749,486)	19,992,410
Other operating expenses	(72,398,442)	(3,797,753)	(50,448,361)	(5,200,871)	(12,908,433)	60,842,321	(83,911,539)
Operating profit	**(588,756)**	**2,313,803**	**3,550,176**	**541,786**	**5,646,302**	**1,097,397**	**12,560,708**
Net finance costs						(75,207,817)	
Income tax expense						(7,615,671)	
Loss for the year						**(70,262,780)**	
Other information							
Segment assets	1,172,679,473	13,919,577	31,588,400	28,116,840	506,263,556	(402,589,536)	1,349,978,310
Total assets							**1,349,978,310**
Segment liabilities	(986,964,722)	(10,891,388)	(26,234,589)	(8,882,027)	(130,649,524)	141,049,771	(1,022,572,479)
Total liabilities							**(1,022,572,479)**
Tangible, intangible assets and BOT purchases	322,671,997	13,446,509	862,259	2,903,800	4,801,758	-	344,686,323
Tangible, intangible assets and BOT depreciation and amortization	(9,825,935)	(592,635)	(196,939)	(5,089,007)	(1,013,007)	261,031	(16,456,492)
Concession rent expense	140,683,205	-	-	-	-	-	140,683,205
Additions to concession expenses	44,011,350	-	-	-	-	-	44,011,350

(*) TAV Holding is classified in "Other" at 31 December 2007. In order to be comparable, TAV Holding was reclassified to "Other" from "Terminal Services" as at and for the year ended 31 December 2006.

(Amounts expressed in Euro unless otherwise stated)

7. ACQUISITION OF SUBSIDIARIES AND MINORITY INTERESTS

An analysis of goodwill for the year ended 31 December is as follows:

	2007	2006
Balance at 1 January	72,717,730	72,717,730
Addition during the year	58,846,809	-
Balance at 31 December	**131,564,539**	**72,717,730**

On 9 November 2007, TAV Holding purchased 40% shareholding of HAVAŞ, increasing its total share from 60% to 100%. The transaction comprised the purchase of 17,999,990 B group registered shares with 1 TRY nominal value each, in return for USD 114,999,936 by TAV Holding, from Park Yatırım Holding A.Ş. ("Park Holding"), purchase of 10 B group registered shares in return for USD 63.89 by TAV Bilişim. The price of the shares corresponding to 40% of HAVAŞ capital has been determined through negotiations between parties, taking as the basis the valuation made by independent third party appraiser. The payment was made in cash. TAV Holding utilised a bank loan amounting to USD 115,000,000 (equivalent to EUR 78,318,618) with an interest rate of Libor+1.85% and maturity of November 2012 from Türkiye İş Bankası A.Ş. in order to fund this payment. In relation to such loan, HAVAŞ shares with a nominal amount of TRY 44,994,667 corresponding to 99.988% of the capital have been pledged in favour of Türkiye İş Bankası A.Ş. However, the voting right for these shares remains at TAV Holding.

Park Holding has received EUR 6,531,487 as advance dividend from HAVAŞ in 2007 prior to change in shareholder structure of HAVAŞ. HAVAŞ will net off such amount from the dividend payable to TAV Holding at the year end.

The net assets acquired in the transaction, and the goodwill arising in the transaction, are as follows:

Net assets acquired	Acquiree's carrying amount before combination	Fair value adjustments	Recognized values on acquisition
Property and equipment	9,452,617	-	9,452,617
Intangible assets	90,737	10,202,525	10,293,262
Investment	484,459	-	484,459
Inventories	259,947	-	259,947
Trade receivables	5,814,627	-	5,814,627
Cash and cash equivalents	1,987,048	-	1,987,048
Other assets	597,351	-	597,351
Retirement benefit obligation	(748,840)	-	(748,840)
Bank loans	(925,974)	-	(925,974)
Trade payables	(1,648,538)	-	(1,648,538)
Other liabilities and tax payables	(4,094,744)	-	(4,094,744)
Deferred tax liability	(270,096)	(1,614,595)	(1,884,691)
	10,998,594	8,587,930	19,586,524
Goodwill			58,846,809
Total consideration, satisfied by cash			**78,433,333**
Net cash outflow arising on acquisition			
Cash consideration paid			78,433,333
Cash and cash equivalents acquired			(1,987,048)
			76,446,285

(Amounts expressed in Euro unless otherwise stated)

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognised on acquisition are their estimated fair values (see note 4 for methods used in determining fair values). In determining the fair value of patents and trademarks acquired, the Group applied a discount rate of nine percent to the estimated royalty payments avoided.

The goodwill recognized on the acquisition of HAVAŞ is attributable to the anticipated profitability regarding future operating synergies from the combination. If 40% of the acquisition of HAVAŞ in 2007 had been completed on the first day of the financial year, Group revenues for the period would have been increased by EUR 34,230,173 and group profit attributable to equity holders of the parent would have been increased by EUR 5,508,872. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2007.

8. REVENUE

An analysis of the Group's revenue for the years ended 31 December is as follows:

	2007	2006
Sales of duty free goods	135,529,675	106,577,547
Aviation income	127,402,683	99,140,540
Ground handling income	63,524,905	50,952,530
Commission from sales of duty free goods	60,827,248	48,764,477
Catering services income	31,745,709	21,777,342
Income from car parking operations	20,963,132	13,785,414
Area allocation income	16,784,397	13,125,210
Bus services income	11,388,973	13,832,184
Income from lounge services	10,039,212	5,806,599
Income from hotel operation	3,474,294	3,840,895
Software and hardware sales income	2,801,419	2,919,018
Ticket sales income	896,754	353,478
Security services income	744,514	395,132
Prime class income	542,991	319,019
Baggage transfer system income	557,691	250,338
Total revenue	**487,223,597**	**381,839,723**

9. OTHER OPERATING INCOME

An analysis of the Group's other operating income for the years ended 31 December is as follows:

	2007	2006
Advertising income	9,029,646	6,928,052
Rent income from sublease	8,371,016	6,222,805
Utility and general participation income (*)	877,634	3,859,056
Other	2,026,900	2,982,497
Total other operating income	**20,305,196**	**19,992,410**

(*) Utility participation income consists of electiricity, water supplies, heat, natural gas expenses which are initially paid by the Company and charged to the tenants of the terminal according to the m2 of the areas rented. Utility and general participation income was not eliminated from utility cost in 2006 since it was impractical.

(Amounts expressed in Euro unless otherwise stated)

10. PERSONNEL EXPENSES

An analysis of the Group's other operating expense for the years ended 31 December is as follows:

	2007	2006
Wages and salaries and other personal related expenses	111,561,621	68,418,505
Increase in liability for long-service leave	1,732,779	1,397,854
Total personnel expenses	**113,294,400**	**69,816,359**

11. OTHER OPERATING EXPENSES

An analysis of the Group's other operating expense for the years ended 31 December is as follows:

	2007	2006
VAT non-recoverable	15,080,829	13,909,172
Consultancy expense	14,342,565	12,662,471
Utility cost	10,132,463	9,447,323
Insurance expense	8,867,163	6,098,529
Maintenance expenditures	7,030,975	16,192,489
Cleaning expense	6,977,318	4,939,234
Advertisement and marketing expenses	2,968,950	990,890
Rent expense	2,942,801	1,129,652
Traveling and transportation expenses	2,902,978	516,718
Communication and stationary expenses	2,257,630	2,208,217
Representation expenses	1,669,754	870,514
Taxes	1,519,658	1,044,864
Tax penalties (*)	4,791,039	-
Security cost	829,023	1,427,276
Management consultancy fee (**)	-	7,466,259
Other operating expenses	4,598,421	5,007,931
Total other operating expenses	**86,911,567**	**83,911,539**

(*) See note 32.
(**) See note 38.

(Amounts expressed in Euro unless otherwise stated)

12. DEPRECIATION AND AMORTISATION

An analysis of the Group's depreciation and amortisation expenses for the years ended 31 December is as follows:

	BOT investment	Property and equipment	Other intangible assets	Total
Balance at 31 December 2005	**-**	**31,463,169**	**998,231**	**32,461,400**
Foreign currency translation effect	-	(282,781)	(45,536)	(328,317)
Effect of change in group structure (note 3(a)(ii))	-	62,356	16,154	78,510
Current period charges	8,665,233	5,695,202	2,096,057	16,456,492
Disposals	-	(1,230,194)	-	(1,230,194)
Transfers	13,552	(13,552)	-	-
Balance at 31 December 2006	**8,678,785**	**35,694,200**	**3,064,906**	**47,437,891**
Correction (*)	-	(2,086,370)	152,746	(1,933,624)
Foreign currency translation effect	(34,862)	330,520	64,935	360,593
Effect of change in group structure	-	19,691,633	221,650	19,913,283
Current period charges	37,784,314	8,588,490	2,583,113	48,955,917
Disposals	-	(5,523,063)	(69)	(5,523,132)
Balance at 31 December 2007	**46,428,237**	**56,695,410**	**6,087,281**	**109,210,928**

(*) See Notes 15 and 16.

13. FINANCE INCOME AND EXPENSE

Recognised in profit or loss

An analysis of the Group's finance income and expense for the years ended 31 December is as follows:

	2007	2006
Interest income on bank deposits and intercompany loans	11,407,177	18,303,032
Other finance income	141,855	16,352
Discount income	-	197,668
Finance income	**11,549,032**	**18,517,052**
Interest expense on financial liabilities and intercompany loans	(55,705,610)	(62,806,745)
Fair value of derivatives	3,049,235	1,405,730
Bank charges	(5,160,551)	(10,283,570)
Commission expense	(1,716,909)	(2,134,204)
Discount expense	(131,745)	-
Other finance costs (*)	(12,093,254)	(87,428)
Foreign exchange loss, net	(10,175,013)	(19,818,652)
Finance expense	**(81,933,847)**	**(93,724,869)**
Net finance expense	**(70,384,815)**	**(75,207,817)**

(*) Other finance costs include consultancy expenses charged for loans used as project financing facilities. In addition, it includes interest expense amounting to EUR 4,108,505 on tax penalties mentioned in Note 32.

(Amounts expressed in Euro unless otherwise stated)

Recognized directly in equity

	2007	2006
Foreign currency translation differences for foreign operations	426,283	(267,162)
	426,283	**(267,162)**

14. INCOME TAX EXPENSE

	2007	2006
Current tax expense		
Current period	4,797,256	4,480,384
Adjustment for prior periods	(350,991)	-
	4,446,265	4,480,384
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	(8,324,381)	3,135,287
Total income tax expense/(benefit)	**(3,878,116)**	**7,615,671**

Reconciliation of effective tax rate

The reported income tax expense for the years ended 31 December 2007 and 2006 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:

	%	2007	%	2006
Loss for the period		(38,438,325)		(70,262,780)
Total income tax (benefit)/expense		(3,878,116)		7,615,671
Loss before income tax		**(42,316,441)**		**(62,647,109)**
Income tax using the Company's domestic tax rate	20	(8,463,288)	20	(12,613,251)
Tax effects of:				
- not deductible expenses	(8)	3,378,573	(1)	455,001
- translation of non-monetary items according to IAS 21	(3)	1,202,662	(4)	2,605,345
- tax exempt income	9	(3,773,476)	16	(10,242,771)
- current year losses for which no deferred tax is recognized	(11)	4,753,864	(5)	3,062,795
- tax rate change	1	(626,746)	(1)	559,566
- change in unrecognized temporary difference	2	(688,461)	3	(1,987,453)
- write off of investment incentives	-	-	(21)	13,066,398
- translation effect on carried forward loss	4	(1,628,648)	(1)	908,432
- other consolidation adjustments	(5)	1,967,404	(3)	11,801,609
Income tax (benefit)/expense	**9**	**(3,878,116)**	**(12)**	**7,615,671**

Corporate Tax:

The Turkish entities within the Group are subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the years and periods.

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 utilized.

The effective rate of tax in 2007 is 9% (31 December 2006: 12%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2007 is 20% (31 December 2006: 20%).

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

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.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 June 2006. After the resolution, declared in official gazette in on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the company. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years as at 31 December 2005 so as to be deducted from taxable income of subsequent profitable years. However, companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

The tax rate that the companies can use in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled.

As the management of the Group planned not to use the investment incentives, the consolidated Group companies resident in Turkey have used 20% corporate tax rate in 2007 (31 December 2006: 20%).

Transfer pricing regulations:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

(Amounts expressed in Euro unless otherwise stated)

15. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Advances given and other PPE	Total
Cost									
Balance at 1 January 2006	**-**	**630,326**	**28,802,443**	**6,434,448**	**7,563,362**	**6,023,105**	**174,276**	**62,433**	**49,690,393**
Effect of movements in exchange rates	-	(11,550)	(129,036)	(122,561)	(354,563)	(14,448)	(64,776)	-	(696,934)
Effect of change in group structure(*)	-	197,873	1,226,548	1,897,526	44,867	-	-	-	3,366,814
Additions	-	202,989	1,482,878	2,401,746	3,256,377	6,349,390	5,874,462	5,175,479	24,743,321
Disposals	-	-	(765,621)	(545,953)	(215,644)	(57,457)	(679,169)	(5,170,897)	(7,434,741)
Transfers	585,724	(585,724)	488,991	28,952	1,949,991	2,729,912	(5,304,793)	(60,749)	(167,696)
Balance at 31 December 2006	**585,724**	**433,914**	**31,106,203**	**10,094,158**	**12,244,390**	**15,030,502**	**-**	**6,266**	**69,501,157**
Balance at 1 January 2007	**585,724**	**433,914**	**31,106,203**	**10,094,158**	**12,244,390**	**15,030,502**	**-**	**6,266**	**69,501,157**
Correction (**)	-	(1,752)	(236,063)	(2,134,075)	(33,710)	319,533	-	-	(2,086,067)
Effect of movements in exchange rates	-	(9,967)	372,171	(79,494)	399,837	407,171	-	493	1,090,211
Effect of change in group structure(***)	13,947,587	28,566	18,249,249	3,521,327	1,985,469	5,074,482	188,250	398,434	43,393,364
Additions	-	12,383	2,243,243	3,981,405	2,834,705	5,066,616	3,306,554	1,410,920	18,855,826
Disposals	-	(210,549)	(1,153,595)	(810,392)	(2,034,867)	(1,885,323)	(2,647)	(646,852)	(6,744,225)
Transfers	-	-	-	45,598	243,088	1,992,130	(2,280,816)	-	-
Balance at 31 December 2007	**14,533,311**	**252,595**	**50,581,208**	**14,618,527**	**15,638,912**	**26,005,111**	**1,211,341**	**1,169,261**	**124,010,266**

(Amounts expressed in Euro unless otherwise stated)

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Advances given and other PPE	Total
Accumulated depreciation									
Balance at 1 January 2006	-	24,852	20,961,832	2,661,193	4,876,633	2,938,659	-	-	31,463,169
Effect of movements in exchange rates	-	(21)	(31,548)	(11,174)	(237,616)	(2,422)	-	-	(282,781)
Effect of change in group structure(*)	-	366	21,360	40,113	517	-	-	-	62,356
Depreciation for the year	-	39,712	2,298,330	1,479,611	1,057,976	819,573	-	-	5,695,202
Disposals	-	(12,688)	(563,743)	(512,929)	(129,202)	(11,632)	-	-	(1,230,194)
Transfers	-	-	-	-	(13,552)	-	-	-	(13,552)
Balance at 31 December 2006	-	52,221	22,686,231	3,656,814	5,554,756	3,744,178	-	-	35,694,200
Balance at 1 January 2007	-	52,221	22,686,231	3,656,814	5,554,756	3,744,178	-	-	35,694,200
Correction (**)	-	(139)	(1,153,131)	(1,084,108)	55,722	95,286	-	-	(2,086,370)
Effect of movements in exchange rates	-	(1,270)	98,267	(14,391)	201,412	46,502	-	-	330,520
Effect of change in group structure (***)	-	9,046	13,938,155	1,327,977	1,707,032	2,709,423	-	-	19,691,633
Depreciation for the year	-	37,680	2,269,650	1,552,768	2,183,206	2,545,186	-	-	8,588,490
Disposals	-	(35,778)	(981,170)	(743,611)	(1,908,538)	(1,853,966)	-	-	(5,523,063)
Balance at 31 December 2007	-	61,760	36,858,002	4,695,449	7,793,590	7,286,609	-	-	56,695,410
Carrying amounts									
At 31 December 2006	585,724	381,693	8,419,972	6,437,344	6,689,634	11,286,324	-	6,266	33,806,957
At 31 December 2007	14,533,311	190,835	13,723,206	9,923,078	7,845,322	18,718,502	1,211,341	1,169,261	67,314,856

(*) Effect of consolidation of TAV Tblisi which is the operator company for Tblisi International Airport.
(**) Correction represents differences at fixed asset count results of HAVAŞ as at 31 December 2007.
(***) Effect of consolidation of TAV Batumi, which is the operator company for Batumi Airport and also effect of acquisition of 40% of HAVAŞ shares in 2007.

(Amounts expressed in Euro unless otherwise stated)

16. INTANGIBLE ASSETS

	Purchased software	Customer relationships	DHMİ license	Total
Cost				
Balance at 1 January 2006	**898,342**	**13,539,909**	**1,393,814**	**15,832,065**
Effect of movements in exchange rates	(143,047)	-	-	(143,047)
Effect of change in group structure	786,718	-	-	786,718
Additions	4,720,967	-	-	4,720,967
Balance at 31 December 2006	**6,262,980**	**13,539,909**	**1,393,814**	**21,196,703**
Balance at 1 January 2007	**6,262,980**	**13,539,909**	**1,393,814**	**21,196,703**
Correction (*)	(14,435)	-	-	(14,435)
Effect of movements in exchange rates	161,859	-	-	161,859
Additions	1,267,225	-	-	1,267,225
Revaluation (**)	-	1,615,664	1,800,410	3,416,074
Effect of change in group structure (***)	236,933	8,072,977	2,129,547	10,439,457
Disposals	(145)	-	-	(145)
Transfers from CIP	16,179	-	-	16,179
Balance at 31 December 2007	**7,930,596**	**23,228,550**	**5,323,771**	**36,482,917**
Amortization				
Balance at 1 January 2006	**321,236**	**676,995**	**-**	**998,231**
Effect of movements in exchange rates	(45,536)	-	-	(45,536)
Effect of change in group structure	16,154	-	-	16,154
Amortization for the year	742,066	1,353,991	-	2,096,057
Balance at 31 December 2006	**1,033,920**	**2,030,986**	**-**	**3,064,906**
Balance at 1 January 2007	**1,033,920**	**2,030,986**	**-**	**3,064,906**
Correction (*)	152,746	-	-	152,746
Effect of movements in exchange rates	64,935	-	-	64,935
Amortization for the year	1,063,075	1,520,038	-	2,583,113
Effect of change in group structure (***)	221,650	-	-	221,650
Disposals	(69)	-	-	(69)
Balance at 31 December 2007	**2,536,257**	**3,551,024**	**-**	**6,087,281**
Carrying amounts				
At 31 December 2006	**5,229,060**	**11,508,923**	**1,393,814**	**18,131,797**
At 31 December 2007	**5,394,339**	**19,677,526**	**5,323,771**	**30,395,636**

(*) Correction represents differences at intangible asset count results of HAVAŞ as at 31 December 2007. The net effect of these differences amounted to EUR 138,311 and are adjusted in the current year income statement.
(**) Effect of fair value difference resulting in HAVAŞ acquisition in 2007. See Significant Accounting Policies note 3 (e) (ii).
(***) Effect of acquisition of 40% of HAVAŞ shares in 2007. See note 3 (a).

(Amounts expressed in Euro unless otherwise stated)

17. BUILD-OPERATE-TRANSFER ("BOT") INVESTMENTS

	Ankara Esenboğa International Airport		İzmir Adnan Menderes Airport			Tbilisi International Airport		Batumi International Airport		Enfidha International Airport		
Cost	BOT Investment	Construction in progress (for BOT)	BOT Investment	Construction in progress (for BOT)	Advances given (for BOT)	BOT Investment	Construction in progress (for BOT)	BOT Investment	Construction in progress (for BOT)	Construction in progress (for BOT)	Advances given (for BOT)	Total
Balance at 1 January 2006	**-**	**112,500,369**	**-**	**12,407,579**	**9,425,772**	**-**	**-**	**-**	**-**	**-**	**-**	**134,333,720**
Effect of movements in exchange rates	-	-	-	-	-	-	(9,668)	-	-	-	-	(9,668)
Effect of change in group structure	-	-	-	-	-	-	165,618	-	-	-	-	165,618
Additions	-	138,636,622	-	143,202,428	-	-	24,031,863	-	9,351,122	-	-	315,222,035
Transfers from CIP and advances	251,136,991	(251,136,991)	163,921,561	(155,610,007)	(8,311,554)	-	-	-	-	-	-	-
Transfers from tangible fixed assets	-	-	167,696	-	-	-	-	-	-	-	-	167,696
Balance at 31 December 2006	**251,136,991**	**-**	**164,089,257**	**-**	**1,114,218**	**-**	**24,187,813**	**-**	**9,351,122**	**-**	**-**	**449,879,401**
Balance at 1 January 2007	**251,136,991**	**-**	**164,089,257**	**-**	**1,114,218**	**-**	**24,187,813**	**-**	**9,351,122**	**-**	**-**	**449,879,401**
Effect of movements in exchange rates	-	-	-	-	-	-	(781,189)	-	(302,011)	-	-	(1,083,200)
Additions	2,390,192	-	9,461,953	-	-	-	6,663,677	-	4,934,386	29,575,607	47,448,897	100,474,712
Transfers from CIP and advances	-	-	1,114,218	-	(1,114,218)	30,070,301	(30,070,301)	13,983,497	(13,983,497)	-	-	-
Balance at 31 December 2007	**253,527,183**	**-**	**174,665,428**	**-**	**-**	**30,070,301**	**-**	**13,983,497**	**-**	**29,575,607**	**47,448,897**	**549,270,913**

BOT investments are depreciated during the BOT contract periods or their useful lives commencing from date of operations of the Terminals.

(Amounts expressed in Euro unless otherwise stated)

	Ankara Esenboğa International Airport		İzmir Adnan Menderes Airport			Tbilisi International Airport		Batumi International Airport		Enfidha International Airport		
Accumulated depreciation	BOT Investment	Construction in progress (for BOT)	BOT Investment	Construction in progress (for BOT)	Advances given (for BOT)	BOT Investment	Construction in progress (for BOT)	BOT Investment	Construction in progress (for BOT)	Construction in progress (for BOT)	Advances given (for BOT)	Total
Balance at 1 January 2006	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	3,276,721	-	5,388,512	-	-	-	-	-	-	-	-	8,665,233
Transfers from tangible fixed assets	-	-	13,552	-	-	-	-	-	-	-	-	13,552
Balance at 31 December 2006	**3,276,721**	**-**	**5,402,064**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,678,785**
Balance at 1 January 2007	**3,276,721**	**-**	**5,402,064**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,678,785**
Effect of movements in exchange rates	-	-	-	-	-	(26,479)	-	(8,383)	-	-	-	(34,862)
Depreciation for the year	15,537,595	-	20,434,470	-	-	1,376,474	-	435,775	-	-	-	37,784,314
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2007	**18,814,316**	**-**	**25,836,534**	**-**	**-**	**1,349,995**	**-**	**427,392**	**-**	**-**	**-**	**46,428,237**
Carrying amounts at												
At 31 December 2006	**247,860,270**	**-**	**158,687,193**	**-**	**1,114,218**	**-**	**24,187,813**	**-**	**9,351,122**	**-**	**-**	**441,200,616**
At 31 December 2007	**234,712,867**	**-**	**148,828,894**	**-**	**-**	**28,720,306**	**-**	**13,556,105**	**-**	**29,575,607**	**47,448,897**	**502,842,676**

(Amounts expressed in Euro unless otherwise stated)

18. OTHER INVESTMENTS

Non-current investments

Available for sale securities

	Ownership %	2007	2006
Unlisted entities			
Cyprus Airports Services Ltd ("CAS") (*)	50.00	1,211,110	718,563
TAV Havacılık A.Ş.	3.00	24,238	24,238
		1,235,348	**742,801**

(*) Increase is the result of HAVAŞ being fully consolidated in 2007.

Current investments

Investments held for trading

	2007	2006
Debt securities		
Government bonds	248,683	157,729
	248,683	**157,729**

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

The capital structure of the joint venture is designated as 50% +1 share of participation for KTHY and 50 %of participation for HAVAŞ. The capital of this joint venture amounts to TRY 4,500,001, which corresponds to USD 3,000,001. HAVAŞ has paid EUR 1,211,110 corresponding to USD 1,500,000 on behalf of its share and recognized this amount in its financial statements. As of balance sheet date, KTHY has not paid its share and how the payment will be done will be determined later.

CAS was established in the Turkish Republic of Norhern Cyprus on 29 December 2006. However, it has not started its operations and has not obtained its operating license as of the balance sheet date, therefore, it was not consolidated in the accompanying consolidated financial statements and carried at cost as at 31 December 2007.

The increase in CAS as at 31 December 2007 is attributable to the full consolidation of HAVAŞ in 2007 whereas it was proportionately consolidated in prior year.

(Amounts expressed in Euro unless otherwise stated)

19. PREPAID CONCESSION EXPENSES

31 December 2007	Rent	Prepaid development expenditures	Total
Balance at 31 December 2006	**293,076,406**	**43,155,178**	**336,231,584**
Correction of error (Note 41)	(7,845,458)	-	(7,845,458)
Restated balance at 31 December 2006	**285,230,948**	**43,155,178**	**328,386,126**
Rent payments	107,355,756	-	107,355,756
Current period concession expense	(137,710,709)	(3,078,296)	(140,789,005)
	254,875,995	**40,076,882**	**294,952,877**
Represented as short term prepaid concession expense	**137,710,709**	**3,086,729**	**140,797,438**
Represented as long term prepaid concession expense	**117,165,286**	**36,990,153**	**154,155,439**

31 December 2006	Rent	Prepaid development expenditures	Total
Balance at 31 December 2005	**423,360,803**	**2,116,324**	**425,477,127**
Correction of error (Note 41)	(419,146)	-	(419,146)
Restated balance at 31 December 2005	**422,941,657**	**2,116,324**	**425,057,981**
Additions to investments	-	44,011,350	44,011,350
Current year concession expense	(137,710,709)	(2,972,496)	(140,683,205)
	285,230,948	**43,155,178**	**328,386,126**
Represented as short term prepaid concession expense	**137,710,709**	**3,107,908**	**140,818,617**
Represented as long term prepaid concession expense	**147,520,239**	**40,047,270**	**187,567,509**

Rent:

The total rent associated with the concession agreement is USD 2,543,000,000 plus VAT (equivalent to EUR 1,731,862,941 as at 31 December 2007). TAV İstanbul paid 23% of the total amount plus VAT as required by the Concession Agreement. Prepaid VAT amount is disclosed in Note 22. 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:

Date	Amount US Dollar	Amount Euro as at 31 December 2007
3 January 2008	139,865,000	95,252,465
3 January 2009	139,865,000	95,252,465
3 January 2010	139,865,000	95,252,465
3 January 2011	139,865,000	95,252,465
3 January 2012	139,865,000	95,252,465
After 2013 to 2020	1,118,920,000	762,019,719
	1,818,245,000	**1,238,282,044**

Prepaid development expenditures:

This represents costs incurred related to the installation of EDS Security Systems ("EDS") for the International and Domestic Lines Terminals, and various re-design at the exterior of the Domestic Lines Terminal as required by the Concession Agreement.

(Amounts expressed in Euro unless otherwise stated)

20. 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% (31 December 2006: 20%) is used.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

Recognised deferred tax assets and liabilities

As at 31 December deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
PPE, BOT, and other intangible assets	15,077,315	1,519,924	(5,887,747)	(4,226,430)	9,189,568	(2,706,506)
Prepaid concession expenses	-	-	(16,095,521)	(5,366,196)	(16,095,521)	(5,366,196)
Inventories	36,955	-	-	-	36,955	-
Derivatives	3,490,406	2,005,770	(158,460)	-	3,331,946	2,005,770
Loans and borrowings	118,457	-	(7,728)	-	110,729	-
Reserve for employee severance indemnity	965,098	614,442	-	-	965,098	614,442
Provisions	582,488	237,214	-	-	582,488	237,214
Receivables and payables	144,586	232,028	(45,463)	-	99,123	232,028
Other items	624,878	1,037,662	(628,131)	(58,741)	(3,253)	978,921
Tax loss carry-forwards	18,344,245	14,532,000	-	-	18,344,245	14,532,000
Deferred tax assets/(liabilities)	**39,384,428**	**20,179,040**	**(22,823,050)**	**(9,651,367)**	**16,561,378**	**10,527,673**
Set off of tax	(18,241,847)	(5,762,492)	18,241,847	5,762,492	-	-
Net deferred tax assets/(liabilities)	**21,142,581**	**14,416,548**	**(4,581,203)**	**(3,888,875)**	**16,561,378**	**10,527,673**

(Amounts expressed in Euro unless otherwise stated)

Movement in temporary differences during the year

	Balance at 1 January 2006	Recognized in profit or loss	Translation effect recognized in profit or loss	Balance at 31 December 2006	Recognized in profit or loss	Effect of acquisition	Recognized in equity	Balance at 31 December 2007
PPE, intangible assets and BOT investments	(4,665,654)	1,959,148	-	(2,706,506)	13,833,802	(1,614,595)	(323,135)	9,189,566
Prepaid concession expenses	688,885	(6,055,081)	-	(5,366,196)	(10,729,325)	-	-	(16,095,521)
Inventories	-	-	-	-	36,957	-	-	36,957
Trade receivables and payables	166,466	65,562	-	232,028	(132,905)	-	-	99,123
Derivatives	460,204	1,545,566	-	2,005,770	1,326,176	-	-	3,331,946
Loans and borrowings	-	-	-	-	110,729	-	-	110,729
Reserve for employee severance indemnity	707,924	(93,482)	-	614,442	350,656	-	-	965,098
Provisions	155,516	(392,730)	-	(237,214)	819,702	-	-	582,488
Carry forward losses	2,230,428	15,112,341	(2,810,769)	14,532,000	3,812,245	-	-	18,344,245
Other items	16,729,960	(15,276,611)	-	1,453,349	(1,103,656)	(352,946)	-	(3,253)
Tax (assets) liabilities	**16,473,729**	**(3,135,287)**	**(2,810,769)**	**10,527,673**	**8,324,381**	**(1,967,541)**	**(323,135)**	**16,561,378**

(Amounts expressed in Euro unless otherwise stated)

At the balance sheet date, the Group has unused tax losses of EUR 137,891,661 (31 December 2006: EUR 92,554,593) available for offset against future profits. Tax losses can be carried forward for five years under current tax legislation. The Company management assessed that EUR 47,497,970 (31 December 2006: EUR 19,894,593) of tax losses will not be utilized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. A deferred tax asset at the effective tax rate of 9% has been calculated amounting to EUR 18,584,311 (31 December 2006: at the effective rate of 12% EUR 14,532,000). Unutilized tax losses will expire as follows:

	2007	2006
Expire in 2009	2,526,555	2,333,737
Expire in 2010	27,043,313	5,557,478
Expire in 2011	82,737,123	84,663,378
Expire in 2012	25,584,670	-
Total	**137,891,661**	**92,554,593**

Movements of deferred tax assets/(liabilities) are as follows:

	2007	2006
Balance at 31 December	**8,916,667**	**16,347,985**
Correction of error (Note 41)	1,611,006	125,744
Restated balance at 1 January	**10,527,673**	**16,473,729**
Correction of error on current period charge (Note 41)	-	1,485,262
Recovery of/(charged to) to profit or loss for the year	8,324,381	(4,620,549)
Acquisiton effect	(352,946)	-
Change in group structure (*)	(1,937,730)	43,875
Translation effect	-	(2,854,644)
Balance at 31 December	**16,561,378**	**10,527,673**

(*) Balance represents the deferred tax liability arising from acquisition of 40% shares of HAVAŞ.

(Amounts expressed in Euro unless otherwise stated)

21. INVENTORIES

At 31 December, inventories comprised the following:

	2007	2006
Duty free inventories	5,233,940	6,106,894
Spare parts and other inventories	3,089,020	4,006,483
Catering inventories	986,516	692,568
Advances given for purchase orders	133,064	707,119
	9,442,540	**11,513,064**

In 2007, the write-down of inventories to net realizable value amounted to EUR 119,095 (2006: EUR 335,958).
The reversal of write-downs amounted to EUR 216,862 in 2007 (2006: nil). The write-down and reversal are included in cost of sales.

22. OTHER RECEIVABLES\CURRENT AND NON-CURRENT ASSETS

Other receivables and current assets:	2007	2006
Advances given to DHMİ for VAT portion	20,106,626	22,413,520
VAT deductible and carried forward (**)	13,401,447	2,331,179
Prepaid insurance	2,970,489	6,740,475
Prepaid taxes and funds	987,220	940,496
Advances to suppliers	874,461	268,479
Business advances given	778,085	423,839
Income accruals	447,728	789,059
Advances given to personnel	353,828	82,011
Other receivables (*)	3,822,347	1,420,858
	43,742,231	**35,409,916**

Other non-current assets:	2007	2006
Advances given to DHMİ for VAT portion	18,498,923	23,922,293
VAT deductible and carried forward (**)	3,974,305	3,115,403
Non-current prepaid insurance expenses	1,410,939	18,057
Other non-current receivables	3,425,650	493,887
	27,309,817	**27,549,640**

(*) The significant portion of other receivables are comprised of receivables from IC İçtaş Sanayi Ticaret A.Ş. ("IC İçtaş"), subcontracter of TAV İzmir terminal.

(**) In 2007, VAT deductable is mainly attributable to the VAT of TAV Tbilisi according to local legislation.

(Amounts expressed in Euro unless otherwise stated)

23. TRADE RECEIVABLES

At 31 December, trade receivables comprised the following:

	2007	2006
Trade receivables	25,221,907	25,402,520
Notes receivable	21,892	136,846
Doubtful receivables	1,389,209	1,409,983
Allowance for doubtful receivables (-)	(1,389,209)	(1,409,983)
Other	163,514	10,144
	25,407,313	**25,549,510**

Allowance for doubtful receivables has been determined by reference to past default experience.

Based on the agreements with the lenders, the Group irrevocably and unconditionally assign and transfer, as security for the fulfillment of all the obligations at any time due, in respect of the finance documents to the lenders all of their receivables and rights, title, interest and benefit in, to and under their receivables, as well as the claims arising from such receivables.

The Group's exposure to credit and currency risks and impairment losses related to trade receivables are disclosed in note 36.

24. CASH AND CASH EQUIVALENTS

At 31 December, cash and cash equivalents comprised the following:

	2007	2006
Cash on hand	397,852	585,943
Cash at banks		
- Demand deposits	33,019,722	5,137,376
- Time deposits	30,382,010	255,140
- Reverse repurchase agreements	139,750	111,380
Other liquid assets	713,099	164,307
Cash and cash equivalents	64,652,433	6,254,146
Bank overdrafts used for cash management purposes	(1,970,698)	-
Cash and cash equivalents in the statement of cash flows	**62,681,735**	**6,254,146**

(Amounts expressed in Euro unless otherwise stated)

The details of the Group's time deposits, maturities and interest rates as at 31 December 2007 and 2006 are as follows:

31 December 2007

Original Currency	Maturity	Interest rate %	Balance
EUR	2 January-1 November 2008	3.25-5.20	15,391,978
USD	2 January-8 February 2008	4.00-4.50	13,981,847
TRY	1 January-2 January 2008	12.94-16.00	1,008,185
			30,382,010

31 December 2006

Original Currency	Maturity	Interest rate %	Balance
EUR	4 January 2007	2.40	198,417
TRY	4 January 2007	11.00	38,381
USD	4 January 2007	2.00	18,342
			255,140

The Group's exposure interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 36.

25. RESTRICTED BANK BALANCES

At 31 December, restricted bank balances comprised the following:

	2007	2006
Project reserve and funding accounts (*)	240,485,700	266,793,826
Cash collaterals (**)	17,035,116	56,730,704
	257,520,816	**323,524,530**

(*) Some of the subsidiaries, namely TAV İstanbul, TAV Esenboğa, TAV İzmir and ATÜ ("the Borrowers") opened Project Accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and etc as based on agreements with their lenders. As a result of pledges regarding to the project bank loans as explained in note 28, all cash except for cash on hand are classified in these accounts. Based on these agreements, the Group can access and use such restricted cash but all withdrawals from the project accounts are upon the lenders' consent.

Interest rates are in the range of 2.94%-3.85% (31 December 2006: 1.90%-7.56%) for EUR reserves and of 3.86%-4.14% (31 December 2006: 4.27%-4.95%) for USD reserves.

(**) The Group has deposited cash equivalents of EUR 17,035,116 as at 31 December 2007 (31 December 2006: EUR 56,730,704) in respect of the Group's indebtedness with 5% interest rate.

(Amounts expressed in Euro unless otherwise stated)

26. CAPITAL AND RESERVES

Shareholders	(%)	31 December 2007
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	18.86	45,672,151
Akfen Holding A.Ş. ("Akfen Holding")	15.70	38,022,747
Goldman Sachs International (*)	14.40	34,875,000
Meinl Airports International Ltd.	8.85	21,443,250
IDB Infrastructure Fund L.P.	4.92	11,924,792
Babcock Brown Turkish Airports LLC	4.32	10,455,290
Kuwait Investment Authority	3.20	7,750,000
Sera Yapı Endüstrisi ve Tic. Ltd. Şti. ("Sera Yapı")	3.15	7,621,875
Global Investment House KSCC	3.00	7,265,625
Old Mutual Life Assurance Company Limited	2.35	5,681,750
Global Opportunistic Fund II Company BSCC	2.00	4,843,750
Tricom Equities Limited	0.84	2,041,239
Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat")	0.01	27,529
Mehmet Cem Kozlu	<0.01	2
Free Float	18.40	44,562,500
Paid in capital in TRY (nominal)	**100.00**	**242,187,500**

Paid in capital in EUR (nominal) as at 31 December 2007	141,613,554
Effect of non-cash increases and exchange rates	(36,703,287)
Paid in capital EUR	**104,910,267**

(Amounts expressed in Euro unless otherwise stated)

Shareholders	(%)	31 December 2006
Goldman Sachs International (*)	30.00	69,750,000
Tepe İnşaat	27.06	62,926,124
Akfen Holding	23.01	53,487,205
Sera Yapı	3.28	7,621,875
Babcock Brown Turkish Airports LLC	6.00	13,950,000
IDB Infrastructure Fund L.P.	4.87	11,322,750
Global Investment House KSCC	3.00	6,975,000
Global Opportunistic Fund II Company BSCC	2.00	4,650,000
Akfen İnşaat	0.78	1,817,044
Mehmet Cem Kozlu	<0.01	2
Paid in capital in TRY (nominal)	**100.00**	**232,500,000**
Paid in capital in EUR (nominal) as at 31 December 2006		135,949,012
Effect of non-cash increases and exchange rates		(36,405,484)
Paid in capital EUR		**99,543,528**

(*) 34,875,000 of the shares owned by Goldman&Sachs International that correspond to the 14.4% (31 December 2006: 15%) of the share capital of the Company have been provided by Tepe İnşaat, Akfen Holding and Sera Yapı to Goldman&Sachs International as collateral and the title of those shares have been transferred to Goldman&Sachs International for this purpose. A pledge in favor of Tepe İnşaat, Akfen Holding and Sera Yapı exists on those shares. Voting rights, right of receiving dividends, pre-emption rights for participating in cash share capital increase in connection with those shares (except for acquiring gratis shares under share capital increase) belong to Tepe İnşaat, Akfen Holding and Sera Yapı.

TAV Holding's nominal share capital has been increased from TRY 232,500,000 to TRY 242,187,500 on 20 February 2007. The increased capital has been fully paid on 26 February 2007 through public offering. The Initial Public Offering ("IPO") of the Company was completed on 23 February 2007. Total nominal amount of shares launched to public was TRY 38,750,000 of which TRY 9,687,500 was via capital injection and TRY 29,062,500 was via sales by shareholders. In addition, Tepe İnşaat and Akfen Holding sold additional shares amounting to nominal TRY 5,812,500 (corresponding to 15% of offered shares). During the IPO, each share having TRY 1 nominal value was sold for TRY 10. After offering of additional shares, nominal amount of IPO was TRY 44,562,500 and IPO share was 18.4%. Excess amount of selling price and nominal value for each share was recorded as share premium in equity. Shares are traded as "TAVHL" at İstanbul Stock Exchange since 23 February 2007.

The Company's share capital consists of 242,187,500 shares amounting to TRY 242,187,500 as at 31 December 2007 (31 December 2006: TRY 232,500,000).

Legal Reserves:

Retained earnings in the statutory tax financial statements can be distributed as dividends other than judgments related to legal reserves described below:

Legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions; however holding companies are not subject to this application. Legal reserves, if less than 50% of the paid-in capital, can only be used to net-off the losses.

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

Based on Section 15, Article 399 of the CMB's Communiqué No: XI/25, the amount of 'accumulated losses' arising from the initial application of the inflation accounting, should be taken into account as a deduction when determining the distributable profit. 'Accumulated losses' should be offset against the following components of shareholders' equity; current year income, if applicable, unappropriated prior years' income, and remaining losses from the incremental effect of the inflation adjustment to extraordinary reserves, legal reserves and share capital, respectively.

In accordance with the Communiqué No: XI/25, companies are required to distribute at least 20% of their distributable profit arising from the 2007's activity, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 20% of the distributable profit can be made as in cash or as bonus share or as a combination of a certain percentage of cash and bonus shares. However, if the first dividend amount is less than 5% of paid capital, the related amount could be retained without appropriating within the Group. The profit amount included in calculation of net distributable profit in the consolidated financial statements which is also included in the financial statements of subsidiaries, joint ventures and shareholdings are not recognized.

Under the CMB's Communiqué No: XI/25 and Communiqué No: XI/21, if subsidiaries, joint ventures and associates that are included in consolidation have the decision of share distribution in their board meetings, provided that the profit attributable to the parent company which is accounted in the consolidated financial statements is considered as the maximum amount within the context of financial statements prepared in accordance with the recent adjustments relating to such entities, profit amount from the related companies transferred to the parent company is taken into consideration in the parent company's distributable profit depending on the decision of the General Assembly. Additionally, in accordance with the CMB's decision numbered 7/242 date 25 February 2005; if the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations does not exceed net distributable profit in the statutory accounts, the whole amount should be distributed. On the contrary, the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations exceeds net distributable profit in the statutory accounts; distributable amount is limited with the figures in the statutory accounts. There is no requirement for profit distribution in 2007 since the both financial statement prepared in compliance with the CMB or regulation and statutory accounts reflect net loss for the period.

Pursuant to the profit distribution policy decision of Board of Directors made on 25 May 2007, and the General Assembly resolution dated 28 May 2007, it has been decided to distribute as shares, minimum 20% of the "net distributable period profit" calculated taking into account the financial tables that are compliant with the IFRS prepared in compliance with the Capital Market Board regulations, either in cash or by adding the amount to the capital, depending on the decision to be made by the General Assembly. One of the basic objectives of the Company is to sustain the mentioned profit distribution policy, excluding the investments and other fund requirements of the Company or the participations and the affiliates, for the long term growths or the special cases due to extraordinary developments in economic conditions. As the Company has a net period loss as of the end of the 2006 fiscal year, the General Assembly has decided not to distribute any profit.

Under the terms of the Share Sale and Purchase Agreements ("SSPA") of each shareholder, there are various rights and conditions.

Goldman Sachs International SSPAs

Pursuant to a share sale and purchase agreement dated 21 December 2006 executed between Goldman Sachs International ("GS") and Tepe İnşaat, Akfen Holding and Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat") (collectively the "Sellers") regarding the sale and transfer of such number of shares that the Sellers own in TAV Holding that corresponds to the 10% of then existing share capital of TAV Holding to GS and a share sale and purchase agreement dated 21 December 2006 executed between GS and the Sellers regarding the sale and transfer of such number of shares that the Sellers own in TAV Holding that corresponds to the 5% of then existing share capital of TAV Holding to GS (collectively the "GS SSPAs"), GS has an option to offer selling the shares that GS owns in TAV Holding to the Sellers in consideration for the pre-agreed exit price (the "Exit Price") specified in GS SSPAs (the "Put Option").

GS has the right to exercise the first Put Option (the "First Put Option") during such period commencing on 20 November 2007 and ending 10 business days after the first anniversary of Completion (the Completion Date being 21 December 2006). This put option was not exercised in 2007.

GS has the right to exercise the second Put Option (the "Second Put Option") during such period commencing on 17 November 2008 and ending 10 (ten) Business Days thereafter.

If the Sellers fail to acquire the shares offered by GS under the First Put Option or the Second Put Option, as the case may be, within the period specified in GS SSPAs in consideration for the Exit Price specified in the GS SSPAs for the First Put Option and Second Put Option separately or cause a third party to do so, GS will send a default notice of 15 Business Days. If the Sellers fail to complete the foregoing transaction within this notice period then GS will have right to enforce the Collateral Shares described below.

Collateral Shares

Tepe İnsaat, Akfen Holding and Sera Yapı have lent and transferred the title of such number of shares that correspond to the 14,4% of the present share capital of TAV Holding (the "Collateral Shares") under an agreement named Collateralized Stock Borrowing Agreement as a security for the performance of the obligations of the Sellers in connection with the Put Option.

GS has created pledge in favour of Tepe İnşaat, Akfen Holding and Sera Yapı on the Collateral Shares. All voting rights, dividends, rights for participating in share capital increase in connection with the Collateral Shares shall belong to Tepe İnşaat, Akfen Holding and Sera Yapı, provided that gratis (bonus) shares issued as the result of such share capital increase made by way of adding the reserves to equity shall belong to GS in connection with the Collateral Shares. In the event of enforcement of Collateral Shares by GS as described above, the share pledge is released on the Collateral Shares. Collateral Shares are maintained by an escrow agent. Further, pursuant to GS SSPAs, GS is entitled to transfer the shares that it owns in the Company to its Affiliates.

(Amounts expressed in Euro unless otherwise stated)

27. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2007 was based on the loss attributable to ordinary shareholders of EUR 29,640,483 (2006: EUR 70,528,247) and a weighted average number of ordinary shares outstanding of 240.717.076 (2006: 94.687.500), calculated as follows:

	2007	2006
Numerator:		
Net loss for the year	(38,438,325)	(70,262,780)
Denominator:		
Weighted average number of shares	240.717.076	94.687.500
Basic earnings per share	**(0.15968)**	**(0.74204)**

Weighted average number of ordinary shares

	2007	2006
Issued ordinary shares at 1 January	232.500.000	40.000.000
Effect of shares issued during the year	8.217.076	54.687.500
Weighted average number of ordinary shares at 31 December	**240.717.076**	**94.687.500**

28. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 36.

	2007	2006
Non-current liabilities		
Secured bank loans	744,201,855	16,835,790
Unsecured bank loans	22,686,731	32,903,380
Finance lease liabilities	614,615	-
	767,503,201	**49,739,170**
Current liabilities		
Current portion of secured bank loans	124,139,050	778,844,822
Current portion of unsecured bank loans	110,804,901	41,843,281
Current portion of finance lease liabilities	120,104	35,630
	235,064,055	**820,723,733**

(Amounts expressed in Euro unless otherwise stated)

The Group's total bank loans and finance lease liabilities as at 31 December are as follows:

	2007	2006
Bank loans	1,001,832,537	870,427,273
Finance lease liabilities	734,719	35,630
Total	**1,002,567,256**	**870,462,903**

The Group's bank loans as at 31 December 2007 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Tunisia	70,333,078	-	70,333,078
TAV İstanbul	52,966,710	433,362,937	486,329,647
TAV Holding	52,102,025	88,328,232	140,430,257
TAV Tbilisi	28,097,203	7,785,002	35,882,205
TAV İzmir	16,052,732	84,316,990	100,369,722
TAV Esenboğa	10,896,888	139,000,774	149,897,662
ATÜ	3,142,076	13,815,512	16,957,588
Other	1,353,239	279,139	1,632,378
	234,943,951	**766,888,586**	**1,001,832,537**

The details of the Group's bank loans as at 31 December 2006 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV İstanbul	510,123,444	-	510,123,444
TAV Esenboğa	153,055,126	-	153,055,126
TAV İzmir	113,432,916	-	113,432,916
TAV Holding	24,077,033	32,636,000	56,713,033
TAV Tbilisi	16,619,772	-	16,619,772
ATÜ	2,233,336	16,835,790	19,069,126
Others	1,146,476	267,380	1,413,856
	820,688,103	**49,739,170**	**870,427,273**

As described in Note 1-Reporting Entity under the section of "Waiving of Default", in 2006 some of Group companies (TAV İstanbul, TAV İzmir and TAV Esenboğa) had not been in compliance with their certain covenants, and accordingly, the associated loans, in the amount of EUR 776,611,486 had been classified as short term loans as at 31 December 2006 in accordance with IAS 1. The management of the Group completed the financial restructuring in December 2006. Upon completion of the restructuring, and other conditions established by the banks, the banks had waived all events of default on 22 January 2007 and as a result, the loans are payable on the original schedule as at 31 December 2007.

(Amounts expressed in Euro unless otherwise stated)

Redemption schedules of the Group bank loans according to original maturities as at 31 December are as follows:

	2007	2006
On demand or within one year	234,943,951	79,226,622
In the second year	136,213,078	59,840,426
In the third year	110,247,132	66,795,910
In the fourth year	101,129,322	80,561,079
In the fifth year	98,234,023	86,106,693
After five years	321,065,031	497,896,543
	1,001,832,537	**870,427,273**

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spread for EUR and USD denominated loans as at 31 December 2007 is between 1.00% – 5.00% and 1.20% – 4.00% respectively (31 December 2006: 2.50% – 5.00%; 1.50% – 2.50% respectively).

75%, 80% and 100% of floating bank loans for TAV İstanbul, TAV İzmir and TAV Esenboğa are fixed with financial derivatives, respectively, as explained in Note 34.

The Group has obtained project loans to finance construction of its BOT concession projects, namely TAV Esenboğa and TAV İzmir; and to be able to finance advance payments to DHMİ related to concession leasing project, TAV İstanbul. Details of the loans are summarized for each project below:

TAV İstanbul

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Secured bank loan (*)	EUR	2015	Euribor+2.50%	360,960,596	363,769,617
Secured bank loan (**)	USD	2015	Libor+2.50%	109,515,307	107,671,712
Secured bank loan	EUR	2013	Euribor+5.00%	15,134,680	14,888,318
				485,610,583	**486,329,647**

TAV İstanbul has bank loan in the amount of EUR 107,671,712 ("Tranch A") and EUR 363,769,617 ("Tranch B") under a senior facility agreement and EUR 14,888,318 under a mezzanine facility agreement. The terms of the loan requires semi annual principal and interest payments on 30 June and 31 December of each year according to the loan agreements. TAV İstanbul has no unused extra borrowing amount related to the mezzanine and senior facility agreements. With the consent of the facility agent, TAV İstanbul has a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to USD 1 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.

(*) Interest rate is Euribor+ 2.85% between the period of 31. 12.2009 and 31.12.2015
(**) Interest rate is Libor+2.85% between the period of 31.12.2009 and 31.12.2015

(Amounts expressed in Euro unless otherwise stated)

The breakdown of bank loans as at 31 December 2006 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Secured bank loan	EUR	2015	Euribor+2.50%	369,162,616	369,373,065
Secured bank loan	USD	2015	Libor+5.00%	124,854,327	124,932,197
Secured bank loan	EUR	2013	Euribor+2.50%	15,818,182	15,818,182
				509,835,125	**510,123,444**

Redemption schedules of the TAV İstanbul bank loans according to the original maturities as at 31 December are as follows:

	2007	2006
On demand or within one year	52,966,710	11,947,842
In the second year	53,292,710	20,734,422
In the third year	58,369,907	33,714,974
In the fourth year	55,947,749	43,708,851
In the fifth year	61,090,443	47,729,376
After five years	204,662,128	352,287,979
	486,329,647	**510,123,444**

TAV İzmir

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Secured bank loan	EUR	2013	Euribor+3.00%	97,109,761	100,369,722
				97,109,761	**100,369,722**

TAV İzmir has bank loans in the amount of EUR 100,369,722 under loan agreements. The terms of the loan require semi annual principle and interest payments at each 23 January and 23 July according to the loan agreements. With the consent of the facility agent, TAV İzmir has 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.

(Amounts expressed in Euro unless otherwise stated)

The breakdown of bank loans as at 31 December 2006 is as follows:

	Original Currency	Year of Maturity	Interest rate	Nominal Face Value	Carrying Amount
Secured bank loan	EUR	2013	Euribor+3.00%	98,688,782	101,161,921
Unsecured bank loan	EUR	2007	Euribor+2.00%	10,000,000	10,218,976
Unsecured bank loan	EUR	2007	Euribor+3.00%	2,000,000	2,052,019
				110,688,782	**113,432,916**

Redemption schedules of the TAV İzmir bank loans according to original maturities as at 31 December are as follows:

	2007	2006
On demand or within one year	16,052,732	16,323,154
In the second year	17,959,590	9,128,714
In the third year	17,306,992	13,668,396
In the fourth year	16,639,792	15,790,205
In the fifth year	16,302,989	17,171,848
After five years	16,107,627	41,350,599
	100,369,722	**113,432,916**

TAV Esenboğa

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Secured bank loans	EUR	2021	Euribor+2.35%	150,000,000	149,897,662
				150,000,000	**149,897,662**

TAV Esenboğa has a bank loan in the amount of EUR 149,897,662 under loan agreement. The terms of the loan semi annual principal and interest payments at each 30 June and at each 31 December according to the loan agreements starting at 31 December 2007 for interest and 30 June 2008 for principal. However, with the consent of the facility agent, TAV Esenboğa has 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.

(Amounts expressed in Euro unless otherwise stated)

The breakdown of bank loans as at 31 December 2006 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Secured bank loan	EUR	2016	Euribor+3.5%	128,838,413	129,328,428
Secured bank loan	EUR	2016	Euribor+0.85%	23,236,682	23,726,698
				152,075,095	**153,055,126**

Redemption schedules of the TAV Esenboğa borrowings according to original maturities as at 31 December are as follows:

	2007	2006
On demand or within one year	10,896,888	6,843,379
In the second year	9,568,989	8,579,065
In the third year	10,435,652	11,596,067
In the fourth year	11,388,065	13,243,550
In the fifth year	11,987,409	16,952,996
After five years	95,620,659	95,840,069
	149,897,662	**153,055,126**

Pledges regarding the project bank loans:

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 25) 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.

(Amounts expressed in Euro unless otherwise stated)

ATÜ

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Secured bank loan	EUR	2015	Euribor+2.70%	8,417,895	8,478,794
Secured bank loan	EUR	2015	Euribor+2.70%	8,417,895	8,478,794
				16,835,790	**16,957,588**

The breakdown of bank loans as at 31 December 2006 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Unsecured bank loan	TRY	2007	1.85%	91,204	91,204
Secured bank loan	EUR	2015	Euribor+2.70%	9,470,131	9,488,960
Secured bank loan	EUR	2015	Euribor+2.70%	9,470,132	9,488,962
				19,031,467	**19,069,126**

Redemption schedules of the ATÜ bank loans as at 31 December are as follows:

	2007	2006
On demand or within one year	3,142,076	2,233,336
In the second year	2,484,340	2,104,474
In the third year	2,476,289	2,104,474
In the fourth year	2,204,797	2,104,474
In the fifth year	1,975,469	2,104,474
After five years	4,674,617	8,417,894
	16,957,588	**19,069,126**

TAV Tbilisi

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Secured bank loan	USD	2009	Libor+4.00%	20,430,944	12,678,662
Secured bank loan	USD	2009	Libor+4.00%	17,025,786	10,418,973
Secured bank loan	USD	2008	5.30%	17,025,786	10,245,437
Secured bank loan	USD	2009	Libor+4.00%	2,043,094	1,267,004
Secured bank loan	USD	2009	Libor+4.00%	2,043,094	1,242,731
Unsecured bank loan	USD	2008	13%	29,328	29,398
				58,598,032	**35,882,205**

(Amounts expressed in Euro unless otherwise stated)

The breakdown of bank loans as at 31 December 2006 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Unsecured bank loans	USD	2007	8.37%	11,387,524	11,584,955
Unsecured bank loans	USD	2007	11.00%	1,822,004	1,823,260
Unsecured bank loans	USD	2007	11.00%	1,366,503	1,375,791
Unsecured bank loans	USD	2007	11.00%	911,002	911,633
Unsecured bank loans	USD	2007	11.00%	911,001	924,133
				16,398,034	**16,619,772**

Redemption schedules of the TAV Tbilisi bank loans as at 31 December are as follows:

	2007	2006
On demand or within one year	28,097,203	16,619,772
In the second year	7,785,002	-
	35,882,205	**16,619,772**

TAV Holding

The breakdown of bank loans as at 31 December 2007 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Secured bank loan	USD	2012	Libor + 1.85%	78,318,618	78,933,408
Unsecured bank loan	EUR	2008	5.30%	25,000,000	25,908,161
Unsecured bank loan	EUR	2009	Euribor+1.10%	18,000,000	18,476,326
Unsecured bank loan	USD	2010	Libor + 1.20%	17,025,786	17,112,362
				138,344,404	**140,430,257**

The breakdown of bank loans as at 31 December 2006 is as follows:

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2008	Euribor+4.00%	20,000,000	20,728,235
Unsecured bank loan	USD	2007	Libor+1.50%	15,183,365	15,639,456
Unsecured bank loan	EUR	2010	Euribor+3.75%	10,000,000	10,018,108
Unsecured bank loan	EUR	2011	Euribor+3.75%	5,000,000	5,316,847
Unsecured bank loan	EUR	2010	Euribor+3.75%	5,000,000	5,010,387
				55,183,365	**56,713,033**

(Amounts expressed in Euro unless otherwise stated)

Redemption schedules of the TAV Holding bank loans as at 31 December are as follows:

	2007	2006
On demand or within one year	52,102,025	24,077,033
In the second year	44,843,309	19,062,000
In the third year	21,658,292	5,712,000
In the fourth year	14,948,920	5,714,000
In the fifth year	6,877,711	2,148,000
After five years	-	-
	140,430,257	56,713,033

TAV Tunisia

	Original Currency	Year of Maturity	Nominal Interest rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2008	Euribor+1%	70,000,000	70,333,078
				70,000,000	70,333,078

Redemption schedules of the Tunisia bank loans as at 31 December are as follows:

	2007	2006
On demand or within one year	70,333,078	-
	70,333,078	-

Finance lease liabilities

	Minimum lease payments	
	2007	2006
Amounts payable under finance leases		
Less than one year	614,615	35,630
Between one and five years	120,104	-
Present value of lease obligations	**734,719**	**35,630**

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average remaining lease term is four years as at 31 December 2007. For the year ended 31 December 2007, the average effective borrowing rate was 6.09% (31 December 2006: 7.90%). 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.

(Amounts expressed in Euro unless otherwise stated)

29. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and joint ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

Such payments are calculated on the basis of 30 days' pay maximum full TRY 2,030 as at 31 December 2007 (equivalent to EUR 1,187 as at 31 December 2007) (31 December 2006: TRY 1,857 (equivalent to EUR 1,003 as at 31 December 2006)) 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 arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and joint venture registered in Turkey arising from the retirement of employees. IFRSs require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2007, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at 31 December 2007 have been calculated assuming an annual inflation rate of 5.00% and a discount rate of 11% resulting in a real discount rate of approximately 5.71% (31 December 2006: annual inflation rate of 5.00% and a discount rate of 11.00% resulting in a real discount rate of approximately 5.71%). It is planned that, retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

	2007	2006
Provision as at 1 January	**3,685,054**	**2,359,745**
Provisions set during the year	723,817	2,319,265
Payment made during the year	(990,213)	(868,627)
Effects of change in foreign exchange rate	380,450	(125,329)
Effect of group structure change (note 3(a)(ii))	1,084,999	-
Provision as at 31 December	**4,884,107**	**3,685,054**

30. OTHER PAYABLES

At 31 December, other payables comprised the following:

	2007	2006
Taxes and duties payable	5,690,968	3,923,468
Due to personnel	4,612,340	1,524,557
Social security premiums payable	4,002,446	3,703,959
Expense accruals	2,720,806	2,981,484
Advances received	604,537	1,161,845
Other accruals and liabilities	382,984	233,415
	18,014,081	**13,528,728**

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in note 36.

(Amounts expressed in Euro unless otherwise stated)

31. DEFERRED INCOME

The breakdown of deferred income as at 31 December is as follows:

	2007	2006
Deferred income:		
Short-term deferred income	9,364,355	4,721,740
Long-term deferred income	19,068,150	22,568,298
	28,432,505	**27,290,038**

EUR 18,713,681 (2006: EUR 19,584,011) of deferred income is related with the prepaid concession rent income from ATÜ.

32. PROVISIONS

The movement of the Group's unused vacation provisions is as follows:

	2007	2006
Unused vacation accruals	2,284,737	949,545
Tax penalty (*)	9,248,823	-
	11,533,560	**949,545**

(*) Following the audits carried out by the Financial Auditors of the Ministry of Finance, on the 2001-2004 accounts of the Company, a settlement has been reached on 23 March 2008, with the Revenues Administration Directorate of the Ministry of Finance, for the taxes and penalties set forth in the reports notified regarding the 2001-2005 period, and subsequently settlement has been reached for an income tax withholding of TRY 2,790,637 (equivalent of EUR 1,631,404) and a value added tax of TRY 623,282 (equivalent of EUR 364,806) had been settled. A delay interest of TRY 4,603,610 (equivalent of EUR 2,691,855) is made for these penalties. A provision of TRY 8,017,529 (equivalent of EUR 4,688,065) had been allocated in the 31 December 2007 financial statements of the Company. This sum will be paid in equal installments in 18 months.

The tax audits carried out by the Financial Auditors of the Ministry of Finance, on the January 2004-September 2007 accounts of BTA have been completed. Following the inspections carried out, it has been notified to BTA that food and beverage sales at the customs areas at the airports (air side) must not be exempt from value added tax, together with the relevant tax/penalty notifications. Together with this notification, a value added tax of TRY 15,480,954 and a corporate tax of TRY 288,647 have been calculated, and a tax loss penalty for the same amounts has been calculated. BTA has requested a settlement as a response to this notification, and the date of settlement has been determined as 23 May 2008. There are similar ongoing cases regarding the VAT liability at the air side stores operated at various airports in Turkey. The settlement results for these cases have been taken into consideration for a general assessment, and BTA allocated a provision amounting to a total of TRY 5,298,286 (equivalent of EUR 3,098,051) in its 31 December 2007 financial statements, i.e., TRY 3,238,286 (equivalent of EUR 1,893,513) tax and TRY 2,060,000 (equivalent of EUR 1,204,537) delay interest.

TAV İstanbul did not calculate a value added taxes for the sales pursuant to the tax-free sales of stores, and the lease of independent units such as depots and warehouses for these stores, between July 2005 and December 2007. Although there are no official tax audits for TAV İstanbul, TAV İstanbul believes that in parallel with the issues explained above for BTA, a possible examination may be initiated for TAV İstanbul as well. Taking into consideration the similar outcomes of possible examinations in the relevant sector, as well as the general assessments carried out by TAV İstanbul management, a provision of TRY 2,501,524 (equivalent of EUR 1,462,709) has been allocated by TAV İstanbul in the 31 December 2007 financial statements, i.e., TRY 1,863,006 (equivalent of EUR 1,089,350) tax and TRY 638,518 (equivalent of EUR 373,359) delay interest.

A total reserve of TRY 15,817,339 (equivalent of EUR 9,248,823) has been made in the consolidated financial statements for the above mentioned issues.

(Amounts expressed in Euro unless otherwise stated)

	2007	2006
Balance at 1 January	**949,545**	**759,781**
Provision set during the year, net	1,256,739	298,099
Effects of change in foreign exchange rate	78,453	(108,335)
Balance at 31 December	**2,284,737**	**949,545**

33. TRADE PAYABLES

At 31 December, trade payables comprised the following:

	2007	2006
Trade payables	21,557,591	52,800,090
Deposits and guarantees received	422,547	394,556
Notes payable (*)	-	3,051,580
Other trade creditors	27,611	4,232
	22,007,749	**56,250,458**

(*) In 2006, the amount consisted of notes payable to IC İçtaş Sanayi Ticaret A.Ş., arising from construction of İzmir Adnan Menderes Airport terminal (See Note 38 for other related party transactions). Trade creditors principally comprise amounts outstanding for trade purchases and ongoing costs. The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 36.

34. DERIVATIVE FINANCIAL INSTRUMENTS

	2007		
	Assets	Liabilities	Net Amount
Interest rate swap	2,327,826	(4,028,806)	(1,700,980)
Cross currency swap	-	(15,443,800)	(15,443,800)
	2,327,826	**(19,472,606)**	**(17,144,780)**

	2006		
	Assets	Liabilities	Net Amount
Interest rate cap	179,228	-	179,228
Interest rate swap	1,656,952	(1,745,781)	(88,829)
Cross currency swap	-	(10,031,900)	(10,031,900)
	1,836,180	**(11,777,681)**	**(9,941,501)**

Derivative Contracts

TAV Esenboğa uses interest rate derivatives to manage its exposure to interest rate movements on its bank borrowings. Contracts with nominal values of EUR 150,000,000 have been signed from floating to fixed with an amortizing schedule depending on repayment of loan.

TAV İstanbul uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. Approximately 75% of total project finance loan is hedged through Interest Rate Swap ("IRS") contract during the life of the loan.

TAV İzmir uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. Approximately 80% of total project finance loan is hedged through Interest Rate Swap ("IRS") contract during the life of the loan.

TAV İstanbul uses cross currency derivatives to manage its exposure to foreign currency exchange rates on its concession installments that will be paid to DHMİ.

Cross currency swap

TAV İstanbul has signed a derivative contract to manage and fix its exposure to foreign currency exchange rates between USD and EUR on the concession installments that will be paid to DHMİ. The contract term matches with the terms of the rent payments made to DHMİ which is the end of each December until 2014. The notional amount of the contract is USD 183,035,634 (equivalent to EUR 143,444,854) as at 31 December 2007.

Interest rate swap

A derivative contract has been signed between HypoVereinsbank ("HVB") and TAV İstanbul on 17 January 2006 for the 50% of junior facility (in total EUR 33,961,623). At 21 December 2006, two other hedging contracts have been signed between TAV İstanbul and HVB consisting of interest rate swap transactions for the Tranche A and Tranche B Loans and the notional amount of these contracts is being amortized by the years in parallel with repayments of loans. As at 31 December 2007 total notional amounts are USD 119,951,607 and EUR 269,417,957, respectively.

The fair value of derivatives at 31 December 2007 is estimated at EUR 17,144,780 (2006: EUR 9,941,501). This amount is based on market values of equivalent instruments at the balance sheet date. Changes in the fair value of these interest rate derivatives and cross currency swaps are reflected to finance expense as gain amounting to EUR 2,240,352 (31 December 2006: EUR 930,289) and foreign currency transaction gain amounting to EUR 6,711,700 (31 December 2006: EUR 5,951,700).

35. OPERATING LEASES

The Group entered into various operating lease agreements (excluding concession agreement for TAV İstanbul). For the year ended 31 December 2007, total rent expenses for operating leases amounted to EUR 2,942,801 (2006: 1,129,652).

(Amounts expressed in Euro unless otherwise stated)

36. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. However, most of Group revenues are denominated in hard currency. The gap between hard currency assets and liabilities are hedged by derivative financial instruments such as forward contracts and options. In addition to hedging of currency risk, TAV İstanbul, TAV İzmir, and TAV Esenboğa use interest rate swap as hedging of fluctuations in Euribor and Libor rates (i.e.75%, 80% and 100% of floating loans for TAV İstanbul, TAV İzmir and TAV Esenboğa are fixed, respectively).

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:

	2007	2006
Other non-current assets (*)	3,332,882	493,887
Trade receivables	25,407,313	25,549,510
Due from related parties	4,194,406	10,617,200
Other receivables and current assets (*)	3,345,105	2,138,339
Investments held for trading	248,683	157,729
Restricted bank balances	257,520,816	323,524,530
Cash and cash equivalents	64,652,433	6,254,146
Interest rate swaps used for hedging	2,327,826	1,836,180
	361,029,464	**370,571,521**

(*) Non-financial instruments such as advances given to DHMİ for VAT portion, VAT deductible and carried forward, prepaid expenses and advances given are excluded from other current assets and other non-current assets.

(Amounts expressed in Euro unless otherwise stated)

Impairment losses

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2007	2006
Balance at 1 January	**(1,409,983)**	**(1,730,701)**
Impairment loss recognized	(46,458)	(437,909)
Effect of group structure change (note 3)	(533,377)	-
Collections during the year	78,957	45,579
Released during the year	676,397	576,668
Effect of change in foreign exchange rate	(154,745)	136,380
Balance at 31 December	**(1,389,209)**	**(1,409,983)**

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.

(Amounts expressed in Euro unless otherwise stated)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2007	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than two year
Non-derivative financial liabilities						
Secured bank loans	868,340,905	(1,172,276,702)	(70,807,490)	(57,984,643)	(121,959,865)	(921,524,704)
Unsecured bank loans	133,491,632	(137,634,899)	(102,716,462)	(10,186,458)	(18,864,315)	(5,867,664)
Financial lease liabilities	734,719	(734,720)	(307,308)	(307,308)	(120,104)	-
Trade payables (*)	21,585,202	(21,927,060)	(21,927,060)	-	-	-
Due to related parties	28,790,208	(28,790,208)	(28,790,208)	-	-	-
Other payables (*)	16,843,529	(16,843,529)	(16,843,529)	-	-	-
Bank overdraft	1,970,698	(1,970,698)	(1,970,698)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	4,028,806	(9,849,881)	(159,883)	(386,773)	(2,482,225)	(6,821,000)
Inflow	(2,327,826)	9,389,533	3,858,007	1,322,339	1,872,145	2,337,042
Cross currency swaps						
Outflow	15,443,800	(143,444,854)	-	(28,936,531)	(26,447,449)	(88,060,874)
Inflow	-	124,653,025	-	25,145,734	22,982,731	76,524,560
	1,088,901,673	**(1,399,429,993)**	**(239,664,631)**	**(71,333,640)**	**(145,019,082)**	**(943,412,640)**

31 December 2006	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than two year
Non-derivative financial liabilities						
Secured bank loans	795,680,612	(1,061,885,113)	(31,330,923)	(34,710,503)	(86,714,938)	(909,128,749)
Unsecured bank loans	74,746,661	(76,309,639)	(32,769,898)	(10,636,361)	(19,329,380)	(13,574,000)
Financial lease liabilities	35,630	(35,630)	(35,630)	-	-	-
Trade payables (*)	55,855,902	(56,203,703)	(56,203,703)	-	-	-
Other payables (*)	12,366,883	(12,366,883)	(12,366,883)	-	-	-
Due to related parties	34,894,531	(34,894,531)	(34,894,531)	-	-	-
Derivative financial liabilities						
Interest rate swaps						
Outflow	1,745,781	(5,573,637)	(2,269,488)	(2,259,037)	(1,045,112)	-
Inflow	(1,836,180)	12,398,960	4,825,184	5,038,207	2,535,569	-
Cross currency swaps						
Outflow	10,031,900	(176,749,539)	-	(33,304,685)	(28,936,531)	(114,508,323)
Inflow	-	156,915,229	-	32,262,204	25,145,734	99,507,291
	983,700,948	**(1,254,704,486)**	**(165,045,872)**	**(43,610,175)**	**(108,344,658)**	**(937,703,781)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

(Amounts expressed in Euro unless otherwise stated)

Currency risk

Exposure to currency risk

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

31 December 2007

Foreign currency denominated monetary assets	USD	TRY	Other	Total
Other non-current assets	18,606,730	136,681	2,384,583	21,127,994
Trade receivables, (net)	5,395,617	8,712,317	940,865	15,048,799
Due from related parties	682,228	737,623	134,722	1,554,573
Other receivables and current assets	20,211,831	5,169,071	15,708,566	41,089,468
Restricted bank balances	163,330,499	36,609,606	-	199,940,105
Cash and cash equivalents	15,165,863	3,052,674	2,441,498	20,660,035
Investments held for trading	-	44,508	204,175	248,683
	223,392,768	**54,462,480**	**21,814,409**	**299,669,657**
Foreign currency denominated monetary liabilities				
Loans and borrowings	(241,356,087)	(7,895)	-	(241,363,982)
Bank overdraft	-	(1,282,256)	-	(1,282,256)
Trade payables	(2,147,754)	(7,585,606)	(2,897,975)	(12,631,335)
Due to related parties	(3,132,882)	(3,840,466)	(164,408)	(7,137,756)
Derivative financial instruments	(3,236,507)	-	-	(3,236,507)
Other payables	(2,169,735)	(9,264,605)	(5,431,695)	(16,866,035)
	(252,042,965)	(21,980,828)	(8,494,078)	(282,517,871)
Net exposure	**(28,650,197)**	**32,481,652**	**13,320,331**	**17,151,786**

31 December 2006

Foreign currency denominated monetary assets	USD	TRY	Other	Total
Other current and non-current assets	76,566	62,882,248	742	62,959,556
Trade receivables, (net)	5,085,936	9,073,278	99,147	14,258,361
Due from related parties	4,710,252	5,906,948	-	10,617,200
Restricted bank balances	199,710,002	725,938	-	200,435,940
Cash and cash equivalents	2,188,125	2,544,498	244,855	4,977,478
Investments held for trading	-	157,729	-	157,729
	211,770,881	**81,290,639**	**344,744**	**293,406,264**
Foreign currency denominated monetary liabilities				
Trade payables	(2,054,630)	(44,324,140)	(2,806,609)	(49,185,379)
Due to related parties	(5,115,452)	(14,624,772)	(326,804)	(20,067,028)
Loans and borrowings	(157,191,424)	-	-	(157,191,424)
Other payables and non-current liabilities	(3,216,490)	(8,899,443)	(349,168)	(12,465,101)
	(167,577,996)	(67,848,355)	(3,482,581)	(238,908,932)
Net exposure	**44,192,885**	**13,442,284**	**(3,137,837)**	**54,497,332**

(Amounts expressed in Euro unless otherwise stated)

The following significant exchange rates are applied during the period:

	Average Rate		Reporting Date Closing Rate	
	2007	2006	2007	2006
USD	0.7316	0.7952	0.6810	0.7592
TRY	0.5627	0.5562	0.5847	0.5401
GEL	0.4373	0.4483	0.4289	0.4432

Sensitivity analysis

The Group's principal currency rate risk relates to changes in the value of the Euro relative to the New Turkish Lira and the US Dollar. 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% strengthening of the Euro against other currencies (assuming that other currencies are constant) at 31 December 2007 would have increased profit or loss by approximately EUR 1.7 milllion (31 December 2006: EUR 5.4 million) when ignoring the effect of derivative financial instruments. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of the Euro against other currencies (assuming that other currencies are constant) at 31 December 2007 would have had the equal but opposite effect on the above currencies to the amount on the basis that all other variables remain constant.

Interest rate risk

Group has used material amount 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, and TAV Esenboğa use interest rate swap as hedging of fluctuations in Euribor and Libor rates (i.e.75%, 80% and 100% of floating loans for TAV İstanbul, TAV İzmir and TAV Esenboğa, respectively are fixed).

(Amounts expressed in Euro unless otherwise stated)

Profile

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

	Carrying amount	
	2007	**2006**
Fixed rate instruments		
Financial assets	262,898,604	292,357,951
Financial liabilities	(37,815,372)	(183,450,954)
	225,083,232	**108,906,997**

	Carrying amount	
	2007	**2006**
Variable rate instruments		
Financial assets	2,327,826	1,836,180
Financial liabilities	(968,045,973)	(685,230,538)
	(965,718,147)	**(683,394,358)**

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. 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 100 basis points increase in Euribor or Libor would have resulted in additional annual interest expense of approximately EUR 810,150 on the Group's variable rate debt when ignoring effect of derivative financial instruments.

(Amounts expressed in Euro unless otherwise stated)

Fair values

Fair values versus carrying amounts

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

		31 December 2007		31 December 2006	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Other non-current assets (*)	22	3,332,882	3,332,882	493,887	493,887
Trade receivables	23	25,407,313	25,407,313	25,549,510	25,549,510
Due from related parties	38	4,194,406	4,194,406	10,617,200	10,617,200
Other receivables and current assets (*)	22	3,345,105	3,345,105	2,138,339	2,138,339
Investments held for trading	18	248,683	248,683	157,729	157,729
Restricted bank balances	25	257,520,816	257,520,816	323,524,530	323,524,530
Cash and cash equivalents	24	64,652,433	64,652,433	6,254,146	6,254,146
Financial liabilities					
Bank overdraft	24	(1,970,698)	(1,970,698)	-	-
Loans and borrowings	28	(1,002,567,256)	(1,002,567,256)	(870,462,903)	(870,462,903)
Trade payables (**)	33	(21,585,202)	(21,585,202)	(55,855,902)	(55,855,902)
Due to related parties	38	(28,790,208)	(28,790,208)	(34,894,531)	(34,894,531)
Derivative financial instruments	34	(17,144,780)	(17,144,780)	(9,941,501)	(9,941,501)
Other payables (**)	30	(16,843,529)	(16,843,529)	(12,366,883)	(12,366,883)
		(730,200,035)	**(730,200,035)**	**(614,786,379)**	**(614,786,379)**

(*) 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.

(Amounts expressed in Euro unless otherwise stated)

37. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 December 2007	31 December 2006
Letters of guarantee given to DHMİ	109,376,794	111,618,378
Letters of guarantee given to Tunisia government	68,881,100	-
Letters of guarantee given to third parties	32,600,749	37,097,080
Letters of credit	-	3,053,613
	210,858,643	**151,769,071**

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

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 52,600,000 (Tunusian Dinar "TND" 91,136,065) to the Ministry of Transport and EUR 16,281,100 to OACA according to the BOT agreement signed with OACA in Tunisia. 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. Majority of letters of credit includes letter of credits given for the constructions of Ankara Esenboğa and İzmir Adnan Menderes Airports in 2006.

Contractual obligations

TAV İstanbul

TAV İstanbul is bound by the terms of the Concession Agreement made with DHMİ. If TAV İstanbul does not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of TAV İstanbul's operation.

DHMİ may terminate the Concession Agreement if the ownership of interest of TAV and founding partner in TAV İstanbul should be below 49% during the first three years of the concession period.

At the end of the contract period, TAV İstanbul will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs not made, DHMİ will have this maintenance and repair made, and the cost will be charged to TAV İstanbul.

Pursuant to the provisions of this agreement, the contractual obligations of TAV İstanbul include the rental of the above mentioned facilities for a period of fifteen and a half years beginning on 3 July 2005; the operation of the facilities in compliance with international norms and standards within the rental (operation) period; the performance of periodic repair and maintenance activities on the facilities and the transfer of the facilities in question including the supporting systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ upon the expiry of the rental period.

In the case where TAV İstanbul as the lessee performs a delayed and/or incomplete rent payment to the DHMİ, TAV İstanbul is charged a penalty of 10% of the rent amount to be paid. The Company is then obliged to perform the payment latest within five days. Otherwise, the DHMİ shall be entitled to terminate the rent agreement. TAV İstanbul is not entitled to claim the rent payments performed to the DHMİ prior to the termination of the contract.

TAV Esenboğa and TAV İzmir

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMİ. If these Companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements. According to the BOT agreement:

The share capital of the companies can not be less than 20% of fixed investment amount.

The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ. DHMİ has requested an extension of EUR 13,900,000 (13% of the initial investment) from TAV İzmir on 21 August 2006 which extended the construction period by 2 months and 20 days, and operation period by 8 months and 27 days. TAV İzmir completed the construction for such extension on 10 May 2007. After granting of temporary acceptance by DHMİ in 2007, final acceptance was granted by DHMİ at 21 March 2008.

Temporary acceptance for BOT investments of TAV Esenboğa was granted by DHMİ during the year as well, final acceptances will be granted when control procedures are completed by DHMİ in 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, operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa and TAV İzmir have the responsibility of repair and maintenance of all fixed assets under the investment period.

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ, HAVAŞ undertakes the liability of all losses incurred by its personnel to DHMİ or to third parties. It also takes the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ is required to provide DHMİ with a letter of guarantee amounting to USD 1,000,000. Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ. Fines which are over due in accordance with the appointed agreement/period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ is obliged to complete the collateral at its original amount which is USD 1,000,000 within 15 days.

In accordance with the rental agreements signed with DHMİ regarding the several parking areas, land, buildings, offices at the Atatürk, Esenboğa, Adnan Menderes, Dalaman, Adana, Trabzon, Milas, Kapadokya, Antalya, Gaziantep and Kayseri airports; when the rent period ends, DHMİ will have the right to retain the immovable built in the area free of charge.

TAV Tbilisi

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations.

With regards to the Agreement, TAV Tbilis 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;
- construct the new terminals in accordance with the requirements of International Air Transport Association (“IATA”), International Civil Aviation Organization (“ICAO”) or Eurepean Civil Aviation Conference (“ECAC”), and in compliance with the approved design;
- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and IATA, ICAO or ECAC;
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by the Company to existing communication networks or inappropriate use or operation thereof.

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in “Batumi Airport Ltd” (the “Agreement”) together with its Schedules annexed to the Agreement. In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

With regards to the Agreement, TAV Batumi is required to

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport LTD from Georgia;
- comply with the terms of Permits that materially adversely affects the performance of the 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 Tbilisi

Legal proceedings

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 the Company may be assessed additional taxes, penalties and interest. Tax periods remain open to review by the tax authorities for three years.

Management believes that their interpretation of the relevant legislation is appropriate and Companies' in Georgia profit, currency and customs positions will be sustained.

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 October 1st 2009, unless the cases provided for by the Terms and Specifications of the Agreement ;
- finance up to 30% of the Project by Equity.

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 to;
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Domainial and Operational Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV 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;
- to 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.

Management believes that as at 31 December 2007, the the Group has complied with the terms of the contingincies 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 annually. Cumulative VAT expense related with DHMİ invoices as at 31 December 2007 is EUR 24,258,638 (31 December 2006: EUR 14,123,510).

TAV İstanbul has opened a tax court case in February 2006 against Ministry of Finance for the concession rent, which has been paid partially and the remaining will be paid to DHMİ, for not being subject to VAT. According to temporary VAT code number 12, TAV İstanbul stated that airport privatizations 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 Istanbul on 29 November 2007. An application for appeal has been made, and the process is continuing as of the date of this report. Group management believes that this court will be finalized in Group's favor, paid VAT will be reimbursed to the Group, and the Group will not pay VAT on concession rent anymore.

(Amounts expressed in Euro unless otherwise stated)

38. RELATED PARTY TRANSACTIONS

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

The Company has a number of operating and financial relationships with its shareholders and other entities owned by its shareholders. There are no set payment terms for any of the related party transactions. The related party receivables and payables resulting from operating activities are generally settled in the normal course of business.

All other transactions not described in this footnote between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of balances between the Group and other related parties are disclosed below.

Key management personnel compensation:
The remuneration of directors and other members of key management during the year comprised the following:

	2007	2006
Short-term employee benefits (salaries, bonuses etc.)	5,502,025	2,134,044

Some of the key management (general managers, directors etc.) of the Group are included in TAV Yatırım Holding A.Ş.'s ("TAV Yatırım Holding") payroll, therefore they are not included in the above table as such expenses separately invoiced by TAV Yatırım Holding.

As at 31 December 2007 and 2006, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

Other related party transactions:

Due from related parties	2007	2006
TAV Havacılık A.Ş.	1,776,014	2,554,663
ATÜ	1,349,757	1,048,563
TAV Urban Georgia LLC	-	305,228
TAV Tepe Akfen Yatırım İnşaat ve İşletme A.Ş.("TAV İnşaat")	-	1,524,068
Akfen Holding A.Ş. ("Akfen Holding")	-	1,084,101
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	-	1,203,359
Other related parties	1,068,635	2,897,218
	4,194,406	**10,617,200**

Due to related parties	2007	2006
TAV İnşaat (*)	24,793,853	22,731,752
IBS Sigorta Brokerlık Hizmetleri A.Ş.	3,034,226	2,031,400
Tepe İnşaat	513,510	2,430,869
TAV Urban Georgia LLC	318,722	-
HAVAŞ	-	3,006,089
Other related parties	129,897	4,694,421
	28,790,208	**34,894,531**

(*) Payable to TAV İnşaat represents the trade payables related with the construction and renovation of Enfidha and Monastir Airports, espectively.

(Amounts expressed in Euro unless otherwise stated)

Services rendered to related parties	2007	2006
ATÜ	61,695,109	52,830,891
HAVAŞ	2,506,164	7,381,576
Other related parties	1,560,776	3,567,087
	65,762,049	**63,779,554**

TAV invoiced to HAVAŞ 3% of HAVAŞ revenue (after some exclusions in revenue) as consultancy services (including management efforts of TAV Holding and know-how) amounting to EUR 1,325,010. Since HAVAŞ was proportionally consolidated until the last quarter of 2007, the amount of charged represents remaining portion after elimination of intergroup transactions.

Service rendered to ATÜ consists of concession fee-duty free, not eliminated portion due to proportionate consolidation.

Services rendered by related parties	2007	2006
TAV Yatırım Holding A.Ş.	95,494	10,285,792
Other related parties	1,857,928	16,479,012
	1,953,422	**26,764,804**

TAV Yatırım Holding provided support, consultancy and such facilities to TAV İstanbul in connection with information technology, finance, human resource, administration, accounting, general management and operations by way of human resources and/or consultants and allowed TAV İstanbul to utilize any kind of resources of TAV Yatırım Holding including know-how. TAV İstanbul paid USD 9,000,000 excluding VAT for such consulting and support services to TAV Yatırım Holding in 2006. The Support and Services Agreement with TAV Yatırım Holding was terminated on 1 July 2006. TAV Yatırım Holding invoices services incurred on behalf of TAV İstanbul such as, legal expenses, traveling and hospitality expenses.

IBS Sigorta Brokerlık Hizmetleri A.Ş. provides insurance intermediatory services to the Group.

ATÜ purchases the duty free goods from Unifree Dutyfree A.Ş.

(Amounts expressed in Euro unless otherwise stated)

Construction work rendered by related parties	2007	2006
TAV İnşaat	33,966,653	124,055,286
	33,966,653	**124,055,286**

In 2007, Tav İnşaat provided services to either renovation of Monastır Airport or construction of Enfidha Airport.

In 2006, TAV İnşaat provided services related to refurbishment of domestic terminal of TAV İstanbul and TAV İzmir and construction of Esenboğa Airport.

Interest income from related parties	2007	2006
Tepe İnşaat	83,383	3,726,613
Akfen İnşaat Turizm ve Ticaret A.Ş.	8,264	4,089,486
Other related parties	57,134	486,671
	148,781	**8,302,770**

The average interest rate used within the Group is 7.07% per annum (31 December 2006: 6.6%). The Group converts related party TRY loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

39. JOINT VENTURES

The Group has the following significant interests in joint ventures:

- A 49.98% equity shareholding with 50% voting power, in ATÜ, a jointly controlled entity established in Turkey. The following amounts are included in the Group's consolidated financial statements as a result of the proportionate consolidation of ATÜ:

Balance Sheet	2007	2006
Current assets	30,105,932	30,113,637
Non-current assets	3,983,590	1,474,763
Current liabilities	(11,809,443)	(8,871,407)
Non-current liabilities	(14,770,014)	(17,363,182)

Statement of operations	2007	2006
Total revenue	138,431,162	108,643,906
Total cost of revenue	(130,000,168)	(105,033,406)
Profit for the year	4,966,866	2,871,006

(Amounts expressed in Euro unless otherwise stated)

- A 60.00% equity shareholding with 50% voting power, in TAV Tbilisi, a joint venture included in the consolidated financial statements in 2007 and 2006. The following amounts are included in the Group's consolidated financial statements as a result of the proportionate consolidation of TAV Tbilisi:

Balance Sheet	2007	2006
Current assets	6,521,876	4,859,604
Non-current assets	51,201,350	42,347,769
Current liabilities	(32,687,251)	(30,676,433)
Non-current liabilities	(7,785,004)	-

Statement of operations	2007	2006
Total revenue	8,004,399	6,237,108
Total cost of revenue	(9,025,236)	(3,942,217)
Profit/(loss) for the year	(627,463)	1,258,685

- A 60.00% equity shareholding with 50% voting power, in HAVAŞ, a joint venture was included in the consolidated financial statements in 2006. The following amounts are included in the Group's consolidated financial statements as a result of the proportionate consolidation of HAVAŞ:

Balance Sheet	2006
Current assets	11,444,871
Non-current assets	17,763,066
Current liabilities	(5,993,055)
Non-current liabilities	(2,358,953)

Statement of operations	2006
Total revenue	62,269,750
Total cost of revenue	(60,775,622)
Profit/(loss) for the year	1,514,055

40. EVENTS AFTER THE BALANCE SHEET DATE

- TAV Tunisia has started operating the Monastir Habib Bourguiba Airport in Tunisia as of January 1, 2008.

- The tender for the operational rights of the Antalya-Gazipaşa Airport via a lease of 25 years, by DHMİ was held on 31 August 2007, and it was announced that the tender was awarded to the Company. Relating to the transfer of operational rights of Antalya-Gazipaşa Airport via a lease, the concession agreement between the new company, named TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. and DHMİ was signed on 4 January 2008. The operation period of Antalya-Gazipasa Airport, which currently has an annual passenger capacity of 500,000, 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 Yatırım Yapım ve İşletme A.Ş. shall make a yearly rent payment of USD 50,000 + VAT as a fixed amount, until the end of the operation period as well as a share of 65% of the net profit to the DHMİ.

- As explained in the prior period reports and Note 32 that tax inspections of the BTA,between the period January 2004 and September 2007 carried out by the Auditors of the Ministry of Finance has been completed and following the inspections, the tax review reports and the tax/penalty notices for the period of June 2006-September 2007 issued pursuant to the assessment 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. Within the context of the same tax inspections carried out by the Auditors of the Ministry of Finance, the tax review reports and the tax/penalty notices for the period of January 2004-May 2006 issued. Through this notice, TRY 15,480,954 (EUR 9,052,131) vaule added tax and TRY 288,647 (EUR 168,780) corporate tax; and also a tax loss penalty has been calculated for the same amounts. Reconciliation period continiues as at report date.

- Following the audits carried out by the Financial Auditors of the Ministry of Finance, on the 2001-2004 accounts of TAV Holding, a settlement has been reached on 23 March 2008, with the Revenues Administration Directorate of the Ministry of Finance, for the taxes and penalties set forth in the reports notified regarding the 2001-2005 period, and subsequently settlement has been reached for an income tax withholding of TRY 2,790,637 (EUR 1,631,761) and a value added tax of TRY 623,282 (EUR 369,712) had been settled.

- In the Board of Directors meeting of HAVAŞ held on 5 March 2008, a Public Offering ("IPO") has been decided in principle, for a part of the HAVAŞ shares, in parallel with the medium and long term international growth projections of HAVAŞ; and it has been unanimously decided to authorize Mr Mustafa Sani Şener, the Chief Executive Officer (CEO) of the Company and Mr Aziz Murat Uluğ, Chief Financial Officer (CFO) of the Company, to carry out the necessary procedures. The timing, method and the quantity for the public offering as well as the broker(s) and the consultant(s) have not been determined yet.

- TAV Holding was invited for the Abu Dhabi International Airport Public Private Sector Partnership ("PPP") development, to be held by the Abu Dhabi Airports Company ("ADAC"). The Company has placed a bid for the first stage, on its own, for the development project of the Abu Dhabi International Airport Development Project, on 13 March 2008. The assessment process to be carried out by ADAC has two stages, and the bidders who qualify at the end of the first stage shall be invited for the second stage.

- TAV İstanbul signed a refinancing agreement with the Mandated Lead Arrangers Dexia, Türkiye Garanti Bankası A.Ş. and GS on 10 March 2008 to replace the existing financing agreements.. Existing loans were repaid with the refinancing proceeds on 17 March 2008. The total amount of the new refinancing facility is EUR 505 million with an average interest rate of Euribor+2.60% and final maturity of 4 July 2018. EUR 440 million of the loan was utilised on 17 March 2008 and the remaining part will be utilised in 2008. In addition to refinancing of loans, existing derivative contracts were terminated and new derivative contracts for interest rate swap and cross currency swap were entered into.

  New interest rate swap contract with nominal value of EUR 472,387,662 has been signed from floating to 100% fixed for 4.27% with an amortizing schedule depending on repayment of loan.

  A cross currency derivative contractwith a term matching the terms of finance facilities and that fixes the respective exchange rate between USD and EUR was signed. The contract term matches with the terms of the rent payments made to DHMİ which is the end of each December until 2018. The notional amount of new cross currency contract is USD 545,878,284 equivalent to EUR 368,090,548 with an amortization schedule depending on DHMİ repayments.

- In Georgia, the corporate income tax has been reduced from 20% to 15%, which will be effective from 1 January 2008.

(Amounts expressed in Euro unless otherwise stated)

41. RESTATEMENT OF PRIOR PERIODS' FINANCIAL STATEMENTS

The consolidated financial statements as at 31 December 2005 and 2006 have been restated for the following:

	Retained earnings
Balance at 31 December 2005, as previously reported	**54,871,460**
Correction of error in concession expense	(419,146)
Deferred tax effect on correction of error in concession expense	125,744
Effect of group structure change (change in consolidation of TAV Esenboğa)	3,255,008
Balance at 31 December 2005, as restated	**57,833,066**

	Accumulated losses
Balance at 31 December 2006, as previously reported	**(5,131,662)**
Correction of error in concession expense as at 31 December 2005	(293,402)
Correction of error in concession expense	(7,426,316)
Deferred tax effect on correction of error in concession expense	1,485,262
Effect of group structure change as at 31 December 2005	3,255,008
Effect of group structure change (change in consolidation of TAV Esenboğa)	(5,321,718)
Balance at 31 December 2006, as restated	**(13,432,828)**

a) Correction of error in concession expense:

The Company has made miscomputation in concession expense erroneously. The effects of these errors were reflected to related periods retrospectively in accordance with IAS 8 "Changes in Accounting Estimates and Errors".

b) Effect of group structure change:

As explained in Note 3, TAV acquired the majority interest in TAV Esenboğa on 29 December 2006, increasing its ownership interest from 0.01 %to 75%. Then, on July 2007, TAV acquired the remaining 25% of interest in TAV Esenboğa, increasing its ownership interest from 75% to 100% accordingly. The effect of change in consolidation of TAV Esenboğa was reflected to the financial statements, retrospectively.

(Amounts expressed in Euro unless otherwise stated)

c) Change in classification of certain income statement items:

The Company has changed the classification of certain income statement items in order to achieve a more appropriate presentation in the current period. The comparatives are restated unless impracticable as presented below:

	Restated at 31 December 2006	Previously Reported at 31 December 2006
Aviation income	99,140,540	99,848,937
Catering services income	21,777,342	26,257,418
Income from hotel operation	3,840,895	3,843,783
Rent income	6,222,805	1,912,999
Software and hardware sales income	2,919,018	2,921,261
Security services income	395,132	399,410
Sales returns and discounts (-)	-	(888,076)
Consultancy expenses	(12,662,471)	(10,095,006)
Management consultancy expenses	(7,466,259)	(10,033,724)
Fair value of derivatives	1,405,730	(8,626,171)
Translation gain and losses	(19,818,652)	(9,786,751)

d) Change in classification of certain balance sheet items:

The Company has changed the classification of certain balance sheet items in order to achieve a more appropriate presentation in the current period. The comparatives are restated unless impracticable as presented below:

	Restated at 31 December 2006	Previously Reported at 31 December 2006
Cash and cash equivalents	6,254,146	11,672,235
Restricted bank balances	323,524,530	318,106,441
Inventories	11,513,064	7,882,551
Build-operate-transfer ("BOT") Inventory	-	3,630,513
Trade receivables (net)	25,549,510	20,775,578
Due from related parties	10,617,200	15,391,132
Trade payables	56,250,458	42,071,070
Due to related parties	34,894,531	49,073,919

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THIS ANNUAL REPORT CONTAINS EXCERPTS FROM THE NOVEL "İSTANBULLULAR" (ISTANBULLIANS) BY BUKET UZUNER.

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