TAV Havalimanları Holding A.Ş.
and its Subsidiaries

Consolidated Interim Financial Statements
As at and for the Three-Month Period Ended 31 March 2013

30 April 2013
This report contains the "Consolidated Interim Financial Statements and their explanatory notes" comprising 118 pages.

TAV Havalimanları Holding A.Ş.
and its Subsidiaries

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TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Financial Position
As at 31 March 2013

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	(Unaudited) 31 March 2013	Restated (*) 31 December 2012
ASSETS			
Property and equipment	16	156,707	158,304
Intangible assets	17	22,348	22,909
Airport operation right	18	807,704	764,415
Equity-accounted investees	40	68,800	79,570
Other investments	19	24	24
Goodwill	17	136,149	136,149
Prepaid concession and rent expenses	20	159,518	57,127
Trade receivables	24	71,501	75,858
Other non-current assets		457	434
Deferred tax assets	21	99,522	99,586
Total non-current assets		**1,522,730**	**1,394,376**
Inventories	22	7,419	6,978
Prepaid concession and rent expenses	20	137,864	137,620
Trade receivables	24	80,261	81,174
Due from related parties	39	35,923	52,285
Derivative financial instruments	35	4,403	221
Other receivables and current assets	23	30,898	20,927
Cash and cash equivalents	25	133,555	39,510
Restricted bank balances	26	160,044	384,739
Total current assets		**590,367**	**723,454**
TOTAL ASSETS		**2,113,097**	**2,117,830**

(*) See Note 2(e).

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Financial Position
As at 31 March 2013

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	(Unaudited) 31 March 2013	Restated (*) 31 December 2012
EQUITY			
Share capital		162,384	162,384
Share premium		220,286	220,286
Legal reserves		72,810	54,744
Other reserves		(17,605)	(17,605)
Revaluation surplus		1,214	1,299
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(82,956)	(95,703)
Translation reserves		(2,305)	(3,217)
Retained earnings		140,211	143,372
Total equity attributable to equity holders of the Company		**534,103**	**505,624**
Non-controlling interests		31,112	32,434
Total Equity	27	**565,215**	**538,058**
LIABILITIES			
Loans and borrowings	29	989,196	1,025,351
Reserve for employee severance indemnity	30	15,123	14,240
Due to related parties	39	11,398	12,862
Deferred income	32	28,698	29,887
Other payables	31	9,413	11,257
Deferred tax liabilities	21	1,976	2,811
Total non-current liabilities		**1,055,804**	**1,096,408**
Bank overdraft	25	-	1,444
Loans and borrowings	29	240,331	213,317
Trade payables	34	31,927	37,153
Due to related parties	39	4,139	12,531
Derivative financial instruments	35	151,841	165,733
Current tax liabilities	15	8,815	7,805
Other payables	31	35,774	27,144
Provisions	33	6,561	6,938
Deferred income	32	12,690	11,299
Total current liabilities		**492,078**	**483,364**
Total Liabilities		**1,547,882**	**1,579,772**
TOTAL EQUITY AND LIABILITIES		**2,113,097**	**2,117,830**

(*) See Note 2(e).

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Comprehensive Income
For the Three-Month Period Ended 31 March 2013

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	(Unaudited) 1 January- 31 March 2013	Restated (*) (Unaudited) 1 January- 31 March 2012
Construction revenue	7	51,681	91
Operating revenue	8	167,550	148,521
Other operating income	9	11,536	9,225
Construction expenditure	7	(51,681)	(91)
Cost of catering inventory sold		(6,109)	(5,293)
Cost of services rendered		(10,631)	(10,557)
Personnel expenses	10	(61,623)	(51,390)
Concession and rent expenses	11	(34,928)	(32,588)
Depreciation and amortisation expenses	13	(16,889)	(16,418)
Other operating expenses	12	(26,276)	(23,454)
Share of profit of equity-accounted investees, net of tax	40	6,166	4,708
Operating profit		**28,796**	**22,754**
Finance income		10,944	7,908
Finance costs		(22,059)	(23,231)
Net finance costs	14	**(11,115)**	**(15,323)**
Profit before tax		**17,681**	**7,431**
Tax (expense) / benefit	15	(4,635)	1,800
Profit for the period		**13,046**	**9,231**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of intangible assets		17	17
Defined benefit obligation actuarial differences		(1,588)	(313)
Tax on defined benefit obligation actuarial differences		318	62
Total items that will not be reclassified to profit or loss		**(1,253)**	**(234)**
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		17,075	(11,757)
Foreign currency translation differences for foreign operations		1,132	(1,055)
Foreign currency translation differences for equity-accounted investees		767	982
Tax on cash flow hedge reserves		(3,610)	2,749
Total items that are or may be reclassified subsequently to profit or loss		**15,364**	**(9,081)**
Other comprehensive income for the period, net of tax		**14,111**	**(9,315)**
Total comprehensive income for the period		**27,157**	**(84)**

(*) See Note 2(e).

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

Consolidated Interim Statement of Comprehensive Income (continued)
For the Three-Month Period Ended 31 March 2013

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	(Unaudited) 1 January-31 March 2013	Restated (*) (Unaudited) 1 January-31 March 2012
Profit attributable to:			
Owners of the Company		15,940	12,279
Non-controlling interest		(2,894)	(3,048)
Profit for the period		**13,046**	**9,231**
Total comprehensive income attributable to:			
Owners of the Company		28,479	3,873
Non-controlling interest		(1,322)	(3,957)
Total comprehensive income for the period		**27,157**	**(84)**
Weighted average number of shares outstanding		**363,281,250**	**363,281,250**
Basic and diluted earnings per share	28	**0.04**	**0.03**

(*) See Note 2(e).

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Changes in Equity
For the Three-Month Period Ended 31 March 2013

(Amounts expressed in thousands of Euro unless otherwise stated.)

		Attributable to owners of the Company											
	Note	Share Capital	Share Premium	Legal Reserves	Other Reserves	Revaluation Surplus	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2012 as previously reported		**162,384**	**220,286**	**36,350**	**8,283**	**1,641**	**40,064**	**(67,855)**	**(1,481)**	**75,542**	**475,214**	**87,210**	**562,424**
Changes in accounting policies (Note 2(e))		-	-	-	-	-	-	-	-	769	769	414	1,183
Balance at 1 January 2012 as restated		**162,384**	**220,286**	**36,350**	**8,283**	**1,641**	**40,064**	**(67,855)**	**(1,481)**	**76,311**	**475,983**	**87,624**	**563,607**
Total comprehensive income for the period													
Profit / (loss) for the period		-	-	-	-	-	-	-	-	12,279	12,279	(3,048)	9,231
Other comprehensive income													
Revaluation of intangible assets	15	-	-	-	-	(85)	-	-	-	102	17	-	17
Effective portion of changes in fair value of cash flow hedges, net of tax	14	-	-	-	-	-	-	(8,182)	-	-	(8,182)	(826)	(9,008)
Defined benefit obligation actuarial differences, net of tax		-	-	-	-	-	-	-	-	(226)	(226)	(24)	(250)
Foreign currency translation differences for foreign operations	14	-	-	-	-	-	-	-	(15)	-	(15)	(58)	(73)
Total other comprehensive income		-	-	-	-	(85)	-	(8,182)	(15)	(124)	(8,406)	(909)	(9,315)
Total comprehensive income for the period		-	-	-	-	(85)	-	(8,182)	(15)	12,155	3,873	(3,957)	(84)
Transfers		-	-	1,247	-	-	-	-	-	(1,247)	-	-	-
Balance at 31 March 2012		**162,384**	**220,286**	**37,597**	**8,283**	**1,556**	**40,064**	**(76,037)**	**(1,496)**	**87,219**	**479,856**	**83,667**	**563,523**
Balance at 1 January 2013 as previously reported		**162,384**	**220,286**	**54,744**	**(17,605)**	**1,299**	**40,064**	**(95,703)**	**(3,191)**	**142,056**	**504,334**	**32,434**	**536,768**
Changes in accounting policies (Note 2(e))		-	-	-	-	-	-	-	(26)	1,316	1,290	-	1,290
Balance at 1 January 2013 as restated		**162,384**	**220,286**	**54,744**	**(17,605)**	**1,299**	**40,064**	**(95,703)**	**(3,217)**	**143,372**	**505,624**	**32,434**	**538,058**
Total comprehensive income for the period													
Profit / (loss) for the period		-	-	-	-	-	-	-	-	15,940	15,940	(2,894)	13,046
Other comprehensive income													
Revaluation of intangible assets	15	-	-	-	-	(85)	-	-	-	102	17	-	17
Effective portion of changes in fair value of cash flow hedges, net of tax	14	-	-	-	-	-	-	12,747	-	-	12,747	718	13,465
Defined benefit obligation actuarial differences, net of tax		-	-	-	-	-	-	-	-	(1,137)	(1,137)	(133)	(1,270)
Foreign currency translation differences for foreign operations	14	-	-	-	-	-	-	-	912	-	912	987	1,899
Total other comprehensive income		-	-	-	-	(85)	-	12,747	912	(1,035)	12,539	1,572	14,111
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(85)**	**-**	**12,747**	**912**	**14,905**	**28,479**	**(1,322)**	**27,157**
Transfers		-	-	18,066	-	-	-	-	-	(18,066)	-	-	-
Balance at 31 March 2013		**162,384**	**220,286**	**72,810**	**(17,605)**	**1,214**	**40,064**	**(82,956)**	**(2,305)**	**140,211**	**534,103**	**31,112**	**565,215**

Consolidated Interim Statement of Cash Flows
For the Three-Month Period Ended 31 March 2013

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	(Unaudited) 1 January- 31 March 2013	Restated (Unaudited) 1 January- 31 March 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**13,046**	**9,231**
Adjustments for:			
Amortisation of airport operation right	13-18	10,004	10,039
Depreciation of property and equipment	13-16	5,800	5,369
Amortisation of intangible assets	13-17	1,085	1,010
Concession and rent expenses	11	34,928	32,588
Provision for employee severance indemnity	10-32	483	647
Provision for doubtful receivables	37	45	136
Discount on receivables and payables, net		(16)	51
Gain on sale of property and equipment	9	(65)	(11)
Provision (released) / set for unused vacation	33	(400)	240
Interest income	14	(2,639)	(4,079)
Interest expense on financial liabilities	14	19,683	21,574
Tax expense / (benefit)	15	4,635	(1,800)
Unwinding of discount on concession receivable	14	(3,298)	(2,883)
Share of profit of equity-accounted investees, net of tax		(6,166)	(4,708)
Unrealised foreign exchange differences on statement of financial position items		4,128	1,555
Cash flows from operating activities		**81,253**	**68,959**
Change in current trade receivables		870	(2,644)
Change in non-current trade receivables		7,656	7,494
Change in inventories		(444)	(366)
Change in due from related parties		16,363	(21,493)
Change in restricted bank balances		98,229	53,051
Change in other receivables and current assets		(7,333)	(23,254)
Change in trade payables		(6,343)	(9,209)
Change in due to related parties		(9,855)	(6,657)
Change in other payables and provisions		6,988	4,715
Change in other long term assets		(23)	(534)
Additions to prepaid concession and rent expenses	20	(136,433)	(107,489)
Cash provided from / (used in) operations		**50,928**	**(37,427)**
Income taxes paid	15	(7,757)	(11,349)
Interest paid		(15,821)	(18,665)
Retirement benefits paid	30	(1,104)	(497)
Net cash provided from / (used in) operating activities		**26,246**	**(67,938)**

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Consolidated Interim Statement of Cash Flows
For the Three-Month Period Ended 31 March 2013

(Amounts expressed in thousands of Euro unless otherwise stated.)

	Notes	(Unaudited) 1 January- 31 March 2013	Restated (Unaudited) 1 January- 31 March 2012
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,635	3,509
Proceeds from sale of property, equipment and intangible assets		338	1,272
Acquisition of property and equipment	16	(3,889)	(3,939)
Additions to airport operation right	18	(51,559)	(91)
Acquisition of intangible assets	17	(512)	(400)
Dividends from equity-accounted investees		16,760	13,231
Net cash (used in) / provided from investing activities		**(36,227)**	**13,582**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		38,401	61,766
Repayment of borrowings		(57,156)	(78,003)
Change in restricted bank balances		123,831	86,029
Non-controlling interest change		996	(293)
Change in finance lease liabilities		(602)	(218)
Net cash provided from financing activities		**105,470**	**69,281**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**95,489**	**14,925**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	25	**38,066**	**56,003**
CASH AND CASH EQUIVALENTS AT 31 MARCH	25	**133,555**	**70,928**

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

1. REPORTING ENTITY

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

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

The consolidated financial statements of the Company as at and for the three-month period ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures. The Company's subsidiaries as at 31 March 2013 and 31 December 2012 are as follows:

			31 March 2013		31 December 2012	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV İstanbul Terminal İşletmeciliği A.Ş. ("TAV İstanbul")	İstanbul Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa")	Ankara Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir")	İzmir Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş.("TAV Ege")	İzmir Airport Terminal Services	Turkey	100.00	100.00	100.00	100.00
TAV Tunisie SA (" TAV Tunisia")	Airport Operator	Tunisia	67.00	67.00	67.00	67.00
TAV Urban Georgia LLC ("TAV Tbilisi")	Airport Operator	Georgia	76.00	76.00	76.00	76.00
TAV Batumi Operations LLC ("TAV Batumi")	Airport Management Service Provider	Georgia	76.00	100.00	76.00	100.00
Batumi Airport LLC	Airport Operator	Georgia	-	100.00	-	100.00
TAV Macedonia Dooel Petrovec ("TAV Macedonia")	Airport Operator	Macedonia	100.00	100.00	100.00	100.00
TAV Gazipaşa Yapım, Yatırım ve İşletme A.Ş. ("TAV Gazipaşa")	Airport Operator	Turkey	100.00	100.00	100.00	100.00
SIA TAV Latvia ("TAV Latvia")	Commercial Area Operator	Latvia	100.00	100.00	100.00	100.00
Havaş Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ")	Ground Handling Services	Turkey	100.00	100.00	100.00	100.00
BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş. ("BTA")	Food and Beverage Services	Turkey	66.66	66.66	66.66	66.66
BTA Georgia LLC ("BTA Georgia")	Food and Beverage Services	Georgia	66.66	66.66	66.66	66.66
BTA Tunisie SARL ("BTA Tunisia")	Food and Beverage Services	Tunisia	66.66	66.66	66.66	66.66
BTA Macedonia Dooel Petrovec ("BTA Macedonia")	Food and Beverage Services	Macedonia	66.66	66.66	66.66	66.66
BTA Unlu Mamülleri Pasta Üretim Turizm Gıda Yiyecek İçecek Hizmetleri San. ve Tic. A.Ş. ("Cakes & Bakes")	Food and Beverage Services	Turkey	66.66	66.66	66.66	66.66

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

1. REPORTING ENTITY (continued)

			31 March 2013		31 December 2012	
Name of Subsidiary	**Principal Activity**	**Place of operation**	**Ownership interest %**	**Voting power held %**	**Ownership interest %**	**Voting power held %**
TAV İşletme Hizmetleri A.Ş. ("TAV İşletme")	Operations & Maintenance ("O&M"), Lounge Services	Turkey	100.00	100.00	100.00	100.00
TAV Georgia Operation Services LLC ("TAV İşletme Georgia")	Lounge Services	Georgia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services SARL ("TAV İşletme Tunisia")	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Tunisie Operation Services Plus SARL ("TAV İşletme Tunisia Plus")	Lounge Services	Tunisia	99.99	99.99	99.99	99.99
TAV Macedonia Operation Services Dooel ("TAV İşletme Macedonia")	Lounge Services	Macedonia	99.99	99.99	99.99	99.99
TAV Bilişim Hizmetleri A.Ş. ("TAV Bilişim")	Software and System Services	Turkey	98.53	98.53	98.53	98.53
TAV Özel Güvenlik Hizmetleri A.Ş. ("TAV Güvenlik")	Security Services	Turkey	100.00	100.00	100.00	100.00
TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Akademi")	Education Services	Turkey	100.00	100.00	100.00	100.00
TAV Aviation Minds Eğitim ve Danışmanlık Hizmetleri A.Ş. ("TAV Aviation Minds")	Education Services	Turkey	51.00	51.00	-	-
North Hub Services SIA ("HAVAŞ Europe")	Ground Handling	Latvia	66.67	66.67	66.67	66.67
North Hub Services Finland OY ("HAVAŞ Europe Helsinki")	Ground Handling	Finland	66.67	66.67	66.67	66.67
North Hub Services Stockholm Ab ("HAVAŞ Europe Stockholm")	Ground Handling	Sweden	66.67	66.67	66.67	66.67
HAVAŞ Germany Gmbh ("HAVAŞ Germany")	Ground Handling	Germany	66.67	66.67	66.67	66.67
Havaalanları Yolcu Taşımacılığı A.Ş. ("HYT İzmir")	Bus Operator	Turkey	100.00	100.00	100.00	100.00
Havaalanları Araç Kiralama veYolcu Taşımacılığı A.Ş. ("HYT Muğla")	Bus Operator	Turkey	100.00	100.00	100.00	100.00
Havaalanları Taşımacılık ve Ticaret A.Ş. ("HYT Samsun")	Bus Operator	Turkey	100.00	100.00	100.00	100.00

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

1. REPORTING ENTITY (continued)

The joint ventures of the Company as at 31 March 2013 and 31 December 2012 are as follows:

			31 March 2013		31 December 2012	
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
ATÜ Tunisie SARL ("ATÜ Tunisia")	Duty Free Services	Tunisia	49.98	50.00	49.98	50.00
ATÜ Macedonia Dooel ("ATÜ Macedonia")	Duty Free Services	Macedonia	49.98	50.00	49.98	50.00
AS Riga Airport Commercial Development ("ATÜ Latvia")	Duty Free Services	Latvia	49.98	50.00	49.98	50.00
TAV Gözen Havacılık İşletme ve Ticaret A.Ş. ("TAV Gözen")	Operating Special Hangar	Turkey	32.40	32.40	32.40	32.40
Cyprus Airport Services Ltd. ("CAS")	Ground Handling	KKTC	50.00	50.00	50.00	50.00
TGS Yer Hizmetleri A.Ş. ("TGS")	Ground Handling	Turkey	50.00	50.00	50.00	50.00
BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Denizyolları")	Food and Beverage Services	Turkey	50.00	50.00	50.00	50.00
BTU Lokum Şeker Gıda San. ve Tic. A.Ş. ("BTU Lokum")	Food and Beverage Services	Turkey	51.00	51.00	-	-
BTU Gıda Satış ve Paz. A.Ş. ("BTU Gıda")	Food and Beverage Services	Turkey	40.00	40.00	-	-
Tibah Airports Development Company Limited ("Tibah Development")	Airport Operator	Saudi Arabia	33.33	33.33	33.33	33.33
Tibah Airports Operation Limited ("Tibah Operation")	Airport Operator	Saudi Arabia	51.00	33.33	51.00	33.33

1. REPORTING ENTITY (continued)

Description of Operations

The Group and its joint ventures' core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. TAV Esenboğa, TAV İzmir and TAV Gazipaşa enter into ("BOT") with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) ("DHMİ"), TAV Tbilisi with JSC Tbilisi International Airport ("JSC"), TAV Batumi with Georgian Ministry of Economic Development ("GMED"), TAV Tunisia with Tunisian Airport Authority (Office De L'Aviation Civil Et Des Aeroports) ("OACA") and TAV Macedonia with Macedonian Ministry of Transportation and Communication ("MOTC"). Tibah Development enter into Build – Transfer – Operate ("BTO") Agreements with General Authority of Civil Aviation ("GACA"). TAV Ege enter into concession agreement with DHMİ. Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a preestablished period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMİ, JSC, GMED, OACA, MOTC and GACA accordingly. Group also signs separate contracts related with the airport operations.

BOT and BTO Agreements

The airport terminals operated by the Group and its joint ventures are as follows:

<u>İstanbul Atatürk International Airport</u>

A BOT agreement was executed between TAV and DHMİ regulating the reconstruction, investment and operations of Atatürk International Airport International Lines Building (referred to as "Atatürk International Airport Terminal" or "AIAT") in 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 earlier, after completion of a significant portion of the construction. Construction of the 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 year 2004. In return for extending the International Lines Building, the operation period of TAV was extended by 13 months 12 days (approximately 66 months in total) through June 2005. The contract expired in June 2005 and TAV transferred Atatürk Domestic Airport Terminal (referred to as "ADAT") and AIAT to DHMİ. On 3 June 2005, TAV İstanbul signed a rent agreement to operate AIAT and ADAT for 15.5 years until year 2021.

An addendum has been signed on 4 November 2008, namely Atatürk Airport Development Project, covering installation of new passenger boarding bridges and construction of new commercial areas. Through this addendum TAV has undertaken approximately EUR 36,000 of investment in exchange of the operation right of newly created commercial areas.

<u>Ankara Esenboğa International Airport</u>

A BOT agreement was executed between TAV Esenboğa and DHMİ on 18 August 2004 for regulating the reconstruction, investment and operations of the Ankara Esenboğa International Airport (international and domestic terminals) for the period until May 2023. According to the Agreement, TAV Esenboğa was required to complete the construction within 36 months after the agreement date and would then have the right to operate the facilities of the Ankara Esenboğa International Airport Terminal for a period of 15 years and 8 months. TAV Esenboğa is providing terminal, car park and passenger boarding services since the beginning of operations on 16 October 2006.

1. REPORTING ENTITY (continued)

İzmir Adnan Menderes International Airport

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

A concession agreement was executed between TAV Ege and DHMİ with an effective date of 16 December 2011 for taking-over the operation of the domestic terminal of İzmir Adnan Menderes Airport until 31 December 2032 and renting the international terminal on January 2015 and operating it until 31 December 2032. TAV Ege is obliged to construct a new domestic terminal with its ancillary buildings and to pay EUR 610,000 plus VAT (18%) to DHMI in yearly equal installments, of which EUR 30,500 plus VAT has been prepaid at the beginning of the concession period under the terms of the concession agreement.

Tbilisi International Airport

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of Tblisi International Airport (both international, domestic terminals and parking-apron-taxi ways). The BOT agreement undertakes the design, engineering, financing, construction, testing, commissioning and maintenance of the new terminal for Tbilisi International Airport, for an initially agreed term of 10 years and 6 months from the commencement date of the new terminal operations. Subsequently, this period was extended by another 9.5 years until August 2027, in exchange for an obligation by TAV Tbilisi to invest an additional amount for the construction of the terminal (including construction of additional runways, extension of apron etc.) for Batumi airport. TAV Tbilisi is providing a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services – excluding air traffic control – in New Tbilisi International Airport since the beginning of operations 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. Georgian Government is responsible for providing air traffic control and security services.

Tunisia Monastir and Enfidha International Airports

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). Through the BOT agreement TAV Tunisia undertakes the operation of the existing Monastir Habib Bourguiba Airport and design, engineering, financing, construction, testing, commissioning and maintenance of the new Enfidha Airport. The operations of Monastir Habib Bourguiba Airport and Enfidha Airport were undertaken in January 2008 and December 2009, respectively. The concession periods of both airports will end in May 2047. The operations of the Monastir and Enfidha Airports cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services excluding air traffic control services.

1. REPORTING ENTITY (continued)

Gazipaşa Airport

Relating to the transfer of the operational rights of Antalya-Gazipaşa Airport via a lease, the concession agreement between TAV Gazipaşa and DHMİ was signed on 4 January 2008. The operation period of Antalya-Gazipaşa Airport, which currently has 500,000 annual passenger capacity, is 25 years until May 2034, and the operation of the airport covers activities within airside and landside facilities and area of runway, apron and taxiway. TAV Gazipaşa shall make an annual rent payment of USD 50 plus VAT as a fixed amount, until the end of the operation period; as well as a share of 65% of the net profit for the period to DHMİ.

Macedonia Skopje, Ohrid and Shtip Airports

On 24 September 2008, the 20-year BOT for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and MOTC. The operation of the airports shall cover all airport activities with the exception of air traffic control, and modernisation activities are contemplated to include the technical infrastructure. The effective date of the concession contract for Alexander the Great Airport and St. Paul the Apostle Airport is 1 March 2010 and final date of Concession Agreement is 1 March 2030. The effective date for initiating construction of New Cargo Airport in Shtip will be decided after meteorological and technical measurements which will last for at least 10 years after the effective date. The renovation of the St. Paul the Apostle Airport in Ohrid and the construction of Alexander the Great Airport in Skopje were completed and the airports started their operations in March 2011 and September 2011, respectively.

Medinah International Airport

A BTO agreement was executed between Tibah Development and GACA on 29 October 2011, for the operation and development of existing Medinah International Airport. Through the BTO agreement Tibah Development undertakes the operation of the existing Medinah International Airport as well as the design, engineering, financing, construction, testing, commissioning and maintenance of a new passenger Terminal and the required additional infrastructure. TAV Holding owns 33.33% of Tibah Development. The operations were undertaken in June 2012. The concession period will end in June 2037. The operations of the Medinah International Airport cover a wide range of airport activities such as terminal, car-park, cargo, ground handling, aircraft parking, apron and runway services and slot allocation. Tibah Development has subcontracted the operation of Medinah International Airport to Tibah Operation, of which 51% belongs to TAV Holding.

Operations Contracts

BOT and BTO operations and management contracts include the following:

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

Duty free goods – The Group has the right to manage duty free operations within the terminals which the Group operates. Duty free shopping is available to both arriving and departing passengers. The duty free shops are subcontracted either to Group's joint ventures or to other companies in exchange for a commission based on sales.

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

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

1. REPORTING ENTITY (continued)

Operations Contracts (continued)

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").

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

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

Software and system services – The Group develops software and systems on operational and financial 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 domestic terminals.

The Group employs 13,086 (average: 13,017) people as at 31 March 2013 (31 December 2012: 13,118 (average: 13,091) people).

2. BASIS OF PREPARATION

a) Statement of compliance

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

The consolidated financial statements were authorized for issue by the Board of Directors on 30 April 2013. The power to change the consolidated financial statements after the issuing of the consolidated financial statements is held by the General Assembly.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

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

c) Functional and presentation currency

TAV Holding and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TRL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation. The foreign subsidiaries and joint ventures 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 are presented in EUR, which is the functional currency of TAV Group.

Although the currency of the country in which the majority of the Group entities are domiciled is TRL, most of the Group entities' functional currencies are EUR.

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency (continued)

The table below summarizes the functional currencies of the Group entities and their joint ventures:

Company	Functional Currency
TAV Holding	EUR
TAV İstanbul	EUR
TAV Esenboğa	EUR
TAV İzmir	EUR
TAV Ege	EUR
TAV Tunisia	EUR
TAV Tbilisi	Georgian Lari ("GEL")
TAV Batumi	GEL
Batumi Airport LLC	GEL
TAV Macedonia	EUR
TAV Gazipaşa	EUR
TAV Latvia	EUR
HAVAŞ	EUR
BTA	TRL
BTA Georgia	GEL
BTA Tunisia	Tunisian Dinar ("TND")
BTA Macedonia	Macedonian Denar ("MKD")
Cakes & Bakes	TRL
TAV İşletme	TRL
TAV İşletme Georgia	GEL
TAV İşletme Tunisia	TND
TAV İşletme Tunisia Plus	TND
TAV İşletme Macedonia	MKD
TAV Bilişim	EUR
TAV Güvenlik	TRL
TAV Akademi	TRL
TAV Aviation Minds	USD
HAVAŞ Europe	EUR
HAVAŞ Europe Helsinki	EUR
HAVAŞ Europe Stockholm	Swedish Krona ("SEK")
HAVAŞ Germany	EUR
HYT İzmir	TRL
HYT Muğla	TRL
HYT Samsun	TRL
ATÜ	EUR
ATÜ Georgia	GEL
ATÜ Tunisia	EUR
ATÜ Macedonia	EUR
ATÜ Latvia	EUR
TAV Gözen	USD
CAS	USD
TGS	TRL
BTA Denizyolları	TRL
BTU Lokum	TRL
BTU Gıda	TRL
Tibah Development	Saudi Arabian Riyal ("SAR")
Tibah Operation	SAR

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency (continued)

All financial information presented in Euro has been rounded to the nearest thousands, except when otherwise indicated.

d) Use of estimates and judgements

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

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 3(e) – mark-up applied to construction cost incurred under IFRIC 12 “Service Concession Arrangements”.

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

Note 16 and 17 – useful lives of property and equipment and intangible assets

Note 17 – key assumptions used in discounted cash flow projections

Note 21 – utilisation of tax losses and tax incentives

Note 30 – measurement of reserve for employee severance indemnity

Note 35 and 37 – valuation of financial instruments

e) Change in accounting policy

The Group adopted IAS 19 *Employee Benefits* (2011) with a date of initial application of 1 January 2012 and changed its basis for determining the expense related to defined benefit obligations.

The Group has adopted IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, as well as the consequential amendments to IAS 28 *Investments in Associates and Joint Ventures (2011)*, with a date of initial application of 1 January 2012.

i) Defined benefit obligation:

As a result of the adoption of IAS 19 (2011), all actuarial differences are recognised immediately in other comprehensive income.

Actuarial differences were recognised in profit or loss before this change accounting policy. The change in accounting policy has been applied retrospectively. It reduced the employee severance indemnity expense recognised in profit or loss and correspondingly increased the defined benefit obligation actuarial differences recognised in other comprehensive income by EUR 672 for the three-month period ended 31 March 2012 (31 December 2012: EUR 5,246).

2. BASIS OF PREPARATION (continued)

e) Change in accounting policy (continued)

ii) Subsidiaries:

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees.

In accordance with the transitional provisions of IFRS 10, the Group re-assessed the control conclusion for its investees at 1 January 2012. As a consequence, the Group's control conclusion in respect of its investment in its investees has not changed and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

iii) Joint arrangements:

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements. The change in accounting policy has been applied retrospectively.

Under IFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements. As a result, Group's joint arrangements, which were classified as jointly controlled entities before the change in accounting policy, were classified as joint ventures. According to this classification, the joint ventures are recognised by applying the equity method starting from 1 January 2012 which were previously proportionately consolidated.

Since the Group's share of losses in CAS, a joint venture of the Group, exceeds its interest in CAS, the carrying amount of the investment is reduced to zero as at 1 January 2012 and the recognition of further losses is discontinued. With the adoption of IFRS 11 EUR 1,316 of the accumulated losses of CAS which were previously recognized in the consolidated financial statements until 1 January 2013 when applying proportionate consolidation, are no more recognized. Therefore, total restated equity has increased by EUR 1,290 as at 31 December 2012 compared to the equity as at 31 December 2012 before the adoption of IFRS 11.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

e) Change in accounting policy (continued)

The following table summarises the adjustments made to the Group's consolidated statements of financial position at 31 December 2012, and its consolidated interim statements of comprehensive income for the period ended 31 March 2012.

	31 December 2012		
	As previously reported	Adjustments	As restated
ASSETS			
Property and equipment	192,005	(33,701)	158,304
Intangible assets	32,727	(9,818)	22,909
Airport operation right	816,438	(52,023)	764,415
Equity-accounted investees	-	79,570	79,570
Other investments	24	-	24
Goodwill	152,129	(15,980)	136,149
Prepaid concession and rent expenses	57,127	-	57,127
Trade receivables	75,858	-	75,858
Other non-current assets	891	(457)	434
Deferred tax assets	100,158	(572)	99,586
Total non-current assets	**1,427,357**	**(32,981)**	**1,394,376**
Inventories	22,691	(15,713)	6,978
Prepaid concession and rent expenses	137,620	-	137,620
Trade receivables	97,068	(15,894)	81,174
Due from related parties	65,295	(13,010)	52,285
Derivative financial instruments	303	(82)	221
Other receivables and current assets	33,229	(12,302)	20,927
Cash and cash equivalents	63,170	(23,660)	39,510
Restricted bank balances	402,000	(17,261)	384,739
Total current assets	**821,376**	**(97,922)**	**723,454**
TOTAL ASSETS	**2,248,733**	**(130,903)**	**2,117,830**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

e) Change in accounting policy (continued)

	31 December 2012		
	As previously reported	**Adjustments**	**As restated**
EQUITY			
Share capital	162,384	-	162,384
Share premium	220,286	-	220,286
Legal reserves	54,744	-	54,744
Other reserves	(17,605)	-	(17,605)
Revaluation surplus	1,299	-	1,299
Purchase of shares of entities under common control	40,064	-	40,064
Cash flow hedge reserve	(95,703)	-	(95,703)
Translation reserves	(3,191)	(26)	(3,217)
Retained earnings	142,056	1,316	143,372
Total equity attributable to equity holders of the Company	**504,334**	**1,290**	**505,624**
Non-controlling interests	32,434	-	32,434
Total Equity	**536,768**	**1,290**	**538,058**
LIABILITIES			
Loans and borrowings	1,125,278	(99,927)	1,025,351
Reserve for employee severance indemnity	17,204	(2,964)	14,240
Due to related parties	6,433	6,429	12,862
Deferred income	18,581	11,306	29,887
Other payables	11,367	(110)	11,257
Deferred tax liabilities	5,882	(3,071)	2,811
Total non-current liabilities	**1,184,745**	**(88,337)**	**1,096,408**
Bank overdraft	2,328	(884)	1,444
Loans and borrowings	219,854	(6,537)	213,317
Trade payables	53,066	(15,913)	37,153
Due to related parties	11,240	1,291	12,531
Derivative financial instruments	165,733	-	165,733
Current tax liabilities	9,894	(2,089)	7,805
Other payables	45,074	(17,930)	27,144
Provisions	8,573	(1,635)	6,938
Deferred income	11,458	(159)	11,299
Total current liabilities	**527,220**	**(43,856)**	**483,364**
Total Liabilities	**1,711,965**	**(132,193)**	**1,579,772**
TOTAL EQUITY AND LIABILITIES	**2,248,733**	**(130,903)**	**2,117,830**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

e) Change in accounting policy (continued)

	1 January - 31 March 2012		
	As previously reported	**Adjustments**	**As restated**
Construction revenue	91	-	91
Operating revenue	194,300	(45,779)	148,521
Other operating income	10,348	(1,123)	9,225
Construction expenditure	(91)	-	(91)
Cost of catering inventory sold	(5,568)	275	(5,293)
Cost of duty free inventory sold	(19,647)	19,647	-
Cost of services rendered	(15,107)	4,550	(10,557)
Personnel expenses	(66,484)	15,094	(51,390)
Concession and rent expenses	(32,588)	-	(32,588)
Depreciation and amortisation expenses	(17,585)	1,167	(16,418)
Other operating expenses	(25,056)	1,602	(23,454)
Share of profit of equity-accounted investees, net of tax	-	4,708	4,708
Operating profit	**22,613**	**141**	**22,754**
Finance income	8,912	(1,004)	7,908
Finance costs	(23,536)	305	(23,231)
Net finance costs	**(14,624)**	**(699)**	**(15,323)**
Profit before tax	**7,989**	**(558)**	**7,431**
Tax benefit	860	940	1,800
Profit for the period	**8,849**	**382**	**9,231**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

2. BASIS OF PREPARATION (continued)

e) Change in accounting policy (continued)

	1 January - 31 March 2012		
	As previously reported	**Adjustments**	**As restated**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of intangible assets	17	-	17
Defined benefit obligation actuarial differences	-	(313)	(313)
Tax on defined benefit obligation actuarial differences	-	62	62
Total items that will not be reclassified to profit or loss	**17**	**(251)**	**(234)**
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	(11,757)	-	(11,757)
Foreign currency translation differences for foreign operations	(35)	(38)	(73)
Tax on cash flow hedge reserves	2,749	-	2,749
Total items that are or may be reclassified subsequently to profit or loss	**(9,043)**	**(38)**	**(9,081)**
Other comprehensive income for the period, net of tax	**(9,026)**	**(289)**	**(9,315)**
Total comprehensive income for the period	**(177)**	**93**	**(84)**
Profit attributable to:			
Owners of the Company	11,965	314	12,279
Non-controlling interest	(3,116)	68	(3,048)
Profit for the period	**8,849**	**382**	**9,231**
Total comprehensive income attributable to:			
Owners of the Company	3,810	63	3,873
Non-controlling interest	(3,987)	30	(3,957)
Total comprehensive income for the period	**(177)**	**93**	**(84)**
Weighted average number of shares outstanding	**363,281,250**	**-**	**363,281,250**
Basic and diluted earnings per share	**0.03**	**-**	**0.03**

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 and their joint ventures.

a) <u>Basis of consolidation</u>

Each entity is consolidated based on the following methods:

- TAV İstanbul, TAV Esenboğa, TAV İzmir, TAV Ege, TAV Macedonia, TAV Gazipaşa, TAV Latvia, TAV İşletme, TAV Güvenlik, HAVAŞ, HYT İzmir, HYT Muğla, HYT Samsun and TAV Akademi are fully consolidated without non-controlling interest's ownership.

- TAV Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC, BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, HAVAŞ Europe, HAVAŞ Europe Helsinki, HAVAŞ Europe Stockholm, HAVAŞ Germany, TAV Aviation Minds and TAV Bilişim are fully consolidated with the non-controlling interest's ownership reflected as a non-controlling interest. The equity of Batumi Airport LLC is fully reflected as non-controlling interest due to the transfer of right on shares to JSC at the end of share management agreement period.
- ATÜ, ATÜ Georgia, ATÜ Tunisia, ATÜ Macedonia, ATÜ Latvia, TAV Gözen, CAS, TGS, BTU Lokum, BTU Gıda, BTA Denizyolları, Tibah Development and Tibah Operation are consolidated using the equity method.

i) <u>Business combinations:</u>

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

ii) <u>Subsidiaries:</u>

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

iii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

On 3 October 2012, TAV Holding acquired 35% of HAVAS's shares from İş Private Equity and HSBC Principal Investments in return for EUR 80,000. As a result, TAV Holding's share in HAVAS increased to 100% and HAVAS is fully consolidated without any non-controlling interest ownership. The effect of this transaction is recognised as an equity transaction as other reserves in the consolidated financial statements.

iv) 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 controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain / loss arising is recognised directly in equity.

v) Loss of control:

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

vi) Joint arrangements:

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

vii) 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 losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

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 monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency (continued)

***ii) Foreign operations* (continued):**

The Group entities and their joint ventures use either EUR, TRL, USD, TND, MKD, SEK, GEL and SAR 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 or their joint ventures 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. The Group uses EUR as the reporting currency.

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

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

The foreign currency exchange rates as of the related periods are as follows:

	1 Euro Equivalent	
	31 March 2013	31 December 2012
TRL	2.3189	2.3517
GEL	2.1245	2.1825
TND	2.0470	2.0476
MKD	61.6153	61.5000
SEK	8.3381	8.6166
USD	1.2821	1.3193
SAR	4.8068	4.9478

c) Financial instruments

i) Non-derivative financial assets:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

i) Non-derivative financial assets (continued):

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 3(h)(i)).

Loans and receivables comprise cash and cash equivalents, restricted bank balances, trade receivables, due from related parties and guaranteed passenger fee receivable from DHMİ (Concession receivables) (see Note 24).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group management of its short-term commitments.

The Group's use of Project Accounts Reserve Accounts or Funding Accounts is based on certain conditions as defined in respective loan agreements. Therefore, bank balances included in these accounts are presented as restricted bank balances in the consolidated statement of financial position.

Service concession arrangements

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

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration (see also accounting policy note on intangible assets below).

ii) Non-derivative financial liabilities:

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

iii) Share capital:

Ordinary shares are classified as equity.

iv) Derivative financial instruments, including hedge accounting:

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

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

Derivatives are recognised initially at fair value; any 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.

Cash flow hedges

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

In other cases, when the hedged item is not a non-financial asset, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment

i) Recognition and measurement:

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property and equipment are calculated as the difference between the net proceeds from disposal and the carrying amount of the item and are recognised net within “other operating income / (expense)” in profit or loss.

ii) Subsequent costs:

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation:

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

Buildings	50 years
Machinery and equipment	4-19 years
Vehicles	5-18 years
Furniture and fixtures	2-19 years
Leasehold improvements	1-15 years

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

e) Intangible assets

i) Goodwill:

Goodwill that arises upon the acquisition of subsidiaries and joint ventures is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

ii) Intangible assets recognised in a business combination:

Customer relationships are the intangible assets recognised during the purchase of HAVAŞ shares in years 2005 and 2007 and purchase of HAVAŞ Europe shares in 2010 and 2011. DHMİ license is the intangible asset recognised during the purchase of HAVAŞ shares in years 2005 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 and its fair value can be measured reliably. The fair values of DHMİ licence and customer relationship were 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 *Business Combinations*, the Group applied step acquisition during the purchase of the remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion was recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangible assets which were already carried in the consolidated financial statements prior to the acquisition of the additional 40% shareholding.

50% and 16.67% share purchases of HAVAŞ Europe are accounted by applying IFRS 3 in 2010 and 2011, respectively. DHMİ license and customer relations arising from the share purchase are revalued at their fair values which are determined by the independent valuation experts.

iii) Internally generated software:

Internally generated software consists of airport software developed by TAV Bilişim. Internally generated software with finite useful lives is measured at cost less accumulated amortisation and impairment losses.

iv) 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.

v) 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.

vi) Amortisation:

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Purchased software is amortised over estimated useful lives, which is between 3-5 years. Intangible assets recognised during acquisitions of HAVAŞ and HAVAŞ Europe are customer relationships and DHMİ licence. Customer relationships have 5-10 years useful life and DHMİ licence has indefinite useful life since the duration of net cash inflow arising from DHMİ licence to the Company does not have any foreseeable limit. DHMİ licence is tested for impairment annually.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vii) Service concession arrangements

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

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

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

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

On 24 September 2008, a BOT agreement for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport in Shtip airports was signed between TAV Macedonia and the Ministry of Transport and Communication of Macedonia. The agreement covers a period up to March 2030.

A concession agreement was executed between TAV Ege and DHMİ on 16 December 2011 for the construction and operation of the domestic terminal of İzmir Adnan Menderes Airport and for taking-over the international terminal on January 2015. The agreement covers a period up to December 2032.

i) Intangible assets:

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

The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and 5% respectively.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. Amortisation of the intangible asset is calculated on a straight-line basis over their estimated useful lives.

ii) Financial assets:

The Group recognises the guaranteed passenger fee amount due from DHMİ as financial asset which is determined by the agreements with TAV Esenboğa and TAV İzmir. Financial assets are initially recognised at fair value. Fair value of financial assets is estimated as the present value of all future cash receipts discounted using the prevailing market rate of instrument. (see Note 4 (iii)).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

vii) Service concession arrangements (continued)

iii) Accounting for operations contract (TAV İstanbul):

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

Under IFRIC 12 an operator recognises an intangible asset or financial asset received as consideration for providing construction or upgrade services or other items. In TAV İstanbul there is neither construction nor significant upgrade service provided and the contract is in operating phase. Therefore, no intangible asset or financial asset is recognised in TAV İstanbul's financial statements and the revenue and costs relating to the operation services are recognised in accordance with IAS 18.

f) Leased assets

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

Other leases are operating leases and the leased assets are not recognised on the Group's consolidated statement of financial position.

g) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

h) Impairment

i) Non-derivative financial assets:

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Impairment (continued)

i) Non-derivative financial assets (continued):

Financial assets measured at amortised cost

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non-financial assets:

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each period at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually 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 (the "CGU"). Goodwill acquired in a business combination is allocated to groups of CGU's that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Reserve for employee severance indemnity

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TRL 3,129 as at 31 March 2013 (equivalent to full EUR 1,349 as at 31 March 2013) (31 December 2012: full TRL 3,034 (equivalent to full EUR 1,290 as at 31 December 2012)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying consolidated financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 30) in the calculation of the retirement pay provision. The calculation was based upon the retirement pay ceiling announced by the Government.

All actuarial differences are recognised immediately in other comprehensive income.

j) Provisions

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

k) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue (continued)

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

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

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

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

Income from lounge services: Income from lounge services is recognised when services are provided.

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

l) Lease payments

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

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

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

m) Finance income and finance costs

Finance income comprises interest income on funds invested, unwinding of discount on guaranteed passenger fee receivable from DHMİ arising from the application of IFRIC 12, dividend income and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, (other than trade receivables) and ineffective portion of hedging instruments. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current Tax:

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

ii) Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

iii) Tax exposures:

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

o) Earnings per share

The Group presents basic and diluted EPS data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. There are no dilutive potential shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Segment reporting

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

Segment results that are reported to the Group management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

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

q) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 March 2013, and have not been applied in preparing these consolidated financial statements. Among those new standards, the following are expected to have effect on the consolidated financial statements of the Group:

- IFRS 9 *Financial Instruments* could change the classification and measurement of financial assets and becomes effective for annual periods beginning on or after 1 January 2015.
- IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)*: The amendments clarify the meaning of ―currently has a legally enforceable right to set-off and also clarify the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014.

The Group does not plan to adopt these standards early and the extent of the impact has not been determined yet.

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 the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

ii) Intangible assets:

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

The fair values of customer relationship and DHMİ licence acquired in a business combination are determined according to the excess earnings method and replacement cost approach, respectively.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

4. DETERMINATION OF FAIR VALUES (continued)

ii) Intangible assets (continued):

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

iii) Trade and other receivables:

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined for disclosure purposes or when acquired in a business combination.

iv) Derivatives:

The fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

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

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

v) Other 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.

Fair value hierarchy:

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

31 March 2013	**Level 1**	**Level 2**	**Level 3**
Interest rate swap	-	(151,841)	-
Cross currency swap	-	4,403	-
	-	**(147,438)**	**-**

31 December 2012	**Level 1**	**Level 2**	**Level 3**
Interest rate swap	-	(161,945)	-
Cross currency swap	-	(3,788)	-
Forward	-	221	-
	-	**(165,512)**	**-**

5. FINANCIAL RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- market risk
- operational risk

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

Risk management framework

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

The Group has established a Risk Management Department who is responsible for the Enterprise Risk Management function within the Group, and aims to develop a disciplined and constructive risk management and control environment in which all employees know and understand their roles and responsibilities.

All directors act to ensure an effective risk management and internal control process, providing assurance in relation to continuous identification and evaluation of the risks that exist in all main process areas.

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

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

Credit risk

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

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

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

The Group has procedures in place to ensure that services are provided to customers with an appropriate credit history. The carrying amount of trade and other receivables, net of provision for impairment of receivables, and the total of cash and cash equivalents, represents the maximum amount exposed to credit risk. The main customer is Turkish Airlines (THY). Based on past history with this customer, the Group management believes there is no significant credit risk for this customer. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provisions already recorded due to reputation and type of customers for the airlines (well-known reputable, international and flag carrier companies).

In addition, the Group receives letters of guarantee, and notes from certain customers whose credibility is low.

5. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing 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 Group as mentioned in Note 35.

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

i) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. As at 31 December 2012, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily EUR, but also USD, GEL, TND, MKD, SEK, SAR and TRL which are disclosed within the relevant notes to these consolidated financial statements. The currencies in which these transactions primarily denominated are USD and TRL. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments as mentioned in Note 37.

ii) Interest rate risk:

The Group adopts a policy of ensuring that between 50 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps as mentioned in Note 37.

5. FINANCIAL RISK MANAGEMENT (continued)

Operational risk

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

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

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

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

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

Capital management

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

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

6. OPERATING SEGMENTS

Operating Segments:

For management purposes, the Group and its joint ventures are currently organised into four reportable segment; Terminal Operations, Catering Operations, Duty Free Operations, Ground Handling and Bus Operations. These reportable segments 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 Ege, TAV Gazipaşa, TAV Tunisia, TAV Batumi, TAV Tbilisi, Batumi Airport LLC, TAV Macedonia, Tibah Development and Tibah Operation. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Gazipaşa and TAV Macedonia also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.

- ***Catering operations:*** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, BTU Lokum, BTU Gıda and BTA Denizyolları.

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

- ***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, CAS, TAV Gözen, TGS, HAVAŞ Europe, HAVAŞ Europe Helsinki, HAVAŞ Europe Stockholm and HAVAŞ Germany. HYT İzmir, HYT Muğla and HYT Samsun provides bus operations. HAVAŞ also provides bus operations.

- ***Other:*** Providing lounge services, IT, security and education services, the Group companies included in this segment are TAV Holding, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV Bilişim, TAV Güvenlik, TAV Latvia, TAV Aviation Minds and TAV Akademi.

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

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Notes to the Consolidated Interim Financial Statements
As at and for the three-month period ended 31 March 2013

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

6. OPERATING SEGMENTS (continued)

Operating Segments

	Three-month period ended 31 March											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Total external revenues	103,396	83,459	19,858	17,224	60,093	49,230	44,415	38,942	5,005	5,445	232,767	194,300
Inter-segment revenue	33,468	28,692	4,205	3,472	-	-	83	89	5,326	4,507	43,082	36,760
Construction revenue	70,663	91	-	-	-	-	-	-	-	-	70,663	91
Construction expenditure	(70,663)	(91)	-	-	-	-	-	-	-	-	(70,663)	(91)
Interest income	2,485	3,273	48	118	295	219	87	297	2,161	1,883	5,076	5,790
Interest expense	(17,125)	(19,018)	(51)	(47)	(335)	(261)	(1,757)	(1,654)	(2,935)	(2,045)	(22,203)	(23,025)
Depreciation and amortisation	(13,925)	(13,896)	(792)	(572)	(289)	(279)	(2,803)	(2,494)	(493)	(344)	(18,302)	(17,585)
Reportable segment operating profit	31,313	22,801	1,268	1,544	5,958	3,671	(4,187)	(2,937)	(3,869)	(2,146)	30,483	22,933
Capital expenditure	75,891	2,401	1,211	1,549	568	161	1,670	863	420	441	79,760	5,415

	As at 31 March 2013 and 31 December 2012											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012
Reportable segment assets	1,766,995	1,836,029	30,626	30,896	33,641	41,697	145,620	147,525	289,283	192,586	2,266,165	2,248,733
Other investments	-	-	-	-	-	-	-	-	24	24	24	24
Reportable segment liabilities	1,297,450	1,294,308	20,972	19,208	37,718	36,458	121,430	118,420	224,688	243,571	1,702,258	1,711,965

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

6. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit before tax, assets and liabilities and other material items

Revenues	**1 January-31 March 2013**	**1 January-31 March 2012**
Total revenue for reportable segments	336,181	221,199
Other revenue	10,331	9,952
Elimination of inter-segment revenue	(43,082)	(36,760)
	303,430	**194,391**
Effect of using the equity method for joint ventures	(84,199)	(45,779)
Consolidated revenue	**219,231**	**148,612**

Operating profit	**1 January-31 March 2013**	**1 January-31 March 2012**
Segment operating profit	34,352	25,079
Other operating loss	(3,869)	(2,146)
Elimination of inter-segment operating loss	(205)	(9)
	30,278	**22,924**
Effect of using the equity method for joint ventures	(1,482)	(170)
Consolidated operating profit	**28,796**	**22,754**
Finance income	10,944	7,908
Finance expense	(22,059)	(23,231)
Consolidated profit before tax	**17,681**	**7,431**

Assets	**31 March 2013**	**31 December 2012**
Total assets for reportable segments	1,976,882	2,056,147
Other assets	289,283	192,586
	2,266,165	**2,248,733**
Effect of using the equity method for joint ventures	(153,068)	(130,903)
Consolidated total assets	**2,113,097**	**2,117,830**

Liabilities	**31 March 2013**	**31 December 2012**
Total liabilities for reportable segments	1,477,570	1,468,394
Other liabilities	224,688	243,571
	1,702,258	**1,711,965**
Effect of using the equity method for joint ventures	(154,376)	(132,193)
Consolidated total liabilities	**1,547,882**	**1,579,772**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

6. OPERATING SEGMENTS (continued)

Interest income	**1 January-31 March 2013**	**1 January-31 March 2012**
Total interest income for reportable segments	2,915	3,907
Other interest income	2,161	1,883
Elimination of inter-segment interest income	(2,285)	(1,369)
	2,791	**4,421**
Effect of using the equity method for joint ventures	(152)	(342)
Consolidated interest income	**2,639**	**4,079**

Interest expense	**1 January-31 March 2013**	**1 January-31 March 2012**
Total interest expense for reportable segments	(19,268)	(20,980)
Other interest expense	(2,935)	(2,045)
Elimination of inter-segment interest expense	2,270	1,399
	(19,933)	**(21,626)**
Effect of using the equity method for joint ventures	250	52
Consolidated interest expense	**(19,683)**	**(21,574)**

Geographical information

The main geographical segments of the Group and its joint ventures are comprised of Turkey, Tunisia, Georgia, Macedonia and Saudi Arabia.

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

Revenue	**1 January-31 March 2013**	**1 January-31 March 2012**
Turkey	259,985	178,579
Saudi Arabia	27,884	-
Georgia	6,265	5,846
Tunisia	4,137	4,853
Macedonia	3,419	3,505
Other	1,740	1,608
	303,430	**194,391**
Effect of using the equity method for joint ventures	(84,199)	(45,779)
Consolidated revenue	**219,231**	**148,612**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

6. OPERATING SEGMENTS (continued)

Non-current assets	31 March 2013	31 December 2012
Turkey	843,639	697,682
Tunisia	513,839	516,359
Macedonia	80,256	81,432
Saudi Arabia	78,433	56,788
Georgia	75,919	74,334
Other	796	762
	1,592,882	**1,427,357**
Effect of using the equity method for joint ventures	(70,152)	(32,981)
Consolidated non-current assets	**1,522,730**	**1,394,376**

7. CONSTRUCTION REVENUE AND EXPENDITURE

An analysis of the Group's construction revenue and expenditure for the three-month periods ended 31 March is as follows:

	1 January-31 March 2013	1 January-31 March 2012
Construction expenditure	**51,681**	**91**
Mark-up on construction expenditure	-	-
Construction revenue	**51,681**	**91**

Construction revenue and expenditure for the three-month periods ended 31 March 2013 are related to the construction of domestic terminal of İzmir Adnan Menderes Airport (Construction revenue and expenditure for the three-month periods ended 31 March 2012 are related to the construction of Skopje International Airport and Enfidha International Airport).

8. OPERATING REVENUE

An analysis of the Group's operating revenue for the three-month periods ended 31 March is as follows:

	1 January-31 March 2013	1 January-31 March 2012
Aviation income	50,942	44,971
Commission from sales of duty free goods	50,034	41,096
Ground handling income	23,380	22,801
Catering services income	16,915	14,419
Area allocation income	8,660	8,404
Income from car parking operations and valet service income	7,701	6,788
Bus services income	3,305	3,104
Income from lounge services	1,134	3,881
Other operating revenue	5,479	3,057
Total operating revenue	**167,550**	**148,521**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

9. OTHER OPERATING INCOME

An analysis of the Group's other operating income for the three-month periods ended 31 March is as follows:

	1 January-31 March 2013	**1 January-31 March 2012**
Advertising income	4,511	4,316
Rent income from sublease	2,572	2,124
Utility and general participation income (*)	1,227	650
Other income	3,226	2,135
Total other operating income	**11,536**	**9,225**

(*) Utility and general participation income consists of net of electricity, water supplies, heat, natural gas expenses which are initially paid by the Group and charged to the tenants of the terminal according to the m^2 of the areas rented.

10. PERSONNEL EXPENSES

An analysis of the Group's personnel expenses for the three-month periods ended 31 March is as follows:

	1 January-31 March 2013	**1 January-31 March 2012**
Wages and salaries	50,186	41,032
Compulsory social security contributions	6,616	5,933
Employee severance indemnity expenses	483	647
Other personnel expenses	4,338	3,778
Total personnel expenses	**61,623**	**51,390**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

11. CONCESSION AND RENT EXPENSES

An analysis of the Group's concession and rent expenses for the three-month periods ended 31 March is as follows:

	1 January-31 March 2013	1 January-31 March 2012
TAV İstanbul (*)	31,619	29,285
TAV Ege (*)	2,179	2,179
TAV Tunisia (**)	551	515
TAV Macedonia (***)	579	609
Total concession and rent expenses	**34,928**	**32,588**

Rent expense is related with TAV İstanbul, concession rent expense is related with TAV Ege, TAV Tunisia and TAV Macedonia.

(*) See Note 20.

(**) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The concession fee is computed at an increasing rate between 11% and 26% of the annual revenues. Based on the negotiations with OACA, the concession fee payable for 2011 is reduced by EUR 4,645, the concession fee payable for 2012 is reduced by at least EUR 5,192, the concession fee payable for 2013 is reduced by at least EUR 5,788 and concession fee payables for 2011, 2012, and 2013 are deferred by 3 years to 2014, 2015 and 2016.

As per the new amendment signed with the Ministry of Public Domain and Real Estate Affairs of Republic of Tunisia, concession payable for Enfidha International Airport for 2010, as due on 31 January 2013 is reduced by 65% and payment is delayed to 31 July 2015. This reduction of EUR 3,888 is deducted from the concession rent expense and concession rent payable as of and for the year ended 31 December 2012.

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

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

12. OTHER OPERATING EXPENSES

An analysis of the Group's other operating expenses for the three-month periods ended 31 March is as follows:

	1 January-31 March 2013	1 January-31 March 2012
Utility cost	4,433	3,320
VAT non-recoverable	3,530	3,288
Insurance expense	2,868	3,162
Maintenance expenditures	2,792	2,382
Cleaning expense	2,541	2,491
Consultancy expense	2,072	1,604
Taxes	1,545	612
Rent expense	1,099	1,183
Traveling and transportation expenses	1,007	1,013
Communication and stationary expenses	755	715
Advertisement and marketing expenses	747	1,162
Representation expenses	464	393
Security cost	330	297
Provision expenses	45	136
Other operating expenses	2,048	1,696
Total other operating expenses	**26,276**	**23,454**

13. DEPRECIATION AND AMORTISATION

An analysis of the Group's accumulated depreciation and amortisation for the three-month periods ended 31 March is as follows:

	Airport operation right	Property and equipment	Intangible assets	Total
Balance at 1 January 2012 as previously reported	**140,863**	**142,221**	**25,074**	**308,158**
Changes in accounting policies (Note 2(e))	-	(31,448)	(2,178)	(33,626)
Balance at 1 January 2012 as restated	**140,863**	**110,773**	**22,896**	**274,532**
Effect of movements in exchange rates	(645)	117	41	(487)
Charge for the period	10,039	5,369	1,010	16,418
Disposals	-	(215)	-	(215)
Balance at 31 March 2012	**150,257**	**116,044**	**23,947**	**290,248**
Balance at 1 January 2013 as previously reported	**180,764**	**142,221**	**30,416**	**353,401**
Changes in accounting policies (Note 2(e))	-	(10,915)	(3,298)	(14,213)
Balance at 1 January 2013 as restated	**180,764**	**131,306**	**27,118**	**339,188**
Effect of movements in exchange rates	851	382	29	1,262
Charge for the period	10,004	5,800	1,085	16,889
Disposals	-	(176)	-	(176)
Balance at 31 March 2013	**191,619**	**137,312**	**28,232**	**357,163**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

14. FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss

An analysis of the Group's finance income and finance costs for the three-month periods ended 31 March is as follows:

	1 January-31 March 2013	1 January-31 March 2012
Foreign exchange gain, net	4,963	983
Discount income, net (*)	3,314	2,832
Interest income on bank deposits and intercompany loans	2,639	4,079
Other finance income	28	14
Finance income	**10,944**	**7,908**
Interest expense on financial liabilities and intercompany loans	(19,683)	(21,574)
Commission expense	(513)	(510)
Other finance costs (**)	(1,863)	(1,147)
Finance costs	**(22,059)**	**(23,231)**
Net finance costs	**(11,115)**	**(15,323)**

(*) Discount income includes unwinding of discount on guaranteed passenger fee receivables from DHMİ (concession receivables) amounting to EUR 3,324 (31 March 2012: EUR 2,883).

(**) Other finance costs include bank charges and consultancy expenses charged in accordance with the requirements of project financing facilities.

Recognised in other comprehensive income

	1 January-31 March 2013	1 January-31 March 2012
Effective portion of changes in fair value of cash flow hedges	17,075	(11,757)
Foreign currency translation differences for foreign operations	1,132	(1,055)
Foreign currency translation differences for equity accounted investees	767	982
Tax on cash flow hedge reserves	(3,610)	2,749
Finance costs recognised in other comprehensive income, net of tax	**15,364**	**(9,081)**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

15. TAX EXPENSE

An analysis of the Group's tax expense for the three-month periods ended 31 March is as follows:

Tax recognised in profit or loss

	1 January-31 March 2013	1 January-31 March 2012
Current tax expense		
Current period tax expense	8,787	3,851
Adjustments for prior periods	(20)	-
	8,767	3,851
Deferred tax benefit		
Origination and reversal of temporary differences	(1,918)	(3,050)
Change in previously recognised investment incentives	(446)	(938)
Change in previously recognised tax losses	(1,768)	(1,663)
	(4,132)	(5,651)
Total tax expense / (benefit)	**4,635**	**(1,800)**

Tax recognised in other comprehensive income

	1 January - 31 March 2013			1 January - 31 March 2012		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax benefit	Net of tax
Revaluation of intangible assets	17	-	17	17	-	17
Effective portion of changes in fair value of cash flow hedges	17,075	(3,610)	13,465	(11,757)	2,749	(9,008)
Defined benefit obligation actuarial differences	(1,588)	318	(1,270)	(313)	62	(251)
Foreign currency translation differences for foreign operations	1,132	-	1,132	(1,055)	-	(1,055)
Foreign currency translation differences for equity accounted investees	767	-	767	982	-	982
	17,403	**(3,292)**	**14,111**	**(12,126)**	**2,811**	**(9,315)**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

15. TAX EXPENSE (continued)

Reconciliation of effective tax rate

The reported tax expenses for the three-month periods ended 31 March 2013 and 2012 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	%	1 January-31 March 2013	%	1 January-31 March 2012
Profit for the period		13,046		9,231
Total tax expense / (benefit)		4,635		(1,800)
Profit before tax		**17,681**		**7,431**
Tax using the Company's domestic tax rate	20	3,536	20	1,486
Tax effects of:				
- non deductible expenses	7	1,120	11	801
- translation of non-monetary items according to IAS 21	(5)	(1,008)	(26)	(1,695)
- change in previously recognised investment incentives	(3)	(446)	(12)	(938)
- tax exempt income	(1)	(134)	(5)	(366)
- translation effect on recognised tax losses	(3)	(444)	(6)	(487)
- change in previously recognised tax losses	4	738	-	-
- current period losses for which no deferred tax asset is recognised	7	1,288	5	381
- effect of different tax rates for foreign jurisdictions	(5)	(832)	(8)	(683)
- over provided in prior years	-	(20)	-	-
- change in unrecognised temporary differences	13	2,195	2	159
- adjustment for equity accounted investees	(7)	(1,253)	(9)	(735)
- other consolidation adjustments	(1)	(105)	4	277
Tax expense	**26**	**4,635**	**(24)**	**(1,800)**

Corporate tax:

	31 March 2013	31 December 2012
Corporate tax provision as previously reported	9,894	42,275
Changes in accounting policies (Note 2(e))	(1,107)	(5,646)
Corporate tax provision as restated	8,787	36,629
Adjustments for prior periods	(20)	(49)
Add: taxes payable from previous period	7,805	10,395
Less: corporation taxes paid during the period	(7,757)	(39,170)
Current tax liabilities	**8,815**	**7,805**

15. TAX EXPENSE (continued)

Corporate tax (continued):

Turkey

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 period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilised.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate at 31 March 2013 is 20% (31 December 2012: 20%). Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

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.

Georgia

Georgian corporate income tax is levied at a rate of 15% on income less deductible expenses.

Tunisia

Tunisian corporate income tax is levied at a rate of 30% on income less deductible expenses. According to concession agreement, TAV Tunisia was exempt from corporate tax for a period of 5 years starting from the concession agreement date. Tax exemption period for TAV Tunisia has ended in January 2013.

Macedonia

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

Latvia

Latvian corporate income is levied at a rate of 15% on income less deductible expenses.

Investment allowance:

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

15. TAX EXPENSE (continued)

Investment allowance (continued):

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

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

The Article 5 of the Law no. 6009 "Law on the Amendment of the Income Tax Law and Certain Laws and Decree Laws" which was promulgated in the Official Gazette on 1 August 2010 regulated the amount of investment incentive to be benefited in computing the corporate tax base after the cancellation of the Article no.2 of the Law no. 5479. According to the Law no. 6009, the taxpayers were allowed to benefit from the investment incentive stemming from the periods before the promulgation of the Law no. 5479, up to 25% of the taxable income of the respective tax period. Such change is effective including the fiscal year ending on 31 December 2011.

However, on 9 February 2012, the Turkish Constitutional Court decided to cancel the Article 5 of the Law no. 6009 and the cancelation of the article was promulgated in the Official Gazette no. 28208 dated 18 February 2012. Accordingly, taxpayers are allowed to benefit from the investment incentive without any limitation.

Income withholding tax:

According to Corporate Tax Law code numbered 5520 article 15, companies who are resident in Turkey, should calculate 15% income withholding tax on dividends distributed to non-resident companies, individuals and resident individuals. Where there is a tax treaty between Turkey and the country of the dividend recipient is a resident taxpayer, the applicable rate might be less than the local rate. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Transfer pricing regulations:

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

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

The Law numbered 6111

The Law numbered 6111 has been put into effect following its promulgation in the Official Gazette on 25 February 2011. According to the law, apart from the VAT refundable or/and already refunded in cash, no tax investigation or tax assessment regarding corporate and value added taxes will be made for the tax-payers who increase their tax bases for the years between 2006 and 2009.

Some of the subsidiaries of the Group have benefited from the aforementioned law for the fiscal years 2006-2009 for corporate and value added taxes by increasing their tax bases, which resulted in additional value added and corporate taxes amounting to EUR 2,931 and VAT amounting to EUR 1,269. In 2011, the related corporate tax expense is included in the current tax expense for the period as an adjustment for prior periods.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

16. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Cost								
Balance at 1 January 2012 as previously reported	**7,967**	**325**	**88,825**	**27,027**	**27,127**	**136,713**	**8,752**	**296,736**
Changes in accounting policies (Note 2(e))	-	-	(18,814)	(459)	(4,461)	(8,526)	(407)	(32,667)
Balance at 1 January 2012 as restated	**7,967**	**325**	**70,011**	**26,568**	**22,666**	**128,187**	**8,345**	**264,069**
Effect of movements in exchange rates	(192)	(5)	(78)	(114)	180	268	(63)	(4)
Additions (*)	-	7	155	360	889	324	2,204	3,939
Disposals	-	-	(14)	(207)	(26)	(3)	(1,226)	(1,476)
Transfers	-	-	-	-	13	210	(223)	-
Balance at 31 March 2012	**7,775**	**327**	**70,074**	**26,607**	**23,722**	**128,986**	**9,037**	**266,528**
Balance at 1 January 2013 as previously reported	**7,884**	**275**	**100,015**	**27,911**	**33,909**	**149,642**	**14,590**	**334,226**
Changes in accounting policies (Note 2(e))	-	-	(25,795)	(397)	(6,219)	(11,071)	(1,134)	(44,616)
Balance at 1 January 2013 as restated	**7,884**	**275**	**74,220**	**27,514**	**27,690**	**138,571**	**13,456**	**289,610**
Effect of movements in exchange rates	215	4	85	159	220	278	10	971
Additions (*)	-	-	488	177	561	204	2,459	3,889
Disposals	-	-	(386)	(11)	(33)	(21)	-	(451)
Transfers	-	-	-	-	-	10,501	(10,501)	-
Balance at 31 March 2013	**8,099**	**279**	**74,407**	**27,839**	**28,438**	**149,533**	**5,424**	**294,019**

(*) There is no capitalised borrowing cost on property and equipment during 2013 (31 March 2012: None).

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

16. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds improvements	Construction in progress	Total
Accumulated depreciation								
Balance at 1 January 2012 as previously reported	**-**	**148**	**56,819**	**17,083**	**20,507**	**47,664**	**-**	**142,221**
Changes in accounting policies (Note 2(e))	-	9	(7,652)	(1,040)	(5,010)	(17,755)	-	(31,448)
Balance at 1 January 2012 as restated	**-**	**157**	**49,167**	**16,043**	**15,497**	**29,909**	**-**	**110,773**
Effect of movements in exchange rates	-	(3)	(46)	(75)	118	123	-	117
Depreciation for the period	-	9	682	474	585	3,619	-	5,369
Disposals	-	-	(14)	(181)	(20)	-	-	(215)
Balance at 31 March 2012	**-**	**163**	**49,789**	**16,261**	**16,180**	**33,651**	**-**	**116,044**
Balance at 1 January 2013 as previously reported	**-**	**148**	**56,819**	**17,083**	**20,507**	**47,664**	**-**	**142,221**
Changes in accounting policies (Note 2(e))	-	-	(5,099)	(248)	(2,511)	(3,057)	-	(10,915)
Balance at 1 January 2013 as restated	**-**	**148**	**51,720**	**16,835**	**17,996**	**44,607**	**-**	**131,306**
Effect of movements in exchange rates	-	3	68	106	152	53	-	382
Depreciation for the period	-	7	748	485	753	3,807	-	5,800
Disposals	-	-	(138)	(10)	(24)	(4)	-	(176)
Balance at 31 March 2013	**-**	**158**	**52,398**	**17,416**	**18,877**	**48,463**	**-**	**137,312**
Carrying amounts								
At 31 March 2012	**7,775**	**164**	**20,285**	**10,346**	**7,542**	**95,335**	**9,037**	**150,484**
At 31 December 2012	**7,884**	**127**	**22,500**	**10,679**	**9,694**	**93,964**	**13,456**	**158,304**
At 31 March 2013	**8,099**	**121**	**22,009**	**10,423**	**9,561**	**101,070**	**5,424**	**156,707**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

17. INTANGIBLE ASSETS

	Purchased software and brandmarks	Internally generated software	Customer relationships	DHMİ license	Total
Cost					
Balance at 1 January 2012 as previously reported	**14,027**	**4,091**	**35,130**	**7,744**	**60,992**
Changes in accounting policies (Note 2(e))	(837)	-	(9,480)	(2,420)	(12,737)
Balance at 1 January 2012 as restated	**13,190**	**4,091**	**25,650**	**5,324**	**48,255**
Effect of movements in exchange rates	65	-	-	-	65
Additions	400	-	-	-	400
Balance at 31 March 2012	**13,655**	**4,091**	**25,650**	**5,324**	**48,720**
Balance at 1 January 2013 as previously reported	**16,120**	**4,149**	**35,130**	**7,744**	**63,143**
Changes in accounting policies (Note 2(e))	(1,216)	-	(9,480)	(2,420)	(13,116)
Balance at 1 January 2013 as restated	**14,904**	**4,149**	**25,650**	**5,324**	**50,027**
Effect of movements in exchange rates	41	-	-	-	41
Additions	512	-	-	-	512
Balance at 31 March 2013	**15,457**	**4,149**	**25,650**	**5,324**	**50,580**
Amortisation					
Balance at 1 January 2012 as previously reported	**9,976**	**1,355**	**13,743**	**-**	**25,074**
Changes in accounting policies (Note 2(e))	(282)	-	(1,896)	-	(2,178)
Balance at 1 January 2012 as restated	**9,694**	**1,355**	**11,847**	**-**	**22,896**
Effect of movements in exchange rates	41	-	-	-	41
Amortisation for the period	328	68	614	-	1,010
Balance at 31 March 2012	**10,063**	**1,423**	**12,461**	**-**	**23,947**
Balance at 1 January 2013 as previously reported	**11,636**	**1,631**	**17,149**	**-**	**30,416**
Changes in accounting policies (Note 2(e))	(454)	-	(2,844)	-	(3,298)
Balance at 1 January 2013 as restated	**11,182**	**1,631**	**14,305**	**-**	**27,118**
Effect of movements in exchange rates	29	-	-	-	29
Amortisation for the period	397	74	614	-	1,085
Balance at 31 March 2013	**11,608**	**1,705**	**14,919**	**-**	**28,232**
Carrying amounts					
At 31 March 2012	**3,592**	**2,668**	**13,189**	**5,324**	**24,773**
At 31 December 2012	**3,722**	**2,518**	**11,345**	**5,324**	**22,909**
At 31 March 2013	**3,849**	**2,444**	**10,731**	**5,324**	**22,348**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

17. INTANGIBLE ASSETS (continued)

DHMİ licenses through the purchase of HAVAŞ shares in years 2005 and 2007 were recognised with indefinite useful lives since there is no foreseeable limit to the period over which they are expected to generate net cash inflows. The useful life of DHMİ license associated with the acquisition of HAVAŞ was deemed indefinite since;

- without these licenses ground handling companies could not operate,
- it is difficult to obtain the licence, which requires high pre-operational costs and procurement of workforce and equipment required to deliver ground handling services
- the continuity of the license requires low annual payments compared to initial license cost.

The replacement cost method was used in order to determine the fair value of the DHMI licences for impairment testing. As a result of the impairment testing no impairment was recognized.

Goodwill

An analysis of goodwill as at 31 March 2013 and 31 December 2012 is as follows:

	31 March 2013	31 December 2012
Balance at 1 January as previously reported	152,129	152,129
Changes in accounting policies (Note 2(e))	(15,980)	(15,980)
Balance at the end of the year	**136,149**	**136,149**

Goodwill is related with the CGU's HAVAŞ, HAVAŞ Europe and TAV Tbilisi as at 31 March 2013 and 31 December 2012.

Impairment testing for CGU's

For the purpose of impairment testing, goodwill is allocated to CGU's. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	31 March 2013	31 December 2012
HAVAŞ	131,565	131,565
TAV Tbilisi	3,858	3,858
HAVAŞ Europe	726	726
	136,149	**136,149**

The Group has reviewed for indications of impairment since 31 December 2012 and concluded that impairment testing is not needed as at 31 March 2013.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

18. AIRPORT OPERATION RIGHT

	Ankara Esenboğa International Airport	International Terminal of İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Antalya Gazipaşa Airport	Skopje International Airport	Medinah International Airport	Domestic Terminal of İzmir Adnan Menderes International Airport	Total
<u>**Cost**</u>									
Balance at 1 January 2012	**111,500**	**80,469**	**91,079**	**515,971**	**21,525**	**86,711**	**-**	**-**	**907,255**
Effect of movements in exchange rates	-	-	(2,200)	-	-	-	-	-	(2,200)
Additions (*)	-	-	-	68	-	23	-	-	91
Balance at 31 March 2012	**111,500**	**80,469**	**88,879**	**516,039**	**21,525**	**86,734**	**-**	**-**	**905,146**
Balance at 1 January 2013 as previously reported	**111,500**	**80,469**	**90,198**	**515,959**	**21,766**	**86,736**	**52,023**	**38,549**	**997,200**
Changes in accounting policies (Note 2(e))	-	-	-	-	-	-	(52,023)	-	(52,023)
Balance at 1 January 2013 as restated	**111,500**	**80,469**	**90,198**	**515,959**	**21,766**	**86,736**	**-**	**38,549**	**945,177**
Effect of movements in exchange rates	-	-	2,465	-	-	-	-	-	2,465
Additions (*)	-	-	-	-	-	-	-	51,681	51,681
Balance at 31 March 2013	**111,500**	**80,469**	**92,663**	**515,959**	**21,766**	**86,736**	**-**	**90,230**	**999,323**

(*) Borrowing costs amounting to EUR 122 are capitalised on airport operation right in 2013 (31 March 2012: None). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 100% .

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

18. AIRPORT OPERATION RIGHT (continued)

	Ankara Esenboğa International Airport	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Antalya Gazipaşa Airport	Skopje International Airport	Medinah International Airport	Domestic Terminal of İzmir Adnan Menderes International Airport	Total
Accumulated amortisation									
Balance at 1 January 2012	**34,963**	**51,379**	**25,942**	**25,679**	**1,285**	**1,615**	**-**	**-**	**140,863**
Effect of movements in exchange rates	-	-	(645)	-	-	-	-	-	(645)
Amortisation for the period	1,683	2,447	1,078	3,431	233	1,167	-	-	10,039
Balance at 31 March 2012	**36,646**	**53,826**	**26,375**	**29,110**	**1,518**	**2,782**	**-**	**-**	**150,257**
Balance at 1 January 2013	**41,697**	**61,165**	**29,992**	**39,402**	**2,197**	**6,309**	**-**	**-**	**180,762**
Effect of movements in exchange rates	-	-	853	-	-	-	-	-	853
Amortisation for the period	1,679	2,440	1,070	3,431	228	1,156	-	-	10,004
Balance at 31 March 2013	**43,376**	**63,605**	**31,915**	**42,833**	**2,425**	**7,465**	**-**	**-**	**191,619**
Carrying amounts									
At 31 March 2012	**74,854**	**26,643**	**62,504**	**486,929**	**20,007**	**83,952**	**-**	**-**	**754,889**
At 31 December 2012	**69,803**	**19,304**	**60,206**	**476,557**	**19,569**	**80,427**	**-**	**38,549**	**764,415**
At 31 March 2013	**68,124**	**16,864**	**60,748**	**473,126**	**19,341**	**79,271**	**-**	**90,230**	**807,704**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

19. OTHER INVESTMENTS

Non-current investments

At 31 March 2013 and 31 December 2012, non-current investments comprised the following:

	Ownership %	31 March 2013	31 December 2012
Unlisted entities			
TAV Havacılık A.Ş. ("TAV Havacılık")	1.00	24	24
		24	**24**

20. PREPAID CONCESSION AND RENT EXPENSES

An analysis of the Group's prepaid rent expenses as at 31 March 2013, 31 December 2012 and 31 March 2012 are as follows:

31 March 2013	Concession and rent	Prepaid development expenditures	Total
Balance at 31 December 2012	**170,078**	**24,669**	**194,747**
Concession and rent payments	136,433	-	136,433
Current period rent expense – TAV İstanbul	(30,860)	(759)	(31,619)
Current period concession expense – TAV Ege	(2,179)	-	(2,179)
Balance at 31 March 2013	**273,472**	**23,910**	**297,382**
Represented as current prepaid concession and rent expense	**134,786**	**3,078**	**137,864**
Represented as non-current prepaid concession and rent expense	**138,686**	**20,832**	**159,518**

31 December 2012	Concession and rent	Prepaid development expenditures	Total
Balance at 31 December 2011	**161,166**	**27,756**	**188,922**
Concession and rent payments	137,989	-	137,989
Current period rent expense – TAV İstanbul	(120,363)	(3,087)	(123,450)
Current period concession expense – TAV Ege	(8,714)	-	(8,714)
Balance at 31 December 2012	**170,078**	**24,669**	**194,747**
Represented as current prepaid concession and rent expense	**134,542**	**3,078**	**137,620**
Represented as non-current prepaid concession and rent expense	**35,536**	**21,591**	**57,127**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

20. PREPAID CONCESSION AND RENT EXPENSES (continued)

31 March 2012	Rent	Prepaid development expenditures	Total
Balance at 31 December 2011	**161,166**	**27,756**	**188,922**
Rent payments	107,489	-	107,489
Current period rent expense – TAV İstanbul	(28,518)	(767)	(29,285)
Balance at 31 March 2012	**240,137**	**26,989**	**267,126**
Represented as current prepaid rent expense	**91,844**	**3,088**	**94,932**
Represented as non-current prepaid rent expense	**148,293**	**23,901**	**172,194**

Rent:
The total rent associated with the rent agreement is USD 2,543,000 plus VAT (equivalent to EUR 1,983,494 as at 31 March 2013). TAV İstanbul paid in advance 23% of the total amount plus VAT as required by the Rent Agreement. A payment representing 5.5% of the total rent amount will be made within the first five workdays of each rental year following the first rental year. Below is the payment schedule per the Rent Agreement, excluding VAT, as at 31 March 2013:

Year	Amount (US Dollar)	Amount (Euro)
2014	139,865	109,092
2015	139,865	109,092
2016	139,865	109,092
2017	139,865	109,092
After 2018 to 2020	419,595	327,277
	979,055	**763,645**

Concession:
TAV Ege will pay an aggregate concession amount of EUR 610,000 plus VAT during the concession period. TAV Ege has paid 2% of the concession amount on the concession agreement execution date and 3% of the concession amount on the last day of the third month following the execution. The remaining part of the concession amount will be paid in equal installments on the first business day of every year, starting from 1 January 2013, throughout the concession period. Below is the payment schedule per the Concession Agreement excluding VAT, as at 31 March 2013:

Year	Amount (Euro)
2014	28,975
2015	28,975
2016	28,975
2017	28,975
After 2018 to 2032	463,600
	579,500

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

20. PREPAID CONCESSION AND RENT EXPENSES (continued)

Prepaid development expenditures:

Prepaid development expenditures represent costs incurred by TAV İstanbul related to the installation of EDS Security Systems ("EDS") for the International and Domestic Lines Terminals, and various re-design at the exterior of the Domestic Lines Terminal as required by the Rent Agreement.

21. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognises deferred tax assets and liabilities in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 20% for subsidiaries and joint ventures in Turkey (31 December 2012: 20%), the rate of 15% for subsidiaries and joint ventures in Georgia and Latvia (31 December 2012: 15%), the rate of 30% for subsidiaries in Tunisia (31 December 2012: 30%) and the rate of 10% for subsidiaries in Macedonia (31 December 2012: 10%) are used.

Recognised deferred tax assets and liabilities

As at 31 March 2013 and 31 December 2012, deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	31 March 2013	**31 December 2012**	**31 March 2013**	**31 December 2012**	**31 March 2013**	**31 December 2012**
Property and equipment, airport operation right, and intangible assets	10,394	10,130	(16,975)	(12,550)	(6,581)	(2,420)
Prepaid concession and rent expenses	-	-	(4,041)	(5,150)	(4,041)	(5,150)
Trade and other receivables and payables	7,177	1,894	(102)	(107)	7,075	1,787
Derivatives	35,318	39,016	-	-	35,318	39,016
Loans and borrowings	7,339	7,337	(2,542)	(2,215)	4,797	5,122
Reserve for employee severance indemnity	2,936	2,759	-	-	2,936	2,759
Provisions	1,167	1,049	-	-	1,167	1,049
Tax loss carry-forwards	24,568	22,800	-	-	24,568	22,800
Investment incentives	30,055	29,609	-	-	30,055	29,609
Other items	2,283	2,231	(31)	(28)	2,252	2,203
Deferred tax assets / (liabilities)	**121,237**	**116,825**	**(23,691)**	**(20,050)**	**97,546**	**96,775**
Set-off of tax	(21,715)	(17,239)	21,715	17,239	-	-
Net deferred tax assets / (liabilities)	**99,522**	**99,586**	**(1,976)**	**(2,811)**	**97,546**	**96,775**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

21. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movements in temporary differences during the period

	Balance at 1 January 2012	Recognised in profit or loss	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Balance at 31 December 2012	Recognised in profit or loss	Recognised in other comprehensive income	Effect of changes in foreign exchange rate	Balance at 31 March 2013
Property and equipment, airport operation right and other intangible assets	(4,833)	2,422	-	(9)	(2,420)	(4,203)	-	42	(6,581)
Prepaid concession and rent expenses	(4,030)	(1,120)	-	-	(5,150)	1,109	-	-	(4,041)
Trade and other receivables and payables	(412)	2,199	-	-	1,787	5,288	-	-	7,075
Derivatives	26,315	(237)	12,938	-	39,016	(33)	(3,665)	-	35,318
Loans and borrowings	2,771	2,351	-	-	5,122	(325)	-	-	4,797
Reserve for employee severance indemnity	1,636	(188)	1,311	-	2,759	(85)	262	-	2,936
Provisions	727	322	-	-	1,049	118	-	-	1,167
Tax loss carry-forwards	24,372	(1,572)	-	-	22,800	1,768	-	-	24,568
Investment incentives	29,791	(182)	-	-	29,609	446	-	-	30,055
Other items	1,542	661	-	-	2,203	49	-	-	2,252
Tax assets / (liabilities)	**77,879**	**4,656**	**14,249**	**(9)**	**96,775**	**4,132**	**(3,403)**	**42**	**97,546**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

21. DEFERRED TAX ASSETS AND LIABILITIES (continued)

At the reporting date, the Group has unused tax losses of EUR 264,188 (31 December 2012: EUR 218,696) available for offset against future profits. Tax losses can be carried forward for five years under the current tax legislation. Deferred tax asset amounting to EUR 24,568 related with the unused tax losses (31 December 2012: EUR 22,800) is recognised as at 31 March 2013, since it is assessed as probable that sufficient future taxable profits will be available, through increase in passenger numbers and improved operational performance in the following years, against which the unused tax losses amounting to EUR 123,653 can be utilised before they expire. Total tax loss carry forwards will expire as follows:

	31 March 2013	31 December 2012
Expire in year 2013	68,037	89,057
Expire in year 2014	32,832	22,357
Expire in year 2015	11,161	7,822
Expire in year 2016	26,739	38,955
Expire in year 2017 and after	125,419	60,505
Total	**264,188**	**218,696**

Recognized tax loss carry forwards amounting to EUR 45,907 (31 December 2012: EUR 42,652) arise from TAV Tunisia's losses, and can be carried forward without any time restriction.

As per the annulment decision of the Turkish Constitutional Court (see Note 15) in 2012, TAV Esenboğa and TAV İzmir, consolidated subsidiaries of the Group, are subject to investment allowance ruling and can use their available allowances to reduce their taxable corporate income without any time limitations. Accordingly, deferred tax asset amounting to EUR 30,055 (31 December 2012: EUR 29,609) on such investment allowance of TAV Esenboğa and TAV İzmir is recorded in the accompanying consolidated financial statements as at 31 March 2013 since it is assessed as probable that TAV Esenboğa and TAV İzmir will use their right of deducting investment allowances from their corporate income after deducting carry forward tax losses to the extent that sufficient future taxable profits will be available till the end of their concession periods.

Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
Tax loss carry-forwards	32,065	27,976
Investment incentives	10,442	10,125
	42,507	**38,101**

The tax incentives do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of the investment incentives and tax loss carry forwards because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from till the end of concession periods.

As at 31 March 2013, a deferred tax liability of EUR 31,264 (31 December 2012: EUR 32,792) related to investments in subsidiaries and joint ventures was not recognised since it is not assessed as probable that the temporary difference will reverse in the foreseeable future.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

21. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movements of net deferred tax assets are as follows:

	1 January-31 March 2013	1 January-31 March 2012
Balance at 1 January as previously reported	**83,841**	**75,641**
Changes in accounting policies (Note 2(e))	12,934	2,238
Balance at 1 January as restated	**96,775**	**77,879**
Recognised in profit or loss for the period	4,132	5,651
Recognised in other comprehensive income	(3,403)	2,688
Effect of movements in exchange rates	42	(35)
Balance at 31 March	**97,546**	**86,183**

22. INVENTORIES

At 31 March 2013 and 31 December 2012, inventories comprised the following:

	31 March 2013	31 December 2012
Spare parts and other inventories	5,898	5,436
Catering inventories	1,521	1,542
	7,419	**6,978**

23. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 31 March 2013 and 31 December 2012, other receivables and current assets comprised the following:

Other receivables and current assets	31 March 2013	31 December 2012
Advances to suppliers	8,329	2,881
Prepaid insurance	7,289	6,041
Business advances given	4,995	2,999
VAT deductible	3,187	3,771
Other prepaid expense	2,213	1,396
Prepaid taxes and funds	1,863	1,663
Income accruals	816	713
Other receivables	2,206	1,463
	30,898	**20,927**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

24. TRADE RECEIVABLES

At 31 March 2013 and 31 December 2012, trade receivables comprised the following:

Trade receivables:	**31 March 2013**	**31 December 2012**
Trade receivables (*)	59,647	60,745
Guaranteed passenger fee receivable from DHMİ (**)	19,295	18,441
Doubtful receivables	11,107	10,877
Allowance for doubtful receivables (-)	(11,107)	(10,877)
Notes receivable	1,319	1,988
	80,261	**81,174**
Non-current trade receivables:		
Guaranteed passenger fee receivable from DHMİ (**)	71,501	75,858
	71,501	**75,858**

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

The Group's exposure to credit and market risks and impairment losses on trade receivables are disclosed in Note 37.

(*) Pledges on trade receivables are disclosed in Note 29 and 38.

(**) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport as a result of IFRIC 12 application.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

25. CASH AND CASH EQUIVALENTS

At 31 March 2013 and 31 December 2012, cash and cash equivalents comprised the following:

	31 March 2013	**31 December 2012**
Cash on hand	858	636
Cash at banks		
- Demand deposits	14,027	11,716
- Time deposits	117,240	26,053
Other liquid assets	1,430	1,105
Cash and cash equivalents	**133,555**	**39,510**
Bank overdrafts used for cash management purposes	-	(1,444)
Cash and cash equivalents in the statement of cash flows	**133,555**	**38,066**

The details of the Group's time deposits, maturities and interest rates as at 31 March 2013 and 31 December 2012 are as follows:

31 March 2013

Original Currency	**Maturity**	**Interest rate %**	**Balance**
TRL	April - December 2013	4.00 - 7.50	113,279
EUR	April 2013	0.15 - 1.50	2,548
USD	April 2013	0.25 - 1.00	1,413
			117,240

31 December 2012

Original Currency	**Maturity**	**Interest rate %**	**Balance**
TRL	January 2013	4.10 - 8.20	19,667
USD	January 2013	0.25 - 2.45	5,331
EUR	January 2013	0.15 - 1.50	1,055
			26,053

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 37.

There is no blockage or restriction on the use of cash and cash equivalents as at 31 March 2013 and 31 December 2012.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

26. RESTRICTED BANK BALANCES

At 31 March 2013 and 31 December 2012, restricted bank balances comprised the following:

	31 March 2013	31 December 2012
Project reserve and funding accounts (*)	157,090	377,686
Cash collaterals (**)	2,954	7,053
	160,044	**384,739**

(*) Certain subsidiaries, namely TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Tbilisi, TAV Macedonia and TAV Ege and ("the Borrowers") opened Project Accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ based on agreements with their lenders. As a result of pledges regarding the project bank loans as explained in Note 29, all cash except for cash on hand are classified in these accounts for TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Tbilisi, TAV Ege and TAV Macedonia. Based on these agreements, the Group can access and use such restricted cash as per the conditions and cascade defined in respective loan agreements. The project accounts should be used for predetermined purposes, such as, operational expenses, loan repayments or rent payments to airport administrations, tax payments, debt service, etc.

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

Interest rates are in the range of 0.15% - 2.50% (31 December 2012: 0.08% - 3.00%) for EUR reserves, in the range of 0.25% - 7.00% (31 December 2012: 0.25% - 3.00%) for USD reserves, and in the range of 4.50% - 7.10% (31 December 2012: 5.00% - 8.10%) for TRL reserves.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

27. CAPITAL AND RESERVES

At 31 March 2013 and 31 December 2012, the shareholding structure of the Company was as follows:

Shareholders	(%)	31 March 2013
Tank ÖWA alpha GmbH (*)	38.00	138,047
Akfen Holding A.Ş. ("Akfen Holding")	8.12	29,495
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	8.06	29,274
Sera Yapı	2.03	7,379
Other non-floated	3.52	12,775
Other free float	40.27	146,311
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 March 2013		154,476
Effect of non-cash increases and exchange rates		7,908
Paid in capital EUR		**162,384**

Shareholders	(%)	31 December 2012
Tank ÖWA alpha GmbH (*)	38.00	138,047
Akfen Holding A.Ş. ("Akfen Holding")	8.12	29,495
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	8.06	29,274
Sera Yapı	2.03	7,379
Other non-floated	3.52	12,775
Other free float	40.27	146,311
Paid in capital in TRL (nominal)	**100.00**	**363,281**
Paid in capital in EUR (nominal) as at 31 December 2012		154,476
Effect of non-cash increases and exchange rates		7,908
Paid in capital EUR		**162,384**

(*) The purchase agreement of 38% of the Company's shares by Tank ÖWA alpha GmbH which is a wholly owned subsidiary of Aéroports de Paris had been signed on 16 May 2012.

The Company's share capital consists of 363,281,250 shares amounting to TRL 363,281 as at 31 March 2013 (31 December 2012: 363,281,250 shares amounting to TRL 363,281).

Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Communiqué XI-29, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 March 2013, legal reserves of the Group amounted to EUR 72,810 (31 December 2012: EUR 54,744).

27. CAPITAL AND RESERVES (continued)

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "Non-controlling interests" in the consolidated financial statements.

As at 31 March 2013 and 31 December 2012 the related amounts in the "Non-controlling interests" in the consolidated statement of financial position are respectively EUR 31,112 and EUR 32,434. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "Non-controlling interests" in the consolidated financial statements. As at 31 March 2013 and 2012, loss amounts attributable to non-controlling interests in the consolidated statement of comprehensive income are respectively EUR 1,322 and EUR 3,957.

Dividend distribution

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

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

In 2012 the Company distributed dividends to the shareholders amounting to EUR 39,326 from the Company's distributable profits computed for 2011.

The Board of Directors of the Company has decided to distribute dividend amounting to TRL 142,929 (equivalent to EUR 61,637 as at 31 March 2013) in cash from the profit for the year 2012 with the decision numbered 2013/10. The decision will be presented to the General Assembly for the approval.

Share premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity.

Revaluation surplus

The revaluation surplus comprises the revaluation of intangible assets acquired in a business combination until the investments are derecognised or impaired.

Purchase of shares of entities under common control

The purchase of the shares of entities that are under common control are accounted for at book values. The net amount of consideration paid over the book value of the net assets acquired is recognised directly in equity.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

27. CAPITAL AND RESERVES (continued)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other reserves

Other reserve comprises all gain or loss realized on sale or purchase of non-controlling interest without a change in control in a subsidiary.

In 2012, TAV Holding acquired 35% of HAVAS's shares from İş Private Equity and HSBC Principal Investments in return for EUR 80,000. As a result, TAV Holding's share in HAVAS increased to 100% and HAVAS is fully consolidated without any non-controlling interest ownership. The effect of this transaction is recognised as an equity transaction as other reserves in the consolidated financial statements.

28. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 31 March 2013 was based on the profit attributable to ordinary shareholders of EUR 15,940 (31 March 2012: EUR 12,279) and a weighted average number of ordinary shares outstanding of 363,281,250 (31 March 2012: 363,281,250), as follows:

	1 January-31 March 2013	**1 January-31 March 2012**
Numerator:		
Profit for the period attributable to owners of the Company	**15,940**	**12,279**
Denominator:		
Weighted average number of shares	363,281,250	363,281,250
Basic and diluted profit per share (full EUR)	**0.04**	**0.03**

	1 January-31 March 2013	**1 January-31 March 2012**
Issued ordinary shares at 1 January	363,281,250	363,281,250
Effect of shares issued during the period	-	-
Weighted average number of ordinary shares	**363,281,250**	**363,281,250**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings, see Note 37.

	31 March 2013	31 December 2012
Non-current liabilities		
Secured bank loans (*)	898,632	894,097
Unsecured bank loans	87,885	128,578
Finance lease liabilities	2,679	2,676
	989,196	**1,025,351**
Current liabilities		
Current portion of long term secured bank loans (*)	112,723	107,643
Short term unsecured bank loans	101,905	64,537
Short term secured bank loans	23,632	23,208
Current portion of long term unsecured bank loans	1,036	16,289
Current portion of finance lease liabilities	1,035	1,640
	240,331	**213,317**

(*) Secured bank loans mainly consist of project finance loans that have been secured by pledges.

The Group's total bank loans and finance lease liabilities as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
Bank loans	1,225,813	1,234,352
Finance lease liabilities	3,714	4,316
	1,229,527	**1,238,668**

The Group's bank loans as at 31 March 2013 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Tunisia	17,032	345,393	362,425
TAV İstanbul	55,294	255,559	310,853
TAV Holding	102,263	87,599	189,862
TAV Esenboğa	11,326	106,398	117,724
HAVAŞ	19,772	52,697	72,469
TAV Macedonia	5,338	61,550	66,888
TAV Ege	3,520	61,151	64,671
TAV Gazipaşa	17,450	-	17,450
TAV Tbilisi	6,538	10,845	17,383
Others	763	5,325	6,088
	239,296	**986,517**	**1,225,813**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

The Group's bank loans as at 31 December 2012 are as follows:

	Presented as		
	Current liabilities	Non-current liabilities	Total
TAV Tunisia	16,530	342,507	359,037
TAV İstanbul	52,703	288,216	340,919
TAV Holding	80,148	128,179	208,327
TAV Esenboğa	11,181	105,488	116,669
HAVAŞ	19,798	53,037	72,835
TAV Macedonia	5,217	60,192	65,409
TAV Ege	1,993	34,191	36,184
TAV Gazipaşa	17,117	-	17,117
TAV Tbilisi	6,286	10,420	16,706
Others	704	445	1,149
	211,677	**1,022,675**	**1,234,352**

Redemption schedules of the Group's bank loans according to original maturities as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	239,296	211,677
In the second year	199,949	244,254
In the third year	147,937	126,017
In the fourth year	121,892	127,434
In the fifth year	125,523	124,832
After five years	391,216	400,138
	1,225,813	**1,234,352**

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spreads for EUR and USD denominated loans as at 31 March 2013 are between 1.54% - 5.75% and 4.50% respectively (31 December 2012: Spreads for EUR and USD denominated loans are between 1.54% - 5.75% and 4.50%, respectively).

Interest payments of 100%, 100%, 50%, 80%, 85% and 100% of floating bank loans for TAV İstanbul, TAV Esenboğa, HAVAŞ, TAV Macedonia, TAV Tunisia and TAV Ege respectively are fixed with interest rate swaps as explained in Note 35.

The Group has obtained project financing loans to finance construction of its BOT and BTO concession projects, namely TAV Esenboğa, TAV Tbilisi, TAV Macedonia, TAV Tunisia and TAV Ege; and to be able to finance advance payments to DHMİ related to rent agreement of TAV İstanbul.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

Details of the loans are summarised for each project below:

TAV Tunisia

The breakdown of bank loans as at 31 March 2013 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2028	Euribor + 2.28%	162,943	162,674
Secured bank loan	EUR	2022	Euribor + 1.90%	102,353	102,129
Secured bank loan	EUR	2028	Euribor + 1.54%	67,760	67,528
Secured bank loan	EUR	2028	Euribor + 4.75%	29,950	30,094
				363,006	**362,425**

The breakdown of bank loans as at 31 December 2012 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2028	Euribor + 2.28%	162,943	161,115
Secured bank loan	EUR	2022	Euribor + 1.90%	102,353	101,308
Secured bank loan	EUR	2028	Euribor + 1.54%	67,760	67,000
Secured bank loan	EUR	2028	Euribor + 4.75%	29,950	29,614
				363,006	**359,037**

Redemption schedules of bank loans of TAV Tunisia as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	17,032	16,530
In the second year	20,205	19,464
In the third year	24,200	23,526
In the fourth year	20,315	26,579
In the fifth year	28,088	27,549
After five years	252,585	245,389
	362,425	**359,037**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

TAV İstanbul

The breakdown of bank loans as at 31 March 2013 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans (*)	EUR	2018	Euribor + 2.65%	315,500	310,853
				315,500	**310,853**

TAV İstanbul has bank loan in the amount of EUR 310,853 under the facility agreement. The terms of the loan require semi-annual principal and interest payments on 4 July and 4 January of each year according to the loan agreements.

(*) Interest rate is Euribor + 2.65% until 4 January 2016 and Euribor + 2.75% between the period of 4 January 2016 and 4 July 2018.

The breakdown of bank loans as at 31 December 2012 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans (*)	EUR	2018	Euribor + 2.50%	342,800	340,919
				342,800	**340,919**

(*) Interest rate is Euribor + 2.50% until 4 January 2013, Euribor + 2.65% between the period of 4 January 2013 and 4 January 2016 and Euribor + 2.75% between the period of 4 January 2016 and 4 July 2018.

Redemption schedules of bank loans of TAV İstanbul according to the original maturities as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	55,294	52,703
In the second year	61,156	57,674
In the third year	68,208	63,511
In the fourth year	64,473	65,922
In the fifth year	60,362	62,346
After five years	1,360	38,763
	310,853	**340,919**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

TAV Holding

The breakdown of bank loans as at 31 March 2013 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2013 - 2016	4.25% - 7.10%	184,500	189,862
				184,500	**189,862**

The breakdown of bank loans as at 31 December 2012 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Unsecured bank loan	EUR	2013 - 2014	4.25% - 7.10%	190,500	194,720
Unsecured bank loan	TRL	2013	6.00%	13,607	13,607
				204,107	**208,327**

Redemption schedules of TAV Holding bank loans as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	102,263	80,148
In the second year	78,438	128,179
In the third year	9,161	-
	189,862	**208,327**

TAV Esenboğa

The breakdown of bank loans as at 31 March 2013 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2021	Euribor + 2.35%	118,850	117,724
				118,850	**117,724**

TAV Esenboğa has a bank loan in the amount of EUR 117,724 under loan agreement. The terms of the loan require semi-annual principal and interest payments on 30 June and 31 December according to the loan agreement starting from 31 December 2007 for interest and 30 June 2008 for principal.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

TAV Esenboğa (continued)

The breakdown of bank loans as at 31 December 2012 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loans	EUR	2021	Euribor + 2.35%	118,850	116,669
				118,850	**116,669**

Redemption schedules of TAV Esenboğa borrowings according to original maturities as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	11,326	11,181
In the second year	12,836	12,614
In the third year	14,191	13,992
In the fourth year	14,503	14,346
In the fifth year	13,842	13,744
After five years	51,026	50,792
	117,724	**116,669**

HAVAŞ

The breakdown of bank loans as at 31 March 2013 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2018	Euribor + 4.75%	52,020	51,488
Secured bank loan	EUR	2018	Euribor + 5.75%	14,680	14,799
Secured bank loan	EUR	2013	5.75%	6,000	6,182
				72,700	**72,469**

The breakdown of bank loans as at 31 December 2012 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2018	Euribor + 4.75%	52,020	52,200
Secured bank loan	EUR	2017	Euribor + 5.75%	14,680	14,543
Secured bank loan	EUR	2013	5.75%	6,000	6,092
				72,700	**72,835**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

HAVAŞ (continued)

Redemption schedules of the HAVAŞ bank loans as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	19,772	19,798
In the second year	12,328	12,344
In the third year	11,153	11,184
In the fourth year	10,084	10,145
In the fifth year	10,086	10,140
After five years	9,046	9,224
	72,469	**72,835**

On 24 March 2010, HAVAŞ utilised a bank loan amounting to EUR 60,000 with an interest rate of Euribor + 4.75% and a maturity of March 2018 from Türkiye İş Bankası A.Ş.. Following securities are provided in favor of the lender:

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

In accordance with the loan agreement, HAVAŞ will have the right for the distribution of dividends only if there is a net cash balance at least amounting to EUR 5,000 in the related bank's accounts the first three repayment installments have been fully paid, all other payments related to financial liabilities are made till the maturity date and no event of default has occurred.

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

On 9 December 2009, HAVAŞ utilised a bank loan amounting to EUR 20,000 with an interest rate of Euribor + 5.75% and maturity of December 2017 from Türkiye İş Bankası A.Ş.. Following securities are provided in favor of the lender:

- First degree and first ranking pledge was established on 50% of the shares in TGS.
- Time and demand deposit amounting to EUR 2,954 is provided as guarantee.
- TAV Holding has provided surety for the total outstanding loan amount.
- Dividend receivables arising from subsidiaries and joint ventures are assigned to repayment of the outstanding loan.
- Pledge has been registered with first priority against but not limited to business entity and entity name registered in trade register, machinery and equipment, furnitures and fixtures and vehicles of HAVAŞ.
- First ranking pledge was established on the shares of HAVAŞ.

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

Related with the bank loans amounting to EUR 60,000 with an interest rate of Euribor + 4.75% and a maturity of March 2018 and the bank loan amounting to EUR 20,000 with an interest rate of Euribor + 5.75% and a maturity of December 2017 from Türkiye İş Bankası A.Ş., 100% shares of HAVAŞ with a nominal amount of TRL 182,633 have been pledged in favour of Türkiye İş Bankası A.Ş. by TAV Holding. However, the voting right for these shares remains at TAV Holding.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

TAV Macedonia

The breakdown of bank loans as at 31 March 2013 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2020	Euribor + 5.50%	68,866	66,888
				68,866	**66,888**

The breakdown of bank loans as at 31 December 2012 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2020	Euribor + 5.50%	68,866	65,409
				68,866	**65,409**

Redemption schedules of TAV Macedonia bank loans as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	5,338	5,217
In the second year	5,710	5,536
In the third year	7,949	7,744
In the fourth year	8,345	8,149
In the fifth year	8,846	8,663
After five years	30,700	30,100
	66,888	**65,409**

TAV Ege

The breakdown of bank loans as at 31 March 2013 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	74,667	64,671
				74,667	**64,671**

The breakdown of bank loans as at 31 December 2012 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2027 - 2028	Euribor + 5.50%	43,886	36,184
				43,886	**36,184**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

TAV Ege (continued)

Redemption schedules of TAV Ege bank loans according to original maturities as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	3,520	1,993
In the second year	2,479	1,801
In the third year	3,805	1,949
In the fourth year	4,105	2,229
In the fifth year	4,263	2,343
After five years	46,499	25,869
	64,671	**36,184**

TAV Gazipaşa

The breakdown of bank loans as at 31 March 2013 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2013	5.30% - 6.00%	10,450	10,890
Secured bank loan	TRL	2013	7.00%	6,469	6,560
				16,919	**17,450**

The breakdown of bank loans as at 31 December 2012 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	EUR	2013	5.30% - 6.00%	10,450	10,739
Secured bank loan	TRL	2013	8.00%	6,378	6,378
				16,828	**17,117**

Redemption schedules of TAV Gazipaşa bank loans as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	17,450	17,117
	17,450	**17,117**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

TAV Tbilisi

The breakdown of bank loan as at 31 March 2013 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2015	Libor + 4.50%	16,985	17,383
				16,985	**17,383**

The breakdown of bank loan as at 31 December 2012 is as follows:

	Original Currency	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount
Secured bank loan	USD	2015	Libor + 4.50%	16,533	16,706
				16,533	**16,706**

Redemption schedules of the TAV Tbilisi bank loans as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
On demand or within one year	6,538	6,286
In the second year	6,659	6,400
In the third year	4,186	4,020
	17,383	**16,706**

29. LOANS AND BORROWINGS (continued)

Pledges regarding the project bank loans of TAV İstanbul, TAV Esenboğa and TAV Ege:

a) Share pledge: TAV İstanbul, TAV Esenboğa and TAV Ege have pledges over shares amounting to TRL 180,000, TRL 241,650 and TRL 87,270 respectively (31 December 2012: For TAV İstanbul, TAV Esenboğa and TAV Ege TRL 180,000, TRL 241,650 and TRL 87,270 respectively). 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. Share pledges will expire after bank loans are paid or on the dates of maturity.

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 26) 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.

TAV İstanbul, TAV Esenboğa and TAV Ege have pledged their receivables amounting to EUR 36,760, EUR 3,840 and EUR 972 respectively as at 31 March 2013 (31 December 2012: For TAV İstanbul and TAV Esenboğa, EUR 33,970, EUR 3,780 and EUR 735, respectively).

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.

TAV İstanbul, TAV Esenboğa and TAV Ege have pledges over bank accounts amounting to EUR 101,968, EUR 26,486 and EUR 3,829 respectively as at 31 March 2013 (31 December 2012: For TAV İstanbul and TAV Esenboğa, EUR 296,799, EUR 24,527 and EUR 34,065, respectively).

With the consent of the facility agent, TAV İstanbul and TAV Esenboğa have a right to have an additional;

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to USD 500 for the acquisition cost of any assets or leases of assets,
- indebtedness up to USD 3,000 for the payment of tax and social security liabilities.

Pledges regarding the project bank loan of TAV Macedonia:

TAV Macedonia has granted share pledge in favor of the lenders. In addition, receivables of TAV Macedonia amounting to EUR 1,760 (31 December 2012: EUR 843) have been pledged and all the commercial contracts and insurance policies have been assigned to the lenders.

29. LOANS AND BORROWINGS (continued)

Pledges regarding the project bank loan of TAV Tbilisi:

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

b) Revenue pledge - to take control of the revenues derived from Tbilisi International Airport operations as stipulated in the BOT Agreement;

c) Pledge over bank accounts – to take control of TAV Tbilisi's bank accounts in JSC Bank of Georgia, JSC Bank Republic and JSC TBC Bank are entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts;

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

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

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

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

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

Pledges regarding the project bank loan of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia has pledge over shares amounting to TND 245,000. Share pledge will expire after bank loan is paid or on the date of maturity. TAV Tunisia has a right to have additional indebtedness;

- with a maturity of less than one year for an aggregate amount not exceeding EUR 3,000 (up to 1 January 2020) and not exceeding EUR 5,000 (thereafter),
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed EUR 5,000,
- incurred by, or committed in favour of, TAV Tunisia under an Equity Subordinated Loan Agreement,
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

29. LOANS AND BORROWINGS (continued)

c) Assignment of contracts: Upon sending a notification of an unremedied Event of Default, the lenders have the right to step-in and exercise the relevant rights under the assigned contracts (assigned contracts are including but not limited to BTO Agreement, Construction Contract, Guarantee Agreements etc.)

Distribution lock-up tests for TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Tbilisi, TAV Macedonia, and TAV Ege must satisfy following conditions before making any distribution:

- no default has occurred and is continuing,
- no default would result from such declaration, making or payment,
- the reserve accounts are each fully funded (excluding TAV Tbilisi),
- all mandatory prepayments required to have been made,
- debt service cover ratio is not less than 1.30 for TAV İstanbul, 1.25 for TAV Esenboğa, 1.20 for TAV Tunisia, 1.30 for TAV Tbilisi, 1.20 for TAV Macedonia and 1.30 for TAV Ege
- the first repayment has been made,
- all financing costs have been paid in full,
- any tax payable in connection with the proposed distribution has been paid from amounts available for paying such distribution.

Finance lease liabilities

	31 March 2013				31 December 2012		
	Future minimum lease payments	Interest	Present value of minimum lease payments		Future minimum lease payments	Interest	Present value of minimum lease payments
1 year	1,203	168	1,035	1 year	1,815	175	1,640
1-5 year	2,780	101	2,679	1-5 year	2,795	119	2,676
Total	**3,983**	**269**	**3,714**	**Total**	**4,610**	**294**	**4,316**

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 March 2013. For the period ended 31 March 2013, the average effective borrowing rate is 5.54% (31 December 2012: 5.55%). 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 thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

30. RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and joint ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

Such payments are calculated on the basis of 30 days' pay maximum full TRL 3,129 TL as at 31 March 2013 (equivalent to full EUR 1,349 as at 31 March 2013) (31 December 2012: full TRL 3,034 TL (equivalent to full EUR 1,290)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its Turkish subsidiaries and joint ventures arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and joint venture registered in Turkey arising from the retirement of employees. IFRSs require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 March 2013, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 March 2013 has been calculated assuming an annual inflation rate of 5.00% and a discount rate of 7.15% resulting in a real discount rate of approximately 2.05% (31 December 2012: an annual inflation rate of 5.00% and a discount rate of 7.15% resulting in a real discount rate of approximately 2.05%). 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.

	1 January- 31 March 2013	**1 January- 31 March 2012**
Balance at 1 January as previously reported	**17,204**	**10,259**
Changes in accounting policies (Note 2(e))	(2,964)	(1,667)
Balance at 1 January as restated	**14,240**	**8,592**
Interest cost	376	274
Service cost	107	373
Payments made during the period	(1,104)	(497)
Effects of changes in foreign exchange rate	197	251
Actuarial difference	1,307	672
Balance at 31 March	**15,123**	**9,665**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

31. OTHER PAYABLES

At 31 March 2013 and 31 December 2012, other payables comprised the following:

Other short term payables	**31 March 2013**	**31 December 2012**
Concession payable (*)	6,727	5,565
Due to personnel	8,027	5,270
Taxes and duties payable (**)	4,875	5,977
Social security premiums payable	7,383	5,320
Expense accruals	6,408	3,649
Advances received	1,430	1,179
Other accruals and liabilities	924	184
	35,774	**27,144**

Other long term payables	**31 March 2013**	**31 December 2012**
Concession payable (*)	9,010	10,807
Taxes and duties payable (**)	-	57
Other accruals and liabilities	403	393
	9,413	**11,257**

(*) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The concession fee is computed at an increasing rate between 11% and 26% of the annual revenues. Based on the negotiations with OACA, the concession fee payable for 2011 is reduced by EUR 4,645 the concession fee payable for 2012 is reduced by at least EUR 5,192, the concession fee payable for 2013 is reduced by at least EUR 5,788 and concession fee payables for 2011, 2012, and 2013 are deferred by 3 years to 2014, 2015 and 2016.

As per the new amendment signed with the Ministry of Public Domain and Real Estate Affairs of Republic of Tunisia, concession payable for Enfidha International Airport for 2010, as due on 31 January 2013 is reduced by 65% and payment is delayed to 31 July 2015. This reduction of EUR 3,888 is deducted from the concession rent expense and concession rent payable as of and for the year ended 31 December 2012.

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

(**) The Group has obtained benefits from tax amnesty within the context of Law no.6111. In this context, the Group has payables amounting to EUR 416 in other short term payables as of 31 March 2013 (31 December 2012: EUR 620 in other short term payables and EUR 57 in other long term payables).

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 37.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

32. DEFERRED INCOME

The breakdown of deferred income as at 31 March 2013 and 31 December 2012 is as follows:

	31 March 2013	31 December 2012
Deferred income		
Short-term deferred income	12,690	11,299
Long-term deferred income	28,698	29,887
	41,388	**41,186**

EUR 29,625 (31 December 2012: EUR 30,611) of deferred income is related with the unearned portion of concession rent income from ATÜ.

33. PROVISIONS

At 31 March 2013 and 31 December 2012, provisions comprised the following:

	31 March 2013	31 December 2012
Unused vacation provision	6,561	6,938
	6,561	**6,938**

Unused vacation	1 January-31 March 2013	1 January-31 March 2012
Balance at 1 January as previously reported	**7,984**	**5,286**
Changes in accounting policies (Note 2(e))	(1,046)	(651)
Balance at 1 January as restated	**6,938**	**4,635**
Provision (released) / set during the period, net	(400)	240
Effects of change in foreign exchange rate	23	96
Balance at 31 March	**6,561**	**4,971**

34. TRADE PAYABLES

At 31 March 2013 and 31 December 2012, trade payables comprised the following:

	31 March 2013	31 December 2012
Trade payables	30,429	35,719
Deposits and guarantees received	1,411	1,380
Other	87	54
	31,927	**37,153**

Trade payables mainly comprise payables outstanding for trade purchases and ongoing costs. The Group's exposure to currency and liquidity risk related to trade payables is disclosed in Note 37.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

35. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2013 and 31 December 2012, derivative financial instruments comprised the following:

	31 March 2013		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(151,841)	(151,841)
Cross currency swap	4,403	-	4,403
	4,403	**(151,841)**	**(147,438)**

	31 December 2012		
	Assets	**Liabilities**	**Net Amount**
Interest rate swap	-	(161,945)	(161,945)
Cross currency swap	-	(3,788)	(3,788)
Forward	221	-	221
	221	**(165,733)**	**(165,512)**

Interest rate swap:

TAV Esenboğa uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2013, 100% of project finance loan is hedged through Interest Rate Swap ("IRS") contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2012: 100%).

TAV Tunisia uses interest rate swaps to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2013, 85% of floating senior bank loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2012: 85%).

TAV İstanbul uses interest rate swaps to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2013, 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2012: 100%).

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2013, 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2012: 100%).

HAVAŞ uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2013, 50% of total loan with variable interest rate is hedged through IRS contract (31 December 2012: 50%).

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 March 2013, 80% of total loan is hedged through IRS contract (31 December 2012: 100%).

35. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cross currency swap:

TAV İstanbul uses cross currency swaps to manage its exposure to foreign currency exchange rate fluctuations on its rent installments that will be paid to DHMİ in terms of USD.

TAV İstanbul had signed a derivative contract with Dexia Credit Local ("DCL") on 12 March 2008 to manage and fix its exposure on foreign currency exchange rate fluctuations between USD and EUR on the rent installments that will be paid to DHMİ till 2018. TAV İstanbul terminated the hedge relationship in 2010 and two new cross currency swap contracts were signed by and between TAV İstanbul, DCL, and ING Bank N.V. on 16 December 2010. The total notional amount of the contract is EUR 235,144 (in exchange of USD 309,920) as at 31 March 2013 (31 December 2012: EUR 235,144 (in exchange of USD 309,920)).

The fair value of derivatives at 31 March 2013 is estimated at loss of EUR 147,438 (31 December 2012: EUR 165,512). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 March 2013, changes in the fair value of these interest rate swaps and cross currency swaps are reflected to other comprehensive income resulting to an income of EUR 13,465 (31 March 2012: loss of EUR 9,008) net of tax.

Fair value disclosures:

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

36. OPERATING LEASES

The Group entered into various operating lease agreements (excluding rent agreement for TAV İstanbul and concession agreement for TAV Macedonia, TAV Tunisia and TAV Ege). For the periods ended 31 March 2013, total rent expenses for operating leases amounted to EUR 1,099 recognised in profit or loss (31 March 2012: EUR 1,183).

37. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. However, most of the Group's revenues are denominated in hard currency. The gap between hard currency assets and liabilities are hedged by derivative financial instruments such as cross currency swaps. In addition to hedging of the currency risk, TAV İstanbul, TAV Esenboğa, TAV Tunisia, HAVAŞ, TAV Macedonia and TAV Ege use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. 100%, 100%, 85%, 50%, 80% and 100% of floating loans of TAV İstanbul, TAV Esenboğa, TAV Tunisia, HAVAŞ, TAV Macedonia and TAV Ege respectively are fixed).

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

37. FINANCIAL INSTRUMENTS (continued)

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	31 March 2013	31 December 2012
Trade receivables - non-current	24	71,501	75,858
Trade receivables - current	24	80,261	81,174
Due from related parties	39	35,923	52,285
Other receivables and current assets (*)		688	171
Restricted bank balances	26	160,044	384,739
Cash and cash equivalents (**)	25	132,697	38,874
Derivative financial instruments	35	4,403	221
		485,517	**633,322**

(*) Non-financial instruments such as VAT deductible and carried forward, prepaid expenses and advances given are excluded from other current assets and other non-current assets.

(**) Cash on hand is excluded from cash and cash equivalents.

Impairment losses

The aging of trade receivables at the reporting date is as follows:

	31 March 2013	31 December 2012
Not due	130,186	134,178
Past due 1 - 30 days	7,694	6,230
Past due 31 - 90 days	3,829	6,326
Past due 91 - 360 days	8,345	9,633
Past due 1 - 5 year	11,663	10,418
Past due over 5 years	1,152	1,124
	162,869	**167,909**

The movements in the allowance for impairment in respect of trade receivables during the three-month periods ended 31 March were as follows:

	1 January-31 March 2013	1 January-31 March 2012
Balance at 1 January as previously reported	**(10,903)**	**(10,251)**
Changes in accounting policies (Note 2(e))	26	3
Balance at 1 January as restated	**(10,877)**	**(10,248)**
Collections during the period	-	31
Impairment loss recognised	(45)	(136)
Effect of changes in foreign exchange rates	(185)	133
Balance at 31 March	**(11,107)**	**(10,220)**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

37. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses (continued)

Allowance for doubtful receivables is determined by reference to past default experience. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the trade receivable directly.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 March 2013

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	1,034,987	(1,323,532)	(3,585)	(136,752)	(585,931)	(597,264)
Unsecured bank loans	190,826	(203,234)	(2,824)	(105,329)	(95,081)	-
Financial lease liabilities	3,714	(3,716)	(352)	(917)	(2,447)	-
Trade payables (*)	30,516	(30,595)	(30,595)	-	-	-
Due to related parties	15,537	(17,162)	(1,810)	(1,527)	(12,451)	(1,374)
Other payables (*)	43,757	(43,757)	(29,347)	(4,997)	(9,413)	-
Derivative financial liabilities						
Interest rate swaps used for hedging	151,841	(197,555)	(39,369)	(28,339)	(94,714)	(35,133)
Currency swaps						
Outflow	-	(235,183)	-	(40,267)	(163,227)	(31,689)
Inflow	(4,403)	243,961	-	40,825	169,723	33,413
	1,466,775	**(1,810,773)**	**(107,882)**	**(277,303)**	**(793,541)**	**(632,047)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

37. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

31 December 2012	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Non-derivative financial liabilities						
Secured bank loans	1,024,948	(1,290,428)	(42,817)	(90,649)	(578,921)	(578,041)
Unsecured bank loans	209,404	(223,426)	(32,814)	(51,088)	(139,524)	-
Financial lease liabilities	4,316	(4,318)	(356)	(1,285)	(2,677)	-
Trade payables (*)	35,802	(35,866)	(35,866)	-	-	-
Due to related parties	25,393	(27,801)	(8,653)	(3,581)	(12,778)	(2,789)
Other payables (*)	37,222	(37,222)	(25,189)	(776)	(11,257)	-
Bank overdraft	1,444	(1,444)	(1,444)	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	161,945	(182,295)	(23,865)	(28,374)	(97,075)	(32,981)
Currency swaps						
Outflow	3,788	(235,183)	-	(40,267)	(163,227)	(31,689)
Inflow	-	230,916	-	40,206	159,999	30,710
Forward						
Outflow	-	(25,767)	(6,667)	(19,100)	-	-
Inflow	(221)	26,568	6,749	19,819	-	-
	1,504,041	**(1,806,267)**	**(170,922)**	**(175,095)**	**(845,460)**	**(614,790)**

(*) Non-financial instruments such as deposits on guarantees and advances received are excluded from trade payables and other payables.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

37. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following table indicates the periods in which the cash flows associated with the derivatives that are cash flow hedges expected to occur.

31 March 2013

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Assets	-	-	-	-	-	-
Liabilities	(151,841)	(197,555)	(39,369)	(28,339)	(94,714)	(35,133)
Cross currency swaps						
Assets	4,403	8,778	-	558	6,496	1,724
Liabilities	-	-	-	-	-	-

31 December 2012

	Carrying Amount	Contractual cash flows	3 months or less	3 -12 months	1-5 years	More than five years
Interest rate swaps						
Assets	-	-	-	-	-	-
Liabilities	(161,945)	(182,296)	(23,865)	(28,374)	(97,075)	(32,982)
Cross currency swaps						
Assets	-	-	-	-	-	-
Liabilities	(3,788)	(4,267)	-	(61)	(3,228)	(978)
Forward						
Assets	221	801	82	719	-	-
Liabilities	-	-	-	-	-	-

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

37. FINANCIAL INSTRUMENTS (continued)

Currency risk

Exposure to currency risk:

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

31 March 2013

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	6	-	12	-	18
Trade receivables	13,398	1,353	5,661	11,971	32,383
Due from related parties	7,700	-	7,261	656	15,617
Derivative financial instruments	4,403	-	-	-	4,403
Other receivables and current assets	99	5	8,128	2,905	11,137
Restricted bank balances	27,239	15	28,984	6,365	62,603
Cash and cash equivalents	1,804	166	109,761	4,284	116,015
	54,649	**1,539**	**159,807**	**26,181**	**242,176**
Foreign currency denominated financial liabilities					
Loans and borrowings	(17,383)	(388)	(6,560)	(532)	(24,863)
Trade payables	(2,595)	(202)	(4,624)	(8,051)	(15,472)
Due to related parties	(1,841)	(75)	(2,061)	(409)	(4,386)
Other payables	(2,263)	(37)	(14,430)	(3,666)	(20,396)
	(24,082)	**(702)**	**(27,675)**	**(12,658)**	**(65,117)**
Net exposure	**30,567**	**837**	**132,132**	**13,523**	**177,059**

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

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

37. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Exposure to currency risk (continued):

31 December 2012

Foreign currency denominated financial assets	**USD**	**EUR (*)**	**TRL**	**Other**	**Total**
Other non-current assets	6	-	12	-	18
Trade receivables	7,983	1,047	9,600	12,420	31,050
Due from related parties	7,579	389	3,432	79	11,479
Other receivables and current assets	99	-	6,330	2,306	8,735
Restricted bank balances	127,922	2	93,215	4,781	225,920
Cash and cash equivalents	6,975	318	17,788	4,587	29,668
	150,564	**1,756**	**130,377**	**24,173**	**306,870**
Foreign currency denominated financial liabilities					
Loans and borrowings	(16,727)	(681)	(19,986)	(629)	(38,023)
Bank overdraft	-	-	(1,320)	-	(1,320)
Trade payables	(2,573)	(360)	(8,178)	(4,783)	(15,894)
Due to related parties	(4,805)	(4)	(253)	(235)	(5,297)
Derivative financial instruments	(3,788)	-	-	-	(3,788)
Other payables	(1,121)	(69)	(11,084)	(6,713)	(18,987)
	(29,014)	**(1,114)**	**(40,821)**	**(12,360)**	**(83,309)**
Net exposure	**121,550**	**642**	**89,556**	**11,813**	**223,561**

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

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

37. FINANCIAL INSTRUMENTS (continued)

The following significant exchange rates against Euro applied during the period:

	Average Rate		Reporting Date Closing Rate	
	31 March 2013	**31 March 2012**	**31 March 2013**	**31 December 2012**
USD	0.7573	0.7630	0.7800	0.7580
TRL	0.4254	0.4262	0.4312	0.4252
GEL	0.4568	0.4594	0.4707	0.4582
MKD	0.0162	0.0163	0.0162	0.0163
TND	0.4837	0.5056	0.4885	0.4884
SEK	0.1177	0.1129	0.1199	0.1161
SAR	0.2020	0.1897	0.2080	0.2021

Sensitivity analysis:

The Group's principal currency risk relates to changes in the value of the Euro relative to TRL and USD. The Group manages its exposure to foreign currency risk by entering into derivative contracts and, where possible, seeks 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.

A 10 percent strengthening / (weakening) of EUR against the following currencies at 31 March 2013 and 31 December 2012 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		**Profit or loss**	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
31 March 2013				
USD	(21,534)	26,321	(2,617)	2,617
TRL	-	-	(13,213)	13,213
Other	-	-	(1,352)	1,352
Total	**(21,534)**	**26,321**	**(17,182)**	**17,182**
31 December 2012				
USD	(28,469)	18,012	(12,534)	12,534
TRL	-	-	(8,956)	8,956
Other	-	-	(1,181)	1,181
Total	**(28,469)**	**18,012**	**(22,671)**	**22,671**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

37. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group has used material amounts of bank borrowings from foreign financial institutions and banks. Although most of these borrowings have floating interest rates, the Group management and banks fixed interest rates by using derivative financial instruments. TAV İstanbul, TAV Esenboğa, TAV Tunisia, HAVAŞ TAV Macedonia and TAV Ege use interest rate swaps to hedge the fluctuations in Euribor and Libor rates (i.e. Interest payments of 100%, 100%, 85%, 50%, 80% and 100% of floating loans of TAV İstanbul, TAV Esenboğa, TAV Tunisia, HAVAŞ, TAV Macedonia and TAV Ege respectively are fixed).

Profile:

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

	Carrying amount	
	31 March 2013	**31 December 2012**
Fixed rate instruments		
Financial assets	239,042	352,482
Financial liabilities	(495,303)	(417,478)
	(256,261)	**(64,996)**

	Carrying amount	
	31 March 2013	**31 December 2012**
Variable rate instruments		
Financial liabilities	(899,206)	(1,001,741)
	(899,206)	**(1,001,741)**

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

Based on the Group's current borrowing profile, a 50 basis points increase in Euribor or Libor would have resulted in additional interest expense of approximately EUR 1,013 on the Group's variable rate debt when ignoring effect of derivative financial instruments. EUR 939 of the exposure is hedged through interest rate swap contracts. Therefore, the net exposure on statement of comprehensive income would be EUR 74. A 50 basis points increase in Euribor or Libor would have resulted an increase in cash flow hedge reserve in equity approximately by EUR 33,213 and a 50 basis points decrease in Euribor or Libor would have resulted a decrease in cash flow hedge reserve in equity approximately by EUR 34,862.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

37. FINANCIAL INSTRUMENTS (continued)

Fair values

Fair values versus carrying amounts:

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

		31 March 2013		31 December 2012	
	Note	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets					
Trade receivables - non current	24	71,501	127,986	75,858	134,271
Trade receivables - current	24	80,261	89,584	81,174	88,428
Due from related parties	39	35,923	35,923	52,285	52,285
Other receivables and current assets (*)		688	688	171	171
Restricted bank balances	26	160,044	160,044	384,739	384,739
Cash and cash equivalents	25	133,555	133,555	39,510	39,510
Derivative financial instruments	35	4,403	4,403	221	221
Financial liabilities					
Bank overdraft	25	-	-	(1,444)	(1,444)
Loans and borrowings	29	(1,229,527)	(1,229,527)	(1,238,668)	(1,238,668)
Trade payables (**)	34	(30,516)	(30,516)	(35,802)	(35,802)
Due to related parties	39	(15,537)	(15,537)	(25,393)	(25,393)
Derivative financial instruments	35	(151,841)	(151,841)	(165,733)	(165,733)
Other payables (**)	31	(43,757)	(43,757)	(37,222)	(37,222)
		(984,803)	**(918,995)**	**(870,304)**	**(804,637)**

(*) 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 thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

38. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 March 2013	31 December 2012
Letters of guarantee given to third parties	308,632	304,735
Letters of guarantee given to DHMİ	162,036	158,625
Letters of guarantee given to Saudi Arabian Government	20,799	20,212
Letters of guarantee given to Tunisian Government	6,832	11,125
Letters of guarantee given to Macedonian Government	250	250
	498,549	**494,947**

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

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 20,799 to GACA according to the BTO agreement signed with GACA in Saudi Arabia (31 December 2012: EUR 20,212). Furthermore, the Group is obliged to provide a letter of guarantee at an amount equivalent of EUR 124,414 to National Commercial Bank which is included in letters of guarantee given to third parties (31 December 2012: EUR 120,908). The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 2,575 (31 December 2012: EUR 6,983) to the Ministry of Transport and EUR 4,257 (31 December 2012: 4,142) to OACA according to the BOT agreement signed with OACA in Tunisia. The total obligation has been provided by the Group.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000 plus VAT during the rent period according to the concession agreement. 5% of this amount is already paid in two installments. The remaining amount will be paid in equal installments at the first business days of each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 36,600 to DHMİ. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs, lenders and some customers.

38. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Commitments and contingencies (continued)

Contractual obligations

TAV İstanbul

TAV İstanbul is bound by the terms of the Rent Agreement made with DHMİ. If TAV İstanbul does not comply with the rules and regulations set forth in the Rent Agreement, this might lead to the forced cessation of TAV İstanbul's operation.

At the end of the contract period, TAV İstanbul will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made, and the cost will be charged to TAV İstanbul.

Pursuant to the provisions of the rent agreement, the contractual obligations of TAV İstanbul include the rental of the above mentioned contractual facilities for a period of fifteen and a half years beginning on 3 July 2005; the operation of the facilities in compliance with international norms and standards within the rental (operation) period; the performance of periodic repair and maintenance activities on the facilities and the transfer of the facilities in question including the supporting systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ upon the expiry of the rental period.

In the case where TAV İstanbul as the lessee performs a delayed and/or incomplete rent payment to DHMİ, TAV İstanbul is charged a penalty of 10% of the rent amount to be paid. TAV İstanbul is then obliged to perform the payment latest within five days. Otherwise, DHMİ shall be entitled to terminate the rent agreement. TAV İstanbul is not entitled to claim the rent payments performed to DHMİ prior to the termination of the contract.

TAV Esenboğa and TAV İzmir

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMİ. If these companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements. According to the BOT agreements:

- The share capital of the companies cannot be less than 20% of fixed investment amount.
- The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ.

DHMİ has requested an extension of EUR 13,900 (13% of the initial investment) from TAV İzmir on 21 August 2006 which extended the construction period by 2 months and 20 days, and operation period by 8 months and 27 days. TAV İzmir completed the construction for such extension on 10 May 2007. After granting of temporary acceptance by DHMİ in year 2007, final acceptance was granted by DHMİ on 21 March 2008.

After granting of temporary acceptance by DHMİ in year 2007, final acceptance for BOT investments of TAV Esenboğa was granted by DHMİ on 5 June 2008.

At the end of the contract period, the companies will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made and the cost will be charged to TAV İzmir and TAV Esenboğa.

38. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Esenboğa and TAV İzmir (continued)

All equipment used by TAV Esenboğa and TAV İzmir must be in a good condition 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 delineated in the Tax Application Law, the operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa and TAV İzmir have the responsibility of repair and maintenance of all fixed assets under the investment period.

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ and HAVAŞ undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. In this framework, HAVAŞ covers those losses by an insurance policy amounting to USD 50,000. HAVAŞ 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 letters of guarantee amounting to USD 1,000. 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 overdue in accordance with the appointed agreement / period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ is obliged to complete the collateral at its original amount which is USD 1,000 within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the İstanbul Atatürk, İzmir, Dalaman, Milas-Bodrum, Antalya, Adana, Trabzon, Ankara, Kayseri, Nevşehir, Gaziantep, Şanlıurfa, Batman, Adıyaman, Elazığ, Muş, Sivas, Samsun, Malatya, Hatay, Konya, Çorlu, Sinop, Amasya and Ağrı airports; when the rent period ends, DHMİ will have the right to retain the immovable in the area free of charge.

TAV Tbilisi

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations.

With regards to the BOT Agreement, TAV Tbilisi is required to;

- comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;
- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and International Air Transportation Association, International Civil Aviation Organization or European Civil Aviation Conference;
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

The Final Acceptance Protocol was concluded in May 2011.

38. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tbilisi (continued)

Tax legislation and contingencies

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

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in "Batumi Airport LLC" (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 LLC from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport LLC and/or achievement of dividends by the TAV Batumi from Batumi Airport LLC;
- 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.

The Final Acceptance Protocol was concluded in March 2012.

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.

38. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Tunisia (continued)

According to Enfidha Concession Agreement, TAV Tunisia is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009 which was then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails. The operation of the Airport was started in the specified date in 2009.
- 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 with these activities;
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Concession Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisia's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisia may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

In accordance with the general ground handling agreement, the Company undertakes the liabilities of all the losses incurred by their personnel to third parties. In this framework, TAV Tunisia covers those losses by an operator third party insurance policy amounting to USD 500,000 related with all operations.

The Conceding Authority and TAV Tunisia shall, seven years prior to the expiry of the Concession Agreement, negotiate and agree on a repair, maintenance and renewal program, with the assistance of specialists if applicable, which program includes the detailed pricing of the works for the final five years of the concession which are necessary in order to ensure that the movable and immovable concession property is transferred in good condition to the Conceding Authority, as well as the schedule of the tasks to be completed prior to the transfer. In this context, TAV Tunisia annually performs repair and maintenance procedures for the operation of the concession property according to the requirements set in the Concession Agreement.

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Antalya Gazipaşa Airport.

If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

38. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

TAV Gazipaşa (continued)

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervision of the Ministry of Transportation Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.

In the event that TAV Gazipaşa is delayed in paying the rent and/or the rent is not fully paid to DHMİ, TAV Gazipaşa will be charged a monthly penalty in the amount of 10% of the outstanding amount.

Facility usage amount represents the USD 50 fixed payment that is paid as a usage amount of the airport facility, subsequent to rent period starting, within the last month of each rent payment year.

TAV Macedonia

TAV Macedonia is bound by the terms of the Concession Agreement made with Macedonian Ministry of Transport and Communication (“MOTC”).

If TAV Macedonia violates the agreement and does not remedy the violation within the period granted by MOTC, MOTC may terminate the Agreement.

All equipment used by TAV Macedonia must need to meet the Concession Agreement’s standards.

All fixed assets covered by the implementation contract will be transferred to MOTC free of charge. Transferred items must be in working conditions and should not be damaged. TAV Macedonia has the responsibility of repair and maintenance of all fixed assets under the investment period.

TAV Ege

During the contract period, TAV Ege should keep all the equipment it uses in a good condition at all times. If the equipment’s useful life is expired according to the relevant tax regulations, TAV Ege should replace them in one year.

At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Ege have the responsibility of repair and maintenance of all fixed assets during the contract period.

38. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (continued)

Contractual obligations (continued)

Management believes that as at 31 March 2013, the Group has complied with the terms of the contractual obligations mentioned above.

Contingent liability

TAV Security has undergone a tax inspection by the Tax Inspectors of the Ministry of Finance on the value added tax returns for the periods between January 2007 and December 2011. The tax inspector claimed that the staff should have been in the payroll of TAV Security and TAV Security could not render such a service without having its own personnel. Since the staff is in the payroll of the terminal companies, the terminal companies should have been issued labor force invoices to TAV Security and TAV Security should have been issued security service invoices to terminal companies including the payroll cost invoiced by the terminal companies. As a result of the tax inspection, the withholding value added tax treatments of the Company in relation to the security and the labor services rendered have been criticised and based on the criticism, tax and tax penalty has been assessed and notified to the Company. As per the notification, outstanding value added taxes amounting to TRL 6,201, TRL 6,839, TRL 7,883, TRL 8,345, TRL 9,409 and tax penalties at the equivalent amounts have been assessed for the years 2007, 2008, 2009, 2010 and 2011, respectively. Furthermore, outstanding corporate income taxes amounting to TRL 745, TRL 688, TRL 823, TRL 800, TRL 1,011 and tax penalties of TRL 1,326, TRL 1,242, TRL 1,496, TRL 1,423, TRL 2,358 have been assessed for the years 2007, 2008, 2009, 2010 and 2011, respectively.

In addition, Special Irregularity Penalty is assesed due to the fact that TAV Security has not issued security service invoices to the terminals including the payroll invoices. Special Irregularity Penalty amounting to TRL 365 have been assessed for the years 2007, 2008, 2009, 2010 and 2011. A lawsuit will be filed on the grounds that the criticism do not have any justifications. The management, lawyers and tax auditors of TAV Security are in the opinion that the lawsuit will result in TAV Security's favor, so no provision is recorded in the accompanying consolidated financial statements.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

39. RELATED PARTIES

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

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 period comprised the following:

	1 January- 31 March 2013	1 January- 31 March 2012
Short-term benefits (salaries, bonuses etc.)	8,583	3,858
	8,583	**3,858**

As at 31 March 2013 and 31 December 2012, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

The details of the transactions between the Group and any other related parties are disclosed below:

Other related party transactions:

	31 March 2013	31 December 2012
Due from related parties	33,443	50,648
Current loan to related parties	2,480	1,637
	35,923	**52,285**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

39. RELATED PARTIES (continued)

Due from related parties	**31 March 2013**	**31 December 2012**
TAV Tepe Akfen Yat. İnş ve İşl. A.Ş. ("TAV İnşaat") (*)	23,682	42,109
ATÜ (**)	6,195	6,502
TAV G Otopark Yapım Yatırım ve İşletme A.Ş. ("TAV G")	805	770
Tibah Development	722	49
Other related parties	2,039	1,218
	33,443	**50,648**

(*) Receivables from TAV İnşaat are mainly comprised of advances given by TAV Ege for construction work to be rendered by TAV İnşaat.

(**) Receivables from ATÜ comprise of concession fee duty-free receivables.

Loan to related parties	**31 March 2013**	**31 December 2012**
CAS	1,076	1,088
Tibah Operation	791	-
Tibah Development	606	543
Other related parties	7	6
	2,480	**1,637**

	31 March 2013	**31 December 2012**
Due to related parties	2,330	6,787
Current loan from related parties	1,809	5,744
	4,139	**12,531**
Non-current loan from related parties	11,398	12,862
	11,398	**12,862**

Due to related parties	**31 March 2013**	**31 December 2012**
IBS Brokerlik ve Sigorta Hizmetleri A.Ş. (IBS Sigorta) (*)	2,226	6,516
Other related parties	104	271
	2,330	**6,787**

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

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

39. RELATED PARTIES (continued)

Current loan from related parties	**31 March 2013**	**31 December 2012**
TAV İnşaat	1,377	1,806
ATÜ (*)	-	3,525
Other related parties	432	413
	1,809	**5,744**

Non-current loan from related parties	**31 March 2013**	**31 December 2012**
ATÜ (*)	11,398	12,862
	11,398	**12,862**

(*) Loan received from ATÜ for financing purposes.

Short term deferred income from related parties	**31 March 2013**	**31 December 2012**
ATÜ (*)	4,048	4,044
Other related parties	855	3
	4,903	**4,047**

Long term deferred income from related parties	**31 March 2013**	**31 December 2012**
ATÜ (*)	25,577	26,567
	25,577	**26,567**

(*) Deferred income from related parties is related with the unearned portion of concession rent income from ATÜ.

Services rendered to related parties	**1 January- 31 March 2013**	**1 January- 31 March 2012**
ATÜ (*)	53,468	44,281
Other related parties	3,164	1,559
	56,632	**45,840**

(*) Services rendered to ATÜ comprise of concession fee duty-free.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

39. RELATED PARTIES (continued)

Services rendered by related parties	**1 January-31 March 2013**	**1 January-31 March 2012**
IBS Sigorta (*)	934	998
TAV İnşaat	277	12
TAV Havacılık A.Ş.	74	103
Tepe Servis ve Yönetim Hizmetleri A.Ş.	8	171
Other related parties	64	67
	1,357	**1,351**

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

Interest (expense) / income from related parties (net)	**1 January-31 March 2013**	**1 January-31 March 2012**
ATÜ	(229)	(242)
TGS	-	(175)
Other related parties	12	24
	(217)	**(393)**

The average interest rate used within the Group is 6.68% per annum (31 March 2012: 4.51%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

Construction work rendered by related parties	**1 January-31 March 2013**	**1 January-31 March 2012**
TAV İnşaat (*)	51,568	23
TAV G	-	68
	51,568	**91**

(*) TAV İnşaat mainly provided services relating to the construction of İzmir Adnan Menderes International Airport's domestic terminal in 2013. TAV İnşaat mainly provided services relating to the construction of Skopje International Airport and Enfidha International Airport in 2012.

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

40. INTERESTS IN OTHER ENTITIES

Non-controlling interests in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI") before any intra group eliminations.

	31 March 2013				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
NCI Percentage	**33.00%**	**24.00%**	**33.33%**		
Non-current assets	513,839	67,359	13,625		
Current assets	26,516	19,128	14,190		
Non-current liabilities	380,795	33,210	4,561		
Current liabilities	112,147	9,575	15,199		
Net assets	**47,413**	**43,702**	**8,055**		
Carrying amount of NCI	15,646	10,488	2,685	2,293	31,112

	1 January - 31 March 2013				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
Revenue	4,431	6,261	22,391		
(Loss) / profit	(9,297)	961	809		
Total comprehensive income	**(8,414)**	**2,125**	**492**		
(Loss) / profit allocated to NCI	(3,068)	231	270	(327)	(2,894)

	31 December 2012				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
NCI Percentage	**33.00%**	**24.00%**	**33.33%**		
Non-current assets	516,359	65,992	13,311		
Current assets	27,494	15,647	14,455		
Non-current liabilities	379,351	31,911	4,974		
Current liabilities	108,676	8,150	15,230		
Net assets	**55,826**	**41,578**	**7,562**		
Carrying amount of NCI	18,423	9,978	2,521	1,512	32,434

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

40. INTERESTS IN OTHER ENTITIES (continued)

Non-controlling interests in subsidiaries (continued)

	1 January - 31 March 2012				
	TAV Tunisia	**TAV Tbilisi**	**BTA**	**Other immaterial subsidiaries**	**Total**
Revenue	5,108	5,821	19,374		
(Loss) / profit	(5,788)	1,175	1,183		
Total comprehensive income	**(8,199)**	**339**	**1,164**		
(Loss) / profit allocated to NCI	(1,910)	282	418	(1,838)	(3,048)

Joint Ventures

Carrying amounts of the Group’s joint ventures in the statement of financial position as at 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	**31 December 2012**
TGS	52,479	51,566
ATÜ	12,919	25,465
BTA Denizyolları	1,166	1,239
Tibah Development	1,114	672
Tibah Operation	729	376
Other	393	252
	68,800	**79,570**

Group's share of profit / (loss) of the Group’s joint ventures in the statement of comprehensive income for the three-month periods ended 31 March are as follows:

	1 January-31 March 2013	**1 January-31 March 2012**
ATÜ	4,500	3,673
Tibah Development	1,055	-
TGS	511	980
Tibah Operation	135	-
BTA Denizyolları	(38)	64
Other	3	(9)
	6,166	**4,708**

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

40. INTERESTS IN OTHER ENTITIES (continued)

Joint Ventures (continued)

The Group has the following significant interests in joint ventures:

TGS

- 50% equity shareholding with 50% voting power, in TGS, a joint venture established in Turkey. The following tables summarise the financial information of TGS. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in TGS, which is accounted for using the equity method:

	31 March 2013	**31 December 2012**
Non-current assets	101,066	92,188
Current assets (including cash and cash equivalents amounting to 31 March 2013: EUR 5,400 (31 December 2012: EUR 13,976))	29,786	35,002
Non-current liabilities	5,790	5,138
Current liabilities (including trade and other payables and provisions amounting to 31 March 2013: EUR 19,089 (31 December 2012: EUR 16,781))	20,105	18,920
Net assets	**104,957**	**103,132**
Group's share of net assets	52,479	51,566
Carrying amount in the statement of financial position	52,479	51,566

	1 January-31 March 2013	**1 January-31 March 2012**
Revenue	41,718	33,818
Depreciation and amortisation	1,874	1,607
Tax expense	273	494
Profit for the period	**1,021**	**1,960**
Other comprehensive income	807	1,931
Total comprehensive income	**1,828**	**3,891**
Group's share of profit for the period	511	980

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

40. INTERESTS IN OTHER ENTITIES (continued)

Joint Ventures (continued)

ATÜ

- 49.98% equity shareholding with 50% voting power in ATÜ, a joint venture established in Turkey. The following tables summarise the financial information of ATÜ. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in ATÜ, which is accounted for using the equity method.

	31 March 2013	31 December 2012
Non-current assets	54,460	56,105
Current assets (including cash and cash equivalents amounting to 31 March 2013: EUR 17,739 (31 December 2012: EUR 30,588))	53,970	74,443
Non-current liabilities	28,799	30,040
Current liabilities (including trade and other payables and provisions amounting to 31 March 2013: EUR 33,115 (31 December 2012: EUR 28,114))	53,783	49,558
Net assets	**25,848**	**50,950**
Group's share of net assets	12,919	25,465
Carrying amount in the statement of financial position	12,919	25,465

	1 January-31 March 2013	1 January-31 March 2012
Revenue	120,230	98,496
Depreciation and amortisation	579	559
Interest expense	671	521
Tax expense	2,292	1,493
Profit for the period	**9,004**	**7,348**
Other comprehensive income	(343)	522
Total comprehensive income	**8,661**	**7,870**
Group's share of profit for the period	4,500	3,673
Cash dividends received by the Group	16,760	13,231

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

40. INTERESTS IN OTHER ENTITIES (continued)

Joint Ventures (continued)

BTA Denizyolları

- 49.98% equity shareholding with 49.98% voting power in BTA Denizyolları, a joint venture established in Turkey. The following tables summarise the financial information of BTA Denizyolları. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in BTA Denizyolları, which is accounted for using the equity method:

	31 March 2013	**31 December 2012**
Non-current assets	7,762	7,846
Current assets (including cash and cash equivalents amounting to 31 March 2013: EUR 1,289 (31 December 2012: EUR 1,253))	4,091	4,537
Non-current liabilities	4,638	4,488
Current liabilities (including trade and other payables and provisions amounting to 31 March 2013: EUR 1,420 (31 December 2012: EUR 1,880))	4,883	5,417
Net assets	**2,332**	**2,478**
Group's share of net assets	1,166	1,239
Carrying amount in the statement of financial position	1,166	1,239

	1 January-31 March 2013	**1 January-31 March 2012**
Revenue	4,012	3,311
Depreciation and amortisation	293	82
Interest expense	27	-
Tax expense	20	34
(Loss) / profit for the period	**(76)**	**129**
Other comprehensive income	(19)	26
Total comprehensive income	**(95)**	**155**
Group's share of (loss) / profit for the period	(38)	64

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

40. INTERESTS IN OTHER ENTITIES (continued)

Joint Ventures (continued)

<u>Tibah Development</u>

- 33.33% equity shareholding with 33.33% voting power in Tibah Development, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Development. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Development, which is accounted for using the equity method:

	31 March 2013	31 December 2012
Non-current assets	222,720	157,784
Current assets (including cash and cash equivalents amounting to 31 March 2013: EUR 7 (31 December 2012: EUR 1))	133,621	143,741
Non-current liabilities	309,529	260,681
Current liabilities (including trade and other payables and provisions amounting to 31 March 2013: EUR 28,944 (31 December 2012: EUR 27,450))	43,471	38,829
Net assets	**3,341**	**2,015**
Group's share of net assets	1,114	672
Carrying amount in the statement of financial position	1,114	672

	1 January-31 March 2013	1 January-31 March 2012
Revenue	78,057	-
Depreciation and amortisation	79	-
Interest expense	48	-
Tax expense	224	-
Profit for the period	**3,166**	**-**
Other comprehensive income	(1,841)	-
Total comprehensive income	**1,325**	**-**
Group's share of profit for the period	1,055	-

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

40. INTERESTS IN OTHER ENTITIES (continued)

Joint Ventures (continued)

Tibah Operation

- 51.00% equity shareholding with 33.33% voting power in Tibah Operation, a joint venture established in Saudi Arabia. The following tables summarise the financial information of Tibah Operation. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Tibah Operation, which is accounted for using the equity method:

	31 March 2013	**31 December 2012**
Current assets (including cash and cash equivalents amounting to 31 March 2013: EUR 1,978 (31 December 2012: EUR 672))	4,465	3,995
Non-current liabilities	50	48
Current liabilities (including trade and other payables and provisions amounting to 31 March 2013: EUR 2,077 (31 December 2012: EUR 2,829))	2,985	3,209
Net assets	**1,430**	**738**
Group's share of net assets	729	376
Carrying amount in the statement of financial position	729	376

	1 January-31 March 2013	**1 January-31 March 2012**
Revenue	5,484	-
Interest expense	75	-
Tax expense	39	-
Profit for the period	**264**	**-**
Other comprehensive income	428	-
Total comprehensive income	**692**	**-**
Group's share of profit for the period	135	-

(Amounts expressed in thousands of Euro unless otherwise stated. Currencies other than Euro also expressed in thousands unless otherwise stated.)

40. INTERESTS IN OTHER ENTITIES (continued)

Joint Ventures (continued)

The Group has interests in a number of joint ventures none of which is regarded as individually material. The following table summarises, in aggregate, the financial information of all individually immaterial joint ventures that are accounted for using the equity method:

	31 March 2013	**31 December 2012**
Carrying amount of interest in joint ventures	393	252

	1 January-31 March 2013	**1 January-31 March 2012**
Share of:		
Profit / (loss) for the period	3	(9)
Other comprehensive income	9	(8)
Total comprehensive income	12	(17)

41. SUBSEQUENT EVENTS

None.