TAV HAVALİMANLARI HOLDİNG A.Ş.
AND ITS SUBSIDIARIES (previously known as
"TAV HAVALİMANLARI İŞLETME A.Ş.")

CONSOLIDATED FINANCIAL
STATEMENTS AS AT 31 MARCH 2007

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TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Amounts expressed in Euro unless otherwise stated)

ASSETS		(Unaudited)	)
CURRENT ASSETS	**Notes**	**31 March 2007**	**31 December 2006**
Cash and cash equivalents	5	8,875,197	11,672,235
Restricted bank balances	6	165,434,911	318,106,441
Investments held for trading	7	236,054	157,729
Trade receivables (net)	8	18,415,860	20,775,578
Trade receivables from related parties	9	3,643,030	4,752,839
Inventories	10	10,568,275	7,882,551
Prepaid concession expenses, current portion	15	134,271,883	144,874,578
Other receivables and current assets	11	33,351,077	35,409,916
Total Current Assets		**374,796,287**	**543,631,867**
NON CURRENT ASSETS			
Long term trade receivables (net)		-	902
Investments to associates	7	742,801	742,801
Long term loan receivable from related parties	9	20,843,484	10,638,293
Goodwill	12	72,717,730	72,717,730
Property, plant and equipment	13	33,885,302	33,806,957
Other intangible assets	16	17,340,167	18,131,797
Built-operate-transfer (BOT) Inventory	10	2,498,501	3,630,513
Built-operate-transfer (BOT) Investment (net)	14	448,626,944	441,200,616
Prepaid concession expenses	15	272,746,284	191,357,006
Other non-current assets	11	44,539,406	27,548,738
Deferred tax assets	23	15,935,482	12,805,542
Total Non-Current Assets		**929,876,101**	**812,580,895**
TOTAL ASSETS		**1,304,672,388**	**1,356,212,762**

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

CONSOLIDATED BALANCE SHEET

(Amounts expressed in Euro unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY		**(Unaudited)**	**)**
CURRENT LIABILITIES	**Notes**	**31 March 2007**	**31 December 2006**
Bank loans, current portion	18	68,343,392	820,688,103
Obligations under finance leases, current portion	19	92,823	35,630
Loans payable to related parties	9	15,009,292	17,424,166
Trade payables to related parties	9	20,888,060	31,649,753
Trade payables	20	24,950,294	42,071,070
Derivative financial instruments	33	8,313,722	9,941,501
Other payables and deferred revenue	21	20,593,998	19,200,009
Current tax liabilities	23	1,852,802	1,680,846
Total Current Liabilities		**160,044,383**	**942,691,078**
NON CURRENT LIABILITIES			
Bank loans	18	761,721,388	49,739,170
Provision for employment termination benefits	22	3,852,015	3,685,054
Other non current liabilities	21	21,568,705	22,568,298
Deferred tax liabilities	23	2,793,077	3,888,875
Total Non-Current Liabilities		**789,935,185**	**79,881,397**
EQUITY			
Share capital	25	104,910,267	99,543,528
Premium in excess of par	25	210,500,322	171,881,833
Legal reserves	25	9,176,057	8,766,287
Purchase of shares of entities under common control		35,589,741	35,589,741
Translation reserves		(483,275)	(83,244)
Retained earnings		(26,962,609)	(5,131,662)
Equity attributable to equity holders of the parent		**332,730,503**	**310,566,483**
Minority interest		21,962,317	23,073,804
Total Equity		**354,692,820**	**333,640,287**
TOTAL LIABILITIES AND EQUITY		**1,304,672,388**	**1,356,212,762**

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

TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

(Amounts expressed in Euro unless otherwise stated)

		(Unaudited) 3 months period ended 31 March 2007	(Unaudited) 3 months period ended 31 March 2006
Continuing operations			
Operating income	26	95,072,984	77,419,039
Other operating income	27	4,008,852	2,819,623
Cost of catering inventory sold		(2,383,417)	(1,670,829)
Cost of duty free inventory sold		(11,477,366)	(10,240,527)
Cost of services rendered		(3,305,106)	(3,167,390)
Employee benefit expense		(22,685,602)	(15,183,230)
Concession rent expenses		(35,905,897)	(34,297,741)
Depreciation and amortization expense		(11,698,867)	(1,833,201)
Other operating expenses	28	(21,407,553)	(22,889,006)
Operating loss		**(9,781,972)**	**(9,043,262)**
Investment income	29	2,685,398	4,074,616
Other gains and losses	30	64,034	286,506
Finance costs (net)	31	(18,016,349)	(11,287,825)
Foreign Currency Transaction gain/(loss) (net)		(890,355)	(393,567)
Loss before tax		**(25,939,244)**	**(16,363,532)**
Income tax benefit /(expense)	23	3,557,857	(8,421,556)
Loss for the period from continuing operations		**(22,381,387)**	**(24,785,088)**
Attributable to:			
Equity holders of the parent		**(21,421,177)**	**(21,621,923)**
Minority interest		(960,210)	(3,163,165)
		(22,381,387)	**(24,785,088)**
Weighted average number of shares outstanding		**238,958,333**	**40,000,000**
Loss per share – basic and diluted:		**(0.09)**	**(0.54)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts expressed in Euro unless otherwise stated)

	Share Capital	Premium in Excess of Par	Legal Reserves	Translation Reserves	Retained Earnings	Purchase of Shares of Entities Under Common Control	Attributable to Equity Holders of the Parent	Minority Interest	Total
Balance at 31 December 2005	**104,853,453**	**-**	**8,362,895**	**183,918**	**54,871,460**	**(12,367,409)**	**155,904,317**	**10,852,802**	**166,757,119**
Effect of group structure change	-	-	-	526,702	(323,301)	-	203,401	14,283	217,684
Exchange differences on translation reserves	-	-	-	105,008	-	-	105,008	66	105,074
Transfers	-	-	403,392	-	(403,392)	-	-	-	-
Loss for the period	-	-	-	-	(21,621,923)	-	(21,621,923)	(3,163,165)	(24,785,088)
Issue of share capital	12,259,545	-	-	-	-	-	12,259,545	4,086,515	16,346,060
Balance at 31 March 2006 (unaudited)	**117,112,998**	**-**	**8,766,287**	**815,628**	**32,522,844**	**(12,367,409)**	**146,850,348**	**11,790,501**	**158,640,849**
Balance at 01 January 2007	**99,543,528**	**171,881,833**	**8,766,287**	**(83,244)**	**(5,131,662)**	**35,589,741**	**310,566,483**	**23,073,805**	**333,640,288**
Cash injection in share capital	5,366,739	38,618,489	-	-	-	-	43,985,228	-	43,985,228
Dividend distributions	-	-	-	-	-	-	-	(393,350)	(393,350)
Exchange differences on translation reserves	-	-	-	(389,229)	-	-	(389,229)	242,072	(157,969)
Transfers	-	-	409,780	-	(400,031)	-	-	-	-
Loss for the period	-	-	-	-	(21,421,177)	-	(21,421,177)	(960,210)	(22,381,387)
Balance at 31 March 2007(unaudited)	**104,910,267**	**210,500,322**	**9,176,067**	**(483,285)**	**(26,962,609)**	**35,589,741**	**332,730,503**	**21,962,317**	**354,692,820**

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

TAV HAVALİMANLARI HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

(Amounts expressed in Euro unless otherwise stated)

	Notes	(Uaudited) 3 months period ended 31 March 2007	(Unaudited) 3 months period ended 31 March 2006
OPERATING ACTIVITIES			
Loss for the period		(22,381,387)	(24,785,088)
Adjustments to reconcile net profit to net cash provided by operating activities:			
- Depreciation of BOT Investments	14	8,934,972	-
- Depreciation of property, plant and equipment	13	2,140,501	1,277,826
- Amortization of other intangible assets	16	623,394	555,375
- Amortization of concession asset	15	35,905,897	34,297,741
- VAT expensed		2,552,789	2,529,404
- Provision for employment termination benefits	22	547,778	551,336
- Provision/(reversal of allowance) for doubtful receivables		(163,887)	497,429
- Discount on receivables and payables		302,785	61,459
- Loss/(gain) on disposal of property, plant and equipment		(21,180)	85,987
- Unused vacation accrual	21	181,666	(218,115)
- Reversal of provision for slow moving inventory	10	(66,061)	-
- Unrealized foreign exchange differences on loans		(1,409,389)	(4,076,000)
- Accrued interest income		(180,980)	(1,087,785)
- Other income accruals		(587,859)	(49,106)
- Accrued interest expense		14,534,182	11,972,282
- Income tax (income)/expense net of monetary gain	23	(3,557,857)	8,421,556
- Mark to market valuation of derivative instruments		(1,779,825)	(1,676,956)
Operating cash flows before movements in working capital		**35,493,909**	**28,168,877**
- (Increase) / decrease in trade receivables		2,594,208	(742,138)
- (Increase) / decrease in inventories		(1,489,296)	2,322,829
- (Increase) / decrease in related party receivables		1,111,037	(3,663,962)
- Increase in other receivables and current assets		(32,839,454)	(76,227)
- Increase / (decrease) in trade payables		(17,325,018)	19,443,390
- Increase / (decrease) in advances received		(472,207)	(527,514)
- Increase / (decrease) in related party payables		(10,773,595)	(27,397,330)
- Increase in other payables and current liabilities		187,349	(6,283,214)
- Change in other long term assets		-	127,062
Cash generated from / (used in) operations		**(23,513,067)**	**11,371,773**
- Income taxes paid		(449,513)	(634,778)
- Interest paid		(8,272,414)	(7,545,002)
- Retirement benefits paid	22	(156,657)	(558,913)
Net cash provided from / (used in) operating activities		**(32,391,651)**	**2,633,080**

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

CONSOLIDATED CASH FLOW STATEMENT

(Amounts expressed in Euro unless otherwise stated)

	Notes	(Uaudited) 3 months period ended 31 March 2007	(Unaudited) 3 months period ended 31 March 2006
INVESTING ACTIVITIES			
- Net change in investments held for trading/ held to maturity		(78,325)	199,968
- Loans collected/(provided) from/(to) related parties		(12,620,065)	10,727,217
- Additions to prepaid concession expenses	15	(106,692,480)	(8,446,337)
- Cash used from/(allocated to) restricted bank balances		152,772,362	(15,882,717)
- Proceeds on tangible and intangible assets disposed		81,631	38,087
- Purchases of property, plant and equipment	13	(2,238,969)	(1,754,798)
- Additions to BOT investments	14	(16,498,440)	(79,524,926)
- Purchases of intangible assets	16	(117,271)	(834,148)
- Change in VAT portion of prepaid rent		16,226,263	17,609,652
Net cash provided from / (used in) investing activities		**30,834,706**	**(77,868,001)**
CASH FLOWS FROM FINANCING ACTIVITIES			
- New borrowings raised		20,429,571	61,306,537
- Repayment of borrowings		(65,318,734)	-
- Increase in premium in excess of par		38,618,489	-
- Increase in share capital		5,366,739	12,259,545
- Dividend paid		(393,350)	-
- Change in minority interest with issue of share capital by Shareholders		-	4,086,515
- Effect of group structure change		-	(4,022,954)
- Repayments of obligations under finance leases		57,193	(10,943)
Net cash provided from /(used in) financing activities		**(1,240,092)**	**73,618,700**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,797,038)	(1,616,221)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		11,672,235	10,928,081
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**8,875,197**	**9,311,860**

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

(Amounts expressed in Euro unless otherwise stated)

1 A. BACKGROUND AND DESCRIPTION OF OPERATIONS

TAV Havalimanları Holding A.Ş. (formerly known as TAV Havalimanları İşletme A.Ş.) ("TAV", TAV Holding or "the Company") was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. On 7 August 2006, the Company's name has been changed to TAV Havalimanları Holding A.Ş.

On 29 December 2005, 27 March 2006 and 17 May 2006, the ultimate shareholders of the Company transferred their shares in certain companies and joint ventures, which are responsible for the operation of the İstanbul airport, to the Company. As a result of this share transfer, the Company became parent company of these subsidiaries. The immediate parent and ultimate controlling party of the TAV and its subsidiaries are Tepe and Akfen Group.

TAV, its subsidiaries and its joint ventures are collectively referred to as "the Group" in this report. The details of the Company's subsidiaries at 31 March 2007 and 31 December 2006 are as follows:

			31 March 2007		31 December 2006	
Name of Subsidiary	Principal Activity	Place of incorporation and Operation	Proportion of ownership interest %	Proportion of voting power held %	Proportion of ownership interest %	Proportion of voting power held %
TAV İstanbul Terminal İşletmeciliği A.Ş .("TAV Istanbul")	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	75.00	100.00	75.00	100.00
İzmir Adnan Menderes Havalimanı Uluslararası Terminal İnşaatı, İşletmeciliği ve Yatırım A.Ş.("TAV İzmir")	İzmir Airport Terminal Services	Turkey	99.98	100.00	99.98	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
TAV İşletme Hizmetleri A.Ş. ("TAV İşletme")	O&M, Lounge Services	Turkey	99.99	99.99	99.99	99.99
TAV Georgia Operation Services LLC ("TAV İşletme Georgia")	O&M, Lounge Services	Georgia	99.99	99.99	99.99	99.99
TAV Bilişim Hizmetleri A.Ş. ("TAV Bilişim")	Software and System Services	Turkey	96.00	96.00	96.00	96.00
TAV Özel Güvenlik Hizmetleri A.Ş. ("TAV Güvenlik")	Security Services	Turkey	66.67	66.67	66.67	66.67

(Amounts expressed in Euro unless otherwise stated)

1 A. BACKGROUND AND DESCRIPTION OF OPERATIONS (cont'd)

In 2005, TAV Esenboğa is reflected as a subsidiary due to a formal protocol signed between TAV and shareholders of TAV Esenboğa which transfers all operational and financial control of TAV Esenboğa to TAV. On December 29, 2006 TAV acquired the majority interest in TAV Esenboğa , increasing ownership interest from 0.01 % to 75%.

In July 2005, HAVAS owned 64.99% of TAV İzmir. At the time of the acquisition by HAVAS, the other shareholder in HAVAS agreed to transfer the other shares of TAV İzmir shares under conditions determined by TAV and in doing so relinquished all rights to or control of the shares in TAV İzmir. Accordingly, TAV in substance owns and controls 100% of TAV İzmir from July 2005. In 2006, HAVAS purchased an additional 35% of the shares in TAV İzmir. On 29 December 2006, 95 % of TAV İzmir shares was transferred to TAV.

The details of the Company's joint ventures at 31 March 2007 and 31 December 2006 are as follows;

			31 March 2007		31 December 2006	
Name of Joint Venture	Principal Activity	Place of incorporation and Operation	Proportion of ownership interest %	Proportion of voting power held %	Proportion of ownership interest %	Proportion of 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
HAVAŞ Havalimanları Yer Hizmetleri A.Ş. ("HAVAŞ")	Ground handling services	Turkey	60.00	50.00	60.00	50.00
TAV Urban Georgia LLC ("TAV Georgia")	Airport services	Georgia	60.00	50.00	60.00	50.00

Description of Operations

The Group's operations relate to the construction and operation of airports. The Group companies incorporated in Turkey enter into Build – Operate – Transfer (BOT) Agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (DHMI), and TAV Georgia with the Directorate General of State Airports of Georgia. Under these agreements the Group agrees to build, or reconstruct, an airport within specified period of time and in exchange receives the right to operate the airport for a preestablished amount of time. At the end of the contract, the Group transfers the ownership of the building back to the DHMI and state Airport of Georgia. In addition, the Group enters into subsequent stand alone contracts for the operation of airports.

1 A. BACKGROUND AND DESCRIPTION OF OPERATIONS (cont'd)

BOT Agreements

During the periods presented in these financial statements the Group had following BOT Agreements in place.

Atatürk International Airport

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

An addendum to the agreement was made in September 2000. Under the terms of the addendum, TAV committed to enlarge the International Lines Building by 30% by 2004. In return for extending the International Lines Building, operation period of TAV was increased by 13 months 12 days (to approximately 66 months in total) through June 2005. The contract expired in June 2005 and TAV transferred AAT to DHMI.

Ankara Esenboğa International Airport

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

İzmir Adnan Menderes Airport

A BOT agreement was executed between TAV and DHMI on 20 May 2005 regulating the reconstruction, investment and operations of the İzmir Adnan Menderes Airport (International terminal) According to the Agreement, TAV is required to complete the construction within 24 months after the agreement date and will then have the right to operate the facilities of the İzmir Adnan Menderes Airport for a period of 6 years, 7 months and 29 days. TAV İzmir has started to provide mainly passenger, ramp and check-in counter services since 13 September 2006.

Tbilisi Airport

A BOT agreement was executed between of TAV Urban Georgia LLC and JSC Tbilisi International Airport on 6 September 2005 (International and domestic terminal). 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 to another 9,5 years in exchange for an obligation by the Company to invest an additional amount for the construction of new terminal (including construction of additional runways, extension of apron etc.) for Batumi airport. TAV Georgia has started to provide mainly passenger, ramp, check-in counter services and parking-apron-taxi services in New Tbilisi International Airport since 8 February 2007.

1 A. BACKGROUND AND DESCRIPTION OF OPERATIONS (cont'd)

Operations Contracts

During 2005, the Group bid on, and was awarded, contracts for the operations of AAT. Under these contracts the Group continues to operate the international terminal as it did under the BOT described above, and was awarded contracts for other operations of the airport. The contract includes the following:

Terminal services – The Group operates the terminal and mainly give passenger, ramp and check-in counter services. A fee is charged to each airline based on the number of passengers that utilize the airport, ramps utilized by aircrafts and check-in counters utilized by the airlines.

Duty free goods – Duty free goods are available for purchase by both arriving and departing passengers. The sales are operated by the Group or, in certain circumstances, subcontracted to other companies in exchange for a commission based on sales.

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

Area allocation services – The Group has right to rent office space at the airport to airlines for ticket office, banks, etc.

In addition to above services, the Group also provides the following services:

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

Lounge services – The Group has the right to operate or rent the lounges to provide CIP or VIP services to the passengers who are member of.

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

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

Security services – The Group operates the security services within the terminal.

The concession agreement requires TAV Istanbul to make annual rent payments totaling USD 2,543,000,000 (EUR 1,909,152,097) excluding VAT over the life of the concession agreement, of which USD 584,890,000 (EUR 439,104,982) excluding VAT has been prepaid at the beginning of the concession agreement under the terms of the agreement. In addition, the Company is required to make certain enhancements and improvements to the domestic terminal within the first year of the concession agreement and to maintain the facilities through the concession period.

The Group employs approximately 9,630 (average: 8,422) people as of 31 March 2007; 10,370 (average: 8,146) people as of 31 December 2006.

1 B. FINANCIAL RESTRUCTURE OF THE GROUP

Waiving of default

In 2006, some of Group companies (TAV Istanbul, TAV İzmir and TAV Esenboğa) had not been in compliance with their certain covenants, and accordingly, the associated loans, in the amount of EUR 776,611,486 had been classified as short term loans as of 31 December 2006 in accordance with IAS 1 "Presentation of Financial Statements" paragraph 65. IAS 1 Paragraph 65 says; "When an entity breaches an undertaking under a long-term loan agreement on or before the balance sheet date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the balance sheet date and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach. The liability had been classified as current because, at the balance sheet date, the entity had not have an unconditional right to defer its settlement for at least twelve months after that date. As a result of this classification, the Group's current liabilities had exceeded its current assets by EUR 399,059,211 as of 31 December 2006. The management of the Group has completed the financial restructuring regarding to the defaults to be waived in December 2006. Upon completion of the restructuring, and other conditions established by the banks, the banks had waived all events of default on 22 January 2007 and as a result, the loans are payable on the original schedule as of 31 March 2007.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are effective for accounting periods beginning on 1 January 2006.

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 7 Financial Instruments: Disclosures
IFRS 8 Operating Segments
IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8 Scope of IFRS 2
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 10 Interim Financial Reporting and Impairment
IFRIC 11 Group and Treasury Share Transactions
IFRIC 12 Service Concession Arrangements

IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group's financial instruments, except for the additional disclosure requirements of IFRS 7.

The management of the Group does not anticipate that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group except for IFRS 7 and IFRIC 12 which may have material effect on the financial statements after the adoptation date which will be effective after 1 January 2008. The management assessment for the effects of IFRIC 12 on financial statements continues as of this report date.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation of consolidated financial statements:

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Group maintains its books of account and prepares its statutory financial statements in Yeni Türk Lirası (TRY) in accordance with accounting principles in the Turkish Commercial Code and tax legislation. The accompanying consolidated financial statements expressed in Euro (EUR), the functional currency of the Group, are based on the statutory records, with adjustments and reclassifications, including re-measurement from TRY to Euro for the purpose of fair presentation in accordance with IFRS.

The principal accounting policies adopted are set out below.

Foreign currencies:

Although the currency of the country in which the Group is domiciled is TRY, the Group's functional currency and reporting currency is Euro. Euro is used to a significant extent in, or has a significant impact on, the operations of the Group and reflects the economic substance of the underlying events and circumstances relevant to the Group. Therefore, the Group uses the Euro in measuring items in its financial statements and as the reporting currency. 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 Euro have been re-measured to Euro in accordance with the relevant provisions of IAS 21 ("The Effects of Changes in Foreign Exchange Rates").

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in EUR, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

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

(Amounts expressed in Euro unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies (cont'd):

The TRY/EUR exchange rates, the annual change against EUR and Turkish countrywide wholesale price index ("WPI") inflation as of the end of each year are as follows:

Year:	31 March 2007	31 December 2006	31 March 2006	31 December 2005
TRY/EUR	1.8383	1.8515	1.6211	1.5875
TRY (Appreciation) / Depreciation Against the EUR	(1%)	17%	2%	(13%)
WPI inflation (year-to-year)	10,1	11.6%	%9,2	4.5%

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

Basis of Consolidation:

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

Each entity is consolidated based on the following methods:

TAV Istanbul and TAV İzmir are fully consolidated without minority's ownership.

BTA, TAV İşletme, TAV Esenboğa, TAV Bilişim and TAV Güvenlik are fully consolidated with the minority's ownership reflected as a minority interest.

ATÜ, HAVAŞ and TAV Georgia are proportionally consolidated.

The results of a subsidiary, HAVAŞ including TAV İzmir, acquired from independent third party, during 2005 are included in the consolidated income statement from the effective date of acquisition.

BTA, TAV İşletme, TAV Istanbul, ATÜ and insignificant amount of TAV Esenboğa were acquired from parents of the Company on 29 December 2005. Although the Company owns insignificant amount of shares of TAV Esenboğa in 2005, it has the power to appoint and remove the majority of the board of directors and control of the entity by the board. On 29 December 2006 TAV acquired the majority interest in TAV Esenboğa, increasing ownership interest from 0.01 % to 75%.The acquired subsidiaries

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd):

and the joint venture which were under common control, are accounted through a restatement of all periods presented to reflect the effect of the structure change.

TAV Georgia and TAV Bilişim were acquired from parents of the Company on 27 March 2006 and 17 May 2006 respectively. The acquired subsidiary and the joint venture were also under common control. Since these entities have been established in 2005 and their 2005 key figures were not material to the consolidated financial statements, 31 December 2005 financial statements have not been restated.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations for independent third party purchases:

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

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Business combinations for entities under common control:

Acquisitions from entities under common control are accounted for by use the uniting of interests method of accounting. Accordingly, the financial statements of the Group are retrospectively restated to reflect the effect of the structure change for the comparative years.

Interests in joint ventures:

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd):

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Goodwill:

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

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

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

Sales of duty free goods: Sales of goods are recognized when goods are delivered and title has passed.

Catering services income: Catering services income is recognized when services are provided. The Group defers revenue for collections from long term contracts until the services have been 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition (cont'd)

Commission: The Group subcontracts the right to operate certain of the catering services to third parties. The third parties pay the Group a specified percentage of their sales for the right to operate these
concessions. The commission revenue is recognized when in every 2 to 3 days according to sales reports provided from the entities.

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

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

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

In addition, the Group has other income as summarized below:

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, and other related costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First-in-First-out ("FIFO") method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and construction in progress, over their estimated useful lives, using the straight line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Build Operate Transfer (BOT) Investment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting for Operations Contract

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

Intangible assets

Intangible assets are carried at historical cost and are presented after amortization and impairment loss. Purchased intangible assets, primarily software, are amortized over five years using the straight-line method.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets carried at cost less accumulated depreciation to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation and deferred income taxes

Turkish tax legislation does not permit a parent company and its subsidiary 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.

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are also offset for individual entities.

Provision for employment termination benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. The Group recognizes liability by estimating the present value of the future probable obligation of the Company and its Subsidiaries and Joint Ventures registered in Turkey arising from the retirement of employees. Group management used some assumptions (detailed in Note 22) in the calculation of the total liability.

Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in EUR, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

Leasing - the Group as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see borrowing costs note).

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Earnings per share

Earnings per common share for 31 March 2007 has been determined using the weighted average number of TAV's shares as of 31 March 2007. There are no potentially dilutive securities.

Financial instruments

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The Group's Managers consider that the carrying amount of trade and other receivables approximates their fair value.

Due to / from related parties

The close family members of board of directors and key management personnel and any companies controlled or affiliated with them are considered as related parties.

The carrying value of the due to and from related parties are estimated to be their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Investments

Investments are recognized and derecognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Held to maturity investments are measured at amortized cost using the effective interest rate method. Investments classified as held for trading and available-for-sale are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Restricted bank balances

Group's uses of Project Accounts or Reserve Accounts or Funding Accounts are upon the lenders' consent according to financial agreements. Therefore, bank balances included in these accounts are presented as restricted bank balances in the balance sheet and classified under operating activities in the cash flow statements.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. The Group's Managers consider that the carrying amount of trade and other payables approximates their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Derivative financial instruments

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

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The Group has not designated the derivative financial instruments as hedges and, accordingly, the changes in the fair value of non-hedging derivatives are charged to income in the related year.

Credit risk

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

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

The Group's credit risk is minimum, as most of its sales are collected in cash or by credit cards.

Events After Balance Sheet Date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and

- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

The Group records adjusting events after the balance sheet date and disclose non-adjusting events after the balance sheet date on the attached financial statements.

Change in Accounting Policies, Accounting Estimates and Errors

Adjustments due to the changes in accounting policies or accounting errors are applied retrospectively and the financial statements of the previous year are restated changes in accounting estimates are deemed to affect that period only, and thus adjustments applied in the current period. If however the estimated changes are for the following periods, changes are applied both on the current and following periods prospectively.

(Amounts expressed in Euro unless otherwise stated)

4 A. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in note 3, management has made the following judgements that have most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

BTA, TAV İşletme, TAV Istanbul, ATÜ and insignificant amount of TAV Esenboğa were acquired from parents of the Company on 29 December 2005. On December 29, 2006 TAV acquired the majority interest in TAV Esenboğa, increasing ownership interest from 0.01 % to 75% so that as if TAV Esenboğa was consolidated with 75% at the previous years, effects for the acquisition of TAV Esenboğa is presented on the financial statements retrospectively. The acquired subsidiaries and the joint venture, which all are in airport terminal related operations and could be treated as an integrated operation of TAV by nature or by transfer of knowledge, were under common control by TAV since the beginning of their operations and are accounted for by use of the pooling of interest method. This application is based on management judgement that this treatment is the best way to present the economic substance of the transaction because there is no independent third party involved and hence measurement of the fair value is very difficult and, therefore meets the criteria of IAS 8.10-12. IAS 8.10 states that "In the absence of a standard or an interpretation that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is: (a) relevant to the economic decision-making need's of users; and (b) reliable, in that financial statements. IAS 8.12 states that "in making the judgement described in paragraph 10, management may also consider the most recent pronouncement of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature, and accepted industry practices, to the extent that these do not conflict with the sources in paragraph 11. Accordingly, the financial statements of these entities have been retrospectively restated to reflect the effect of structure change for the earliest period.

4 B. EARNINGS PER SHARE

There were no dilutive equity instruments outstanding, that would require the calculation of separate diluted earnings per share. The calculation of basic earnings per share attributable to ordinary equity holders of the parent is as follows:

	Period ended 31 March 2007	**Period ended 31 March 2006**
Weighted average number of ordinary shares outstanding during the period (in full)	238,958,333	40,000,000
Net loss for the year attributable to equity holders of the parent	**(21,421,177)**	**(21,621,923)**
Basic loss per share from operations	**(0.09)**	**(0.54)**

(Amounts expressed in Euro unless otherwise stated)

5. CASH AND CASH EQUIVALENTS

	31 March 2007	31 December 2006
Cash on hand	712,153	585,943
Cash equivalents	4,986,851	5,522,696
Cash at banks – demand deposits	2,791,601	5,335,264
Other liquid assets	384,592	228,332
	8,875,197	**11,672,235**

	31 March 2007	31 December 2006
Cash equivalents		
Time deposits	4,916,121	5,411,316
Reverse repurchase agreements	70,730	111,380
	4,986,851	**5,522,696**

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

Original Currency	Maturity	Interest rate %	31 March 2007
EURO	02.04.2007	1.90-3.25	3,651,345
USD	02.04.2007	1.50-4.50	653,021
TRY	02.04.2007	14.00-17.75	611,755
			4,916,121

Original Currency	Maturity	Interest rate %	31 December 2006
EUR	04.01.2007	1.90-2.40	5,354,593
TRY	04.01.2007	11.00	38,381
USD	04.01.2007	2.00	18,342
			5,411,316

(Amounts expressed in Euro unless otherwise stated)

6. RESTRICTED BANK BALANCES:

	31 March 2007	31 December 2006
Project reserve and funding accounts (*)	125,550,388	261,375,737
Cash collaterals (**)	39,884,523	56,730,704
	165,434,911	**318,106,441**

(*) Some of the subsidiaries namely TAV Istanbul, TAV Esenboğa, TAV İzmir and ATÜ ("the Borrowers") opened Project Accounts or Reserve Accounts or Funding Accounts to fund Project Accounts based on agreements with their lenders. Based on these agreements, the Group can access the money but all withdrawals from the project accounts are upon the lenders' consent. Project accounts should be used for its designated purpose such as debt service, lease payment to Airport Authority and etc.

(**) The Group has deposited cash equivalents of EUR 39,884,523 as of 31 March 2007 (31 December 2006: EUR 56,730,704) in respect of the Group's indebtedness.

7. INVESTMENTS

a) Investments held for trading

	31 March 2007	31 December 2006
Debt securities:		
Investment funds- short term	236,054	157,729
	236,054	**157,729**

b) Investment to associates

	Shareholding %	31 March 2007	31 December 2006
Unlisted entities			
Cyprus Airports Services Ltd.	50.00	718,563	718,563
TAV Havacılık A.Ş.	3.00	24,238	24,238
		742,801	**742,801**

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

Capital structure of the joint venture is designated as 50 % +1 share of participation for KTHY and 50 % of participation for HAVAŞ. Capital of this joint venture amounts to YTL 4,500,001.50, which corresponds to USD 3,000,001. HAVAŞ made a EURO 1,198,004 corresponding to USD 1,500,000 cash payment on behalf of its share and recognized this amount in its financial statements. As of the balance sheet date, the Company's other venturer, KTHY has not transferred its capital portion that will be capital in kind which is determined based on the afore-mentioned protocol.

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

(Amounts expressed in Euro unless otherwise stated)

8. TRADE RECEIVABLES (NET)

	31 March 2007	31 December 2006
Trade receivables	17,895,048	20,745,597
Notes receivable	680,080	136,846
Discount on receivables (-)	(190,435)	(117,009)
Doubtful receivables	1,305,525	1,409,983
Allowance for doubtful receivables (-)	(1,305,525)	(1,409,983)
Other	31,167	10,144
	18,415,860	**20,775,578**

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

The Borrowers irrevocably and unconditionally assign and transfer, as security for the fulfillment of all the obligations at any time due, in respect of the finance documents to the lenders all of their receivables and rights, title, interest and benefit in, to and under their receivables, as well as the claims arising from such receivables under the following “assigned receivables” such as income from the lease, area lease, duty free, food and beverage, contractors, O&M providers, insurers including VAT refunds, and etc.

9. RELATED PARTY TRANSACTIONS

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

The Company has a number of operating and financial relationships with its shareholders and other entities owned by its shareholders. For example, TAV Tepe Akfen Yat. İnş. ve İşl. A.Ş. is the constructor company of Ankara Airport and major contractor for all construction works handled by the Group. There are no set payment terms for any of the related party transactions. The related party receivables and payables resulting from operating activities are generally settled in the normal course of business.

(Amounts expressed in Euro unless otherwise stated)

9. RELATED PARTY TRANSACTIONS (cont'd)

Trading transactions (cont'd)

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 transactions between the Group and other related parties are disclosed below.

Trading transactions

	31 March 2007	31 December 2006
Trade receivables from related parties		
IBS Sigorta Brokerlik Hizmetleri A.Ş.	1,250,610	-
HAVAŞ Havaalanları Yer Hizmetleri A.Ş.	678,532	526,442
ATÜ Turizm İşletmeciliği A.Ş.	541,063	1,048,563
TAV Havacılık A.Ş.	280,882	-
Meteksan Sistem Ve Bilgisayar Teknolojileri A.Ş.	201,788	-
Task Tepe Akfen Su Kanalları İşl. A.Ş.	135,061	-
TAV İnşaat Cairo Branch	131,493	116,127
TAV Urban Georgıa LLC	106,207	-
Artı Döviz Ticaret A.Ş.	101,092	282,525
Akfen Holding A.Ş.("Akfen Holding")	9,986	1,084,101
Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat")	-	1,047,218
Tepe Emlak Yatırım İnşaat ve Tic. A.Ş.	-	132,045
Kıbrıs Türk Hava Yolları Ltd Şti.	-	114,456
Sera Yapı Endüstri Ltd. Şti.("Sera")	-	100,364
IDB Infrastructure Fund L.P. ("IDB")	-	71,294
Other related parties	206,316	229,704
	3,643,030	**4,752,839**

	31 March 2007	31 December 2006
Trade payables to related parties		
TAV Tepe Akfen Yat. İnş. ve İşl. A.Ş.	13,929,872	21,824,011
Unifree Dutyfree A.Ş.	2,282,061	4,260,092
Tepe İnşaat Sanayi A.Ş.	2,162,965	-
IC Içtaş San.Tic.A.Ş.	1,806,745	1,806,746
TAV Yatırım Holding A.Ş.	402,432	348,954
Park Yatırım Holding	186,593	-
IBS Brokerlik ve Sigorta Hizmetleri A.Ş.	-	2,031,400
Meteksan Sistem ve Bilgisayar Tekn. A.Ş.	-	617,522
Akınısı – Ekin Ortak Girişimi	-	589,938
Other related parties	117,392	171,090
	20,888,060	**31,649,753**

Notes payable includes notes to IC İçtaş amounted to EUR 3,002,774, see note 20.

(Amounts expressed in Euro unless otherwise stated)

9. RELATED PARTY TRANSACTIONS (cont'd)

Services rendered to related parties	Period ended 31 March 2007	Period ended 31 March 2006
ATÜ Turizm İşletmeciliği A.Ş.	13,086,284	13,058,312
Meteksan Sistem ve Bilgisayar Tekn. A.Ş.	755,263	-
HAVAŞ Havaalanları Yer Hizmetleri A.Ş.	591,083	1,578,233
Artı Döviz Ticaret A.Ş.	217,919	227,201
TAV Tepe Akfen Yat.İnşaat ve İşl.A.Ş. ("TAV İnşaat")	108,822	257,796
Other related parties	150,725	165,158
	14,910,096	**15,286,700**

Nature of major transactions with related parties:

The Company generates commission income, rent income and utility participating fee from ATÜ and these amounts are included in revenues.In 2006, Services rendered to HAVAŞ represents the bus and parking income of TAV İşletme.

TAV İnşaat has purchased software and hardware from TAV Bilişim.

Services rendered by related parties	Period ended 31 March 2007	Period ended 31 March 2006
Unifree Dutyfree A.Ş.	12,082,253	10,266,517
Park Enerji Holding A.Ş.	227,557	636,985
Akınısı – Ekin Ortak Girişimi	221,123	522,826
TAV Havacılık A.Ş.	183,518	-
TAV Özel Güvenlik Hizmetleri A.Ş.	154,250	984,745
Meteksan Sistem ve Bilgisayar Tekn. A.Ş.	59,569	-
HAVAŞ Havaalanları Yer Hizmetleri A.Ş.	54,919	1,578,233
ATÜ Turizm İşletmeciliği A.Ş.	2,863	13,058,312
TAV Yatırım Holding A.Ş.	-	5,176,453
Other related parties	48,348	202,302
	13,034,400	**32,426,373**

Nature of major transactions with related parties:

In 2006, TAV İşletme pays 40% of the bus services income to Park Enerji Holding A.Ş. as technical consultancy fee. HAVAŞ provided bus services and parking lot services on behalf of TAV İşletme to the third parties and invoices related costs for these operations to TAV İşletme. TAV İşletme invoiced 95-98% of bus services and parking lot services to HAVAŞ. In 2007, such operations are only provided by HAVAŞ.

TAV Yatırım Holding A.Ş ("TAV Yatırım Holding") provided support, consultancy and such facilities to TAV Istanbul in connection with information technology, finance, human resource, administration, accounting, general management and operations by way of human resources and/or consultants and allowed TAV Istanbul to utilize any kind of resources of TAV Yatırım Holding including know-how the matters mentioned during 2006. TAV Istanbul paid USD 2,000,000 excluding VAT per month for such consulting and support services to TAV Yatırım Holding for the first three months of the year. The Support and Services Agreement with TAV Yatırım Holding is terminated on 27 September 2006 with effect from 1 July 2006. TAV Yatırım Holding invoices services incurred on behalf of TAV Istanbul such as, legal expenses, traveling and hospitality expenses.

(Amounts expressed in Euro unless otherwise stated)

9. RELATED PARTY TRANSACTIONS (cont'd)

Services rendered by related parties (cont'd)

TAV also invoiced to HAVAŞ 3% of HAVAŞ revenue as consultancy services approximately amounting to EUR 600,000. Amount of EUR 360,000 EUR which is 60% of EUR 600,000 was included in financial statements as services from related parties due to the proportional consolidation since beginning of year 2007.

The expenses charged by Tepe Savunma ve Güvenlik A.Ş. are related to the security management services until May 2006.

IBS Brokerlık ve Sigorta Hizmetleri A.Ş. provides insurance intermediatory services to the Group. Total insurance premium expenses of the Group including insurance intermediatory fees are EUR 1,127,649 as of 31 March 2007 (31 March 2006: EUR 952,969).

Akınısı-Ekin Ortak Girişimi is mechanical system maintenance service provider of the Company.

ATÜ purchases the duty free goods from Unifree Dutyfree A.Ş.

Construction work rendered by related parties	Period ended 31 March 2007	Period ended 31 March 2006
TAV Tepe Akfen Yat. İnş. ve İşl. A.Ş.	-	23,794,279
IC Içtaş San.Tic.A.Ş.	-	17,784,133
	-	41,578,412

Nature of major transactions with related parties:

In 2006, TAV Tepe Akfen Yat. İnş. ve İşl. A.Ş. provided services related to refurbishment of Domestic terminal of TAV Istanbul and TAV Izmir and construction of Esenboğa Airport.

In 2006, IC Içtaş San.Tic.A.Ş. provided services related to construction of İzmir Adnan Menderes Airport.

Financing transactions

Loans receivable from related parties	31 March 2007	31 December2006
TAV Tepe Akfen Yat. İnş. Ve İşl. A.Ş.	6,503,612	1,524,068
Tepe İnşaat Sanayi A.Ş.	3,174,462	156,141
Akfen Holding A.Ş.	2,959,567	-
Park Enerji Yatırım Holding	2,500,071	2,296,984
TAV Havacılık A.Ş.	2,274,474	2,554,663
ATÜ Turizm İşletmeciliği A.Ş.	1,405,970	-
TAV Urban Georgia LLC.	1,175,830	305,228
TAV Yatırım Holding A.Ş.	248,288	1,232,800
Urban İnşaat Sanayi ve Ticaret A.Ş.	220,009	2,476,948
Sera Yapı End. Ltd. Şti.	118,386	
Other related parties	262,815	91,461
	20,843,484	**10,638,293**

Receivable from shareholders Akfen Holding, Tepe İnşaat and SeraYapı Endüstri Ltd.Şti. mainly represents charge back of expenses for Initial Public Offering.

(Amounts expressed in Euro unless otherwise stated)

9. RELATED PARTY TRANSACTIONS (cont'd)

Financing transactions (cont'd)

Loans payable to related parties	31 March 2007	31 December 2006
ATI Services SA	9,902,603	9,919,296
HAVAŞ Havaalanları Yer Hizmetleri A.Ş.	3,020,873	3,006,089
Unifree Dutyfree A.S.	1,405,267	-
Kıbrıs Türk Hava Yolları Ltd.Şti.	680,549	-
Tepe İnşaat Sanayi A.Ş.	-	2,430,869
TAV Yatırım Holding A.Ş.	-	1,045,925
Tav Tepe Akfen Yat. İnş. Ve İşl. A.Ş.	-	907,741
Other related parties	-	114,246
	15,009,292	**17,424,166**

The average interest rate used within the Group is 6.9% (31 December 2006: 6.6%). The Group converts related party TRY loan receivable and payable balances to USD at month end. Then charges interest on the USD balances. The interest rate was calculated as 6.9% (31 December 2006: 6.6%). per annum. The USD conversion was performed using the Central Bank's announced exchange rates.

Interest income/(expense) from/to related parties	Period ended 31 March 2007	Period ended 31 March 2006
TAV Havacılık A.Ş.	40,428	-
TAV Yatırım Holding A.Ş.	19,868	(297,247)
Akfen Holding A.Ş.	17,999	(26,041)
Tepe İnşaat Sanayi A.Ş.	17,251	1,441,541
Akfen İnşaat Turizm ve Ticaret A.Ş.	-	1,111,101
TAV Tepe Akfen Yat. İnş. Ve İşl. A.Ş.	-	586,385
Sera Yapı End. ve Tic. Ltd. Şti	-	487,309
Other related parties	7,140	3,670
	102,686	**3,306,718**

Compensation of key management personnel:

The remuneration of directors and other members of key management during the year was as follows:

	Period ended 31 March 2007	Period ended 31 March 2006
Short-term benefits (salaries and bonuses etc.)	914,610	308,855
	914,610	**308,855**

Some of the key management (general managers, directors etc.) of the Group are included in TAV Yatırım Holding A.Ş.'s payroll, therefore they are not included in the above table as such expenses separately invoiced by TAV Yatırım Holding A.Ş.

(Amounts expressed in Euro unless otherwise stated)

10. INVENTORIES

	31 March 2007	31 December 2006
Duty free inventories	4,496,935	6,442,852
Order advances given	3,791,126	162,399
Spare parts and other inventories	1,852,998	920,690
Catering inventories	697,112	692,568
Less: Provision for slow moving and obsolete inventories	(269,896)	(335,958)
	10,568,275	**7,882,551**

Provision for slow moving and obsolete inventories:

	31 March 2007	31 December 2006
At 1 January	335,957	225,706
Provision released	(66,061)	-
Additional provision for the year	-	110,252
At the end of the period	**269,896**	**335,958**

BOT Inventory	31 March 2007	31 December 2006
Spare parts	1,614,712	3,085,793
Order advances given	883,789	544,720
	2,498,501	**3,630,513**

11. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

Other receivables and current assets:	31 March 2007	31 December 2006
Advances given to DHMI for VAT portion (short term)	21,462,742	22,413,520
Prepaid insurance	4,527,853	6,740,475
VAT deductible and carried forward	3,104,322	2,331,179
Income accruals	1,087,784	789,059
Prepaid taxes and dues	707,560	940,496
Business advances given	316,085	423,839
Advances given to personnel	186,802	82,011
Advances to suppliers	72,972	268,479
Other receivables (*)	1,884,957	1,420,858
	33,351,077	**35,409,916**
Other non current assets:		
Advances given to DHMI for VAT portion (long term)	38,285,741	23,922,293
Deductable VAT	5,891,946	3,115,403
Other non current receivable	256,961	492,985
Non current prepaid insurance	104,758	18,057
	44,539,406	**27,548,738**

(Amounts expressed in Euro unless otherwise stated)

12. GOODWILL

Cost	
At 31 December 2006	72,717,730
At 31 March 2007	72,717,730
Carrying amount	
At 31 December 2006	**72,717,730**
At 31 March 2007	**72,717,730**

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

See Note 32 for the details related to acquisition of subsidiary (HAVAŞ).

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The depreciation periods for property, plant and equipment are as follows:

	Useful life
Buildings	50 years
Machinery and equipment	5 years
Vehicles	5 years
Furniture and fixtures	5 years
Leasehold improvements	5-6 years

(Amounts expressed in Euro unless otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds Improvements	Construction in progress	Advances given and other PP&E	Total
Cost									
Opening balance, 1 January 2006	**-**	**630,326**	**28,802,443**	**6,434,448**	**7,563,362**	**6,023,105**	**174,276**	**62,433**	**49,690,393**
Foreign currency translation effect	-	(6,050)	(32,023)	(59,727)	(65,187)	(2,100)	(607)	-	(165,694)
Additions	-	85,447	487,623	351,554	324,478	249,186	82,185	174,325	1,754,798
Effect of change in group structure	-	197,873	1,226,548	1,897,526	44,867	-		-	3,366,814
Disposals	-	-	-	-	-	-	(38,087)	-	(38,087)
Transfers	585,724	(585,724)	-	-	-	62,433	-	(62,433)	-
Closing balance, 31 March 2006	**585,724**	**321,872**	**30,484,591**	**8,623,801**	**7,867,520**	**6,332,624**	**217,767**	**174,325**	**54,608,224**
Opening balance, 1 January 2007	**585,724**	**433,914**	**31,106,203**	**10,094,158**	**12,244,390**	**15,030,502**	**-**	**6,266**	**69,501,157**
Foreign currency translation effect	-	(1,615)	(28,979)	(10,467)	57,552	29,285	-	43	45,819
Additions	-	-	59,742	1,235,642	508,622	376,781	-	58,182	2,238,969
Disposals	-	-	-	(49,536)	(26,087)	-	-	(6,008)	(81,631)
Closing balance, 31 March 2007	**585,724**	**432,299**	**31,136,966**	**11,269,797**	**12,784,477**	**15,436,568**	**-**	**58,483**	**71,704,314**

(Amounts expressed in Euro unless otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Accumulated depreciation	Lands	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leaseholds Improvemens	Construction in progress	Advances given and other	Total
Opening balance, 1 January 2006	**-**	**24,852**	**20,961,832**	**2,661,193**	**4,876,633**	**2,938,659**	**-**	**-**	**31,463,169**
Foreign currency translation effect	-	(33)	(3,618)	(2,834)	(36,080)	(64)	-	-	(42,629)
Effect of change in group structure	-	366	21,363	40,113	517	-	-	-	62,359
Depreciation charge for the period	-	7,421	443,502	268,017	331,396	227,490	-	-	1,277,826
Eliminated on disposals	-	(12,691)	-	-	-	-	-	-	(12,691)
Closing balance, 31 March 2006	**-**	**19,915**	**21,423,079**	**2,966,489**	**5,172,466**	**3,166,085**	**-**	**-**	**32,748,034**
Opening balance, 1 January 2007	**-**	**52,221**	**22,686,231**	**3,656,814**	**5,554,756**	**3,744,178**	**-**	**-**	**35,694,200**
Foreign currency translation effect	-	(266)	(326)	(2,812)	21,032	598	-	-	18,226
Depreciation charge for the period	-	9,991	585,862	621,901	463,436	459,311	-	-	2,140,501
Eliminated on disposals	-	-	-	(31,752)	(2,163)	-	-	-	(33,915)
Closing balance, 31 March 2007	**-**	**61,946**	**23,271,767**	**4,244,151**	**6,037,061**	**4,204,087**	**-**	**-**	**37,819,012**
							-	-	
Carrying amount at 31 March 2006	**585,724**	**301,957**	**9,061,512**	**5,657,312**	**2,695,054**	**3,166,539**	**217,767**	**174,325**	**21,860,190**
Carrying amount at 31 December 2006	**585,724**	**381,693**	**8,419,972**	**6,437,344**	**6,689,634**	**11,286,324**	**-**	**6,266**	**33,806,957**
Carrying amount at 31 March 2007	**585,724**	**370,353**	**7,865,199**	**7,025,646**	**6,747,416**	**11,232,481**	**-**	**58,483**	**33,885,302**

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(Amounts expressed in Euro unless otherwise stated)

14. BUILT-OPERATE-TRANSFER (BOT) INVESTMENTS (NET)

	Ankara Esenboğa International Airport			İzmir Adnan Menderes Airport			Tbilisi International Airport		Batumi International Airport	
Cost	**BOT Investment**	**Construction in progress (for BOT)**	**Advances given (for BOT)**	**BOT Investment**	**Construction in progress (for BOT)**	**Advances given (for BOT)**	**BOT Investment**	**Construction in progress (for BOT)**	**Construction in progress (for BOT)**	**Total**
Opening balance, 1 January 2006	-	112,500,369	-	-	12,407,579	9,425,772	-	-	-	134,333,720
Foreign currency translation effect	-	-	-	-	-	-	-	(5,063)	-	(5,063)
Effect of change in group structure	-	-	-	-	-	-	-	165,618	-	165,618
Additions	-	48,966,964	-	-	29,538,517	26,825	-	949,448	43,172	79,524,926
Closing balance, 31 March 2006	**-**	**161,467,333**	**-**	**-**	**41,946,096**	**9,452,597**	**-**	**1,110,003**	**43,172**	**214,019,201**
Opening balance, 1 January 2007	251,136,991	-	-	164,089,257	-	1,114,218	-	24,187,813	9,351,122	449,879,401
Foreign currency translation effect	-	-	-	-	-	-	-	(100,356)	(38,798)	(139,154)
Additions	9,770	-	1,742,987	25,644	-	6,640,651	-	4,397,811	3,681,577	16,498,440
Transfers from CIP and advances	-	-	-	-	-	-	28,485,268	(28,485,268)	-	-
Closing balance, 31 March 2007	**251,146,761**	**-**	**1,742,987**	**164,114,901**	**-**	**7,754,869**	**28,485,268**	**-**	**12,993,901**	**466,238,687**

BOT investments are depreciated during the BOT contract periods commencing from date of operations of the Terminals.

(Amounts expressed in Euro unless otherwise stated)

14. BUILT-OPERATE-TRANSFER (BOT) INVESTMENTS (NET) (cont'd)

	Ankara Esenboğa International Airport			**İzmir Adnan Menderes Airport**			**Tbilisi International Airport**		**Batumi International Airport**	
	BOT Investment	**Construction in progress (for BOT)**	**Advances given (for BOT)**	**BOT Investment**	**Construction in progress (for BOT)**	**Advances given (for BOT)**	**BOT Investment**	**Construction in progress (for BOT)**	**Construction in progress (for BOT)**	**Total**
Accumulated depreciation										
Opening balance, 1 January 2006	-	-	-	-	-	-	-	-	-	-
Closing balance, 31 March 2006	-	-	-	-	-	-	-	-	-	-
Opening balance, 1 January 2007	3,276,721	-	-	5,402,064	-	-	-	-		8,678,785
Foreign currency translation effect	-	-	-	-	-	-	(2,014)	-	-	(2,014)
Depreciation charge for the year	3,844,785	-	-	4,900,034	-	-	190,153	-	-	8,934,972
Closing balance, 31 March 2007	**7,121,506**	**-**	**-**	**10,302,098**	**-**	**-**	**188,139**	**-**	**-**	**17,611,743**
Carrying amount at 31 December 2006	**247,860,270**	**-**	**-**	**158,687,193**	**-**	**1,114,218**	**-**	**24,187,813**	**9,351,122**	**441,200,616**
Carrying amount at 31 March 2007	**244,025,255**	**-**	**1,742,987**	**153,812,803**	**-**	**7,754,869**	**28,297,129**	**-**	**12,993,901**	**448,626,944**

(Amounts expressed in Euro unless otherwise stated)

15. PREPAID CONCESSION EXPENSES

31 March 2007	Rent	Prepaid Development expenditures	Total
Opening	293,076,406	43,155,178	336,231,584
Additions	106,692,480	-	106,692,480
Current year concession expense	(35,087,934)	(817,963)	(35,905,897)
	364,680,952	42,337,215	407,018,167
Represented as short term prepaid concession expense	**131,000,032**	**3,271,851**	**134,271,883**
Represented as long term prepaid concession expense	**233,680,920**	**39,065,364**	**272,746,284**

31 December 2006	Rent	Prepaid Development expenditures	Total
Opening	423,360,803	2,116,324	425,477,127
Additions	-	44,011,350	44,011,350
Current year concession expense	(130,284,397)	(2,972,496)	(133,256,893)
	293,076,406	43,155,178	336,231,584
Represented as short term prepaid concession expense	**141,766,670**	**3,107,908**	**144,874,578**
Represented as long term prepaid concession expense	**151,309,736**	**40,047,270**	**191,357,006**

31 March 2006	Rent	Prepaid Development expenditures	Total
Opening	423,360,803	2,116,324	425,477,127
Additions	-	8,446,337	8,446,337
Current year concession expense	(33,684,269)	(613,472)	(34,297,741)
	389,676,534	9,949,189	399,625,723
Represented as short term prepaid concession expense	140,077,611	3,271,852	143,349,463
Represented as long term prepaid concession expense	249,598,923	6,677,337	256,276,260

(Amounts expressed in Euro unless otherwise stated)

15. PREPAID CONCESSION EXPENSES (cont'd)

Rent:

The total rent associated with the concession agreement is US Dollar 2,543,000,000 plus VAT (Euro 1,909,152,097). TAV Istanbul paid 23% of the total amount as required by the Concession Agreement. A payment representing 5.5% of the total rent amount will be paid within the first five workdays of each rental year following the first rental year. Below is the payment schedule per the Concession Agreement, excluding VAT.

Date	Amount USD	Amount Euro
03.01.2008	139,865,000	105,003,365
03.01.2009	139,865,000	105,003,365
03.01.2010	139,865,000	105,003,365
03.01.2011	139,865,000	105,003,365
03.01.2012	139,865,000	105,003,365
After 2013 to 2020	1,118,920,000	840,026,923
	1,818,245,000	**1,365,043,748**

Prepaid development expenditures:

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

(Amounts expressed in Euro unless otherwise stated)

16. OTHER INTANGIBLE ASSETS

	Purchased Software	Customer relationships	DHMI License	Total
Cost				
Opening balance, 1 January 2006	**898,342**	**13,539,909**	**1,393,814**	**15,832,065**
Foreign currency translation effect	(24,504)	-	-	(24,504)
Additions	834,148	-	-	834,148
Effect of change in group structure	786,718	-	-	786,718
At 31 March 2006	2,494,704	13,539,909	1,393,814	17,428,427
Opening balance, 1 January 2007	**6,262,980**	**13,539,909**	**1,393,814**	**21,196,703**
Foreign currency translation effect	(315,602)	-	-	(315,602)
Additions	117,271	-	-	117,271
At 31 March 2007	**6,064,649**	**13,539,909**	**1,393,814**	**20,998,372**
Amortization				
Opening balance, 1 January 2006	**321,236**	**676,995**	**-**	**998,231**
Foreign currency translation effect	(3,231)	-	-	(3,231)
Charge for the period	216,877	338,498	-	555,375
Effect of change in group structure	16,152	-	-	16,152
At 31 March 2006	**551,034**	**1,015,493**	**-**	**1,566,527**
Opening balance, 1 January 2007	**1,033,920**	**2,030,986**	**-**	**3,064,906**
Foreign currency translation effect	(30,095)	-	-	(30,095)
Charge for the period	284,896	338,498	-	623,394
At 31 March 2007	**1,288,721**	**2,369,484**	**-**	**3,658,205**
Carrying amount				
Net book value, as of 31 March 2006	**1,943,670**	**12,524,416**	**1,393,814**	**15,861,900**
Net book value, as of 31 December 2006	**5,229,060**	**11,508,923**	**1,393,814**	**18,131,797**
Net book value, as of 31 March 2007	**4,775,928**	**11,170,425**	**1,393,814**	**17,340,167**

Purchased softwares are amortised over their estimated useful lives, which is on average five years. Intangible assets related to HAVAŞ acquisition are customer relationships and DHMI licence. Customer relationships have 10 years useful life and DHMI rights have indefinite useful life.

(Amounts expressed in Euro unless otherwise stated)

17. JOINT VENTURES

The Group has the following significant interests in joint ventures:

A 49.98 percent equity shareholding with an equivalent voting power, in ATÜ Turizm İşletmeciliği A.Ş., a joint venture established in Turkey. The following amounts are included in the Group's financial statements as a result of the proportionate consolidation of ATÜ Turizm İşletmeciliği A.Ş.:

	31 March 2007	31 December 2006
Current assets	28,840,831	30,113,637
Non-current assets	1,619,790	1,474,763
Current liabilities	10,065,080	8,871,407
Non-current liabilities	17,400,304	17,363,182

	31 March 2007	31 March 2006
Income	28,587,321	24,654,481
Expenses	(28,135,360)	(23,978,105)

A 60.00 per cent equity shareholding with an equivalent voting power, in HAVAŞ Havalimanları Yer Hizmetleri A.Ş., a joint venture acquired in 2005. The following amounts are included in the Group's financial statements as a result of the proportionate consolidation of HAVAŞ Havalimanları Yer Hizmetleri A.Ş.:

	31 March 2007	31 December 2006
Current assets	7,771,071	11,974,889
Non-current assets	25,317,270	16,141,948
Current liabilities	11,388,270	6,523,073
Non-current liabilities	2,650,745	2,358,953

	31 March 2007	31 March 2006
Income	10,804,837	11,274,203
Expenses	(12,611,440)	(12,892,742)

A 60.00 per cent equity shareholding with an equivalent voting power, in TAV Urban Georgia LLC., a joint venture has been included in the consolidated financial statements in 2006. The following amounts are included in the Group's financial statements as a result of the proportionate consolidation of TAV Urban Georgia LLC.:

	31 March 2007	31 December 2006
Current assets	2,344,479	4,859,604
Non-current assets	53,416,590	42,347,769
Current liabilities	28,090,915	30,676,433
Non-current liabilities	9,904,661	-

	31 March 2007	31 March 2006
Income	1,638,195	1,253,126
Expenses	(2,104,470)	(1,044,752)

18. BANK LOANS

(Amounts expressed in Euro unless otherwise stated)

The details of the Group's bank loans as at 31 March 2007 are as follows:

	Presented as	
	Current Liabilities	**Non-current liabilities**
TAV Istanbul	20,538,535	496,821,556
TAV İzmir	9,461,431	90,497,613
TAV Esenboğa	4,114,086	140,298,177
ATÜ	2,519,137	16,835,790
TAV Georgia	16,511,253	9,904,661
TAV	13,653,223	6,700,000
Others	1,545,727	663,591
	68,343,392	**761,721,388**

The details of the Group's bank loans as at 31 December 2006 are as follows:

	Presented as	
	Current Liabilities	**Non-current liabilities**
TAV Istanbul	510,123,444	-
TAV İzmir	113,432,916	-
TAV Esenboğa	153,055,126	-
ATÜ	2,233,336	16,835,790
TAV Georgia	16,619,771	-
TAV	24,077,033	32,636,000
Others	1,146,477	267,380
	820,688,103	**49,739,170**

As described in Note 1.B "Financial Restructuring", in 2006 some of Group companies (TAV Istanbul, TAV İzmir and TAV Esenboğa) had not been in compliance with their certain covenants, and accordingly, the associated loans, in the amount of EUR 776,611,486 had been classified as short term loans as of 31 December 2006 in accordance with IAS 1. The management of the Group has completed the financial restructuring in December 2006. Upon completion of the restructuring, and other conditions established by the banks, the banks had waived all events of default on 22 January 2007 and as a result, the loans are payable on the original schedule as of 31 March 2007.

Redemption schedules of the Group borrowings according to original maturities as of 31 March 2007 and 31 December 2006 are as follows;

	31 March 2007	**31 December 2006**
On demand or within one year	68,343,392	79,190,991
In the second year	59,402,065	59,876,056
In the third year	61,148,276	66,795,910
In the fourth year	74,043,704	80,561,079
In the fifth year	82,951,132	86,106,693
After five years	484,176,211	497,896,544
	830,064,780	**870,427,273**

(Amounts expressed in Euro unless otherwise stated)

18. BANK LOANS (cont'd)

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The Euribor rate as of 31 March 2007 is between 2.50% – 4.00% (31 December 2006: 2.78% – 3.73%) and Libor rate as of 31 March 2007 is between 1.50% – 4.00 % (31 December 2006: 5.35% – 5.54%).

The Group has obtained project loans to finance construction of its B.O.T concession projects, namely TAV Esenboğa and TAV İzmir; and to be able to finance advance payments to Airport Authority related to concession leasing project, TAV Istanbul. Details of the loans are summarized for each project loans as below:

TAV ISTANBUL

			Presented as	
Original Currency	Maturity	Interest rate	Current Liabilities	Non-current liabilities
USD	31.12.2015	Libor+%2.50	5,250,483	120,726,280
EUR	31.12.2015	Euribor+%2.50	14,243,520	360,960,596
EUR	31.12.2015	Euribor+%5.00	1,044,532	15,134,680
			20,538,535	**496,821,556**

TAV Istanbul has bank loans in the amount of EUR 125,976,763 ("Tranch A") and EUR 375,204,116 ("Tranch B") under a senior facility agreement and EUR 16,179,212 under a mezzanine facility agreement. These loans require semi annual principal and interest payments at each 30 June and at each 31 December according to bank agreements. There are not any outstanding amounts that TAV Istanbul can borrow from the bank related to the borrowing agreements. However, the consent of the facility agent, TAV Istanbul has a right to have an additional;

- subordinated debt approved in advance by the Facility Agent
- indebtedness upto USD 1 million for the acquisition cost of any assets or leases of assets
- indebtedness upto USD 3 million for the payment of tax and social security liabilities

Redemption schedules of the TAV Istanbul borrowings according to original maturities as of 31 March 2007 and 31 December 2006 are as follows;

	31 March 2007	31 December 2006
On demand or within one year	20,538,535	11,947,842
In the second year	20,679,707	20,734,422
In the third year	33,626,006	33,714,974
In the fourth year	43,593,510	43,708,851
In the fifth year	47,603,426	47,729,376
After five years	351,318,907	352,287,979
	517,360,091	**510,123,444**

(Amounts expressed in Euro unless otherwise stated)

18. BANK LOANS (cont'd)

TAV İzmir

			Presented as	
Original Currency	Maturity	Interest rate	Current Liabilities	Non-current liabilities
EUR	23.07.2013	Euribor+%3.00	7,971,903	76,250,428
EUR	23.07.2013	Euribor+%3.00	1,489,528	14,247,185
			9,461,431	**90,497,613**

TAV İzmir has bank loans in the amount of EUR 99,954,044 under loan agreements. These loans require semi annual principle and interest payments at each 23 January and 23 July according to bank agreements. With the consent of the facility agent, TAV İzmir has a right to have an additional;

- subordinated debt approved in advance by the Facility Agent
- indebtedness upto USD 0.5 million for the acquisition cost of any assets or leases of assets
- indebtedness upto USD 3 million for the payment of tax and social security liabilities

Redemption schedules of the TAV İzmir borrowings according to original maturities as of 31 March 2007 and 31 December 2006 are as follows;

	31 March 2007	31 December 2006
On demand or within one year	9,461,431	16,323,154
In the second year	12,582,820	9,128,714
In the third year	14,951,350	13,668,396
In the fourth year	16,481,027	15,790,205
In the fifth year	18,356,113	17,171,848
After five years	28,126,303	41,350,599
	99,959,044	**113,432,916**

(Amounts expressed in Euro unless otherwise stated)

18. BANK LOANS (cont'd)

TAV Esenboğa

			Presented as	
Original Currency	Maturity	Interest rate	Current Liabilities	Non-current liabilities
EUR	30.06.2016	Euribor+%3,50	3,565,896	113,787,763
EUR	30.06.2016	Euribor+%0,85	548,190	26,510,414
			4,114,086	**140,298,177**

TAV Esenboğa has bank loans in the amount of EUR 144,412,263 under loan agreement. These loans require semi annual principal and interest payments at each 30 June and at each 31 December according to bank agreements. TAV Esenboğa have the option to use EUR 5 million available loan related to the borrowing agreement. However, with the consent of the facility agent, TAV Esenboğa has a right to have an additional;

- subordinated debt approved in advance by the Facility Agent
- indebtedness upto USD 0.5 million for the acquisition cost of any assets or leases of assets
- indebtedness upto USD 3 million for the payment of tax and social security liabilities

Redemption schedules of the TAV Esenboğa borrowings according to original maturities as of 31 March 2007 and 31 December 2006 are as follows;

	31 March 2007	31 December 2006
On demand or within one year	4,114,086	6,843,379
In the second year	6,812,149	8,579,065
In the third year	10,421,109	11,596,067
In the fourth year	11,864,694	13,243,550
In the fifth year	14,887,119	16,952,996
After five years	96,313,106	95,840,069
	144,412,263	**153,055,126**

Pledges regarding to the project bank loans:

a) Share pledge : In case of an event of default, the banks have the right to the shares of the company. 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 Turkiye or by way of private auction among the nominees.

b) Receivable pledge : In case of an event of default, the banks have the right to the receivables of the company in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, the banks shall cease to be entitled to receive payments made by the Company and to exercise the rights with the assigned receivables and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables.

c) Pledge over bank accounts : In case of an event of default, the banks have the right to the bank accounts of the company in order to perform its obligations under the loan documents. Upon the occurrence of event of default the Company shall be entitled to set-off and apply the whole or any part of the monies standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.

(Amounts expressed in Euro unless otherwise stated)

18. BANK LOANS (cont'd)

ATÜ

Original Currency	Maturity	Interest rate	Presented as Current liabilities	Presented as Non-current liabilities
TRY	22.05.2007	1.85%	68,894	-
EUR	21.12.2015	Euribor+%2,70	2,450,243	16,835,790
			2,519,137	**16,835,790**

Redemption schedules of the ATÜ borrowings as of 31 March 2007 and 31 December 2006 are as follows;

	31 March 2007	31 December 2006
On demand or within one year	2,519,137	2,233,336
In the second year	2,104,474	2,104,474
In the third year	2,104,474	2,104,474
In the fourth year	2,104,474	2,104,474
In the fifth year	2,104,474	2,104,474
After five years	8,417,894	8,417,894
	19,354,927	**19,069,126**

TAV Georgia

Original Currency	Maturity	Interest rate	Presented as Current Liabilities	Presented as Non-current liabilities
USD	20.04.2007	Libor+%3.00	11,439,596	-
USD	28.02.2009	Libor+%4.00	4,612,536	9,004,237
USD	06.03.2009	Libor+%4.00	459,121	900,424
			16,511,253	**9,904,661**

Redemption schedules of the Georgia borrowings as of 31 March 2007 and 31 December 2006 are as follows;

	31 March 2007	31 December 2006
On demand or within one year	16,511,253	16,619,771
In the second year	9,904,661	-
	26,415,914	**16,619,771**

18. BANK LOANS (cont'd)

TAV

			Presented as	
Original Currency	**Maturity**	**Interest rate**	**Current Liabilities**	**Non-current liabilities**
EUR	04.07.2008	Euribor+%4.00	13,653,223	6,700,000
			13,653,223	**6,700,000**

Redemption schedules of the TAV borrowings as of 31 March 2007 and 31 December 2006 are as follows;

	31 March 2007	**31 December 2006**
On demand or within one year	13,653,223	24,077,033
In the second year	6,700,000	19,062,000
In the third year	-	5,712,000
In the fourth year	-	5,714,000
In the fifth year	-	2,148,000
After five years	-	-
	20,353,223	**56,713,033**

19. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		**Present value of Minimum lease payments**	
	31 March 2007	**31 December 2006**	**31 March 2007**	**31 December 2006**
Amounts payable under finance leases				
Within one year	102,572	37,788	92,823	35,630
In the second to fifth years inclusive	-	-	-	-
	102,572	37,788	92,823	35,630
Less: future finance charges	(9,749)	(2,158)		-
Present value of lease obligations	**92,823**	**35,630**	**92,823**	**35,630**

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average remaining lease term is one year as of 31March 2007. For the period ended 31 March 2007, the average effective borrowing rate was 10% (31 December 2006: 7.90%). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.All lease obligations are denominated in USD.

(Amounts expressed in Euro unless otherwise stated)

20. TRADE PAYABLES

	31 March 2007	31 December 2006
Trade payables	21,785,273	38,968,503
Notes payable (*)	3,002,774	3,051,580
Deposits and guarantees received	347,349	394,556
Other trade creditors	-	4,232
Discount on payables (-)	(185,102)	(347,801)
	24,950,294	**42,071,070**

(*) The amount consist of notes payable to IC İçtaş, a related party arising from construction of İzmir terminal (See Note 9 for other related party transactions) .

Trade creditors principally comprise amounts outstanding for trade purchases and ongoing costs.

21. OTHER PAYABLES AND DEFERRED REVENUE

	31 March 2007	31 December 2006
Current liabilities:		
Deferred revenue	4,406,538	4,721,740
Social security premiums payable	4,346,224	3,703,959
Expense accruals	3,481,410	2,981,484
Due to personnel	2,603,370	1,524,557
Taxes and dues payable	2,301,542	3,923,468
Advances received	1,633,583	1,161,845
Unused vacation	1,131,212	949,545
VAT payable	287,622	-
Other accruals and liabilities	402,497	233,411
	20,593,998	**19,200,009**
Non current liabilities:		
Deferred income (*)	**21,568,705**	**22,568,298**

(*) Deferred income amounting to EUR 18,764,084 (2006: EUR 19,584,011) is related with the prepaid concession rent income from ATÜ.

22. PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and associates 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.

The amount payable consists of one month's salary limited to a maximum of EUR 1,066 (31 December 2006: 1,003) for each period of service at 31 December 2007.

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

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. IFRS 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:

(Amounts expressed in Euro unless otherwise stated)

22. PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Cont'd)

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 financial statements as at 31 March 2007, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at 31 March 2007 have been calculated assuming an annual inflation rate of 5.00% and a discount rate of 11% resulting in a real discount rate of approximately 5.71% (31 December 2006: annual inflation rate of 6.175% and a discount rate of 12% resulting in a real discount rate of approximately 5.49%). It is planned that, retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

	31 March 2007	31 December 2006	31 March 2006
Present value at 1 January	3,685,054	2,597,803	2,597,803
Service cost	507,365	2,266,481	525,262
Interest cost	40,413	125,832	26,074
Provision released	-	(73,048)	-
Retirement pay paid	(156,657)	(868,627)	(558,913)
Translation (gain)/loss	(224,160)	(363,387)	(60,674)
Present value at end of the period	**3,852,015**	**3,685,054**	**2,529,552**

23. TAXATION ON INCOME

	31 March 2007	31 December 2006
Current tax liability:		
Current corporate tax provision	3,438,240	4,448,597
Prepaid taxes and funds	(1,585,438)	(2,767,751)
	1,852,802	**1,680,846**

Income tax expense/(benefit):	3 months period ended 31 March 2007	3 months period ended 31 March 2006
Current tax	621,470	395,482
Deferred tax charge/(benefit)	(4,179,327)	8,026,074
	(3,557,857)	**8,421,556**

Corporate Tax:

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods.

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

The effective rate of tax in 2006 is 20% (31 December 2006: 20% , 31 March 2006: 30%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2006 is 20% (31 December 2006: 20% , 31 March 2006: 30%).

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

23. TAXATION ON INCOME (cont'd)

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In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21.06.2006. After the resolution, declared in official journal in July 23 2006, this rate changed to 15% commencing from July 23 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the company. The investments without investment incentive certificates do not qualify for tax allowance.

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

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

As the management of the Group planned not to use the investment incentives, the consolidated Group companies have used 20% corporate tax rate as of 31 March 2007. (31 December 2006:20% , 31 March 2006:30%)

Inflation adjusted legal tax calculation:

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 "Financial Reporting in Hyperinflationary Economies". As inflation met certain thresholds as of 31 December 2004, the Group has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No. 5024 and inflation adjusted balances as at 31 December 2004 were taken as opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds as at 31 December 2005, no further inflation adjustment made to the Group's statutory financial statements in 2005.

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

(Amounts expressed in Euro unless otherwise stated)

23. TAXATION ON INCOME (cont'd)

For calculation of deferred tax asset and liabilities, the rate of 20% (31 December 2006 :20% , 31 March 2006: 30%) is used.

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

Subsidiaries that have deferred tax assets position:

	31 March 2007	31 December 2006
Deferred tax (assets)/liabilities:		
Revaluation and depreciation/amortization differences of fixed assets	(1,296,921)	(1,519,924)
Revaluation of prepaid rent to DHMI	5,749,560	6,977,202
Provision for employment termination benefits	(962,643)	(288,944)
Tax losses carried forward	(20,772,849)	(17,647,257)
Allowance for tax losses carried forward	3,682,864	3,115,257
Change in fair value of interest rate derivatives	(1,784,420)	(1,961,535)
Discount on receivables and payables	17,855	(1,610)
Provision for doubtful receivables	(56,874)	(203,855)
Other	(440,660)	(1,274,876)
Net deferred tax assets	**(15,935,482)**	**(12,805,542)**

Subsidiaries that have deferred tax liabilities position:

	31 March 2007	31 December 2006
Deferred tax (assets)/liabilities:		
Revaluation and depreciation/amortization differences of fixed assets	3,418,100	4,226,430
Provision for employment termination benefits	(247,500)	(325,498)
Tax losses carried forward	(1,952,758)	(863,662)
Allowance for tax losses carried forward	1,952,758	863,662
Change in fair value of interest rate derivatives	12,144	(44,235)
Discount on receivables and payables	23,370	(4,344)
Provision for doubtful receivables	-	(22,219)
Other	(131,099)	58,741
Net deferred tax liabilities	**2,793,077**	**3,888,875**

At the balance sheet date, the Group has unused tax losses of EUR 113,628,035 (31 December 2006: EUR 92,554,593) available for offset against future profits. A deferred tax asset at the effective tax rate of 20% has been calculated in respect of EUR 22,725,607 (31 December 2006: at the effective rate of 20% EUR 18,510,919) of such losses and an allowance of Euro 5,635,622 has been provided for some of the subsidiary in the Group. Unutilized tax losses will expire as follows:

	31 March 2007	31 December 2006
Expire in 2009	2,333,737	2,333,737
Expire in 2010	5,295,164	5,557,478
Expire in 2011	84,477,646	84,663,378
Expire in 2012	21,521,488	-
Total	**113,628,035**	**92,554,593**

23. TAXATION ON INCOME (cont'd)

(Amounts expressed in Euro unless otherwise stated)

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

	3 months periond ended 31 March 2007	3 months periond ended 31 March 2006
Opening balance at 1 January	(8,916,667)	(16,347,985)
Change in group structure	-	(43,875)
Charged to profit or loss for the year	(4,179,327)	8,026,078
Translation effect	(46,411)	388,615
Closing balance at the end of the period	**(13,142,405)**	**(7,977,167)**

(*) Balance represents the deferred tax liability of HAVAŞ at the time of acquisition.

Total charge for the year can be reconciled to the accounting profit as follows:

	3 months period ended 31 March 2007	3 months period ended 31 March 2006
Reconciliation of taxation:		
Profit/(Loss) before tax	(25,939,244)	(16,363,532)
Tax at the domestic income tax rate of 20% (31 March 2006:30%)	5,187,849	4,909,060
- tax effects of:		
- expenses that are not deductible in determining taxable profit	(77,833)	(32,731)
- non-taxable income	732,959	1,221,181
- utilization of tax losses not previously recognized	-	906,434
- allowance for carryforward tax losses	(1,219,904)	-
- write off of investment incentives (*)	-	(15,041,934)
- effect of consolidation eliminations	(1,082,844)	(138,587)
- effect of other adjustments	17,630	(244,979)
Tax income / (expense) for the year	**3,557,857**	**(8,421,556)**

(*) due to change in tax regulations.

(Amounts expressed in Euro unless otherwise stated)

24. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Commitments and contingencies

	31 March 2007	31 December 2006
Letter of guarantees given to DHMI(*)	110,292,530	111,618,378
Letter of guarantees given to third parties	37,564,170	37,097,080
Letter of credit	802,223	3,053,613
Notes payable given	108,964	-
	148,767,887	**151,769,071**

Majority of letter of guarantees given to third parties includes the guarantees given to customs and some customers. Majority of letter of credit includes letter of credits given for the constructions of Ankara Esenboğa and İzmir Adnan Menderes airports.

(*) The Group is obliged to give 6% of the total rent amount of USD 152,580,000 (Eur:114,549,125) as a letter of guarantee for according to the rent agreement made with the Landlord Authority ("DHMI"). EUR 104,789,402 of the total obligation has been provided by the Group, and the rest of the obligation of EUR 9,759,724 in terms of letter of guarantees has been provided by Akfen İnşaat ve Turizm A.Ş.

HAVAŞ's shares have been pledged for the loan amounting to EUR 37,537,399 (USD 50,000,000) taken by TAV Tepe Akfen Yatırım İnşaat ve İşletme A.Ş.

The accounts of TAV Havalimanları Holding A.Ş. for the years ended 2001 through 2004 are under review by the Head Account Specialists of the Ministry of Finance for tax purposes ("Tax Authority"). The Company has received the Tax Authority report for 2001, which has identified certain expenses that were deducted in 2001, 2002, 2003 should have been deducted in 2004 and 2005. The assessment therefore results in a timing of the tax payments, and any resulting impacts. The initial assessment is that there are 19,060,911 TRY, 17,665,143 TRY and 25,518,857 TRY should have been added to tax base for the years of 2001, 2002 and 2003 respectively and that there are additional expenses that can be recognized of 2,201,345 TRY in 2004 and and 60,585,779 TRY in 2005. Management believes the treatment they adopted is in accordance with Turkish Tax Legislation rules, and on 29 January 2007 the Company has applied to the court to challenge the position of the Tax Authoirty. Management believes that the case will be settled in its favor based on compliance present tax legislation rules, judgement decisions and applications of the Ministry of Finance. Therefore, no provision has been reflected in the financial statements. If the court were to find against the Group, management estimates the late tax payment liabilty would be 13 million TRY as of 31 March 2007.

Contractual obligations

TAV ISTANBUL

TAV Istanbul is bound by the terms of the Concession Agreement made with DHMI. If the Company does not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of the Company's operation.

DHMI may terminate the Concession Agreement if the ownership of interest of TAV and founding partner in TAV Istanbul should be below 49% during the first three years of the operation period.

At the end of the contract period, the Company will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs not made, DHMI will have this maintenance and repair made, and the price will be set off from the final acceptance.

24. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (Cont'd)

Contractual obligations (cont'd)

Pursuant to the provisions of this agreement, the contractual obligations the Company include the rental of the above mentioned facilities for a period of fifteen and a half years beginning on July 3rd, 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 the owner authority ("DHMI") upon the expiry of the rental period.

In the case where the Company as the renter performs a delayed and/or incomplete rent payment to the State Airports Authority, the Company is charged a fine of 10% of the rent amount to be paid. The Company is then obliged to perform the payment latest within five days. Otherwise, the State Airports Authority shall be entitled to cancel the rent agreement. The Company is not entitled to claim the rent payments performed to the State Airports Authority prior to the cancellation of the contract.

TAV Esenboğa and TAV İzmir

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreement made with DHMI. If the Company does not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of the Company's operation according to the BOT Agreement. According to the BOT agreement:

Share capital of the Company can not be less than 20% of fixed investment amount.

The Companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMI. DHMI has requested an extension of EUR 13,900,000 (13% of the initial investment) from TAV İzmir on 21 August 2006 which extended the construction period by 2 months and 20 days, and operation period by 8 months and 27 days. The Company completed the construction for such extention on 10 May 2007 and temporary acceptance was made accordingly.

Temporary acceptances for BOT investments of TAV Esenboğa and TAV İzmir have been granted by DHMI during the year, and permanent acceptance will be granted when control procedures are completed by DHMI.

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 not made, DHMI will have this maintenance and repair made, and the price will be set off from the final acceptance.

All equipments used by the Company must be brand new and under warranty and need to meet the international standards and Turkish Standards as well.

If the need shall arise to replace fixed assets subject to depreciation, which become unusable within the rent period and the depreciation rates of which are not delineated in the Tax Application Law, the renter is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMI free of charge. Transferred items must be in working conditions and should not be damaged.

The Company has the responsibility of repair and maintenance of all fixed assets under the investment period.

24. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (Cont'd)

Contractual obligations (cont'd)

HAVAŞ

Prior to the legal transfer of 95% of the shares in TAV İzmir in December 2006, Havas owned 100% of TAV İzmir. A Protocol for Joint Venture was executed between Bayındır İnşaat Turizm A.Ş. ("Bayındır"), Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ") and Urart Gümrüksüz Mağaza İşletmeciliği ve Ticaret A.Ş. ("Urart") on 13 August 2004 relating to İzmir Adnan Menderes Airport New International Terminal. This Joint Venture Protocol contains provisions to the effect that when İzmir Adnan Menderes Havalimanı Uluslararası Terminal İnşaatı ve İşletmeciliği A.Ş. ("TAV İzmir"), which has not been incorporated as of the date of the Joint Venture Protocol, is incorporated, HAVAŞ will sell the 5% of the shares that it owns in TAV İzmir to Urart. In 2005, Urart filed a lawsuit against Bayındır, HAVAŞ and TAV İzmir for the specific performance of the above mentioned Joint Venture Protocol. Under the said lawsuit the court has rendered a preliminary injunction order for prohibiting the sale, transfer or establishment of any personal and/or real rights (rights in rem) on such number of shares owned by HAVAŞ in TAV İzmir that corresponds to the 5% of the share capital of TAV İzmir.

In the case discussed on May 8, 2007, Urart had notified to the court of its waiver from the case. Therefore, with a decision to be made later by the court, the cautionary injunction on the 5% share of TAV İzmir held by HAVAŞ will be released, and after the necessary permits, the share transfer to TAV will be actualised.

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group licence) signed with the Landlord Authority ("DHMI"), the Company undertakes the liability of all the losses incurred by its personnel to DHMI or to third parties. It also takes the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. The Company is required to provide DHMI with a letter of guarantee amounting to USD 1,000,000. Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to the Company. Fines which are over due in accordance with the appointed agreement/ period declared by DHMI will be settled by the liquidation of the letter of guarantee. If DHMI liquidates the collateral, the Company is obliged to complete the collateral at its original amount which is USD 1,000,000 within 15 days.

In accordance with the rental agreements signed with the DHMI regarding the several parking areas, land, buildings, offices at the Atatürk, Esenboğa, Adnan Menderes, Dalaman, Adana, Trabzon, Milas, Kapadokya, Antalya and Kayseri airports; when the rent period ends, DHMI will have the right to retain the immovables built in the area without any pay.

TAV Georgia

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

Invest funds of USD 62 million to finance its obligations to design, engineer, construct, test and commission the new Tbilisi International Airport terminal and to provide additional financing of USD 15 million for the construction of Batumi airport;

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

24. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS (Cont'd)

Contractual obligations (cont'd)

technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;

Construct the new terminals in accordance with the requirements of IATA, ICAO or ECAC, and in compliance with the approved design;

Maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and IATA, ICAO or ECAC;

Ensure that its subcontractors and the Company itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;

Remedy accidents that might occur upon mechanical damage inflicted by the Company to existing communication networks or inappropriate use or operation thereof; and

Management believe that as of 31 March 2007, the Company has complied with the terms of the BOT Agreement.

Tax legislation

Georgian commercial legislation and tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Company may be assessed additional taxes, penalties and interest. Tax periods remain open to review by the tax authorities for three years.

Management believe that their interpretation of the relevant legislation is appropriate and the Company's profit, currency and customs positions will be sustained.

Contingent asset

The Company is able to expense VAT on concession rent payments upon the issuance of the related invoice, and DHMI issues the invoice annually. Cumulative VAT expense related with DHMI invoices as of 31 March 2007 is EUR 16,596,820 (31 December 2006: EUR 14,044,031).

The Company has opened a tax court case in February 2006 against Ministry of Finance for the concession rent, which has been paid partially and the remaining will be paid to DHMI, for not being subject to VAT. According to temporary VAT code number 12, the Group stated that airport privatizations are exempt from VAT. The court still continues as of report date, and the Group management believes that this court will be finalized in Group's favor, paid VAT will be reimbursed to the Group, and the Group will not pay VAT on concession rent anymore. The resolution of the Istanbul First Tax Court has been declared to us on 9April 2007. The resolution sets forth that the administrative transaction is not a tax error in the manner prescribed in the Tax Procedures Law, and that no legal inappropriateness had been observed in the transaction that had been formed via the rejection of the application made upon complaint. The decision does not assess whether there is an exemption from the VAT or not; and it is judged that the application does involve a legal shortcoming; The Company had submitted the case to the Court of Appeals. With regards to the mentioned case, the Company had submitted a letter to the 4th Department of the Court of Appeals on 28 May 2007 and required a motion for stay.

(Amounts expressed in Euro unless otherwise stated)

25. SHARE CAPITAL AND LEGAL RESERVES

The parent's share capital held as of 31 March 2007 and 31 December 2006 is as follows:

Shareholders	(%)	31 March 2007
Tepe İnşaat San. A.Ş.	18.86	45,672,151
Akfen Holding A.Ş.	15.70	38,022,747
Goldman Sachs International (*)	28.80	69,750,000
Babcock Brown Turkish Airports LLC	5.16	12,496,529
IDB Infrastructure Fund L.P.	4.92	11,924,792
Sera Yapı Endüstrisi ve Tic. Ltd. Şti.	3.15	7,621,875
Global Investment House KSCC	3.00	7,265,625
Global Opportunistic Fund II Company BSCC	2.00	4,843,750
Akfen İnşaat Turizm ve Ticaret A.Ş.	0.01	27,529
Mehmet Cem Kozlu	<1	2
Free Float	18.40	44,562,500
Paid in capital in TRY (nominal)	**100**	**242,187,500**
Paid in capital in EUR (nominal)		131,745,362
Effect of non-cash increases and exchange rates		(26,835,095)
Paid in capital EUR		**104,910,267**

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

(Amounts expressed in Euro unless otherwise stated)

25. SHARE CAPITAL AND LEGAL RESERVES (cont'd)

Shareholders	(%)	31 December 2006
Tepe İnşaat San. A.Ş.	27.06	62,926,124
Akfen Holding A.Ş.	23.01	53,487,205
Sera Yapı Endüstrisi ve Tic. Ltd. Şti.	3.28	7,621,875
Babcock Brown Turkish Airports LLC	6.00	13,950,000
IDB Infrastructure Fund L.P.	4.87	11,322,750
Global Investment House KSCC	3.00	6,975,000
Global Opportunistic Fund II Company BSCC	2.00	4,650,000
Goldman Sachs International (*)	30.00	69,750,000
Akfen İnşaat Tur. ve Tic. A.Ş.	0.78	1,817,044
Mehmet Cem Kozlu	<1.00	2
Paid in capital in TRY (nominal)	**100.00**	**232,500,000**
Paid in capital in EUR (nominal)		125,573,859
Effect of non-cash increases and exchange rates		(26,030,331)
Paid in capital EUR		**99,543,528**

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

TAV Havalimanları Holding A.Ş.'s nominal share has been increased from TRY 232,500,000 to TRY 242,187,500 on 20 February 2007. The increased capital has been fully paid on 26 February 2007 by through public offering. The Initial Public Offering of the Company was completed at 23 February 2007. Total nominal amount of shares launched to public was 38,750,00 TRY of which 9,687,500 TRY was via capital injection and 29,062,500 TRY was via common sales by shareholders, Tepe İnşaat Sanayi A.Ş. and Akfen Holding A.Ş. sold additional shares (15% of nominal shares sold to the public). Each TAV share with a nominal value of TRY 1 was determined TRY 10 for each IPO share as selling price. Nominal amount of IPO was 44,562,500 TRY and IPO share was %18.4. Excess amount of selling price and nominal value for each share was recorded as share premiums in book. Shares have been trading as "TAVHL" at Istanbul Stock Exchange since 23 February 2007.

The Company's share capital consists of 242,187,500 shares amounted to TRY 242,187,50000 as of 31 March 2007 (31 December 2006: 232,500,000).

Legal Reserves :

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

25. SHARE CAPITAL AND LEGAL RESERVES (cont'd)
Legal Reserves (cont'd)

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

Publicly held companies distribute dividends based on the CMB regulations explained below:

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

In accordance with the Communiqué No: XI/25, companies are required to distribute at least 20% of their distributable profit arising from the 2006's activity, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 20% of the distributable profit can be made as in cash or as in bonus share or as in a combination of a certain percentage of cash and bonus shares. However, if the first dividend amount is less than 5% of paid capital, the related amount could be retained without appropriating within the Group. The profit amount included in calculation of net distributable profit in the consolidated financial statements which is also included in the financial statements of subsidiaries, joint ventures and shareholdings, are not recognized.

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

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

25. SHARE CAPITAL AND LEGAL RESERVES (cont'd)

Under the terms of the Share Sale and Purchase Agreements ("SSPA") of each shareholders there are various rights and conditions:

A. IDB SSPA

Put Option

In the event that an IPO does not take place prior to the 15th of March 2007 other than as a result of unfavorable market conditions (to be determined by mutual agreement of IDB and the Sellers or, in the absence of agreement, by an investment bank engaged by the Sellers and IDB jointly), IDB may on not less than 10 Business Days prior written notice require the Sellers to buy the shares owned by IDB in the Company from IDB at the pre-agreed exit price specified in IDB SSPA. No collateral has been given to IDB for its Put Option right. IPO was launched on 23 February 2007 and this put option is no longer valid.

B. GIH SSPA (cont'd)

Adjustment

If the IPO value of the shares occurs to be less than the Initial Value an adjustment will be made according to the formula specified in the IDB SSPA and the Sellers shall transfer such number of shares calculated by applying adjustment formula to IDB. There is no upper limit for Sellers transfers to IDB. "Initial Value" means the value of the Company Shares taken into consideration for determining the purchase price paid by IDB, GIH, B&B and GS. The initial value is the same for all the said transactions.

In the event that the IPO value is greater than the Initial Value, an adjustment will be made according to the formula specified in the IDB SSPA and IDB shall transfer such number of shares calculated by applying adjustment formula to the Sellers. There is an upper limit for IDB transfers to the Sellers.

Certain number of Company shares owned by IDB and certain number of Company shares owned by the Sellers have been delivered to an escrow agent as collateral for effecting the adjustment and balancing transfers as described above.

B. GIH SSPA

Put Option

If an IPO has not been achieved by 31 December 2007, then GIH shall have the option to offer selling the shares that GIH owns in the Company to the Sellers in consideration for the pre-agreed exit price specified in GIH SSPA. Upon the receipt of the notice by GIH exercising their Put Option, the Sellers shall purchase the Shares from GIH in consideration for such pre-agreed price and shall pay the consideration within fifteendays from the date of notice by GIH. No collateral has been given to GIH for its Put Option right. IPO was launched on 23 February 2007 and this put option is no longer valid.

Adjustment

If the IPO value of the shares occurs to be less than the Initial Value an adjustment will be made according to the formula specified in the GIH SSPA and the Sellers shall transfer such number of shares calculated by applying adjustment formula to GIH. There is no upper limit for Sellers transfers to GIH.

In the event that the IPO value is greater than Initial Value, an adjustment will be made according to the formula specified in the GIH SSPA and GIH shall transfer such number of shares calculated by applying adjustment formula to the Sellers. There is an upper limit for GIH transfers to the Sellers.

25. SHARE CAPITAL AND LEGAL RESERVES (cont'd)

B. GIH SSPA (cont'd)

Certain number of Company shares owned by GIH and certain number of Company shares owned by the
Sellers have been delivered to an escrow agent as collateral for effecting the adjustment and balancing transfers as described above. Those shares are endorsed by blank endorsement by all relevant parties.

In the event that GIH does not sell pro-rata at the IPO then the share adjustment as described above shall not be applicable and the Sellers shall procure that GIH owns at least 5% of the shares of the company post IPO.

C. B&B SSPA

Put Option

If the Completion of Restructuring is not achieved by 31 January 2007 or if an IPO does not occur by 30 April 2007, then the Sellers shall use their best endeavors to assist B&B in selling all the shares held B&B, who will appoint an investment bank to assist in such a sale. If B&B has not been successful for the sale of its shares at a price acceptable to it, then the Sellers, shall be obliged to purchase the shares held by B&B in consideration for the pre-agreed price specified in B&B SSPA. In such a case, the share transfer shall be completed within 15 (fifteen) days as of the receipt by the Sellers of the notification of B&B. No collateral has been given to B&B for its Put Option right.Completion of Restructuring was completed before 31 January 2007 and IPO was launched on 23 February 2007.These put option matters are no longer valid.

Adjustment

If the IPO value of the shares occurs to be less than the Initial Value an adjustment will be made according to the formula specified in the B&B SSPA and the Sellers shall transfer such number of shares calculated by applying adjustment formula to B&B. There is no upper limit for Sellers transfers to B&B.

In the event that the IPO value is greater than Initial Value, an adjustment will be made according to the formula specified in the B&B SSPA and B&B shall transfer such number of shares calculated by applying adjustment formula to the Sellers. There is an upper limit for B&B transfers to the Sellers.

Certain number of Company shares owned by B&B and certain number of Company shares owned by the Sellers have been delivered to an escrow agent as collateral for effecting the adjustment and balancing transfers as described above. Those shares are endorsed by blank endorsement by all relevant parties.

D. GS SSPAs

According to the GS SSPA the sellers are obliged to use the proceeds in the way that it was set out in the agreements (see note 1 B "Financial restructure of the group"). By this way the sellers will pay USD 249 million as a contribution to the Company and USD 86 million to TAV Esenboğa. The Company and the sellers are obliged to use the proceeds as per agreements otherwise it will create an event of default and GS may use its put option.

Default Put Option

In the event that

i) the Sellers fail to achieve Completion of Restructuring by 12 February 2007; or

ii) the Sellers fail to amend the articles of association by 15 March 2007 to incorporate the special rights of the minority shareholders (namely IDB, GIH, B&B and GIH) specified in the Shareholders Agreement if IPO does not occur by 15 February 2007 (15 March 2007 as amended) ; or

25. SHARE CAPITAL AND LEGAL RESERVES (cont'd)
D. GS SSPAs (cont'd)

iii) the Sellers fail to comply with the requirements specified in GS SSPA in respect of usage of share transfer proceeds received from GS and fails to remedy such failure within 3 Business Days of a default notice by GS. GS may exercise Put Option within 10 Business days.

Completion of Restructuring was completed before 12 February 2007 and IPO lauched on 23 February 2007. These put option matters are no longer valid.

Put Option

Regardless whether an IPO occurs or not GS has the right to exercise Put Option during such period commencing on 20 November 2007 and ending 10 Business Days after the first anniversary of Completion (21 December 2007).

Regardless whether an IPO occurs or not GS has the right to exercise Put Option during such period commencing on 27 November 2008 and ending 10 (ten) Business Days thereafter.

GS does not have any Put Option thereafter if it has not exercised its Put Option within periods described above.
If the Sellers fail to acquire the shares offered by GS under Put Option within the period specified in GS SSPAs in consideration for the pre-agreed prices agreed in the GS SSPA for the Put Option Right 2007 and Put Option Right 2008 separately or cause a third party to do so, GS will send a default notice of 15 Business Days. If the Sellers fail to complete the foregoing transaction within this notice period then GS will have right to enforce the Collateral Shares described below.

Trade Sale Adjustment

If an IPO has not occurred until 20 April 2007, and if GS receives a bona fide offer from a third party to purchase some or all of shares owned by GS, or the Sellers have received a bona fide offer from a third party to purchase some or all the shares owned by the Sellers, in either case where the offer price is at least equivalent to an implied equity value that was mutually agreed for the Company , if GS sells or wishes to sell some or all of its Shares to that third party GS shall be entitled to provide a written notice ("Trade Sale Notice") to the Sellers specifying the number of Trade Sale Adjustment Shares to be transferred from the Sellers to the Purchaser and within 15 (fifteen) Business Days of the receipt of this notice by the Sellers, the Sellers shall deliver the Share Certificates representing the Trade Sale Adjustment Shares to the Purchaser. IPO was launched on 23 February 2007.The trade sale adjustment is no longer valid.

Sellers Call Option

After an IPO has taken place and provided the Sellers have sold such number of their Ordinary Shares into the IPO as is in accordance with the advice of the IPO Adviser, then prior to 31 December 2007, the Sellers shall be entitled to request GS to transfer back 2,325,000 shares that GS owns in the Company to the Sellers at the pre-agreed price specified in the GS SSPA.

Adjustment

If the IPO value of the shares occurs to be less than the Initial Value an adjustment will be made according to the formula specified in the GS SSPAs and the Sellers shall transfer such number of shares calculated by applying adjustment formula to GS SSPAs. There is no upper limit for Sellers transfers to GS.

25. SHARE CAPITAL AND LEGAL RESERVES (cont'd)

D. GS SSPAs (cont'd)

Collateral Shares

Tepe Insaat Sanayi ve Ticaret A.S. (Tepe Insaat), Akfen Holding A.S. (Akfen Holding) and Sera Yapi Endustrisi ve Ticaret A.S. (Sera Yapi) have lent and transferred the title of such number of shares that correspond to the 15% of the present share capital of the Company under an agreement named Collateralized Stock Borrowing Agreement as a security for the performance of the obligations of the Sellers specified under Default Put Option and the obligations of the Sellers regarding Trade Sale Adjustment, Adjustment and payment of stamp duty of the transaction documents.

GS has created pledge in favor of Tepe Insaat, Akfen Holding and Sera Yapi on the Collateral Shares. All voting rights, dividends, rights for participating in share capital increase in connection with the Collateral Shares shall belong to Tepe Insaat, Akfen Holding and Sera Yapi, provided that gratis (bonus) shares issued as the result of such share capital increase made by way of adding the reserves to equity shall belong to GS in connection with the Collateral Shares.

GS is entitled to enforce such number of Collateral Shares that are sufficient for adjustment or Trade Sale or payment of stamp duty respectively upon occurring of the respective enforcement event specified above. GS is entitled to enforce all of the Collateral Shares in respect of enforcement event regarding Put Option. Upon enforcement share pledge is released on such Collateral Shares.

Collateral Shares are maintained by the Escrow Agent.

Transfer to GS Affiliates

At any time including prior to IPO or thereafter GS is entitled to transfer the shares that it owns in the Company to its Affiliates.

Although all shareholders including, IDB, GIH, B&B and GS are bound with lock up period, GS SSPAs envisage that Put Option of GS and Call Option by Sellers may be exercised during lock up period.

(Amounts expressed in Euro unless otherwise stated)

26. REVENUE

An analysis of the Group's revenue for the period is as follows:

	3 months period ended 31 March 2007	3 months period ended 31 March 2006
Continuing operations		
Sales of duty free goods	27,774,845	23,815,178
Aviation income (*)	24,924,413	19,033,962
Concession fee- duty free (*)	12,951,197	11,064,435
Ground handling income (*)	8,117,477	7,033,099
Catering services income (*)	7,456,516	5,651,932
Income from car parking operations (*)	3,970,946	3,008,414
Area allocation income (*)	3,509,811	3,285,780
Bus services income (*)	2,061,261	2,701,551
Income from lounge services (*)	1,222,314	479,568
Income from hotel operation (*)	943,574	830,144
Hardware sales income (*)	755,692	-
Prime class income	653,127	370,374
Prime valet services income	276,168	28,246
Security services income (*)	130,721	-
Ticket sales income	127,184	72,606
Software sales income (*)	119,101	-
Baggage transfer system income	78,637	43,750
Operating income	**95,072,984**	**77,419,039**

(*) See Note 9 for related party transactions.

27. OTHER OPERATING INCOME

	3 months period ended 31 March 2007	3 months period ended 31 March 2006
Advertising income (*)	2,191,489	1,561,006
Utility and general participation income (*)	1,164,230	875,919
Rent income (*)	461,325	342,508
Other	191,808	40,190
Total other operating income	**4,008,852**	**2,819,623**

(*) See Note 9 for other related party transactions.

(Amounts expressed in Euro unless otherwise stated)

28. OTHER OPERATING EXPENSE

	3 months period ended 31 March 2007	3 months period ended 31 March 2006
Utility cost	3,898,464	2,293,809
Consultancy expense (*)	3,881,264	982,570
VAT not recoverable	3,541,431	3,762,196
Insurance expense (*)	2,490,652	1,610,028
Maintenance expenditures (*)	1,732,434	4,447,633
Cleaning expense	1,410,914	1,167,357
Traveling and transportation expenses	860,702	243,432
Advertisement and marketing expenses	806,871	165,286
Communication and stationary expenses	532,860	424,340
Taxes	483,583	114,716
Rent expense (*)	304,234	366,081
Representation expenses (*)	264,892	130,713
Security cost (*)	69,088	1,002,764
Provision expenses	68,765	448,323
Management consultancy fee (*)	-	5,138,486
Other operating expenses (*)	1,061,399	591,272
Total other operating expense	**21,407,553**	**22,889,006**

(*) See Note 9 for related party transactions,

29. INVESTMENT INCOME

	3 months period ended 31 March 2007	3 months period ended 31 March 2006
Interest on bank deposits and intercompany loans (*)	2,675,899	4,067,975
Other	9,499	6,641
Total investment income	**2,685,398**	**4,074,616**

(*) See Note 9 for related party transactions

30. OTHER GAINS AND LOSSES

	3 months period ended 31 March 2007	3 months period ended 31 March 2006
Gain /(loss) on sale of fixed assets	102,811	(47,900)
Other income	(38,777)	334,406
Total other gains and losses	**64,034**	**286,506**

31. FINANCE COSTS (NET)

	3 months period ended 31 March 2007	3 months period ended 31 March 2006
Interest on loans (*)	(14,534,182)	(11,972,282)
Bank charges	(1,643,403)	(212,244)
Commission for letter of guarantees	(451,111)	(620,016)
Fair value of derivatives	1,779,829	1,676,957
Discount interest (expense)/income – net	(302,785)	(61,459)
Other finance costs (-)	(2,864,697)	(98,781)
Total finance costs, net	**(18,016,349)**	**(11,287,825)**

(*) See Note 9 for related party transactions.

(Amounts expressed in Euro unless otherwise stated)

32. ACQUISITION OF SUBSIDIARY

On 1 July 2005, the Group acquired 60% of the issued share capital of HAVAŞ Havaalanları Yer Hizmetleri A.Ş. ("HAVAŞ") for cash consideration of USD 125,000,000 (EUR 103,357,493). At the date of this acquisiton, the Group or HAVAŞ had right to acquire the remaining shares of TAV İzmir without any additional consideration. According to the conditions of the agreement, TAV İzmir's other shareholder has committed to transfer the rest of TAV İzmir shares based on the conditions those will be set by the Group, and accordingly transferred all rights and liabilities on TAV İzmir to the Group. In 2006, remaining 35% of TAV İzmir shares have been transferred to the Group. Therefore, at the time of acquisition of HAVAŞ, it was considered that, 100% of TAV İzmir shares have also been purchased with the consideration paid amounting to USD 125,000,000. This transaction has been accounted for by the purchase method of accounting.

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

Net assets acquired	**Acquiree's carrying amount before combination**	**Fair value adjustments**	**Fair value**
Property, plant and equipment	11,463,365	-	11,463,365
Intangible assets	-	14,933,724	14,933,724
Deferred tax assets	533,184	-	533,18
Inventories	396,720	-	396,720
Trade receivables	1,566,893	-	1,566,893
Cash and cash equivalents	7,196,216	-	7,196,216
Other assets	5,218,600	-	5,218,600
Retirement benefit obligation	(1,258,894)	-	(1,258,894)
Trade payables	(4,329,313)	-	(4,329,313)
Deferred tax liability	(1,018,759)	(4,061,973)	(5,080,732)
	19,768,012	10,871,751	30,639,763
Goodwill			**72,717,730**
Total consideration, satisfied by cash			103,357,493
Net cash outflow arising on acquisition			
Cash consideration paid			103,357,493
Cash and cash equivalents acquired			(7,196,216)
			96,161,277

The goodwill arising on the acquisition of HAVAŞ Havaalanları Yer Hizmetleri A.Ş. is attributable to the anticipated profitability of the distribution of the Group's services and the anticipated future operating synergies from the combination.

If the acquisition of HAVAŞ Havaalanları Yer Hizmetleri A.Ş. had been completed on the first day of the financial year, Group revenues for the period would have been increased by EUR 20,653,071 and group profit attributable to equity holders of the parent would have been decreased by EUR 2,143,459.

(Amounts expressed in Euro unless otherwise stated)

33. DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2007		
	Assets	Liabilities	Net Amount
Interest rate cap	(199,508)	-	(199,508)
Interest rate swap	(2,374,425)	502,454	(1,871,971)
Cross currency swap	-	10,385,201	10,385,201
Current	**(2,573,933)**	**10,887,655**	**8,313,722**

	31 December 2006		
	Assets	Liabilities	Net Amount
Interest rate cap	(179,228)	-	(179,228)
Interest rate swap	(1,656,952)	1,745,781	88,829
Cross currency swap	-	10,031,900	10,031,900
	(1,836,180)	11,777,681	9,941,501
Current	**(1,836,180)**	**11,777,681**	**9,941,501**

Interest rate derivatives

TAV Esenboğa uses interest rate derivatives (cap, floor and swap) to manage its exposure to interest rate movements on its bank borrowings. Contracts with nominal values of EUR 129,095,612 have floating interest receipts at Euribor + 3.5%.

TAV Istanbul uses interest rate and cross currency derivatives to manage its exposure to interest rate and foreign currency exchange rates on its bank borrowings and concession fees that will be paid to DHMI.

Cross currency swap:

A derivative contract was concluded for the period of the project finance facilities that fixes the respective exchange rate between USD and EUR. The contract was signed for the period in line with the fee payments of DHMI to be paid at the end of each December until 2014. The notional amount of the contract is USD 225,532,411 / EUR 176,749,538.

Interest rate swap:

A derivative contract has been signed between HVB and TAV Istabul on 17 January 2006 for the 50% of junior facility (in total EUR 33,961,623). At 21 December 2006 two other hedging contracts has been signed between TAV Istanbul and HVB consisting of IRS Transactions for the Tranche A and Tranche B Loans. Notional amount of this contracts are amortizing by the years in parellel with repayments of loans and total notional amount is USD180,000,000 and EUR 404,040,404.

The fair value of derivatives entered into at 31 March 2007 is estimated at EUR 8,313,722 (2006: EUR 9,941,501). These amounts are based on market values of equivalent instruments at the balance sheet date, Changes in the fair value of these non-hedging interest rate derivatives amounting to EUR 1,779,828 (2006: EUR 1,676,957) have been charged to income in the year.

34. BUSINESS SEGMENTS

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

- ***Terminal services:*** Operating Terminal Buildings, the Carpark and the General Aviation Terminal, The Group companies included in this segment are TAV, TAV Istanbul, TAV Esenboğa, TAV İzmir, and TAV Georgia, TAV Georgia also includes the ground handling operations as they are not outsourced and are run by the airport,

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

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

- ***Ground handling service:*** 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,

- ***Other:*** Providing CIP, IT and Security services, The Group companies included in this segment are TAV İşletme, TAV Bilişim and TAV Güvenlik,

(Amounts expressed in Euro unless otherwise stated)

34. BUSINESS SEGMENTS (cont'd)

31 March 2007

	Terminal Services	Catering Service	Duty Free Service	Ground handling service	Other	Consolidation Eliminations	Consolidated
Operating income	61,361,858	9,931,838	27,774,845	9,915,791	8,499,240	(23,056,459)	95,072,984
Operating expenses	(54,209,170)	(9,429,127)	(26,723,210)	(10,147,449)	(3,371,868)	17,610,407	(87,468,580)
Other operating income	3,421,210	277,433	615,317	103,570	124,582	(1,368,678)	4,008,852
Other operating expenses	(18,155,881)	(1,132,469)	(464,279)	(1,598,499)	(3,337,834)	6,928,803	(21,407,553)
Operating profit	**(7,581,983)**	**(352,325)**	**1,202,673**	**(1,726,587)**	**(1,450,148)**	**126,398**	**(9,781,972)**
Other information							
- Assets	1,135,622,170	13,763,826	30,460,621	33,088,341	539,583,505	(447,846,075)	1,304,672,388
- Liabilities	(914,655,814)	(10,970,236)	(27,465,384)	(14,039,015)	(118,992,853)	136,143,735	(949,979,567)
Tangible, intangible assets and BOT purchases	16,684,613	577,147	200,327	1,315,024	77,568	-	18,854,679
Tangible, intangible assets and BOT depreciation and amortization	9,409,569	404,629	73,028	1,195,439	469,332	146,870	11,698,867
Concession rent expense	35,905,897	-	-	-	-	-	35,905,897
Additions to concession expenses	106,692,480	-	-	-	-	-	106,692,480

(Amounts expressed in Euro unless otherwise stated)

34. BUSINESS SEGMENTS (cont'd)

31 March 2006

	Terminal Services	Catering Service	Duty Free Service	Ground handling service	Other (*)	Consolidation Eliminations	Consolidated
Operating income	49,567,416	7,287,357	23,815,178	9,357,327	4,647,643	(17,255,882)	77,419,039
Operating expenses	(40,170,795)	(6,237,603)	(23,116,807)	(10,651,858)	(2,957,011)	16,741,155	(66,392,919)
Other operating income	2,040,511	148,929	458,017	59,927	271,865	(159,626)	2,819,623
Other operating expenses	(19,593,403)	(635,898)	(297,864)	(2,032,347)	(1,011,610)	682,116	(22,889,006)
Operating profit	(8,156,271)	562,785	858,524	(3,266,951)	950,887	7,763	(9,043,263)
Other information							
31 December 2006 (*)							
- Assets	1,178,613,813	13,919,577	31,588,400	28,116,840	506,563,668	(402,589,536)	1,356,212,762
- Liabilities	(986,964,722)	(10,891,388)	(26,234,589)	(8,882,027)	(130,649,524)	141,049,775	(1,022,572,475)
31 March 2006							
Tangible, intangible assets and BOT purchases	80,437,079	171,105	200,156	487,194	818,339	-	82,113,873
Tangible, intangible assets and BOT depreciation and amortization	494,760	69,760	36,375	681,742	426,818	123,746	1,833,201
Concession rent expense	34,297,741	-	-	-	-	-	34,297,741
Additions to concession expenses	8,446,337	-	-	-	-	-	8,446,337

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

35. ADDITIONAL EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 31 March 2007;

- The Company has agreed to bid together as a joint venture together with Esas Holding, in the tender to be held by the Undersecretariat of Defense Industry on July 2, 2007, pursuant to the construction, operation, and transfer specifications, in line with the procedures and principles set forth with the law 3996 and the Cabinet Decree 94/5907, for the Sabiha Gökçen Airport New International Terminal Building and Auxiliaries.

- The Company has started negotiations with other shareholders to purchase remaining 25% of TAV Esenboğa shares.

- The Company had submitted the best bid for the operation of Tunisia Enfidha and Monastir airports tenders on March 16, 2007. TAV TUNISIE SA was incorporated with the share capital of 200,000,000 Tunisia Dinar on 9 April 2007. In addition, the Company signed the concession agreement with Tunisia Enfidha and Monastir Airports on 18 May 2007.

- With the Georgian Cabinet Decision of May 23, 2007, it was decided that the TAV Batumi Operations LLC to be newly established, will be granted the operation of the Batumi International Airport for 20 years. The relevant agreement will be signed between the company to be newly established and the Georgian Ministry of Economic Development. The annual passenger capacity of the Batumi Airport is 562,500 and the opening of the airport was made on 26 May 2007 .