İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Intangible assets

Airport operations right

The right to charge users of an airport for services is recognized as an intangible asset. The airport operations right is initially recognized at cost, being the fair value of Utilization Fee liability at the date of transfer of control of the Facility to the Group and the fair value of other consideration transferred to acquire the asset, which is the fair value of the consideration receivable for the construction services delivered. The Group estimates the fair value of its consideration receivable to be equal to the construction costs, calculated based on percentage of completion, plus 10% margin. Other costs (including travel and consultancy costs) incurred in regards to the project covered by the Concession Agreement are regarded as part of the consideration paid by the Group, and therefore included in the cost of airport operations right.

The airport operations right is amortized over the concession period, starting from the date the right is available for use. Accordingly, the Group started to amortize the first phase of the airport operations right, cost of which is measured as the fair value of Utilization Fees payable, on 1 May 2008 (for extended period of 2 years on 15 October 2009), whereas the second phase, cost of which is measured as the fair value of the consideration receivable for the construction services delivered started to be amortized following the completion of the Construction by November 2009. The airport operations are amortized using the units of production method, based on the revenue projections (mainly based on traffic projections) during the concession period, considering such method best reflects the pattern in which the asset's future benefits are expected to be consumed by the Group. Amortization method and underlying assumptions are reviewed for validity at each period (Note 6).

Starting from April 1, 2011, the Company decided to change the depreciation method for the concession rights in respect of the construction costs of the terminal, car park and hotel which were previously amortised based on straight line basis. According to the management's latest estimates the amortisation method has been changed to unit of production method (based on the forecasted revenues during the concession period), to better reflect the pattern in which the related asset's future economic benefits are expected to be consumed by the entity. Furthermore, useful lives of certain assets has been reassessed and changed to reflect the useful economic life of the related assets.

Other rights

Other rights acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (Note 6). Useful lives of other rights vary between 3 to 15 years.

Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the intangible asset is the higher of value in use or fair value less cost to sell.

Employment termination benefits

(a) Defined benefit plans

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. All actuarial gains and losses are recognized in the statement of comprehensive income.

(b) Defined contribution plans

The Group pays contributions to publicly administered Social Security Fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Leases

The Group as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Group as the lessor

With the privileges granted by the Implementation Agreement, the Group sublets certain areas in the facility. Allocations of these commercial areas are treated as operating leases and the rental income is recognized on a straight-line basis over the lease term.

Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method; any difference between the proceeds and redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Since the Construction meets the definition of qualifying asset, borrowing and other similar costs that are directly related to the Construction are capitalized as part of the airport operations right during the construction period (Note 6).

Income taxes

Income taxes comprise of current tax and the change in the deferred taxes.

Current income tax comprise tax payable calculated on the basis of expected taxable income for the year using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous years.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled (Note 7).

The principal temporary differences arise from the carrying value of liabilities in regards to the Utilization Fee, airport operations right, fair value of derivative instruments and their tax base.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Accounting for derivative financial instruments

Initial recognition and subsequent measurement

The derivative instruments of the Group consist of interest rate swap transactions. Derivatives are initially recognized at fair value on the date the derivative contract is entered into and are subsequently measured at their respective fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has designated their derivatives ("hedging instrument") to hedge its cash flows on variable interest rate borrowings from Project Finance Facility ("hedged item").

Cash flow hedges

The Group documents, at the inception of the transaction the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of derivative instruments used for hedging purposes is disclosed in Note 14. Movements on the hedging reserve in shareholders' equity are explained in Note 14. The portion of fair value of the hedging instrument is classified as a non-current liability for transactions due in more than 12 months, and as a current liability for transactions due in less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized directly in equity in the "cash flow hedge reserve". The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of comprehensive income.

The gain or loss relating to the ineffective portions of interest rate swaps hedging variable rate borrowings is recognized in the consolidated statement of comprehensive income. Amounts previously recognized in equity are transferred to the statement of comprehensive income in the periods when the hedged item affects profit or loss (when the forecast transaction that is hedged takes place). The gain or loss relating to the effective portions of interest rate swaps hedging variable rate borrowings is then recognized in the consolidated statement of comprehensive income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into EUR at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive income.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Revenue recognition

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

Construction revenue and costs: Construction revenue and costs are recognized by reference to the stage of completion of the Construction activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the Construction cannot be estimated reliably, revenue is recognized to the extent of Construction costs incurred if it is probable that they will be recoverable. Construction costs are recognized as expenses in the year in which they are incurred.

Jet fuel revenues: Jet fuel revenues are recognized when fuel is transferred to the visiting aircrafts.

Aviation income: Aviation income is recognized based on utilization of the Facility by departing passengers and check-in counters by the airlines.

Area allocation income (rent income): Area allocation income is recognized on a straight line basis during the contract period, based on the contracts made for allocated areas in the Facility.

Ground handling service revenue: Revenue in regards to ground handling services is recognized when the service is provided.

Lounge, car park and other services: Revenue in regards to such activities is recognized when the related services are rendered.

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, deposits at banks and short-term highly liquid investments with maturities of three months or less when purchased (Note 11).

Financial liabilities

Financial liabilities are recognized initially at proceeds received, net of transaction costs incurred. In subsequent periods, financial liabilities are stated at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and redemption value is recognized in the consolidated statements of comprehensive income over the period of the financial liabilities. Financial liabilities are derecognized when they are paid or cancelled (Note 12).

3. Summary of significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets

Provisions

A provision is recognized when, and only when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable.

4. Significant accounting estimates and judgements

The preparation of consolidated financial statements require the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these consolidated financial statements and the significant judgments with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

Percentage of completion for the Construction

The Group provides construction service in exchange for the right to operate İstanbul Sabiha Gökçen Airport in accordance with the Concession Agreement. The Group recognizes the revenues and costs in accordance with IAS 11 "Construction Contracts" by reference to the stage of completion of the Construction.

The stage of completion is measured by reference to the Construction costs incurred for work performed to date bear to the estimated total costs for the contract.

Mark-up rate for the construction

The airport operations right in exchange for the construction services provided is recognized at the fair value of the consideration receivable for the construction services delivered. The fair value of the consideration receivable for the construction services delivered is calculated by including a mark-up, estimated to reflect a margin consistent with other similar construction work, on the actual costs incurred. Mark-up rate used in calculating the fair value of the consideration receivable is estimated by the Group as 10%.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgements (continued)

Discount rate

The Group recognized its financial liability in regards to the Utilization Fee at its present value. The Group has recognized the portion of airport operations right, to be paid in cash, at the fair value of the Utilization Fee liability at the date of transfer of control of the facility to the Group. Fair value of the items are calculated as the present value of the future Utilization Fee payments discounted at 8.6% for payments until January 2014 and 9% for the rest of the payments, which are determined based on the interest rate swap contract of the Group and the premium the Group pays for its borrowing on top of the Euribor rate. Fair value of the items is calculated as the present value of the future Utilization Fee payments for the extended period discounted at 10.5%.

As of December 31, 2011, had the management's estimation of discount rate increased or decreased by 10% from the discount rate used, net loss for the twelve-month period would have been higher by EUR 5,860, lower by 7,728 respectively.

Revenue projections

The airport operation right is amortized over the concession period, starting from the date the right is available for use. Accordingly, the Group started to amortize the first phase of the airport operations right, cost of which is measured at the fair value of Utilization Fees payable on 1 May 2008, whereas the amortization of extension period started on 15 October 2009. The airport operations right is amortized using the units of production method, based on the Group management's revenue projections for the concession period.

Had the management's estimation of percentage of revenue to be earned until December 31, 2011 to the revenue to be earned during the concession period been lower/higher by 10%, net loss for the twelve-month period would have been higher by EUR 1,663, by lower by EUR 1,657.

Going concern

The Group has a net loss of EUR 105,738 for the year ended December 31, 2011 (December 31, 2010 – EUR 100,478) and the current liabilities exceeded current assets by EUR 25,337 (December 31, 2010 – EUR 41,103).

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore; management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Accordingly, the financial statements are prepared on the basis that the Group will continue to be a going concern. This basis of preparation presumes that the Group will continue to receive the support of the shareholders and will realize its assets and discharge its liabilities in the ordinary course of business.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgements (continued)

Fair value of the interest rate swap agreement

The fair value of interest rate swap agreement is determined by using appropriate valuation technique. The Group estimates the swap curve for future periods, mainly based on available market information existing at each balance sheet date. Had the swap curve shifted 100 basis points upward or downward as of December 31, 2011, fair value of the financial instrument and net income/(loss) recognized in the consolidated statement of comprehensive income and in hedging reserve in equity would increase/(decrease) as follows:

	Fair value of the financial instrument	Hedging reserve	Consolidated statement of income
December 31, 2011			
Swap curve shifted:			
100 basis points upward	**11,343**	**10,386**	**957**
100 basis points downward	**(12,043)**	**(11,045)**	**(998)**
December 31, 2010			
Swap curve shifted:			
100 basis points upward	13,415	12,119	1,296
100 basis points downward	(14,349)	(12,987)	(1,362)

Deferred tax assets

A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences.

With the expectation to recover certain part of its tax losses carried forward, the Group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits amounting to EUR 25,112 as of December 31, 2011 (December 31, 2010, EUR 20,469).

Impairment testing for property, plant and equipment and intangibles

The recoverable amount of the long lived assets is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts covering the twenty-two year concession period. The key assumptions use for value-in-use calculations are as follows:

	December 31, 2011
Compound annual growth rate of free cash flows up to 2030	5.39%
Weighted average cost of capital	12.67%

Management estimated free cash flows using traffic projections up to the end of the concession period. Management determined the WACC rate by considering its cost of borrowing, risk free rates of return in Turkey as well as a country risk premium.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgements (continued)

The sensitivity analysis below shows the values-in-use which would have been calculated for the long-lived assets if WACC and free cash flow projections were changed while keeping all other variables constant:

	Base cash flows by		
December 31,2011	**-1%**	**0%**	**1%**
Base WACC by -1%	**1,609,662**	**1,504,804**	**1,409,856**
Base WACC	**1,591,973**	**1,488,268**	**1,394,363**
Base WACC by +1%	**1,574,284**	**1,471,732**	**1,378,870**

	Base cash flows by		
December 31,2010	-1%	0%	1%
Base WACC by -1%	1,866,141	1,714,822	1,580,035
Base WACC	1,845,822	1,696,151	1,562,832
Base WACC by +1%	1,825,504	1,677,480	1,545,629

5. Property, plant and equipment, net

The movement in property, plant and equipment and related accumulated depreciation for the year ended at December 31, 2011 and December 31, 2010 are as follows:

	January 1, 2011	Additions	Disposals	December 31, 2011
Cost				
Buildings	29	-	-	29
Machinery and equipment	7,177	43	(1)	7,219
Motor vehicles	1,030	3	(11)	1,022
Furniture and fixtures	2,562	513	(1)	3,074
Leasehold improvements	1,170	285	-	1,455
	11,968	844	(13)	12,799
Accumulated depreciation				
Buildings	(2)	(3)	-	(5)
Machinery and equipment	(2,138)	(910)	1	(3,047)
Motor vehicles	(504)	(202)	-	(706)
Furniture and fixtures	(1,087)	(587)	1	(1,673)
Leasehold improvements	(38)	(74)	-	(112)
	(3,769)	(1,776)	2	(5,543)
Net book value	8,199			7,256

Of the total depreciation expenses, EUR 1,434 (December 31, 2010 – EUR 1,211) was charged to cost of sales, EUR 311 (December 31, 2010 – EUR 198) was charged to general administrative expenses and EUR 31 (December 31, 2010 – EUR 176) was charged to marketing and selling expenses.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

5. Property, plant and equipment, net (continued)

	January 1, 2010	Additions	Disposals	December 31, 2010
Cost				
Buildings	356	29	(356)	29
Machinery and equipment	6,375	816	(14)	7,177
Motor vehicles	1,001	29	-	1,030
Furniture and fixtures	2,095	517	(50)	2,562
Leasehold improvements	291	879	-	1,170
	10,118	2,270	(420)	11,968
Accumulated depreciation				
Buildings	(46)	(22)	66	(2)
Machinery and equipment	(1,296)	(848)	6	(2,138)
Motor vehicles	(306)	(198)	-	(504)
Furniture and fixtures	(618)	(488)	19	(1,087)
Leasehold improvements	(9)	(29)	-	(38)
	(2,275)	(1,585)	91	(3,769)
Net book value	7,843			8,199

6. Intangible assets, net

The movements in intangible assets and related accumulated amortization for the year ended December 31, 2011 and December 31, 2010 are as follows:

	January 1, 2011	**Additions**	**Disposals**	**Transfers**	**December 31, 2011**
Cost					
Airport operations right (1)	891,055	-	-	-	891,055
Trigen	5,421	24	-	-	5,445
4th Tank	1,927	-	-	-	1,927
Hotel	20,493	-	-	-	20,493
Car Park	58,818	75	(44)	-	58,849
Terminal	366,867	306	-	-	367,173
Other rights	3,005	490	(2)	-	3,493
	1,347,586	**895**	**(46)**	**-**	**1,348,435**
Accumulated amortization					
Airport operations right	(24,418)	(16,928)	-	-	(41,346)
Trigen	(32)	(263)	-	-	(295)
4th Tank	(8)	(201)	-	-	(209)
Hotel	(1,440)	(616)	-	-	(2,056)
Car Park	(5,838)	(1,675)	3	-	(7,510)
Terminal	(25,621)	(11,096)	-	-	(36,717)
Other rights	(1,236)	(341)	-	-	(1,577)
	(58,593)	**(31,120)**	**3**	**-**	**(89,710)**
Net book value	**1,288,993**				**1,258,725**

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

6. Intangible assets, net (continued)

	January 1, 2010	Additions	Disposals	Transfers	December 31, 2010
Cost					
Airport operations right (1)	891,055	-	-	-	891,055
Airport operations right Construction-in-progress (2)	1,582	5,766	-	(7,348)	-
Trigen	-	-	-	5,421	5,421
4th Tank	-	-	-	1,927	1,927
Hotel	19,750	743	-	-	20,493
Car Park	58,791	27	-	-	58,818
Terminal	355,615	11,252	-	-	366,867
Other rights	2,201	804	-	-	3,005
	1,328,994	18,592	-	-	1,347,586
Accumulated amortization					
Airport operations right	(12,974)	(11,444)	-	-	(24,418)
Trigen	-	(32)	-	-	(32)
4th Tank	-	(8)	-	-	(8)
Hotel	(200)	(1,240)	-	-	(1,440)
Car Park	(2,502)	(3,336)	-	-	(5,838)
Terminal	(3,620)	(22,001)	-	-	(25,621)
Other rights	(737)	(499)	-	-	(1,236)
	(20,033)	(38,560)	-	-	(58,593)
Net book value	1,308,961				1,288,993

(1) Airport operations right represents the right to charge users of İstanbul Sabiha Gökçen Airport and is measured as the present value of total payments to the Administration in a 22-year period. The right obtained by the Concession Agreement is amortized based on units of production method, for which the projected future revenue streams are taken into account over the concession period of 22 years.

(2) Construction-in-progress comprises of fair value of the consideration receivable for the construction services delivered including a 10% mark-up on the actual costs incurred to reflect the value of other similar construction work. Additions are related to costs incurred during the period for the construction.

Of the total amortization expenses, EUR 25,994 was charged to cost of sales (December 31, 2010 – EUR 29,660), EUR 2,939 was charged to marketing and selling expense (December 31, 2010 – EUR 4,159) and EUR 2,187 was charged to general administrative expenses (December 31, 2010 – EUR 4,741).

Other rights include airport operation licences and computer software.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes

Corporate tax

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in Turkey where the Group companies operate.

In Turkey, the corporation tax rate for the fiscal period/year ending December 31, 2011 and 2010 was 20%. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% (2010 – 15%) withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

Deferred tax

The Group recognises deferred tax assets and liabilities based upon the temporary differences of assets and liabilities arising between their carrying values as reported for IFRS purposes and their statutory tax values.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable. In this respect, deferred income tax assets on tax losses carried forward are amounting to EUR 25,112. The expiration years of the Company's tax losses are as follows:

	December 31, 2011	
Expiration years	**Recognized tax loss carry forward**	**Unrecognized tax loss carry forward**
2012	3,080	-
2013	735	-
2014	12,245	14,430
2015	39,770	28,975
2016	69,730	7,960
	125,560	**51,365**

For the year ended at December 31, 2011 and 2010, taxation income comprises of the following:

	December 31, 2011	December 31, 2010
Deferred tax income / (expense)	**10,546**	19,975
Total tax income	**10,546**	19,975

The reconciliation between tax income and the accounting results multiplied by the applicable tax rate as of December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Profit/ (loss) before taxation	**(116,284)**	(120,453)
Statutory tax rate	**20%**	20%
Taxes calculated at statutory tax rate	**23,257**	24,091
Disallowables	**(1,268)**	(99)
Unrealized portion of deferred tax asset recognized in prior years	**(6,707)**	-
Reversal of deferred tax asset arising from tax amnesty (*)	**(2,596)**	-
Others (mainly effect of remeasurement to Euro)	**(2,140)**	(4,017)
Taxes on income	**10,546**	19,975

(*) The Group has applied to tax authorities for sheltering a tax inspection arising when a tax payer benefits the tax base increase options in the context of law number 6111 and waived 50% of its available 2009 tax loss carry forward amounting to EUR 12,980.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Deferred tax assets/liabilities:

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using the weighted average tax rate applicable to profits of the Group, are as follows:

	Cumulative temporary differences		**Deferred tax assets / (liabilities)**	
	December31, 2011	December31, 2010	**December31, 2011**	December31, 2010
Differences between the tax base and carrying amount of trade and other payables and due to related parties	**743,616**	866,294	**148,724**	173,259
Fair value of the interest-rate swap	**40,511**	35,295	**8,102**	7,059
Differences between the tax base and carrying amount of trade and other receivables and due from related parties	**-**	756	**-**	151
Provisions	**302**	339	**60**	68
Differences between the tax base and carrying amount of borrowings	**10,410**	8,441	**2,082**	1,688
Tax losses carried forward	**176,925**	129,973	**35,385**	25,995
Deferred tax assets	**971,764**	1,041,098	**194,353**	208,220
Differences between the tax base and carrying amount of property, plant and equipment and intangibles	**(762,860)**	(897,724)	**(152,572)**	(179,545)
Differences between the tax base and carrying amount of trade and other receivables and due from related parties	**(215)**	-	**(43)**	-
Deferred tax liabilities	**(763,075)**	(897,724)	**(152,615)**	(179,545)
Unrecognized deferred tax asset			**(10,273)**	(5,526)
Recognized deferred tax assets, net			**31,465**	23,149

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax liability amounting to EUR 2,230 arising from the fair value of the interest-rate swap in the current period is charged directly to equity under hedging reserve (Note 14). Total deferred tax income recognized under hedging reserve amounts to EUR 1,060.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Expected recovery dates of deferred tax assets and liabilities are demonstrated below:

	December 31, 2011	December 31, 2010
Deferred tax assets to be recovered within 12 months	3,591	4,119
Deferred tax assets to be recovered after 12 months	180,489	198,575
Total deferred tax assets	184,080	202,694
Deferred tax liabilities to be recovered within 12 months	43	-
Deferred tax liabilities to be recovered after 12 months	152,572	179,545
Total deferred tax liabilities	152,615	179,545

Movement of deferred tax assets and liabilities is as follows:

As of January 1, 2011	**23,149**
Deferred tax assets directly recognized in equity	(2,230)
Current year deferred tax income	10,546
As of December 31, 2011	**31,465**

8. Trade and other receivables

Trade and other receivables comprise of the following:

	December 31, 2011	December 31, 2010
Long-term other receivables:		
Value added tax ("VAT") receivables	15,465	19,823
Deposits and guarantees given	162	194
Total	15,627	20,017
Short-term trade and other receivables:		
Prepaid expenses	937	1,120
Receivables from customers	5,145	7,661
VAT receivables	5,381	2,609
Other	108	209
Total	11,571	11,599

The fair values of short-term receivables equal their respective carrying amounts, as the impact of discounting is not significant.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

8. Trade and other receivables (continued)

VAT receivables classified as long-term receivables are those arising on the Utilization fee liability to the Administration, and cannot be refunded in cash or offset against other tax liabilities. The Group will be offsetting these long-term receivables when it generates such a level of revenue that the VAT payable arising would exceed VAT paid for other operational and investing activities. The receivables from customers are due within one month following December 31, 2011.

Guarantees received for trade receivables

The Group requests letters of guarantee from tenants, airline companies and major customers. EUR 4,534 (December 31, 2010 – EUR 3,681) of total trade receivables are covered via such letters of guarantee.

As of December 31, 2011, overdue trade receivables that are not impaired amount to EUR 1,813 (December 31, 2010 - EUR 1,326). The Group does not foresee any collection risk for overdue receivables considering the industry dynamics and circumstances.

Aging analysis for trade receivables

As at December 31, 2011, the receivables amounting EUR 1,813 are overdue. Given the nature of the industry, the Group does not consider any collection risk for receivables overdue. For receivables overdue more than a month, the Group charges interest and restructures its receivables while guarantee letters held by the Group, amounting to EUR 797 (December 31, 2010 - EUR 151) partially mitigate collection risk. For receivables not yet due, no collection risk is identified.

The aging of overdue receivables that are not impaired is as follows:

	December 31, 2011	December 31, 2010
Less than a month	**1,341**	1,050
One to two months	**256**	136
Over two months	**216**	140
Total overdue receivables	**1,813**	1,326

The Group has provided in full, for doubtful receivables amounting to EUR 246 (December 31, 2010 – EUR 268) in the consolidated financial statements as at December 31, 2011.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

9. Inventories

Inventories comprise of the following:

	December 31, 2011	December 31, 2010
Jet fuel stocks	**7,140**	3,889
Spare parts	**319**	442
Advances given	**75**	113
Total inventories	**7,534**	4,444

Cost of inventories recognized as expense and included in the cost of sales for the year ended at December 31, 2011 amounts to EUR 161,935. (December 31, 2010 – EUR 144,375)

10. Balances and transactions with related parties

Due from related parties, current

Amounts due from related parties are as follows:

	December 31, 2011	December 31, 2010
Limak-GMR Adi Ortaklığı (2)	**79**	285
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	**246**	122
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	**47**	25
GMR Infrastructure (1)	**-**	17
Malaysia Airports Management Technical Services SDN. BHD. (1)	**10**	1
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	**28**	-
GMR Infrastructure Turkey Branch (2)	**25**	-
Total due from related parties, current	**435**	450

(1) shareholders
(2) subsidiary of shareholders

Balances due from related parties are non-interest bearing and arose from trading activities with related parties.

As of December 31, 2011, there are no overdue receivables due from related parties.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

Due to related parties, current

Amounts due to related parties are as follows:

	December 31, 2011	December 31, 2010
Limak-GMR Adi Ortaklığı (2) *	**309**	1,059
Malaysia Airports Holdings Berhad (MAHB) (1)	**36**	-
GMR Infrastructure (1)	**-**	30
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2) **	**4,267**	3,708
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	**446**	575
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	**830**	-
GMR Infrastructure Turkey Branch (2)	**586**	-
Malaysia Airports Consultancy Services SDN Berhad (2)	**350**	-
Total due to related parties, current	**6,824**	5,372

(*) Amounts stated for advances given and due to related parties are related with the construction of Istanbul Sabiha Gökçen Airport's New International Terminal Building and its Complementaries.

(**) As of December 31, 2011 and 2010, due to LGM Havalimanı mainly comprises short term portion of the subordinated loan of received amounting to EUR 3,179 and EUR 3,295 respectively.

Balances due to related parties (except for the subordinated loan received from LGM Havalimanı amounting to EUR 3,179) are non-interest bearing and arose from trading activities with related parties.

Payables to related parties are due within one month following December 31, 2011.

Due to related parties, non-current

As of December 31, 2011 due to related parties, non-current comprise long term portion of the subordinated loan received from LGM Havalimanı İşletme Ticaret ve Turizm A.Ş.amounting to EUR 10,189 and long term shareholder loan amounting to EUR 23,511.

Employee benefits to key management personnel

For the year ended at December 31, 2011, total short-term employee benefits granted to key management personnel amount to EUR 1,082 (December 31, 2010 – EUR 1,812). Short-term employee benefits include salaries, vehicle expenses, communication expenses, health insurance and other sundry benefits. No long-term benefits are provided to the key management personnel. Key management personnel consist of general manager and five deputy general managers.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

Sales to/purchases from related parties

The Group outsources the construction of Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries to Limak-GMR Adi Ortaklığı (2). In that respect, the Group accounted for construction expenses from Limak-GMR Adi Ortaklığı amounting to EUR 134 (December 31, 2010 – EUR 14,686), considering that 99.99% of the construction project is completed.

	January 1 – December 31, 2011	January 1 – December 31, 2010
GMR Infrastructure (1)	-	58
GMR Infrastructure Overseas(1)	-	37
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	250	265
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	9,168	7,126
Limak-GMR Adi Ortaklığı (2)	50	205
Malaysia Airports Management Technical Services SDN. BHD. (1)	-	6
Total Sales	9,468	7,697

	January 1 – December 31, 2011	January 1 – December 31, 2010
Cost of sales (-)		
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	5,187	5,779
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	1,094	1,058
Limak-GMR Adi Ortaklığı (2)	-	7
Marketing, selling and distribution expenses		
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	192	235
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	28	88
General and administrative expenses		
GMR Infrastructure (1)	1	60
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	251	715
Limak-GMR Adi Ortaklığı (2)	-	16
Limak İnşaat Sanayi ve Tic.A.Ş (1)	9	1
Malaysia Airports Management Technical Services SDN. BHD. (1)	-	141
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	162	-
GMR Infrastructure Turkey Branch (2)	35	-
Malaysia Airports Holdings Berhad (MAHB) (1)	85	-
Financial income/expenses		
GMR Infrastructure (1)	5	-
GMR Infrastructure Overseas(1)	1	-
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	14	-
Limak İnşaat Sanayi ve Tic.A.Ş (1)	3	-
Malaysia Airports Holdings Berhad (MAHB) (1)	3	-
Total purchases	7,070	8,100

(1) the shareholder
(2) other

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

11. Cash and cash equivalents

Cash and cash equivalents comprise of the following:

	December 31, 2011	December 31, 2010
Cash on hand	**29**	37
Checks on hand	**10**	60
Cash at banks		
-time deposits	**2,332**	2,440
-demand deposits	**2,733**	1,420
-credit card receivables	**254**	222
Utilization fee reserve account	**76,515**	76,515
Debt service reserve account	**16,044**	15,774
Cash flow support account	**-**	11,891
Maintenance reserve account	**862**	2,663
Trigen reserve account	**489**	-
Total	**99,268**	111,022

As of December 31, 2011, the time deposits are TL denominated with an interest of 8.5% and a maturity at January 2, 2012 amounting to EUR 2,332 (December 31, 2010 – EUR 2,440).

12. Financial liabilities

	December 31, 2011		December 31, 2010	
	Interest rate	Amount	Interest rate	Amount
EUR denominated borrowings – Project Loan	**EURIBOR+5.00**	**346,373**	EURIBOR+5.00	344,441
EUR denominated borrowings – Local Bank	**12**	**40,014**	6.1	40,648
EUR denominated borrowings – Trigen Loan	**EURIBOR+4.75**	**4,328**	EURIBOR+4.75	4,935

The Group has signed a facility agreement with two financial institutions, which provided a total credit line of EUR 336,000, to finance the construction of Istanbul Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries. The Group has utilized EUR 336,000 of the total facility, and employed the funds during the construction project.

The Group has interest free spot borrowings amounting to EUR 2 (December 31, 2010 - EUR 393).

As of December 31, 2011 and 2010, the redemption schedule of bank borrowings is as follows:

Redemption period	**December 31, 2011**	December 31, 2010
2011	**-**	61,975
2012	**22,979**	20,066
2013	**62,029**	19,719
2014	**22,304**	20,130
2015+	**283,403**	268,134
Total	**390,715**	390,024

(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

12. Financial liabilities (continued)

According to the facility agreement, the re-pricing dates for the borrowing are set semi-annually. In addition, in 2009 the interest rate of the loan amended, and increased from EURIBOR+3.25% p.a., to EURIBOR+4.75% p.a., EURIBOR+5.00% p.a., EURIBOR+5.40% p.a. at July 1, 2009 to Schedule Completion Date of the Facility, at Scheduled Completion Date of the Facility to December 31, 2014, and at December 31, 2014 to thereafter respectively.

The Group has, as security for fulfillment of its obligations to the financial institutions, has assigned all of its present and future receivables, rights, incomes, claims, interests and benefits in, to and under its receivables, as well as any and all kinds of receivables arising out of or in connection with other agreements the Group has entered into as well as the Group's VAT refunds, to the security agent of the agreement.

13. Trade and other payables

Long-term trade and other payables:

	December 31, 2011	December 31, 2010
Utilization fee liability	**904,907**	900,586
Advances taken	**27,000**	30,000
Unearned revenue, long term	**9,209**	-
Airlines incentives, long term	**7,103**	-
Other	**-**	7
Total	**948,219**	930,593

The Utilization Fee liability represents the present value of amounts payable to the Administration in accordance with the Concession Agreement for the operation of the Facility for 20 years plus 2 years of extension period. The Utilization Fee liability is discounted to present value, at a rate of 8.6% for payments until 2014, and at a rate of 9% for the remaining payments (Note 4.1), whereas the extension period is discounted to present value at a rate of 10.5%.

The Group has an agreement with Setur Servis Turistik A.Ş. ("Setur") providing Setur the right to be the exclusive duty free operator during the concession period. The Group received a cash advance from Setur amounting to EUR 30,000 in July 2008. The amount will be offset against the future rent payments of Setur. EUR 15,000 shall be deducted in five equal annual installments of EUR 3,000 from the lease amount starting from the first day of July of each 5th, 6th, 7th, 8th and 9th lease year. If the amount to be deducted from the lease amount is not reached EUR 3,000 at the end of the relevant lease year, then the outstanding amount from the relevant installment shall be paid by the Group to the Setur, within the first 7 days of the following lease year. The remaining EUR 15,000 shall be deducted in three equal annual installment of EUR 5,000 from the lease amount starting from the first day of July of each 13th, 14th, 15th the lease year. If the amount to be deducted from the lease amount is not reached EUR 5,000 at the end of relevant lease year, then the outstanding amount from the relevant installment shall be paid by the Group to Setur, within the first 7 days of the following lease year.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

13. Trade and other payables (continued)

As of December 31, 2011, the redemption schedule of Utilization fee liability is as follows:

Redemption period	Original amount
2012	76,463
2013	70,383
2014 and later	834,524
Total	981,370

In addition, the Group is obliged to make VAT payments amounting to EUR 17,388 each year, arising from the Utilization fee, including the years before redemption of the fee itself.

Short-term trade and other payables:

	December 31, 2011	December 31, 2010
Utilization fee liability	**76,463**	76,480
Trade payables	**12,689**	7,137
Taxes and duties payable	**1,780**	1,729
Expense accruals and provisions	**6,189**	3,795
Social securities' payable	**738**	348
Unearned revenue, short term	**1,351**	436
Airlines incentives, short term	**2,690**	-
Advances taken	**3,329**	470
Other	**560**	338
Total	**105,789**	90,733

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

14. Derivative financial instruments

A derivative contract has been signed between a foreign bank and the Group on June 19, 2008. The Group uses interest rate derivatives to manage its exposure to interest rate fluctuations in regards to funds utilized from the project finance facility. According to the swap transaction, the notional amount differs at each period, as in the borrowing agreement of the Group, until June 30, 2018, details of which are provided below:

Date of transaction	Notional amounts	Fixed EURIBOR (%)
June 30, 2009	172,047,398	5.113
December 31, 2009	249,090,428	5.113
June 30, 2010	297,728,562	5.113
December 31, 2010	268,800,000	5.113
June 30, 2011	268,800,000	5.113
December 31, 2011	268,800,000	5.113
June 29, 2012	267,111,858	5.113
December 31, 2012	264,574,488	5.113
June 28, 2013	262,030,571	5.113
December 31, 2013	253,843,146	5.113
June 30, 2014	244,505,614	5.113
December 31, 2014	231,294,165	5.113
June 30, 2015	222,375,301	5.113
December 31, 2015	200,524,905	5.113
June 30, 2016	178,047,778	5.113
December 31, 2016	143,737,815	5.113
June 30, 2017	108,536,148	5.113
December 30, 2017	65,625,420	5.113
June 29, 2018	19,930,548	5.113

As of December 31, 2011, fair value of above mentioned contract is EUR 40,511 (December 31, 2010 - EUR 35,295). Fair value of cash outflows with respect to the derivative that fall within one year from the balance sheet date, amounting to EUR 8,551 (December 31, 2010 – EUR 10,145), is classified under current liabilities whereas the remaining amount of EUR 31,960 (December 31, 2010 – EUR 25,150) is classified under non-current liabilities.

The initial hedge relationship (old hedge) was effective until June 30, 2009. The effective portion arising from the old hedge has been kept under equity until June 30, 2009 and started to be amortized thereafter by using the amortization rate of the related loan payment schedule until maturity. As of October 1, 2010 the hedge was redesignated (new hedge). The new hedge is found as effective as result of effectiveness test and fair value of the new hedge amounting to EUR 4,262 is continued to be recognized under other comprehensive income. The unamortized portion of the old hedge which is recognized under other comprehensive income amounts to (EUR 9,561). Accordingly the total unrealised loss recognized under other comprehensive income amounts to (EUR 5,299).

The loss relating to the ineffective portion that is recognized in the consolidated statements of comprehensive income amounts to EUR 16,370 as of December 31, 2011.

	December 31, 2011	December 31, 2010
Recognized in equity	**11,154**	8,889
Recognized in income statement (Note 18)	**(16,370)**	(11,883)
Total change in fair value	**(5,216)**	(2,994)

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

15. Share capital and reserves

The paid-in share capital of the Company comprises of 248,528,000 units of registered shares with a nominal value of **TRY1** each. There are no different types of shares or privileges given to shareholders.

At December 31, 2011 and 2010, the Company's shareholding structure is as follows:

	December 31, 2011		December 31, 2010	
	Share %	TRY	Share %	TRY
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.	39.98	99,360,400	39.98	99,360,400
GMR Infrastructure Limited	35.00	86,984,800	35.00	86,984,800
Malaysia Airports Holdings Berhad	20.00	49,705,600	20.00	49,705,600
GMR Infrastructure Overseas S.L.	5.00	12,426,400	5.00	12,426,400
Limak İnşaat Sanayi ve Ticaret A.Ş.	0.02	50,800	0.02	50,800
Total number of registered shares		248,528,000		248,528,000
Shares held for issue		-		-
Total number of shares		248,528,000		248,528,000

The paid-in capital, in regards to 248,528,000 shares issued, amounts to EUR 114,840.

In accordance with the Facility Agreement and the Share Pledge Agreement, the shares of GMR Infrastructure Limited, GMR Infrastructure Overseas S.L. Sociedad Unipersonal, Limak İnşaat Sanayi ve Ticaret A.Ş. and Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş., corresponding to 80% of total shares have been pledged to Yapı Kredi Bank Nederland N.V., the security agent as set out in the Facility Agreement.

In accordance with the Concession Agreement, the share of the investor in the Company with technical qualifications, being MAHB, may not be less than 20% and may not be reduced below that level until the end of the concession period.

As of December 31, 2010, Limak İnşaat Sanayi ve Ticaret A.Ş. has transferred its shares amounting to nominal value of TRY 86,934,000 in full to Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. Therefore; the shareholding of Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. increased from 5% to 39.98%.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

16. Net sales

For the year ended at December 31, 2011 and 2010, net sales comprise of the following:

	January 1 – December 31, 2011	January 1 – December 31, 2010
Construction revenue (*)	-	17,575
Jet fuel sales	172,434	154,371
Passenger fee revenue	44,819	36,859
Passenger boarding bridge	4,698	3,873
Ground handling revenue	18,449	17,219
Rent income	7,708	6,656
Car park revenues	5,385	5,315
Duty free revenue	19,414	15,794
F&B revenue	5,210	4,479
Advertising revenue	2,521	2,176
Other	4,209	3,186
	284,847	267,503
Sales discounts (-)	(9,525)	(1,372)
Net sales	275,322	266,131
Construction expenditure	-	(15,977)
Cost of sales	(232,408)	(217,994)
Gross profit	42,914	32,160

(*) Construction revenue and expenditure relate to the development of Istanbul Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries. Construction revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. The Group estimates the construction profit margin applicable to similar contracts and development work to be 10%.

An analysis of the Group's construction revenue and expenditure for the year ended at December 31, 2011 and 2010 are as follows:

	January 1 – December 31, 2011	January 1 – December 31, 2010
Construction expenditure	-	15,977
Mark-up assumed on construction expenditure	-	1,598
Construction revenue	-	17,575

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

17. General administrative expenses

For the year ended at December 31, 2011 and 2010, operating expenses comprise of the following:

	January 1 – December 31, 2011	January 1 – December 31, 2010
Personnel expenses	4,209	6,952
Consultancy expenses	3,878	2,606
Depreciation and amortization charges (Notes 5 and 6)	2,498	4,939
Promotion and advertisement expenses	443	1,361
Representation expenses	93	281
Tax expenses	259	516
IT expenses	517	424
Utilization expenses	-	106
Repair and maintenance expenses	9	214
Other	887	1,337
Total	12,793	18,736

18. Financial income/ expenses, net

For the year ended at December 31, 2011 and 2010, financial income and expenses comprise of the following:

	January 1 – December 31, 2011	January 1 – December 31, 2010
Foreign currency translation gain	-	2,856
Interest income on bank deposits	56	794
Other	144	-
Financial income	200	3,650
Changes in the fair value of the derivative instruments	(16,370)	(11,883)
Interest expense on utilization fee liability	(80,775)	(80,344)
Foreign currency translation loss	(4,614)	-
Guarantee letter commissions	(1,500)	(1,491)
Interest rate swap payments	(9,803)	(11,768)
Interest expense on loan borrowings	(27,999)	(23,204)
Other	(345)	(1,375)
Financial expense	(141,406)	(130,065)
Financial income / (expense), net	(141,206)	(126,415)

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

19. Expenses by nature

For the year ended at December 31, 2011 and 2010, total operating expenses by their nature are as follows:

	January 1 – December 31, 2011	January 1 – December 31, 2010
Construction expense (Note 16)	-	(15,977)
Jet fuel cost	(161,935)	(144,375)
Personnel expenses	(22,517)	(25,066)
Depreciation and amortization charges (Notes 5 and 6)	(32,896)	(40,145)
Utilities	(3,384)	(6,393)
Consultancy expenses	(3,984)	(2,763)
Security expenses	(5,600)	(6,464)
Repair and maintenance expenses	(881)	(935)
Rent expenses	(4,289)	(3,261)
Insurance expense	(1,817)	(2,509)
Other	(13,459)	(12,536)
	(250,762)	(260,424)

20. Commitments and contingent liabilities

Letters of guarantee given

As of December 31, 2011, six letters of guarantee, one amounting to EUR 111,329 (December 31, 2010 - EUR 115,920), one amounting to EUR 2,515 (December 31, 2010 - EUR 2,515), and four others amounting to EUR 13,009, EUR 204, EUR 1,629 and EUR 26 are provided to the Administration (representing 6% of total amount payable to the Administration for the right to operate the Facility as set out in the Concession Agreement).

As of December 30, 2011, the Company has provided 8 letters of guarantee to energy transactions amounting to EUR 9,087 (December 31, 2010 – EUR 4,352).

Letters of guarantee obtained

The Group has obtained letters of guarantee from its tenants and airlines amounting to EUR 4,534 (December 31, 2010 - EUR 3,681).

The Group has obtained letters of guarantee from suppliers amounting to EUR 3,188 (December 31, 2010 - EUR 3,028), in regards to the orders given for certain equipment to be used in the construction of Istanbul Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries. The Group has also obtained letters of guarantee amounting to EUR 16,543 (December 31, 2010 - EUR 25,232) from Limak-GMR Adi Ortaklığı, in addition to the cash guarantee as described in Note 10.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

20. Commitments and contingent liabilities (continued)

Operating leases

The Group has entered into operating lease agreements for 41 (December 31, 2010 - 49) motor vehicles for the use of the Group personnel. Future lease payments under these operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Less than one year	**215**	269
One to three years	**190**	164
Total	**405**	433

Commitments according to the concession agreement

Concession agreement

In accordance with the Concession Agreement, the Group committed to complete the following within 30 months of investment period beginning from 1 May 2008:

- completion of the Construction in accordance with the specifications in the Concession Agreement;
- displacement of any infrastructural facilities located at the construction site to a location to be indicated by the Administrations.

In addition, the Group committed to perform the following during the concession period:

- one-off maintenance and repair work for the present apron, runway and taxiway with the approval of the Airport Authority;
- transformation of the previous international terminal into a domestic lines terminal following the opening of the İstanbul Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries;
- arrangement of the previous domestic terminal as an independent "general activation terminal" following the opening of İstanbul Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries.

In accordance with the Concession Agreement, the investment committed by the Group in regards to the Construction amounts to EUR 274,416, of which 20% shall be provided by the Group's own funds.

The Group is also responsible for:

- taking all measures to ensure that the operation continues without interruption during the concession period;
- providing insurance coverage for the Construction and the Facility;

regular and continuous repair of all systems and equipment it possesses, keeping them in working order, replacement of the assets subject to depreciation during the concession period, whose economic useful lives determined by the Turkish Tax Procedural Law have ended or which have become out of order.

- taking all measures to ensure that the operation continues without interruption during the concession period;
- providing insurance coverage for the Construction and the Facility;

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

20. Commitments and contingent liabilities (continued)

- regular and continuous repair of all systems and equipment it possesses, keeping them in working order, replacement of the assets subject to depreciation during the concession period, whose economic useful lives determined by the Turkish Tax Procedural Law have ended or which have become out of order.

According to the Concession Agreement, the Group is responsible for ensuring the security of the Facility (including the New International Terminal and its Complementaries), maintenance, periodic maintenance and repairs, and transfer of the Facility to the Administration at the end of the concession period free from any obligation and liability and free of charge in operational condition.

Project finance facility

The Group is subject to conditions set out in the Facility Agreement signed with The Royal Bank of Scotland PLC, Yapı Kredi Bankasi A.Ş. and Yapı Kredi Bank Nederland N.V. and related Share Pledge Agreement and Assignment of Receivables Agreement. The Group accepts the conditions that in the event of default or non-compliance with other criteria set forth in the Facility Agreement and related agreements, the lending financial institutions reserve the right to confiscate shares of the Group and confiscate all existing and future receivables of the Group at the date non-compliance occurs.

In accordance with the Facility Agreement, the Group is subject to comply on covenant ratio calculations starting from calculation date (December 31, 2010) up to and including 30 June 2013;

- the Historic Debt Service Cover Ratio (DSCR) is less than 1.1:1; and/or
- the Loan Life Cover Ratio is less than 1.15:1, to Group is obliged to withdraw such amount from SECCA and transfer it to the Onshore Euro Proceeds Amount and apply it against amounts and /or

prepayments so that obligations are met, the relevant balances are maintained and/or the relevant ratios are met;

whereas, shall, on 30 June 2013 (and after making any withdrawal pursuant to statement above), the Group is obliged to withdraw such amounts from SECCA for application against mandatory prepayment of the Loans so that after such prepayment;

- the projected DSCR on such date and as at each subsequent calculation date until the Final Repayment Date (each as shown in Base Case prepared for such date pursuant to Facility Agreement) is not less than 1.20:1; and;
- the Loan Life Cover Ratio is not less than 1.25:1.

The management plans to restructure the existing credit facilities within the consideration of different alternatives in the next year and all shareholders are full committed to the Group with joint and several liabilities.

21. Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Financial risk management (continued)

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

(a) Credit risk

Majority of trade receivables are due from tenants, airline companies and representative firms. The customer portfolio of the Group is diversified, with Turkish Airlines ("THY") and Pegasus Airlines, being the main customers. The Group obtains letter of guarantee from its customers against its receivables as explained in Note 8. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8.

(b) Liquidity risk

Liquidity risk management refers to holding adequate amount of cash, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group, in order to minimize liquidity risk, holds adequate cash and available line of credit. In this regard, as of December 31, 2011, the Group has lines of credit amounting to EUR 398,000 (December 31, 2010 - EUR 398,000). The utilized portion of the aforementioned total credit line amounts to EUR 397,904 (December 31, 2010 - EUR 397,904).

As of balance sheet date, the Company holds shareholder loans amounting to EUR 23,500 (December 31, 2010, nil).

The maturity analysis of the assets and liabilities of the Group is as follows:

December 31, 2011	up to 1 year	1 to 5 year	5 years	Total
Assets				
Trade and other receivables	11,571	15,627	-	27,198
Due from related parties	435	-	-	435
Cash and cash equivalents	99,268	-	-	99,268
Total	**111,274**	**15,627**	**-**	**126,901**
Liabilities				
Borrowings	22,981	168,411	199,325	390,717
Derivative financial instruments	8,551	29,980	1,980	40,511
Due to related parties	6,824	9,336	24,364	40,524
Trade and other payables	105,789	297,666	650,553	1,054,008
Total	**144,145**	**505,393**	**876,222**	**1,525,760**

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Financial risk management (continued)

December 31, 2010	up to 1 year	1 to 5 year	5 years	Total
Assets				
Trade and other receivables	11,599	20,017	-	31,616
Due from related parties	450	-	-	450
Cash and cash equivalents	111,022	-	-	111,022
Total	123,071	20,017	-	143,088
Liabilities				
Borrowings	62,368	94,169	233,880	390,417
Derivative financial instruments	10,145	22,657	2,493	35,295
Due to related parties	5,372	9,891	2,599	17,862
Trade and other payables	90,733	274,591	656,002	1,021,326
Total	168,618	401,308	894,974	1,464,900

Trade and other payables presented in the maturity analysis of liabilities include the Utilisation Fee liability amounting to EUR 981,370 (December 31, 2010 – EUR 977,066), which is recognized in relation to intangible asset, "Airport Operation Right". Non-monetary items are excluded from the analysis.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

December 31, 2011	**up to 1 year**	**1-5 years**	**over 5 years**	**Total**
Borrowings	23,709	199,431	326,398	**549,538**
Derivative financial instruments	8,661	31,252	2,203	**42,116**
Due to related parties	6,996	11,642	24,758	**43,396**
Trade and other payables	105,840	365,381	1,700,860	**2,172,081**
Total	**145,206**	**607,706**	**2,054,219**	**2,807,131**

December 31, 2010	up to 1 year	1-5 years	over 5 years	Total
Borrowings	65,768	115,520	384,309	565,597
Derivative financial instruments	10,245	23,925	2,936	37,106
Due to related parties	3,465	12,204	3,892	19,561
Trade and other payables	104,541	395,722	2,065,251	2,565,514
Total	184,019	547,371	2,456,388	3,187,778

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Financial risk management (continued)

Fair value hierarchy table

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)
Level 2: Other valuation techniques includes direct or indirect observable inputs
Level 3: Valuation techniques does not contains observable market inputs

Financial liabilities at fair value through profit or loss:	**December 31, 2011**	**Level 1**	**Level 2**	**Level 3**
Swap liabilities	**40,511**	-	**40,511**	-

Financial liabilities at fair value through profit or loss:	December 31, 2010	Level 1	Level 2	Level 3
Swap liabilities	35,295	-	35,295	-

(c) Market risk

i. Cash flow and fair value interest rate risk

The Group maintains a balance regarding the maturities of its interest bearing assets and liabilities and utilizes its idle cash in short term investments. The Group has also entered into an interest rate swap agreement with a financial institution, basically to convert its borrowings from floating interest rates to a fixed rate and hedge its cash flows.

In addition, the Group incurs interest expense on a fixed rate that is used to determine the present value of the total payable to the Administration.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Financial risk management (continued)

ii Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated assets and liabilities.

At December 31, 2011 and 2010, monetary assets and liabilities denominated in foreign currencies held by the Group were as follows:

	December 31, 2011		December 31, 2010	
	Original amount	EUR equivalent	Original amount	EUR equivalent
Foreign currency denominated monetary assets:				
Cash and cash equivalents				
US Dollars	368	284	243	183
TRY	6,630	2,713	7,560	3,690
		2,997		3,873
Trade and other receivables				
TRY	55,668	22,779	54,376	26,537
US Dollars	2,564	1,982	3,807	2,872
		24,761		29,409
Due from related parties				
TRY	777	318	473	231
US Dollars	22	17	1	1
		335		232
Total foreign currency denominated monetary assets		28,093		33,514
Foreign currency denominated monetary liabilities:				
Trade and other payables				
TRY	38,785	15,871	20,514	10,011
US Dollars	1,572	1,215	695	525
GBP	-	-	25	29
		17,086		10,565
Borrowings				
TRY	5	2	806	393
		2		393
Due to related parties				
TRY	1,377	563	1,739	849
GBP	-	-	13	15
		563		864
Total foreign currency denominated monetary liabilities		17,651		11,822
Net foreign currency position		10,442		21,692

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Financial risk management (continued)

At December 31, 2011, if TRY had strengthened/weakened by 10% against EUR with all other variables held constant, net loss for the year would have been higher / lower by 937, as a result of foreign exchange gains/losses on the translation of TRY denominated assets and liabilities. At December 31, 2011, if USD had strengthened/weakened by 10% against EUR with all other variables held constant, net loss for the year would have been higher / lower by EUR 107, as a result of foreign exchange gains/losses on the translation of USD denominated assets and liabilities.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

	December 31, 2011	December 31, 2010
Total liabilities	**1,526,062**	1,465,239
Less: Cash and cash equivalents	**(99,268)**	(111,022)
Net debt	**1,426,794**	1,354,217
Equity	**(94,181)**	2,634
Invested capital	**1,332,613**	1,356,851
Net debt / Invested capital (%)	**107.1%**	99.8%

Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

Financial assets

The fair values of certain financial assets carried at cost, including cash and cash equivalents, trade receivables and other financial assets, as financial assets are estimated to approximate carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2011
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Financial risk management (continued)

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including trade payables and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature.

The bank borrowings are stated at their amortized costs and transaction costs like up-front fees are included in the initial measurement of bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically in accordance with the EURIBOR floats to reflect active market price quotations.

The Group has entered into swap transactions in order to minimize its interest rate risk. Swap transactions are initially recognized at fair value on the date which a derivative contract is entered into and subsequently remeasured at fair value. Swap transactions that are designated as hedging instruments for cash flow hedges are accounted for in accordance with hedge accounting policies under International Financial Reporting Standards.

22. Subsequent events

As due on January 4, 2012, the Group has made its second concession payment to the Administration amounting to EUR 76,515.

23. Other Matters

As of November 29, 2011, due to early termination of the subsidiary service contract between the subsidiary and Pegasus Airlines (which was the main customer of the subsidiary), the subsidiary has ceased its ground handling operations with Pegasus Airlines.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated financial statements as of December 31, 2012 together with report of independent auditors

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Table of contents

ERNST & YOUNG

Güney Bağımsız Denetim ve SMMM AŞ
Büyükdere Cad. Beytem Plaza
No:22 K:9-10, 34381 - Şişli
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
www.ey.com

Independent auditors' report

To the Shareholders of İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

We have audited the accompanying consolidated financial statements of İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. and its subsidiary (altogether will be referred to as "Group"), which comprise the consolidated statement of financial position as at December 31, 2012 and the consolidated statements of comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

February 22, 2013
Istanbul, Turkey

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated statements of financial position
at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

	Notes	December 31, 2012	December 31, 2011
Assets			
Property, plant and equipment	5	4,008	7,256
Intangible assets	6	1,221,210	1,258,725
Deferred income tax assets	7	39,239	31,465
Trade and other receivables	8	22,447	15,627
Total non-current assets		1,286,904	1,313,073
Inventories	9	7,374	7,534
Due from related parties	10	410	435
Trade and other receivables	8	13,229	11,571
Cash and cash equivalents	11	95,846	99,268
Total current assets		116,859	118,808
Total assets		1,403,763	1,431,881
Liabilities			
Long-term borrowings	12	360,351	367,736
Derivative financial instruments	14	30,914	31,960
Provisions		267	302
Due to related parties	10	35,545	33,700
Trade and other payables	13	966,788	948,219
Total non-current liabilities		1,393,865	1,381,917
Short-term borrowings	12	24,302	22,981
Derivative financial instruments	14	11,917	8,551
Due to related parties	10	8,746	6,824
Trade and other payables	13	118,240	105,789
Total current liabilities		163,205	144,145
Equity			
Equity attributable to owners of the parent:			
Share capital	15	146,840	114,840
Hedging reserve	14	5,641	(4,239)
Accumulated deficit		(295,452)	(198,787)
		(142,971)	(88,186)
Non-controlling interest		(10,336)	(5,995)
Total equity		(153,307)	(94,181)
Total equity and liabilities		1,403,763	1,431,881

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated statement of comprehensive income
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

	Notes	For the year ended December 31, 2012	For the year ended December 31, 2011
Net sales	17	**275,548**	275,322
Cost of sales	17, 20	**(241,520)**	(232,408)
Gross profit		**34,028**	42,914
Marketing and selling expenses	20	**(4,906)**	(4,339)
General administrative expenses	18, 20	**(15,184)**	(12,793)
Other operating income		**3,629**	362
Other operating expense	20	**(455)**	(1,222)
Operating profit		**17,112**	24,922
Financial income	19	**122**	200
Financial expense	19	**(128,484)**	(141,406)
Loss before income tax		**(111,250)**	(116,284)
Deferred tax income	7	**10,244**	10,546
Loss for the year		**(101,006)**	(105,738)
Other comprehensive income:			
Cash flow hedges	14	**12,350**	11,154
Tax impact of cash flow hedges		**(2,470)**	(2,231)
Other comprehensive income, net of tax		**9,880**	8,923
Total comprehensive loss		**(91,126)**	(96,815)
Loss attributable to:			
Equity holders of the parent		**(96,665)**	(101,579)
Non-controlling interest		**(4,341)**	(4,159)
		(101,006)	(105,738)
Total comprehensive loss attributable to:			
Equity holders of the parent		**(86,785)**	(92,656)
Non-controlling interest		**(4,341)**	(4,159)
		(91,126)	(96,815)
Basic and diluted loss per share attributable to owners of the Company (in full EUR)	16	**(0.3890)**	(0.4087)

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated statement of changes in equity
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

	Attributable to the equity holders of the parent					
	Share capital	**Hedging reserve**	**Accumulated deficit**	**Total**	**Non-controlling interest**	**Total equity**
Balances at January 1, 2011	114,840	(13,162)	(97,208)	4,470	(1,836)	2,634
Loss for the period	-	-	(101,579)	(101,579)	(4,159)	(105,738)
Other comprehensive income for the year	-	8,923	-	8,923	-	8,923
Total comprehensive loss for the year	-	8,923	(101,579)	(92,656)	(4,159)	(96,815)
Balances at December 31, 2011	114,840	(4,239)	(198,787)	(88,186)	(5,995)	(94,181)
Balances at January 1, 2012	**114,840**	**(4,239)**	**(198,787)**	**(88,186)**	**(5,995)**	**(94,181)**
Loss for the period	-	-	(96,665)	(96,665)	(4,341)	(101,006)
Other comprehensive income for the year	-	9,880	-	9,880	-	9,880
Other comprehensive loss for the period	-	9,880	(96,665)	(86,785)	(4,341)	(91,126)
Share capital advance	32,000	-	-	32,000	-	32,000
Balances at December 31, 2012	**146,840**	**5,641**	**(295,452)**	**(142,971)**	**(10,336)**	**(153,307)**

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated statement of cash flows for the year ended at December 31, 2012

(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

	Notes	January 1, 2012 - December 31, 2012	January 1, 2011 - December 31, 2011
Operating activities:			
Loss for the period		(101,006)	(105,738)
Adjustments to reconcile loss to net cash provided from operating activities:			
Income tax		(10,244)	(10,546)
Depreciation and amortization	20	39,306	32,696
Loss on sales of property, plant and equipment and intangible	5	(2,154)	54
Impairment of property, plant and equipment	6, 20	1,024	-
Interest income	19	(14)	(56)
Interest expense	19	101,143	108,774
Guarantee letter commission	19	1,456	1,500
Swap expense	19	10,381	9,803
Bonus accrual		(11)	567
Legal provisions		5,997	(44)
Provision for administration obligation		575	1,018
Vacation pay expense accrual		22	41
Provision for retirement pay liability		(35)	1,375
Changes in the fair value of derivative financial instruments recognized in comprehensive income	14	14,670	16,370
Net cash provided from operating activities before changes in operating assets and liabilities		61,110	56,014
Changes in operating assets and liabilities:			
Changes in trade and other receivables		(8,478)	4,418
Changes in due from/to related parties, net		2,021	1,606
Changes in inventories		160	(3,090)
Changes in trade and other payables		19,009	25,428
Net cash provided from operating activities		73,822	84,376
Investing activities:			
Acquisition of property, plant and equipment and intangibles	5, 6	(1,737)	(1,739)
Proceeds from sales of property, plant and equipment and intangibles		4,324	-
Net cash provided from/ (used in) investing activities		2,587	(1,739)
Financing activities:			
Interest received		14	56
Cash proceeds from share capital advance		32,000	-
Cash proceeds from shareholder loan		2,500	23,500
Repayments of bank loans		(3,154)	(3,029)
Interest payments		(22,840)	(27,100)
Swap payments		(10,381)	(9,803)
Guarantee letter commissions		(1,456)	(1,500)
Concession payment to administration		(76,515)	(76,515)
Proceeds from short-term bank borrowings		1	-
Cash flows used in financing activities		(79,831)	(94,391)
Net increase in cash and cash equivalents		(3,422)	(11,754)
Cash and cash equivalents at the beginning of the period	8	99,268	111,022
Cash and cash equivalents at the end of the period		95,846	99,268

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

1. Organisation and nature of operations

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (the "Company") was established on February 20, 2008 as a joint venture entity by GMR Infrastructure Limited, GMR Infrastructure Overseas S.L. Sociedad Unipersonal, Limak İnşaat Sanayi ve Ticaret A.Ş., Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. and Malaysia Airports Holdings Berhad.

The Company's core business is management of the airport operations in İstanbul Sabiha Gökçen International Airport. After winning the tender for the "Project for İstanbul Sabiha Gökçen Airport's New International Airport Building and its Complementries through Build-Operate-Transfer Model" (the "Tender") at an initial price of EUR 1,932,000 (plus VAT of 18%) (which is referred to as the "Utilization Fee") on July 9, 2007, the partners of the joint venture entity, GMR Infrastructure Limited ("GMR"), Limak İnşaat Sanayi ve Ticaret A.Ş. ("Limak") and Malaysia Airports Holding Berhad ("MAHB") (together referred to as the "Consortium") signed a concession agreement (the "Concession Agreement") on March 19, 2008, the other party of which was Undersecretariat of Defense / Turkey (the "Administration"). In accordance with the Concession Agreement, the Consortium has the right to operate İstanbul Sabiha Gökçen Airport (the "Facility") for a period of 20 years commencing with the delivery of İstanbul Sabiha Gökçen Airport operations to the Consortium, which took place on 1 May 2008. Later on October 15, 2009, the Consortium gained additional rights to operate the Facility for an extended period of 2 years at an additional price of EUR 243,957 (plus VAT of 18%).

The right to operate the Facility is transferred to the Consortium in exchange for the amount offered at the Tender as mentioned above and completion of the construction with regards to establishment of İstanbul Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries (the "Construction"), which include construction of all infrastructures and superstructures, their connections to the main-system within the framework of the implementation including detailed projects to be drafted in accordance with Tender specifications. The Construction activity should be completed within 30 months period following delivery of the Construction site to the Consortium, which took place on 4 May 2008.

In accordance with the Concession Agreement, the Consortium established the Company and transferred the rights and obligations undertaken by the Concession Agreement to the Company. In addition, due to legal requirements, İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş. (the "Subsidiary") is established as a subsidiary of the Company to perform the ground handling services, including management of flight operations, cargo control, communications, passenger traffic, ramp and aircraft line maintenance services.

The Company and its Subsidiary (together referred to as the "Group") started to operate the current domestic and international terminals of the Facility on May 1, 2008.

The main operations of the Group are as follows:

Terminal and Airport operations: The Group is responsible for operating the domestic and international terminals currently available in the Facility and the terminal under construction after completion of the construction activity in accordance with the principles and requirements of International Civil Aviation Organization ("ICAO"), European Civil Aviation Conference ("ECAC"), Airports Council International ("ACI"), European Organization for the Safety of Air Navigation ("EUROCONTROL"), Joint Aviation Authorities ("JAA") and International Air Transport Association ("IATA"); principles and procedures set forth by the Airport Authority and other criteria set forth in the relevant legislation of the Directorate of Air Transportation of the Ministry of Transportation / Turkey. In respect of this operation, the Group charges airlines departing passenger service fee. In addition, the occupiers of the areas within the Facility, other than public entities and agencies are charged for general utilities (i.e. heating, cooling and ventilation).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

1. Organisation and nature of operations (continued)

Ground handling services: The Group performs the ground handling services in accordance with HEAŞ Sabiha Gökçen Airport Ground Handling Services Directive. The ground handling services include management of flight operations, cargo control and communications, passenger traffic, ramp and aircraft line maintenance services.

Fuel Supply Services: The Group is responsible for fuel supply by using the fuel facilities in İstanbul Sabiha Gökçen Airport transferred to the Group. In regards to such services, the Group pays "activity revenue share" fees to the Airport Authority, in accordance with the Concession Agreement.

Area allocation services: As a lessor, the Group leases commercial areas in the Facility to third parties.

Lounge services: The Group operates the lounges in the Facility.

Car park service: The Group operates the car parks in the Facility.

In relation to the operations explained above and in accordance with the Concession Agreement, the Group's revenue streams comprise of the following:

- International and domestic lines departing passenger service fee,
- Passenger bridge revenues,
- PCA system revenues,
- Rent, shares in proceed, space allocation and advertisement revenues,
- Heating, cooling and ventilation revenues for the places allocated to the people and entities other than public entities and agencies and the revenues from electricity and water supplied to such places,
- Counter revenues,
- CIP operating revenues,
- Parking area revenues,
- Flight information, telephone, telex, public announcement, diaphone, and similar revenues,
- Film shooting revenues,
- Revenues from the left luggage offices,
- Baggage porter revenues,
- Fuel supply revenues,
- Medical examination and treatment revenues,
- Warehouse operation revenues in the cargo terminal,
- Ground handling service revenues

In addition, the Concession Agreement refers to conference and meeting hall revenues which are expected to take place following the completion of the Construction.

The passenger service fees for international and domestic lines are determined by the Ministry of Transportation / Turkey. In case the passenger service fees get increased above the amounts set in the Concession Agreement, the Group shall pay 50% of the incremental increase to the Administration. In case, the passenger service fees get decreased below the amounts set in the Concession Agreement, 50% of the difference shall be deducted from the Utilization Fee.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

1. Organisation and nature of operations (continued)

In accordance with the Concession Agreement, the tariff regarding the counter, bridge revenues (bridge, 400 Hz, water), CIP, general aviation terminal, meeting, conference hall revenues (except for space allocation, lease and advertisement revenues) together with ticket sales, office allocation, left luggage offices, parking area, luggage carrying (porter), telephone, diaphone, public announcement, aviation information and monitor utilization, medical examination, treatment, electricity and water revenues shall be determined based on the tariff applied in İstanbul Atatürk Airport.

The Company and its Subsidiary are registered in Turkey at Sabiha Gökçen Uluslararası Havalimanı 34912 Pendik/Istanbul-Turkey.

These consolidated financial statements as at and for the year ended at December 31, 2012 has been approved for issue by the Management on February 22, 2013.

2. Basis of presentation of consolidated financial statements

Accounting standards

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board.

The Group maintains its books of account and each company within the Group prepares their statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Commercial Code, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. These consolidated financial statements are based on the statutory records which are maintained under the historical costs convention, except for certain financial assets and liabilities presented at their fair value, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS"). Such adjustments mainly comprise the effect of accounting for deferred taxation, provision for doubtful receivables, accounting for the depreciation charge of property, plant and equipment and intangible assets according to lower of useful life and concession periods, accounting for expense accruals, accounting of intangible assets in accordance with International Financial Reporting Interpretations Committee ("IFRIC") 12, effects of application for long-term employee benefits according to International Accounting Standards ("IAS") 19 "Benefits Provided to Employees".

The Group's functional and presentation currency is Euro.

The Group has determined that its functional currency is Euro in accordance with IAS 21 "The effects of changes in foreign exchange rates", based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency. The Group management considered several factors in determining its functional currency. During that process, the Group management recognized that some transactions may preclude the functional currency be obvious. However, such transactions are considered not to be determinative and the management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, event and conditions.

The statutory financial statements have been translated into Euro on the following basis: non- monetary assets such as inventories, property, plant and equipment, intangible assets and equity at historical rates of exchange; monetary assets and liabilities by the exchange rate prevailing at the balance sheet date. The items in the consolidated statement of comprehensive income have been translated by the average monthly exchange rates. Foreign exchange gains and losses resulting from such translation are recognized in the consolidated statement of comprehensive income.

2. Basis of presentation of consolidated financial statements (continued)

The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements together with the reported amount of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Change in accounting estimates

Starting from April 1, 2011, the Group decided to change the amortization method for the concession rights in respect of the construction costs of the terminal, car park and hotel which were previously amortised based on straight line method. According to the management's latest estimates the amortisation method has been changed to unit of production method (based on the forecasted revenues during the concession period), to better reflect the pattern in which the related asset's future economic benefits are expected to be consumed by the entity. Furthermore, useful lives of certain assets has been reassessed and changed to reflect the useful economic life of the related assets. Changes in the useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates within the consideration of the terminal capacity constraints.

These accounting estimate changes have been applied and incepted prospectively from April 1, 2011 in accordance with IAS 8 "Accounting Policies Changes in Accounting Estimates and Errors". Had these management's estimates have not been made, current period net loss would be higher by EUR 9,972.

Adoption of revised and new standards

New and amended standards and interpretations:

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2012. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2012 are as follows:

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. Adoption of this amendment did not have any impact on the financial position or performance of the Group.

2. Basis of presentation of consolidated financial statements (continued)

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any impact on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after July 1, 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Group does not expect that this amendment will have a significant impact on the financial position or performance of the Group.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This amendment will not have any impact on the financial position or performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

IFRS 9 Financial Instruments – Classification and Measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. The Group does not expect that this standard will have an impact on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after January 1, 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after January 1, 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Group does not expect that the project will have a significant impact on the financial position or performance of the Group.

IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting:
Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendment applies for annual periods beginning on or after January 1, 2014 with earlier application permitted. The amendment has not yet been endorsed by the EU. The amendment is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Basis of consolidation

The consolidated financial statements include the accounts of the parent company, İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. and its Subsidiary, on the basis set out below. Financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements.

2. Basis of presentation of consolidated financial statements (continued)

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govem the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of the affiliates are included in the consolidated financial statements starting from the date that control commences until the date that control ceases.

The statement of financial position and statement of comprehensive income of the Subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by the Company in its Subsidiary is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiary are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company are eliminated starting from shareholders' equity and income for the year then ended period, respectively.

Where necessary, accounting policies of the Subsidiary have been changed to ensure consistency with the policies adopted by the Group.

The Group's proportion of ownership interest at December 31, 2012 in its Subsidiary is 51% (December 31, 2011 - 51%). The portion of the profit or loss and net assets of the Subsidiary attributable to equity interests that are not owned, by the parent, is presented as non-controlling interest.

3. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarised below:

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

   (i) has control or joint control over the reporting entity;
   (ii) has significant influence over the reporting entity; or
   (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

   (iv) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (v) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (vi) Both entities are joint ventures of the same third party.
   (vii) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (viii) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   (ix) The entity is controlled or jointly controlled by a person identified in (a).
   (x) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Trade and other receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are initially recognized at fair value and subsequently measured at amortised cost. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputed interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 8).

Trade and other payables

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method (Note 13). The discount rate used to identify the present value of the liability in regards to the Utilization Fee is explained in detail in Note 4.

Management assesses the required amount of provision in regards to obligation for restoration of assets in accordance with the concession agreement when the assets get started to be utilized.

Inventories

Inventories are carried at the lower of cost or net realisable value. Cost elements included in inventories are fuel stocks, spare parts and advances given. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventories is determined based on the weighted average costing method (Note 9).

Property, plant, equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided on property, plant and equipment using the straight-line method based on the estimated useful lives of the assets. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Buildings	10
Machinery and equipment	4-20
Motor vehicles	4-7
Furniture and fixtures	4-22

Leasehold improvements are amortised over the periods of the respective leases, also on a straight-line basis.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of value in use or fair value less cost to sell. Gains or losses on disposals of property, plant and equipment are included in the related income or expense accounts, as appropriate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Group. Repair and maintenance expenditure is charged to the consolidated statement of comprehensive income during the financial period in which they are incurred (Note 5).

Intangible assets

Airport operations right

The right to charge users of an airport for services is recognized as an intangible asset. The airport operations right is initially recognized at cost, being the fair value of Utilization Fee liability at the date of transfer of control of the Facility to the Group and the fair value of other consideration transferred to acquire the asset, which is the fair value of the consideration receivable for the construction services delivered. The Group estimates the fair value of its consideration receivable to be equal to the construction costs, calculated based on percentage of completion, plus 10% margin. Other costs (including travel and consultancy costs) incurred in regards to the project covered by the Concession Agreement are regarded as part of the consideration paid by the Group, and therefore included in the cost of airport operations right.

The airport operations right is amortized over the concession period, starting from the date the right is available for use. Accordingly, the Group started to amortize the first phase of the airport operations right, cost of which is measured as the fair value of Utilization Fees payable, on May 1, 2008 (for extended period of 2 years on October 15, 2009), whereas the second phase, cost of which is measured as the fair value of the consideration receivable for the construction services delivered started to be amortized following the completion of the Construction by November 2009. The airport operations are amortized using the units of production method, based on the revenue projections (mainly based on traffic projections) during the concession period, considering such method best reflects the pattern in which the asset's future benefits are expected to be consumed by the Group. Amortization method and underlying assumptions are reviewed for validity at each period (Note 6).

Starting from April 1, 2011, the Company decided to change the depreciation method for the concession rights in respect of the construction costs of the terminal, car park and hotel which were previously amortised based on straight line basis. According to the management's latest estimates the amortisation method has been changed to unit of production method (based on the forecasted revenues during the concession period), to better reflect the pattern in which the related asset's future economic benefits are expected to be consumed by the entity. Furthermore, useful lives of certain assets has been reassessed and changed to reflect the useful economic life of the related assets.

Other rights

Other rights acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (Note 6). Useful lives of other rights vary between 3 to 15 years.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the intangible asset is the higher of value in use or fair value less cost to sell.

Employment termination benefits

(a) Defined benefit plans

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. All actuarial gains and losses are recognized in the consolidated statement of comprehensive income.

(b) Defined contribution plans

The Group pays contributions to publicly administered Social Security Fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Leases

The Group as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group as the lessor

With the privileges granted by the Implementation Agreement, the Group sublets certain areas in the facility. Allocations of these commercial areas are treated as operating leases and the rental income is recognized on a straight-line basis over the lease term.

Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method; any difference between the proceeds and redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings. Since the Construction meets the definition of qualifying asset, borrowing and other similar costs that are directly related to the Construction are capitalized as part of the airport operations right during the construction period (Note 6).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Income taxes

Income taxes comprise of current tax and the change in the deferred taxes.

Current income tax comprise tax payable calculated on the basis of expected taxable income for the year using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous years.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled (Note 7).

The principal temporary differences arise from the carrying value of liabilities in regards to the Utilization Fee, airport operations right, fair value of derivative instruments and their tax base.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Accounting for derivative financial instruments

Initial recognition and subsequent measurement

The derivative instruments of the Group consist of interest rate swap transactions. Derivatives are initially recognized at fair value on the date the derivative contract is entered into and are subsequently measured at their respective fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has designated their derivatives ("hedging instrument") to hedge its cash flows on variable interest rate borrowings from Project Finance Facility ("hedged item").

Cash flow hedges

The Group documents, at the inception of the transaction the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of derivative instruments used for hedging purposes is disclosed in Note 14. Movements on the hedging reserve in shareholders' equity are explained in Note 14. The portion of fair value of the hedging instrument is classified as a non-current liability for transactions due in more than 12 months, and as a current liability for transactions due in less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized directly in equity in the "cash flow hedge reserve". The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of comprehensive income.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

The gain or loss relating to the ineffective portions of interest rate swaps hedging variable rate borrowings is recognized in the consolidated statement of comprehensive income. Amounts previously recognized in equity are transferred to the consolidated statement of comprehensive income in the periods when the hedged item affects profit or loss (when the forecast transaction that is hedged takes place). The gain or loss relating to the effective portions of interest rate swaps hedging variable rate borrowings is then recognized in the consolidated statement of comprehensive income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into EUR at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive income.

Revenue recognition

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

Construction revenue and costs: Construction revenue and costs are recognized by reference to the stage of completion of the Construction activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the Construction cannot be estimated reliably, revenue is recognized to the extent of Construction costs incurred if it is probable that they will be recoverable. Construction costs are recognized as expenses in the year in which they are incurred.

Jet fuel revenues: Jet fuel revenues are recognized when fuel is transferred to the visiting aircrafts.

Aviation income: Aviation income is recognized based on utilization of the Facility by departing passengers and check-in counters by the airlines.

Area allocation income (rent income): Area allocation income is recognized on a straight line basis during the contract period, based on the contracts made for allocated areas in the Facility.

Ground handling service revenue: Revenue in regards to ground handling services is recognized when the service is provided.

Lounge, car park and other services: Revenue in regards to such activities is recognized when the related services are rendered.

3. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, deposits at banks and short-term highly liquid investments with maturities of three months or less when purchased (Note 11).

Financial liabilities

Financial liabilities are recognized initially at proceeds received, net of transaction costs incurred. In subsequent periods, financial liabilities are stated at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and redemption value is recognized in the consolidated statements of comprehensive income over the period of the financial liabilities. Financial liabilities are derecognized when they are paid or cancelled (Note 12).

Provisions, contingent liabilities and contingent assets

Provisions

A provision is recognized when, and only when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable.

4. Significant accounting estimates and judgments

The preparation of consolidated financial statements require the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments (continued)

Significant estimates used in the preparation of these consolidated financial statements and the significant judgments with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

Percentage of completion for the Construction

The Group provides construction service in exchange for the right to operate İstanbul Sabiha Gökçen Airport in accordance with the Concession Agreement. The Group recognizes the revenues and costs in accordance with IAS 11 "Construction Contracts" by reference to the stage of completion of the Construction.

The stage of completion is measured by reference to the Construction costs incurred for work performed to date bear to the estimated total costs for the contract.

Mark-up rate for the construction

The airport operations right in exchange for the construction services provided is recognized at the fair value of the consideration receivable for the construction services delivered. The fair value of the consideration receivable for the construction services delivered is calculated by including a mark-up, estimated to reflect a margin consistent with other similar construction work, on the actual costs incurred. Mark-up rate used in calculating the fair value of the consideration receivable is estimated by the Group as 10%.

Discount rate

The Group recognized its financial liability in regards to the Utilization Fee at its present value. The Group has recognized the portion of airport operations right, to be paid in cash, at the fair value of the Utilization Fee liability at the date of transfer of control of the facility to the Group. Fair value of the items are calculated as the present value of the future Utilization Fee payments discounted at 8.6% for payments until January 2014 and 9% for the rest of the payments, which are determined based on the interest rate swap contract of the Group and the premium the Group pays for its borrowing on top of the Euribor rate. Fair value of the items is calculated as the present value of the future Utilization Fee payments for the extended period discounted at 10.5%.

As of December 31, 2012, had the management's estimation of discount rate increased or decreased by 10% from the discount rate used, net loss for the year then ended period would have been higher by EUR 5,561, lower by 7,403 respectively.

Revenue projections

The airport operation right is amortized over the concession period, starting from the date the right is available for use. Accordingly, the Group started to amortize the first phase of the airport operations right, cost of which is measured at the fair value of Utilization Fees payable on May 1, 2008, whereas the amortization of extension period started on October 15, 2009. The airport operations right is amortized using the units of production method, based on the Group management's revenue projections for the concession period.

Had the management's estimation of percentage of revenue to be earned until December 31, 2012 to the revenue to be earned during the concession period been lower/higher by 10%, net loss for the year then ended period would have been lower by EUR 2,395, higher by EUR 2,381.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments (continued)

Going concern

The Group has a net loss of EUR 101,006 for the year ended at December 31, 2012 (December 31, 2011 – EUR 105,738) and the current liabilities exceeded current assets by EUR 46,346 (December 31, 2011 – EUR 25,337).

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore; management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

In 2004 Sabiha Gökcen International Airport (SAW) handled 10 thousand domestic passengers and 224 thousand international passengers which was just 1.5% of the total passenger traffic handled in Istanbul in that year. In 2012 SAW handled 14.87 million passengers, of which 9.75 million passengers travelled on domestic flights and 5.12 million passengers on international flights.

Throughout the years 2004 to 2012, SAW's compound annual growth rate (CAGR) on total number of passengers have increased 68%, of which CAGR on international passengers have increased 48% and CAGR on domestic passengers have increased 136%.

The number of passengers handled at SAW in 2012 represented 14.7% of the Istanbul international air passenger market and 39.0% of the Istanbul domestic air passenger market.

The following table shows the improvement of annual air traffic passenger evaluation of SAW from 2008 (when the Group started to operate SAW) to 2012:

Passenger number in millions	2012	2011	2010	2009	2008
International lines	5.12	4.57	3.93	2.09	1.57
Domestic lines	9.75	9.12	7.67	4.55	2.79
Total	**14.87**	**13.69**	**11.60**	**6.64**	**4.36**

Projected growth plans of annual air passenger traffic of SAW reflects the management best estimation driven by the local demand, fleet and route expansion plans of airlines, national/regional GDP growth, continuous development of proximate regions and demand over spill. The management expects to reach 24.86 million passengers with a compound annual growth rate of 13.71% between the years of 2012 to 2016.

The management plans to restructure the existing credit facilities within the consideration of different alternatives in the next year and all shareholders are full committed to the Group with joint and several liabilities.

In accordance with the Board of Directors' resolution number 146 dated on December 14, 2012, the shareholders of the Company has injected TL 75,438,030 share capital advance equivalent to EUR 32,000 in 2012 and EUR 4,000 on January 4, 2013. Therefore, total share capital advance amounts to EUR 36,000 as of the reporting date.

Accordingly, the consolidated financial statements are prepared on the basis that the Group will continue to be a going concern. This basis of preparation presumes that the Group will continue to receive the support of the shareholders and will realize its assets and discharge its liabilities in the ordinary course of business.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments (continued)

Fair value of the interest rate swap agreement

The fair value of interest rate swap agreement is determined by using appropriate valuation technique. The Group estimates the swap curve for future periods, mainly based on available market information existing at each balance sheet date. Had the swap curve shifted 100 basis points upward or downward as of December 31, 2012, fair value of the financial instrument and net income/(loss) recognized in the consolidated statement of comprehensive income and in hedging reserve in equity would increase/(decrease) as follows:

	Fair value of the financial instrument	Hedging reserve	Consolidated statement of income
December 31, 2012			
Swap curve shifted:			
100 basis points upward	9,462	8,785	677
100 basis points downward	(9,642)	(8,950)	(692)
December 31, 2011			
Swap curve shifted:			
100 basis points upward	11,343	10,386	957
100 basis points downward	(12,043)	(11,045)	(998)

Deferred tax assets

A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences.

With the expectation to recover certain part of its tax losses carried forward, the Group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits amounting to EUR 33,176 as of December 31, 2012 (December 31, 2011, EUR 25,112).

Impairment testing for property, plant and equipment and intangibles

The recoverable amount of the long lived assets is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts covering the twenty-two years concession period. The key assumptions use for value-in-use calculations are as follows:

	December 31, 2012
Compound annual growth rate of free cash flows up to 2030	4,58%
Weighted average cost of capital	10.57%

Management estimated free cash flows using traffic projections up to the end of the concession period. Management determined the WACC rate by considering its cost of borrowing, risk free rates of return in Turkey as well as a country risk premium.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments (continued)

The sensitivity analysis below shows the values-in-use which would have been calculated for the long-lived assets if WACC and free cash flow projections were changed while keeping all other variables constant:

	Base WACC changed by		
December 31, 2012	**(1%)**	**0%**	**1%**
Base cash flows by (1%)	**1,600,575**	**1,492,829**	**1,395,474**
Base cash flows by	**1,582,987**	**1,476,424**	**1,380,139**
Base cash flows by 1%	**1,565,398**	**1,460,020**	**1,364,804**

	Base WACC changed by		
December 31, 2011	(1%)	0%	1%
Base cash flows by (1%)	1,609,662	1,504,804	1,409,856
Base cash flows by	1,591,973	1,488,268	1,394,363
Base cash flows by 1%	1,574,284	1,471,732	1,378,870

5. Property, plant and equipment, net

The movement in property, plant and equipment and related accumulated depreciation for the year ended at December 31, 2012 and 2011 are as follows:

	January 1, 2012	Additions	Disposals	December 31, 2012
Cost				
Buildings	29	-	-	29
Machinery and equipment	7,219	-	(4,962)	2,257
Motor vehicles	1,022	-	(937)	85
Furniture and fixtures	3,074	394	(90)	3,378
Leasehold improvements	1,455	66	(15)	1,506
	12,799	460	(6,004)	7,255
Accumulated depreciation				
Buildings	(5)	(3)	-	(8)
Machinery and equipment	(3,047)	(716)	2,948	(815)
Motor vehicles	(706)	(139)	793	(52)
Furniture and fixtures	(1,673)	(599)	90	(2,182)
Leasehold improvements	(112)	(81)	3	(190)
	(5,543)	(1,538)	3,834	(3,247)
Net book value	7,256			4,008

Of the total depreciation expenses, EUR 1,221 (December 31, 2011 – EUR 1,434) was charged to cost of sales, EUR 286 (December 31, 2011 – EUR 311) was charged to general administrative expenses and EUR 31 (December 31, 2011 – EUR 31) was charged to marketing and selling expenses.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

5. Property, plant and equipment, net (continued)

The disposals are realized from the Subsidiary as the Group management has decided to cease ground handling operations as from the date of October 1, 2012 on a definite and permanent basis (Note 21).

	January 1, 2011	Additions	Disposals	December 31, 2011
Cost				
Buildings	29	-	-	29
Machinery and equipment	7,177	43	(1)	7,219
Motor vehicles	1,030	3	(11)	1,022
Furniture and fixtures	2,562	513	(1)	3,074
Leasehold improvements	1,170	285	-	1,455
	11,968	844	(13)	12,799
Accumulated depreciation				
Buildings	(2)	(3)	-	(5)
Machinery and equipment	(2,138)	(910)	1	(3,047)
Motor vehicles	(504)	(202)	-	(706)
Furniture and fixtures	(1,087)	(587)	1	(1,673)
Leasehold improvements	(38)	(74)	-	(112)
	(3,769)	(1,776)	2	(5,543)
Net book value	8,199			7,256

6. Intangible assets, net

The movements in intangible assets and related accumulated amortization for the year ended at December 31, 2012 and 2011 are as follows:

	January 1 2012	Additions	Impairment	December 31, 2012
Cost				
Airport operations right	891,055	-	-	891,055
Trigen	5,445	32	-	5,477
4th Tank	1,927	7	-	1,934
Hotel	20,493	-	-	20,493
Car Park	58,849	-	-	58,849
Terminal	367,173	506	-	367,679
Other rights	3,493	732	-	4,225
	1,348,435	1,277	-	1,349,712
Accumulated amortization				
Airport operations right	(41,346)	(24,588)	-	(65,934)
Trigen	(295)	(284)	-	(579)
4th Tank	(209)	(95)	-	(304)
Hotel	(2,056)	(571)	-	(2,627)
Car Park	(7,510)	(1,565)	-	(9,075)
Terminal	(36,717)	(10,400)	-	(47,117)
Other rights	(1,577)	(265)	(1,024)	(2,866)
	(89,710)	(37,768)	(1,024)	(128,502)
Net book value	1,258,725			1,221,210

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

6. Intangible assets, net (continued)

	January 1, 2011	Additions	Disposals	Impairment	December 31, 2011
Cost					
Airport operations right	891,055	-	-	-	891,055
Trigen	5,421	24	-	-	5,445
4th Tank	1,927	-	-	-	1,927
Hotel	20,493	-	-	-	20,493
Car Park	58,818	75	(44)	-	58,849
Terminal	366,867	308	-	-	367,173
Other rights	3,005	490	(2)	-	3,493
	1,347,586	895	(46)	-	1,348,435
Accumulated amortization					
Airport operations right	(24,418)	(16,928)	-	-	(41,346)
Trigen	(32)	(263)	-	-	(295)
4th Tank	(8)	(201)	-	-	(209)
Hotel	(1,440)	(616)	-	-	(2,056)
Car Park	(5,838)	(1,675)	3	-	(7,510)
Terminal	(25,621)	(11,096)	-	-	(36,717)
Other rights	(1,236)	(341)	-	-	(1,577)
	(58,593)	(31,120)	3	-	(89,710)
Net book value	1,288,993				1,258,725

In accordance with the Board of Directors' resolution no.58 dated on August 31, 2012; following the unsuccessful attempts in searching for new customers, that had begun as a result of the customer losses experienced after commencing of the operations of TGS A.Ş. and Çelebi Hava Taşımacılığı A.Ş. at Sabiha Gökçen Airport, the Group management has decided to cease its ground handling operations definitely and permanently as from the date October 1, 2012. In these consolidated financial statements as at December 31, 2012, the Group management has decided to impair its Subsidiary's ground handling operation license amounting to EUR 937.

Of the total amortization and impairment expenses, EUR 32,803 was charged to cost of sales (December 31, 2011 – EUR 25,994), EUR 2,637 was charged to general administrative expenses (December 31, 2011 – EUR 2,187) and EUR 3,352 was charged to marketing and selling expense (December 31, 2011 – EUR 2,939).

Other rights include airport operation licences and computer software.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes

Corporate tax

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in Turkey where the Group companies operate.

In Turkey, the corporation tax rate for the fiscal period/year ending December 31, 2012 is 20% (December 31, 2011- 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Transfer pricing is regulated under Corporate Income Tax Law no 13 "Disguised profit distribution via transfer pricing" issued by Turkish Tax Authority; detailed explanations on the executions is given in the "Communiqué related disguised profit distribution via transfer pricing".

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

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% (2011 – 15%) withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Deferred tax

The Group recognises deferred tax assets and liabilities based upon the temporary differences of assets and liabilities arising between their carrying values as reported for IFRS purposes and their statutory tax values.

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable. In this respect, deferred income tax assets on tax losses carried forward are amounting to EUR 33,176. The expiration years of the Group's tax losses are as follows:

	December 31, 2012	
Expiration years	Recognized tax loss carry forward	Unrecognized tax loss carry forward
2013	-	1,319
2014	10,208	3,484
2015	26,824	47,797
2016	51,071	31,255
2017	77,779	2,923
	165,882	**86,778**

For the year ended at December 31, 2012 and 2011, taxation income comprises of the following:

	December 31, 2012	December 31, 2011
Deferred tax income	**10,244**	10,546
Total tax income	**10,244**	10,546

The reconciliation between tax income and the accounting results multiplied by the applicable tax rate as of December 31, 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
Loss before taxation	**(111,250)**	(116,284)
Statutory tax rate	**20%**	20%
Taxes calculated at statutory tax rate	**22,250**	23,257
Disallowables	**(1,462)**	(1,268)
Unrealized portion of deferred tax asset recognized in prior years	**(7,491)**	(6,707)
Unrecognized deferred tax asset from tax losses carried forward	**585**	-
Reversal of deferred tax asset arising from tax amnesty (*)	**-**	(2,596)
Others (mainly effect of remeasurement to Euro)	**(3,638)**	(2,140)
Taxes on income	**10,244**	**10,546**

(*) The Group has applied to tax authorities for sheltering a tax inspection arising when a tax payer benefits the tax base increase options in the context of law number 6111 and waived 50% of its available 2009 tax loss carry forward amounting to EUR 12,980.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Deferred tax assets/liabilities:

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using the weighted average tax rate applicable to profits of the Group, are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Differences between the tax base and carrying amount of trade and other payables and due to related parties	712,413	743,616	142,483	148,724
Fair value of the interest-rate swap	42,831	40,511	8,566	8,102
Provisions	267	302	53	60
Differences between the tax base and carrying amount of borrowings	-	10,410	-	2,082
Tax losses carried forward	252,660	176,925	50,532	35,385
Deferred tax assets	1,008,171	971,764	201,634	194,353
Differences between the tax base and carrying amount of property, plant and equipment and intangibles	(723,639)	(762,860)	(144,728)	(152,572)
Differences between the tax base and carrying amount of trade and other receivables and due from related parties	(1,489)	(215)	(298)	(43)
Differences between the tax base and carrying amount of borrowings	(68)	-	(13)	-
Deferred tax liabilities		(763,075)	(145,039)	(152,615)
Unrecognized deferred tax asset			(17,356)	(10,273)
Recognized deferred tax assets, net			39,239	31,465

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax liability amounting to EUR 2,470 arising from the fair value of the interest-rate swap in the current period is charged directly to equity under hedging reserve (Note 14). Total deferred tax expense recognized under hedging reserve amounts to EUR 1,410.

Expected recovery dates of deferred tax assets and liabilities are demonstrated below:

	December 31, 2012	December 31, 2011
Deferred tax assets to be recovered within 12 months	3,155	3,591
Deferred tax assets to be recovered after 12 months	181,123	180,489
Total deferred tax assets	184,278	184,080
Deferred tax liabilities to be recovered within 12 months	298	43
Deferred tax liabilities to be recovered after 12 months	144,741	152,572
Total deferred tax liabilities	145,039	152,615

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Movement of deferred tax assets and liabilities is as follows:

As of January 1, 2012	**31,465**
Deferred tax assets directly recognized in equity	(2,470)
Current year deferred tax income	10,244
As of December 31, 2012	**39,239**

8. Trade and other receivables

Trade and other receivables comprise of the following:

	December 31, 2012	December 31, 2011
Long-term other receivables:		
Value added tax ("VAT") receivables	**22,038**	15,465
Deposits and guarantees given	**409**	162
Total	**22,447**	15,627
Short-term trade and other receivables:		
Prepaid expenses	**1,039**	937
Receivables from customers	**9,355**	5,145
VAT receivables	**1,313**	5,381
Other	**1,522**	108
Total	**13,229**	11,571

The fair values of short-term receivables equal their respective carrying amounts, as the impact of discounting is not significant.

VAT receivables classified as long-term receivables are those arising on the Utilization fee liability to the Administration, and cannot be refunded in cash or offset against other tax liabilities. The Group will be offsetting these long-term receivables when it generates such a level of revenue that the VAT payable arising would exceed VAT paid for other operational and investing activities. The receivables from customers are due within one month following December 31, 2012.

Guarantees received for trade receivables

The Group requests letters of guarantee from tenants, airline companies and major customers. EUR 3,879 (December 31, 2011 – EUR 4,534) of total trade receivables are covered via such letters of guarantee.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

8. Trade and other receivables (continued)

Aging analysis for trade receivables

As at December 31, 2012, the receivables amounting to EUR 2,251 are overdue. Given the nature of the industry, the Group does not consider any collection risk for receivables overdue. For receivables overdue more than a month, the Group charges interest and restructures its receivables while guarantee letters held by the Group, amounting to EUR 1,145 (December 31, 2011 - EUR 797) partially mitigate collection risk. For receivables not yet due, no collection risk is identified.

The aging of overdue receivables that are not impaired is as follows:

	December 31, 2012	December 31, 2011
Less than a month	**1,898**	1,341
One to two months	**221**	256
Over two months	**132**	216
Total overdue receivables	**2,251**	1,813

The Group has provided in full, for doubtful receivables amounting to EUR 448 (December 31, 2011 – EUR 246) in the consolidated financial statements as at December 31, 2012.

9. Inventories

Inventories comprise of the following:

	December 31, 2012	December 31, 2011
Jet fuel stocks	**7,015**	7,140
Spare parts	**256**	319
Advances given	**103**	75
Total inventories	7,374	7,534

Cost of inventories recognized as expense and included in the cost of sales for the year ended at December 31, 2012 amounts to EUR 156,037 (December 31, 2011 – EUR 161,935).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties

Due from related parties, current

Amounts due from related parties are as follows:

	December 31, 2012	December 31, 2011
Limak-GMR Adi Ortaklığı (2)	66	79
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	258	246
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	-	47
Malaysia Airports Management Technical Services SDN. BHD. (1)	20	10
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	29	28
GMR Infrastructure Turkey Branch (2)	32	25
GMR Infrastructure (UK) Ltd. Şti. (2)	5	-
Total due from related parties, current	410	435

(1) shareholders
(2) subsidiary of shareholders

Balances due from related parties are non-interest bearing and arose from trading activities with related parties.

As of December 31, 2012, there are no overdue receivables due from related parties.

Due to related parties, current

Amounts due to related parties are as follows:

	December 31, 2012	December 31, 2011
Limak-GMR Adi Ortaklığı (2) *	60	309
Malaysia Airports Holdings Berhad (MAHB) (1)	35	36
GMR Infrastructure UK Ltd. Şti (2)	2,272	-
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2) **	2,979	4,267
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	130	446
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	2,270	830
GMR Infrastructure Turkey Branch (2)	-	586
Malaysia Airports Consultancy Services SDN Berhad (2)	1,000	350
Total due to related parties, current	8,746	6,824

(*) Amounts stated for advances given and due to related parties are related with the construction of Istanbul Sabiha Gökçen Airport's New International Terminal Building and its Complementaries.
(**) As of December 31, 2012 and 2011, due to LGM Havalimanı mainly comprises short term portion of the subordinated loan received amounting to EUR 2,891 and EUR 3,179, respectively.

(1) shareholders
(2) subsidiary of shareholders

Balances due to related parties (except for the subordinated loan received from LGM Havalimanı amounting to EUR 2,891) are non-interest bearing and arose from trading activities with related parties.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

As of December 31, 2012 the outstanding related party balances classified under trade and other payables short term consists of deferred advertising revenue, food and beverage area rentals from LGM Havalimanı amounting to EUR 637 (December 31, 2011 – nil).

Payables to related parties are due within one month following December 31, 2012.

Due to related parties, non-current

As of December 31, 2012 due to related parties, non-current comprise long term portion of the subordinated loan received from LGM Havalimanı amounting to EUR 7,834 (December 31, 2011 – EUR 10,189) and long term shareholder loan amounting to EUR 27,711 (December 31, 2011 – EUR 23,511).

As of December 31, 2012 the outstanding related party balances classified under trade and other payables long term consists of deferred advertising revenue, food and beverage area rentals from LGM Havalimanı amounting to EUR 1,224 (December 31, 2011 – nil).

Employee benefits to key management personnel

For the year ended at December 31, 2012, total short-term employee benefits granted to key management personnel amount to EUR 996 (December 31, 2011 – EUR 1,082). Short-term employee benefits include salaries, vehicle expenses, communication expenses, health insurance and other sundry benefits. No long-term benefits are provided to the key management personnel. Key management personnel consist of general manager and five deputy general managers.

Sales to/purchases from related parties

The Group outsources the construction of Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries to Limak-GMR Adi Ortaklığı (2). In that respect, the Group accounted for construction expenses from Limak-GMR Adi Ortaklığı amounting to nil (December 31, 2011 – EUR 134), considering that 99.99% of the construction project is completed.

	January 1, 2012 December 31, 2012	January 1, 2011 December 31, 2011
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	82	250
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	9,099	9,168
Limak-GMR Adi Ortaklığı (2)	20	50
Malaysia Airports Holdings Berhad (MAHB) (1)	1	-
GMR Infrastructure (UK) Ltd. Şti. (2)	4	-
Total Sales	**9,206**	9,468

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

	January 1, 2012 December 31, 2012	January 1, 2011 December 31, 2011
Cost of sales (-)		
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	3,008	5,187
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	570	1,094
General and administrative expenses		
GMR Infrastructure UK (1)	1,500	1,001
GMR Infrastructure Ltd (1)	116	35
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	382	251
Limak İnşaat Sanayi ve Tic.A.Ş (1)	132	9
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	1,500	1,162
GMR Infrastructure Turkey Branch (2)	16	-
Malaysia Airports Consultancy Services SDN Berhad (2)	750	500
Malaysia Airports Holdings Berhad (MAHB) (1)	66	85
Marketing, selling and distribution expenses		
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	96	192
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	24	28
Financial expenses		
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	980	1,141
GMR Infrastructure Ltd (1)	642	5
Malaysia Airports Holdings Berhad (MAHB) (1)	367	3
GMR Infrastructure Overseas (1)	92	1
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	8	-
Limak İnşaat Sanayi ve Tic.A.Ş (1)	724	3
Total purchases	10,973	10,697

(1) the shareholder
(2) other

11. Cash and cash equivalents

Cash and cash equivalents comprise of the following:

	December 31, 2012	December 31, 2011
Cash on hand	18	29
Checks on hand	21	10
Cash at banks		
-time deposits	-	2,332
-demand deposits	1,990	2,733
-credit card receivables	343	254
Utilization fee reserve account	76,515	76,515
Debt service reserve account	15,632	16,044
Maintenance reserve account	862	862
Trigen reserve account	465	489
Total	95,846	99,268

As of December 31, 2012, time deposits are amounting to nil (December 31, 2011 – EUR 2,332 with an interest rate of 8.5% and maturity of January 2, 2012).

(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

12. Financial liabilities

	December 31, 2012		December 31, 2011	
	Interest rate	Amount	Interest rate	Amount
EUR denominated borrowings – Project Loan	EURIBOR+5.00	335,962	EURIBOR+5.00	346,373
EUR denominated borrowings – YKB Loan	12	45,138	12	40,014
EUR denominated borrowings – Trigen Loan	EURIBOR+4.75	3,550	EURIBOR+4.75	4,328

The Group has signed a facility agreement with two financial institutions, which provided a total credit line of EUR 336,000, to finance the construction of Istanbul Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries. The Group has utilized EUR 336,000 of the total facility, and employed the funds during the construction project.

The Group has interest free spot borrowings amounting to EUR 3 (December 31, 2011 - EUR 2).

As of December 31, 2012 and 2011, the redemption schedule of long-term bank borrowings is as follows:

Redemption period	December 31, 2012	December 31, 2011
2012	-	22,979
2013	24,299	62,029
2014	59,984	22,304
2015	36,171	36,943
2016+	264,196	246,460
Total	384,650	390,715

According to the facility agreement, the re-pricing dates for the borrowing are set semi-annually. In addition, in 2009 the interest rate of the loan amended, and increased from EURIBOR+3.25% p.a., to EURIBOR+4.75% p.a., EURIBOR+5.00% p.a., EURIBOR+5.40% p.a. starting from the first drawdown date until (but excluding) July 1, 2009, from July 1, 2009 until (but excluding) Scheduled Completion Date of the Facility, from Scheduled Completion Date of the Facility until (but excluding) December 31, 2014 and thereafter respectively.

The Group has, as security for fulfillment of its obligations to the financial institutions, has assigned all of its present and future receivables, rights, incomes, claims, interests and benefits in, to and under its receivables, as well as any and all kinds of receivables arising out of or in connection with other agreements the Group has entered into as well as the Group's VAT refunds, to the security agent of the agreement.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

13. Trade and other payables

Long-term trade and other payables:

	December 31, 2012	December 31, 2011
Utilization fee liability	**910,335**	904,907
Advances taken	**24,000**	27,000
Unearned revenue	**13,540**	9,209
Litigation provision (*)	**2,045**	-
Other trade payables	**16,868**	7,103
Total	**966,788**	948,219

(*) Please refer to Note 21 "Ground handling operations" section for the details.

The Utilization Fee liability represents the present value of amounts payable to the Administration in accordance with the Concession Agreement for the operation of the Facility for 20 years plus 2 years of extension period. The Utilization Fee liability is discounted to present value, at a rate of 8.6% for payments until 2014, and at a rate of 9% for the remaining payments, whereas the extension period is discounted to present value at a rate of 10.5%.

The Group has an agreement with Setur Servis Turistik A.Ş. ("Setur") providing Setur the right to be the exclusive duty free operator during the concession period. The Group received a cash advance from Setur amounting to EUR 30,000 in July 2008. The amount will be offset against the future rent payments of Setur. EUR 15,000 shall be deducted in five equal annual installments of EUR 3,000 from the lease amount starting from the first day of July of each 5th, 6th, 7th, 8th and 9th lease year. If the amount to be deducted from the lease amount is not reached EUR 3,000 at the end of the relevant lease year, then the outstanding amount from the relevant installment shall be paid by the Group to the Setur, within the first 7 days of the following lease year. The remaining EUR 15,000 shall be deducted in three equal annual installment of EUR 5,000 from the lease amount starting from the first day of July of each 13th, 14th, 15th the lease year. If the amount to be deducted from the lease amount is not reached EUR 5,000 at the end of relevant lease year, then the outstanding amount from the relevant installment shall be paid by the Group to Setur, within the first 7 days of the following lease year.

The Group has made the first payment of advance received from Setur on July 2012 amounting to EUR 3,000.

As of December 31, 2012, the discounted volume of the redemption schedule of Utilization fee liability is as follows:

Redemption period	Original amount
2013	76,463
2014	70,400
2015	80,425
2016+	759,510
Total	**986,798**

In addition, the Group is obliged to make VAT payments amounting to EUR 17,388 each year, arising from the Utilization fee, including the years before redemption of the fee itself.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

13. Trade and other payables (continued)

Short-term trade and other payables:

	December 31, 2012	December 31, 2011
Utilization fee liability	**76,463**	76,463
Trade payables	**24,759**	15,379
Litigation provision (*)	**4,258**	306
Taxes and duties payable	**2,014**	1,780
Expense accruals and provisions	**5,100**	5,883
Social securities' payable	**148**	738
Unearned revenue, short term	**1,614**	1,351
Advances taken	**3,879**	3,329
Other	**5**	560
Total	**118,240**	105,789

(*) Please refer to Note 21 "Ground handling operations" section for the details.

14. Derivative financial instruments

A derivative contract has been signed between a foreign bank and the Group on June 19, 2008. The Group uses interest rate derivatives to manage its exposure to interest rate fluctuations in regards to funds utilized from the project finance facility. According to the swap transaction, the notional amount differs at each period, as in the borrowing agreement of the Group, until June 30, 2018, details of which are provided below:

Date of transaction	**Notional amounts (full EUR)**	**Fixed EURIBOR (%)**
December 31, 2012	264,574,488	5.113
June 28, 2013	262,030,571	5.113
December 31, 2013	253,843,146	5.113
June 30, 2014	244,505,614	5.113
December 31, 2014	231,294,165	5.113
June 30, 2015	222,375,301	5.113
December 31, 2015	200,524,905	5.113
June 30, 2016	178,047,778	5.113
December 31, 2016	143,737,815	5.113
June 30, 2017	108,536,148	5.113
December 30, 2017	65,625,420	5.113
June 29, 2018	19,930,548	5.113

As of December 31, 2012, fair value of above mentioned contract is EUR 42,831 (December 31, 2011 - EUR 40,511). Fair value of cash outflows with respect to the derivative that fall within one year from the balance sheet date, amounting to EUR 11,917 (December 31, 2011 – EUR 8,551), is classified under current liabilities whereas the remaining amount of EUR 30,914 (December 31, 2011 – EUR 31,960) is classified under non-current liabilities.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

14. Derivative financial instruments (continued)

The initial hedge relationship (old hedge) was effective until June 30, 2009. The effective portion arising from the old hedge has been kept under equity until June 30, 2009 and started to be amortized thereafter by using the amortization rate of the related loan payment schedule until maturity. As of October 1, 2010 the hedge was redesignated (new hedge). The new hedge is found as effective as result of effectiveness test and fair value of the new hedge amounting to EUR 13,565 is continued to be recognized under other comprehensive income. The unamortized portion of the old hedge which is recognized under other comprehensive income amounts to (EUR 6,514). Accordingly the total unrealised loss recognized under other comprehensive income amounts to EUR 7,051.

The loss relating to the ineffective portion that is recognized in the consolidated statements of comprehensive income amounts to EUR 14,670 as of December 31, 2012.

	December 31, 2012	December 31, 2011
Recognized in equity	12,350	11,154
Recognized in income statement (Note 18)	(14,670)	(16,370)
Total change in fair value	(2,320)	(5,216)

15. Share capital and reserves

The paid-in share capital of the Company comprises of 248,528,000 units of registered shares with a nominal value of TL1 each. There are no different types of shares or privileges given to shareholders.

At December 31, 2012 and 2011, the Company's shareholding structure is as follows:

	December 31, 2012		December 31, 2011	
	Share %	TL	Share %	TL
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.	39.98	99,360,400	39.98	99,360,400
GMR Infrastructure Limited	35.00	86,984,800	35.00	86,984,800
Malaysia Airports Holdings Berhad	20.00	49,705,600	20.00	49,705,600
GMR Infrastructure Overseas S.L.	5.00	12,426,400	5.00	12,426,400
Limak İnşaat Sanayi ve Ticaret A.Ş.	0.02	50,800	0.02	50,800
Total number of registered shares		248,528,000		248,528,000
Shares held for issue		-		-
Share capital advance		75,438,030		-
Total number of shares		323,966,030		248,528,000

The paid-in capital, in regards to 248,528,000 shares issued, amounts to EUR 114,840.

In accordance with the Board of Directors' resolution number 146 dated on December 14, 2012, the shareholders of the Company has injected TL 75,438,030 share capital advance equivalent to EUR 32,000.

In accordance with the Facility Agreement and the Share Pledge Agreement, the shares of GMR Infrastructure Limited, GMR Infrastructure Overseas S.L. Sociedad Unipersonal, Limak İnşaat Sanayi ve Ticaret A.Ş. and Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş., corresponding to 80% of total shares have been pledged to Yapı Kredi Bank Nederland N.V., the security agent as set out in the Facility Agreement.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

15. Share capital and reserves (continued)

In accordance with the Concession Agreement, the share of the investor in the Company with technical qualifications, being MAHB, may not be less than 20% and may not be reduced below that level until the end of the concession period.

16. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is as follows:

	For the year ended December 31, 2012	For the year ended December 31, 2011
Weighted average number of ordinary shares outstanding during the period	**248,528,000**	248,528,000
Loss for the period attributable to owners of the Company	**(96,665)**	(101,579)
Basic and diluted loss per share attributable to owners of the Company (in full EUR)	**(0.3890)**	(0.4087)

17. Net sales

For the year ended at December 31, 2012 and 2011, net sales comprise of the following:

	January 1, 2012 December 31, 2012	January 1, 2011 December 31, 2011
Jet fuel sales	**162,953**	172,434
Passenger fee revenue	**47,566**	44,819
Duty Free Revenue	**24,448**	19,414
Rent income	**9,953**	7,708
Car park revenues	**6,117**	5,385
F&B Revenue	**5,959**	5,210
Passenger boarding bridge	**5,878**	4,698
Advertising Revenue	**2,949**	2,521
Ground handling revenue	**2,891**	18,449
Other	**7,197**	4,209
	275,911	284,847
Sales discounts (-)	**(363)**	(9,525)
Net sales	**275,548**	275,322
Cost of sales	**(241,520)**	(232,408)
Gross profit	**34,028**	42,914

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

18. General administrative expenses

For the year ended at December 31, 2012 and 2011, general administrative expenses comprise of the following:

	January 1, 2012 December 31, 2012	January 1, 2011 December 31, 2011
Consultancy expenses	**5,191**	3,878
Personnel expenses	**4,621**	4,209
Depreciation and amortization charges and impairment expense (Notes 5 and 6)	**2,923**	2,498
Tax expenses	**577**	259
IT expenses	**500**	517
Promotion and advertisement expenses	**349**	443
Representation expenses	**79**	93
Other	**944**	896
Total	**15,184**	12,793

19. Financial income/ expenses, net

For the year ended at December 31, 2012 and 2011, financial income and expenses comprise of the following:

	January 1, 2012 - December 31, 2012	January 1, 2011 - December 31, 2011
Interest income on bank deposits	**14**	56
Other income	**108**	144
Financial income	**122**	200
Interest expense on utilization fee liability	**(81,943)**	(80,775)
Interest expense on loan borrowings	**(19,200)**	(27,999)
Changes in the fair value of the derivative instruments	**(14,670)**	(16,370)
Interest rate swap payments	**(10,381)**	(9,803)
Guarantee letter commissions	**(1,456)**	(1,500)
Foreign currency translation loss	**(295)**	(4,614)
Other expense	**(539)**	(345)
Financial expense	**(128,484)**	(141,406)
Financial income / (expense), net	**(128,362)**	(141,206)

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

20. Expenses by nature

For the year ended at December 31, 2012 and 2011, total operating expenses by their nature are as follows:

January 1, 2012 - December 31, 2012	Parent	Subsidiary	Intercompany Elimination	Total
Jet fuel cost	156,037	-	-	156,037
Depreciation and amortization charges and impairment	38,604	1,726	-	40,330
Personnel expenses	10,306	8,289	-	18,595
Promotion and advertisement expenses	14,922	-	-	14,922
Security expenses	5,848	20	-	5,868
Consultancy expenses	5,109	159	(6)	5,262
Rent expenses	4,752	261	(171)	4,842
Utilization expenses	4,280	104	(9)	4,375
Tax expenses	2,336	391	-	2,727
Cleaning expenses	1,852	37	-	1,889
Insurance expenses	1,637	34	-	1,671
Cost of material	-	1,590	-	1,590
Repair and maintenance expenses	1,304	12	(134)	1,182
Provision for termination benefits	42	-	-	42
Other	2,503	234	(4)	2,733
Total	249,532	12,857	(324)	262,065

January 1, 2011 - December 31, 2011	Parent	Subsidiary	Intercompany Elimination	Total
Jet fuel cost	161,935	-	-	161,935
Depreciation and amortization charges and impairment	31,873	1,023	-	32,896
Personnel expenses	8,964	13,553	-	22,517
Promotion and advertisement expenses	5,122	7	(3,128)	2,001
Security expenses	5,534	66	-	5,600
Consultancy expenses	3,841	172	(29)	3,984
Rent expenses	4,089	848	(648)	4,289
Utilization expenses	3,188	347	(151)	3,384
Tax expenses	1,824	50	(2)	1,872
Cleaning expenses	1,585	87	(1)	1,671
Insurance expenses	1,777	40	-	1,817
Cost of material	-	2,745	-	2,745
Repair and maintenance expenses	1,921	275	(1,315)	881
Provision for termination benefits	-	1,297	-	1,297
Other	1,810	2,112	(49)	3,873
Total	233,463	22,622	(5,323)	250,762

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Commitments and contingent liabilities

Letters of guarantee given

As of December 31, 2012, six letters of guarantee, one amounting to EUR 106,738 (December 31, 2011 - EUR 111,329), one amounting to EUR 2,515 (December 31, 2011 - EUR 2,515), and four others amounting to EUR 13,009, EUR 204, EUR 1,629 and EUR 26 are provided to the Administration (representing 6% of total amount payable to the Administration for the right to operate the Facility as set out in the Concession Agreement).

As of December 31, 2012, the Group has provided 10 letters of guarantee to energy transactions amounting to EUR 13,844 (December 31, 2011 – EUR 9,087).

Letters of guarantee obtained

The Group has obtained letters of guarantee from its tenants and airlines amounting to EUR 3,879 (December 31, 2011 – EUR 4,534).

The Group has obtained letters of guarantee from suppliers amounting to EUR 320 (December 31, 2011 – EUR 3,188), in regards to the orders given for certain equipment to be used in the construction of Istanbul Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries. The Group does not have letters of guarantee from Limak – GMR Adi Ortaklığı (December 31, 2011 – EUR 16,543).

Operating leases

The Group has entered into operating lease agreements for 37 (December 31, 2011 - 41) motor vehicles for the use of the Group personnel. Future lease payments under these operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
Less than one year	**173**	215
One to three years	**95**	190
Total	**268**	405

Commitments according to the concession agreement

Concession agreement

In accordance with the Concession Agreement, the Group committed to complete the following within 30 months of investment period beginning from 1 May 2008:

- completion of the Construction in accordance with the specifications in the Concession Agreement;
- displacement of any infrastructural facilities located at the construction site to a location to be indicated by the Administrations.

21. Commitments and contingent liabilities (continued)

In addition, the Group committed to perform the following during the concession period:

- transformation of the previous international terminal into a domestic lines terminal following the opening of the İstanbul Sabiha Gökçen Airport's New International Terminal Building and its Complementaries;
- arrangement of the previous domestic terminal as an independent "general activation terminal" following the opening of İstanbul Sabiha Gökçen Airport's New International Terminal Building and its Complementaries.

In accordance with the Concession Agreement, the investment committed by the Group in regards to the Construction amounts to EUR 274,416, of which 20% shall be provided by the Group's own funds.

The Group is also responsible for:

- taking all measures to ensure that the operation continues without interruption during the concession period;
- providing insurance coverage for the Construction and the Facility;
- regular and continuous repair of all systems and equipment it possesses, keeping them in working order, replacement of the assets subject to depreciation during the concession period, whose economic useful lives determined by the Turkish Tax Procedural Law have ended or which have become out of order.

According to the Concession Agreement, the Group is responsible for ensuring the security of the Facility (including the New International Terminal and its Complementaries), maintenance, periodic maintenance and repairs, and transfer of the Facility to the Administration at the end of the concession period free from any obligation and liability and free of charge in operational condition.

Project finance facility

The Group is subject to conditions set out in the Facility Agreement signed with The Royal Bank of Scotland PLC, Yapı Kredi Bankası A.Ş. and Yapı Kredi Bank Nederland N.V. and related Share Pledge Agreement and Assignment of Receivables Agreement. The Group accepts the conditions that in the event of default or non-compliance with other criteria set forth in the Facility Agreement and related agreements, the lending financial institutions reserve the right to confiscate shares of the Group and confiscate all existing and future receivables of the Group at the date non-compliance occurs.

In accordance with the Facility Agreement, the Group is subject to comply on covenant ratio calculations starting from calculation date (December 31, 2010) up to and including June 30, 2013;

- the Historic Debt Service Cover Ratio (DSCR) is less than 1.1:1; and/or
- the Loan Life Cover Ratio is less than 1.15:1, to Group is obliged to withdraw such amount from SECCA and transfer it to the Onshore Euro Proceeds Amount and apply it against amounts and /or

prepayments so that obligations are met, the relevant balances are maintained and/or the relevant ratios are met;

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Commitments and contingent liabilities (continued)

whereas, shall, on 30 June 2013 (and after making any withdrawal pursuant to statement above), the Group is obliged to withdraw such amounts from SECCA for application against mandatory prepayment of the Loans so that after such prepayment;

- the projected DSCR on such date and as at each subsequent calculation date until the Final Repayment Date (each as shown in Base Case prepared for such date pursuant to Facility Agreement) is not less than 1.20:1; and;
- the Loan Life Cover Ratio is not less than 1.25:1.

The management plans to restructure the existing credit facilities within the consideration of different alternatives in the next year and all shareholders are full committed to the Group with joint and several liabilities.

Ground handling operations

The ground handling contract between the Subsidiary and Pegasus Airlines was terminated unilaterally by Pegasus Airlines on November 29, 2011. Pegasus Airlines was the main customer of the Subsidiary. Consequently, the Subsidiary dismissed 552 employees in January 2012 out of which 348 employees have filed a joint lawsuit against the Subsidiary for wrongful dismissal in February 2012. The courts have ruled against the Company and asked for payment of 16 months' salary as compensation to the employees. The Company appealed against the rulings. In January 2013, the Supreme Court has ratified the decision of the lower courts and decided against the Company and ordered the Company to pay EUR 1,184 due in February 24, 2013 in respect to the 90 employees whom are part of 348 joint lawsuits. If the Supreme Court ratifies all the other cases, the Company will pay another EUR 3,010 for the remaining 258 employees; totaling EUR 4,194 compensation for 348 employees. The Company has already provided an overall reserve under the short term trade and other payables amounting to EUR 4,258 for the joint lawsuits of 348 employees, including all legal expenses.

Moreover in October 2012, subsequently ceasing its ground handling operations, 130 additional employees were dismissed; out of which 101 cases have been filed against the Subsidiary as of the reporting date. In respect to the joint lawsuits of 101 employees which is still ongoing as of the reporting date, the Company has provided a general reserve of EUR 2,045 under the long term trade and other payables.

For the year ended December 31, 2012, total provision amount in relation with the lawsuits against the Company is EUR 6,303.

22. Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

(a) Credit risk

Majority of trade receivables are due from tenants, airline companies and representative firms. The customer portfolio of the Group is diversified, with Turkish Airlines ("THY") and Pegasus Airlines, being the main customers. The Group obtains letter of guarantee from its customers against its receivables as explained in Note 8. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8.

(b) Liquidity risk

Liquidity risk management refers to holding adequate amount of cash, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group, in order to minimize liquidity risk, holds adequate cash and available line of credit. In this regard, as of December 31, 2012, the Group has lines of credit amounting to EUR 398,000 (December 31, 2011 - EUR 398,000). The utilized portion of the aforementioned total credit line amounts to EUR 397,904 (December 31, 2011 - EUR 397,904).

As of balance sheet date, the Company holds shareholder loans principal amounting to EUR 26,000 and accrued interest of EUR 1,711 (December 31, 2011, principal EUR 23,500 and accrued interest of EUR 11).

The maturity analysis of the assets and liabilities of the Group is as follows:

December 31, 2012	up to 1 year	1 to 5 year	5 years	Total
Assets				
Trade and other receivables	13,229	16,462	5,985	35,676
Due from related parties	410	-	-	410
Cash and cash equivalents	95,846	-	-	95,846
Total	109,485	16,462	5,985	131,932
Liabilities				
Borrowings	24,302	194,621	165,730	384,653
Derivative financial instruments	11,917	30,606	308	42,831
Due to related parties	8,746	7,834	27,711	44,291
Trade and other payables	118,240	300,676	666,112	1,085,028
Total	163,205	537,737	859,861	1,556,803

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

December 31, 2011	up to 1 year	1 to 5 year	5 years	Total
Assets				
Trade and other receivables	11,571	4,627	11,000	27,198
Due from related parties	435	-	-	435
Cash and cash equivalents	99,268	-	-	99,268
Total	111,274	4,627	11,000	126,901
Liabilities				
Borrowings	22,981	168,411	199,325	390,717
Derivative financial instruments	8,551	29,980	1,980	40,511
Due to related parties	6,824	9,336	24,364	40,524
Trade and other payables	105,789	297,666	650,553	1,054,008
Total	144,145	505,393	876,222	1,525,760

Trade and other payables presented in the maturity analysis of liabilities include the Utilisation Fee liability amounting to EUR 986,798 (December 31, 2011 – EUR 981,370), which is recognized in relation to intangible asset, "Airport Operation Right". Non-monetary items are excluded from the analysis.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

December 31, 2012	Up to 1 year	1-5 years	Over 5 years	Total
Borrowings	**25,107**	**227,407**	**250,776**	**503,290**
Derivative financial instruments	**11,958**	**31,070**	**323**	**43,351**
Due to related parties	**8,892**	**9,503**	**27,711**	**46,106**
Trade and other payables	**118,292**	**371,862**	**1,631,004**	**2,121,158**
Total	**164,249**	**639,842**	**1,909,814**	**2,713,905**

December 31, 2011	Up to 1 year	1-5 years	Over 5 years	Total
Borrowings	23,709	199,431	326,398	549,538
Derivative financial instruments	8,661	31,252	2,203	42,116
Due to related parties	6,996	11,642	24,758	43,396
Trade and other payables	105,841	365,381	1,700,860	2,172,082
Total	145,207	607,706	2,054,219	2,807,132

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

Fair value hierarchy table

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)
Level 2: Other valuation techniques includes direct or indirect observable inputs
Level 3: Valuation techniques does not contains observable market inputs

Financial liabilities at fair value through profit or loss:	December 31, 2012	Level 1	Level 2	Level 3
Swap liabilities	42,831	-	42,831	-

Financial liabilities at fair value through profit or loss:	December 31, 2011	Level 1	Level 2	Level 3
Swap liabilities	40,511	-	40,511	-

(c) Market risk

i. Cash flow and fair value interest rate risk

The Group maintains a balance regarding the maturities of its interest bearing assets and liabilities and utilizes its idle cash in short term investments. The Group has also entered into an interest rate swap agreement with a financial institution, basically to convert its borrowings from floating interest rates to a fixed rate and hedge its cash flows.

In addition, the Group incurs interest expense on a fixed rate that is used to determine the present value of the total payable to the Administration.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

ii Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated assets and liabilities.

At December 31, 2012 and 2011, monetary assets and liabilities denominated in foreign currencies held by the Group were as follows:

	December 31, 2012		December 31, 2011	
	Original amount	EUR equivalent	Original amount	EUR equivalent
Foreign currency denominated monetary assets:				
Cash and cash equivalents				
TL	2,533	1,077	6,630	2,713
US Dollars	1,879	1,424	368	284
		2,501		2,997
Trade and other receivables				
TL	64,338	27,358	55,668	22,779
US Dollars	3,953	2,996	2,564	1,982
		30,354		24,761
Due from related parties				
TL	676	287	777	318
US Dollars	22	17	22	17
		304		335
Total foreign currency denominated monetary assets		33,159		28,093
Foreign currency denominated monetary liabilities:				
Trade and other payables				
TL	49,380	20,998	38,785	15,871
US Dollars	150	114	1,572	1,215
GBP	53	65	-	-
		21,177		17,086
Borrowings				
TL	8	3	5	2
		3		2
Due to related parties				
TL	82	35	1,377	563
		35		563
Total foreign currency denominated monetary liabilities		21,215		17,651
Net foreign currency position		11,944		10,442

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

At December 31, 2012, if TL had strengthened/weakened by 10% against EUR with all other variables held constant, net loss for the period would have been higher / lower by EUR 769, as a result of foreign exchange gains/losses on the translation of TL denominated assets and liabilities. At December 31, 2012, if USD had strengthened/weakened by 10% against EUR with all other variables held constant, net loss for the period would have been higher/lower by EUR 432, as a result of foreign exchange gains/losses on the translation of USD denominated assets and liabilities.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

	December 31, 2012	December 31, 2011
Total liabilities	**1,557,070**	1,526,062
Less: Cash and cash equivalents	**(95,846)**	(99,268)
Net debt	**1,461,224**	1,426,794
Equity	**(153,307)**	(94,181)
Invested capital	**1,307,917**	1,332,613
Net debt / Invested capital (%)	**111.7%**	107.1%

Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

Financial assets

The fair values of certain financial assets carried at cost, including cash and cash equivalents, trade receivables and other financial assets, as financial assets are estimated to approximate carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2012
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including trade payables and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature.

The bank borrowings are stated at their amortized costs and transaction costs like up-front fees are included in the initial measurement of bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically in accordance with the EURIBOR floats to reflect active market price quotations.

The Group has entered into swap transactions in order to minimize its interest rate risk. Swap transactions are initially recognized at fair value on the date which a derivative contract is entered into and subsequently remeasured at fair value. Swap transactions that are designated as hedging instruments for cash flow hedges are accounted for in accordance with hedge accounting policies under International Financial Reporting Standards.

23. Subsequent events

As due on January 4, 2013, the Group has made its third concession payment to the Administration amounting to EUR 76,515.

In accordance with the Board of Directors' resolution number 146 dated on December 14, 2012, the shareholders have injected EUR 4,000 share capital advance on January 4, 2013. Together with EUR 32,000 share capital advance received on December 25, 2012, total capital advance amounts to EUR 36,000 as of the reporting date.

24. Other matters

In accordance with the Board of Directors' resolution number 58 dated on August 2012, the Group management has decided to cease ground handling operations performed by the Subsidiary as from the date of October 1, 2012 on a definite and permanent basis.

Total assets and liabilities (before intercompany eliminations) and total equity of the Subsidiary as of December 31, 2012 are EUR 308, EUR 21,401 and EUR (21,093) respectively. The revenues and net loss for the year ended at December 31, 2012 are EUR 3,005 and EUR (8,859) respectively.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated financial statements as of December 31, 2013 together with report of independent auditors

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Table of contents

EY
Building a better working world

Güney Bağımsız Denetim ve SMMM AŞ
Büyükdere Cad.
Beytem Plaza No:20
K:9-10, 34381 - Şişli
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
ey.com

Independent auditors' report

To the Shareholders of İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

We have audited the accompanying consolidated financial statements of İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. and its subsidiary (altogether will be referred to as "Group"), which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Building a better working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Güney Bağımsız Denetim ve Serbest Muhasebeci Finansal Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Seda Hacıoğlu, SMMM
Engegement Partner

February 24, 2014
Istanbul, Turkey

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated statement of financial position
at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

	Notes	December 31, 2013	December 31, 2012 (Reclassified)
Assets			
Property, plant and equipment	5	3,815	4,008
Intangible assets	6	1,183,336	1,221,210
Deferred income tax assets	7	50,027	39,239
Trade and other receivables	8	18,827	22,447
Total non-current assets		1,256,005	1,286,904
Inventories	9	3,091	7,374
Due from related parties	10	3,289	410
Trade and other receivables	8	15,187	12,190
Other current assets	8	835	1,039
Cash and cash equivalents	11	100,004	95,846
Total current assets		122,406	116,859
Total assets		1,378,411	1,403,763
Liabilities			
Long-term borrowings	12	398,834	360,351
Derivative financial instruments	14	18,986	30,914
Provisions		529	2,774
Due to related parties	10	19,322	35,545
Trade and other payables	13	955,655	951,203
Other liabilities	13	12,358	13,540
Total non-current liabilities		1,405,684	1,394,327
Short-term borrowings	12	25,051	24,302
Derivative financial instruments	14	10,945	11,917
Provision	13	8,721	4,258
Due to related parties	10	-	8,746
Trade and other payables	13	105,213	111,906
Other liabilities	13	1,548	1,614
Total current liabilities		151,478	162,743
Equity			
Equity attributable to owners of the parent:			
Share capital	15	178,741	146,840
Hedging reserve	14	3,375	5,641
Accumulated deficit		(351,228)	(295,452)
		(169,112)	(142,971)
Non-controlling interest		(9,639)	(10,336)
Total equity		(178,751)	(153,307)
Total equity and liabilities		1,378,411	1,403,763

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated statement of comprehensive income
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

	Notes	For the year ended December 31, 2013	For the year ended December 31, 2012
Net sales	17	214,289	275,548
Cost of sales	17, 20	(145,320)	(241,520)
Gross profit		68,969	34,028
Marketing and selling expenses	20	(5,129)	(4,906)
General administrative expenses	18, 20	(13,977)	(15,184)
Other operating income		1,336	3,629
Other operating expense	20	(7,824)	(455)
Operating profit		43,375	17,112
Financial income	19	17,053	122
Financial expense	19	(125,728)	(128,484)
Loss before income tax		(65,300)	(111,250)
Deferred tax income	7	10,221	10,244
Loss for the year		(55,079)	(101,006)
Other comprehensive income/(loss):			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Movement on cash flow hedges:			
Unrealized (gain) /loss on interest rate swaps transferred to income statement	14	(15,732)	14,670
Reclassification adjustment for net loss on interest rate swaps transferred to income statement	19	12,501	10,381
Net unrealized loss on derivative financial instruments		965	(15,171)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		(2,266)	9,880
Other comprehensive income(loss), net of tax		(2,266)	9,880
Total comprehensive loss for the year, net of tax		(57,345)	(91,126)
Loss attributable to:			
Equity holders of the parent		(55,776)	(96,665)
Non-controlling interest		697	(4,341)
		(55,079)	(101,006)
Total comprehensive loss attributable to:			
Equity holders of the parent		(58,042)	(86,785)
Non-controlling interest		697	(4,341)
		(57,345)	(91,126)
Basic and diluted loss per share attributable to owners of the Company (in full EUR)	16	(0.1546)	(0.3690)

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated statement of changes in equity
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

	Attributable to the equity holders of the parent					
	Share capital	Hedging reserve	Accumulated deficit	Total	Non-controlling interest	Total equity
Balances at January 1, 2012	114,840	(4,239)	(198,787)	(88,186)	(5,995)	(94,181)
Loss for the period	-	-	(96,665)	(96,665)	(4,341)	(101,006)
Other comprehensive income for the year	-	9,880	-	9,880	-	9,880
Other comprehensive loss for the period	-	9,880	(96,665)	(86,785)	(4,341)	(91,126)
Share capital advance	32,000	-	-	32,000	-	32,000
Balances at December 31, 2012	146,840	5,641	(295,452)	(142,971)	(10,336)	(153,307)
Balances at January 1, 2013	146,840	5,641	(295,452)	(142,971)	(10,336)	(153,307)
Loss for the period	-	-	(55,776)	(55,776)	697	(55,079)
Other comprehensive loss for the year	-	(2,266)	-	(2,266)	-	(2,266)
Other comprehensive loss for the period	-	(2,266)	(55,776)	(58,042)	697	(57,345)
Share capital increase- share capital advance (Note 15)	4,000	-	-	4,000	-	4,000
Share capital increase- classification of shareholder loan (Note 15)	27,901	-	-	27,901	-	27,901
Balances at December 31, 2013	178,741	3,375	(351,228)	(169,112)	(9,639)	(178,751)

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Consolidated statement of cash flows
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

	Notes	January 1, 2013 - December 31, 2013	January 1, 2012 - December 31, 2012
Operating activities:			
Loss for the year		(55,079)	(101,006)
Adjustments to reconcile loss to net cash provided from operating activities:			
Income tax		(10,221)	(10,244)
Depreciation and amortization	20	40,454	39,306
Loss on sales of property, plant and equipment and intangible		128	(2,154)
Impairment of property, plant and equipment	6, 20	-	1,024
Interest income	19	(16)	(14)
Interest expense	19	108,676	101,143
Guarantee letter commission	19	1,384	1,456
Swap expense	19	12,501	10,381
Bonus accrual		8	(11)
Legal provisions		2,187	5,997
Provision for administration obligation		1,519	575
Vacation pay expense accrual		(30)	22
Provision for retirement pay liability		61	(35)
Changes in the fair value of derivative financial instruments recognized in comprehensive income	14	(15,732)	14,670
Net cash provided from operating activities before changes in operating assets and liabilities		85,842	61,110
Changes in operating assets and liabilities:			
Changes in trade and other receivables and other current assets		827	(8,478)
Changes in due from/to related parties, net		(1,664)	2,021
Changes in inventories		4,283	160
Changes in trade and other payables and other liabilities		(11,026)	19,009
Net cash provided from operating activities		78,262	73,822
Investing activities:			
Acquisition of property, plant and equipment and intangibles	5, 6	(2,516)	(1,737)
Proceeds from sales of property, plant and equipment and intangibles		-	4,324
Net cash provided from/ (used in) investing activities		(2,516)	2,587
Financing activities:			
Interest received		16	14
Cash proceeds from share capital advance		4,000	32,000
Cash proceeds from shareholder loan		-	2,500
Repayments of bank loans		(1,788)	(3,154)
Interest payments		(23,417)	(22,840)
Swap payments		(12,501)	(10,381)
Guarantee letter commissions		(1,384)	(1,456)
Concession payment to administration		(76,515)	(76,515)
Proceeds from short/long-term bank borrowings		40,000	1
Cash flows used in financing activities		(71,589)	(79,831)
Net increase in cash and cash equivalents		4,158	(3,422)
Cash and cash equivalents at the beginning of the period	11	95,846	99,268
Cash and cash equivalents at the end of the period	11	100,004	95,846

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

1. Organisation and nature of operations

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (the "Company") was established on February 20, 2008 as a joint venture entity by GMR Infrastructure Limited, GMR Infrastructure Overseas S.L. Sociedad Unipersonal, Limak İnşaat Sanayi ve Ticaret A.Ş., Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. and Malaysia Airports Holdings Berhad.

The Company's core business is management of the airport operations in İstanbul Sabiha Gökçen International Airport. After winning the tender for the "Project for İstanbul Sabiha Gökçen Airport's New International Airport Building and its Complementries through Build-Operate-Transfer Model" (the "Tender") at an initial price of EUR 1,932,000 (plus VAT of 18%) (which is referred to as the "Utilization Fee") on July 9, 2007, the partners of the joint venture entity, GMR Infrastructure Limited ("GMR"), Limak İnşaat Sanayi ve Ticaret A.Ş. ("Limak") and Malaysia Airports Holding Berhad ("MAHB") (together referred to as the "Consortium") signed a concession agreement (the "Concession Agreement") on March 19, 2008, the other party of which was Undersecretariat of Defense / Turkey (the "Administration"). In accordance with the Concession Agreement, the Consortium has the right to operate İstanbul Sabiha Gökçen Airport (the "Facility") for a period of 20 years commencing with the delivery of İstanbul Sabiha Gökçen Airport operations to the Consortium, which took place on 1 May 2008. Later on October 15, 2009, the Consortium gained additional rights to operate the Facility for an extended period of 2 years at an additional price of EUR 243,957 (plus VAT of 18%).

The right to operate the Facility is transferred to the Consortium in exchange for the amount offered at the Tender as mentioned above and completion of the construction with regards to establishment of İstanbul Sabiha Gökçen Airport's New International Terminal Building and its Complementaries (the "Construction"), which include construction of all infrastructures and superstructures, their connections to the main-system within the framework of the implementation including detailed projects to be drafted in accordance with Tender specifications. The Construction activity should be completed within 30 months period following delivery of the Construction site to the Consortium, which took place on 4 May 2008.

In accordance with the Concession Agreement, the Consortium established the Company and transferred the rights and obligations undertaken by the Concession Agreement to the Company. In addition, due to legal requirements, İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş. (the "Subsidiary") is established as a subsidiary of the Company to perform the ground handling services, including management of flight operations, cargo control, communications, passenger traffic, ramp and aircraft line maintenance services.

The Company and its Subsidiary (together referred to as the "Group") started to operate the current domestic and international terminals of the Facility on May 1, 2008.

The main operations of the Group are as follows:

Terminal and Airport operations: The Group is responsible for operating the domestic and international terminals currently available in the Facility and the terminal under construction after completion of the construction activity in accordance with the principles and requirements of International Civil Aviation Organization ("ICAO"), European Civil Aviation Conference ("ECAC"), Airports Council International ("ACI"), European Organization for the Safety of Air Navigation ("EUROCONTROL"), Joint Aviation Authorities ("JAA") and International Air Transport Association ("IATA"); principles and procedures set forth by the Airport Authority and other criteria set forth in the relevant legislation of the Directorate of Air Transportation of the Ministry of Transportation / Turkey. In respect of this operation, the Group charges airlines departing passenger service fee. In addition, the occupiers of the areas within the Facility, other than public entities and agencies are charged for general utilities (i.e. heating, cooling and ventilation).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

1. Organisation and nature of operations (continued)

Ground handling services: The Group performs the ground handling services in accordance with HEAŞ Sabiha Gökçen Airport Ground Handling Services Directive. The ground handling services include management of flight operations, cargo control and communications, passenger traffic, ramp and aircraft line maintenance services.

Fuel Supply Services: The Group is responsible for fuel supply by using the fuel facilities in İstanbul Sabiha Gökçen Airport transferred to the Group. In regards to such services, the Group pays "activity revenue share" fees to the Airport Authority, in accordance with the Concession Agreement.

Area allocation services: As a lessor, the Group leases commercial areas in the Facility to third parties.

Lounge services: The Group operates the lounges in the Facility.

Car park service: The Group operates the car parks in the Facility.

In relation to the operations explained above and in accordance with the Concession Agreement, the Group's revenue streams comprise of the following:

- International and domestic lines departing passenger service fee,
- Passenger bridge revenues,
- PCA system revenues,
- Rent, revenue sharing, space allocation and advertisement revenues,
- Heating, cooling and ventilation revenues for the places allocated to the people and entities other than public entities and agencies and the revenues from electricity and water supplied to such places,
- Counter revenues,
- CIP operating revenues,
- Parking area revenues,
- Flight information, telephone, telex, public announcement, diaphone, and similar revenues,
- Film shooting revenues,
- Revenues from the left luggage offices,
- Baggage porter revenues,
- Fuel supply revenues,
- Medical examination and treatment revenues,
- Warehouse operation revenues in the cargo terminal,
- Ground handling service revenues
- Conference and meeting hall revenues

The passenger service fees for international and domestic lines are determined by the Ministry of Transportation / Turkey. In case the passenger service fees get increased above the amounts set in the Concession Agreement, the Group shall pay 50% of the incremental increase to the Administration. In case, the passenger service fees get decreased below the amounts set in the Concession Agreement, 50% of the difference shall be deducted from the Utilization Fee.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

1. Organisation and nature of operations (continued)

In accordance with the Concession Agreement, the tariff regarding the counter, bridge revenues (bridge, 400 Hz, water), CIP, general aviation terminal, meeting, conference hall revenues (except for space allocation, lease and advertisement revenues) together with ticket sales, office allocation, left luggage offices, parking area, luggage carrying (porter), telephone, diaphone, public announcement, aviation information and monitor utilization, medical examination, treetment, electricity and water revenues shall be determined based on the tariff applied in İstanbul Atatürk Airport.

The Company and its Subsidiary are registered in Turkey at Sabiha Gökçen Uluslararası Havalimanı 34912 Pendik/İstanbul-Turkey.

These consolidated financial statements as at and for the year ended at December 31, 2013 havew been approved for issue by the Management on February 12, 2014. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

2. Basis of presentation of consolidated financial statements

Accounting standards

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board.

The Group maintains its books of account and each company within the Group prepares their statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Commercial Code, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. These consolidated financial statements are based on the statutory records which are maintained under the historical costs convention, except for certain financial assets and liabilities presented at their fair value, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS"). Such adjustments mainly comprise the effect of accounting for deferred taxation, provision for doubtful receivables, accounting for the depreciation charge of property, plant and equipment and intangible assets according to lower of useful life and concession periods, accounting for expense accruals, accounting of intangible assets in accordance with International Financial Reporting Interpretations Committee ("IFRIC") 12, effects of application for long-term employee benefits according to International Accounting Standards ("IAS") 19 "Benefits Provided to Employees".

The Group's functional and presentation currency is Euro.

The Group has determined that its functional currency is Euro in accordance with IAS 21 "The effects of changes in foreign exchange rates", based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency. The Group management considered several factors in determining its functional currency. During that process, the Group management recognized that some transactions may preclude the functional currency be obvious. However, such transactions are considered not to be determinative and the management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, event and conditions.

The statutory financial statements have been translated into Euro on the following basis: non- monetary assets such as inventories, property, plant and equipment, intangible assets and equity at historical rates of exchange; monetary assets and liabilities by the exchange rate prevailing at the balance sheet date. The items in the consolidated statement of comprehensive income have been translated by the average monthly exchange rates. Foreign exchange gains and losses resulting from such translation are recognized in the consolidated statement of comprehensive income.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets, liabilities and disclosure of contingent essets and liebilities at the date of the consolidated financial statements together with the reported amount of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Classifications applied to consolidated financial statements as of December 31, 2012

As of December 31, 2012, vacation pay liability amounting to EUR 231 presented in short-term trade and other payables has been reclassified to long term provisions due to amendments in IAS 19 "Employee Benefits" which has been effective as of January 1, 2013. According to revised IAS 19, the short term benefits provided to employees comprise the ones which are expected to be settled wholly in twelve months after the end of the reporting period. Regarding this issue, the Group's expectation is not to settle the whole vacation pay liability within twelve months after the end of the reporting period, so the related vacation pay liabilities has been reclassified as long-term provisions and the necessary amendments on the previous period financial statements has been made by the Group.

As of December 31, 2012 litigation provision amounting to EUR 2,045 disclosed under non-current trade payables has been reclassified to non-current provisions account and litigation provision amounting to EUR 4,258 disclosed under current trade payables has been classified to current provision account. As of December 31, 2012 uneamed revenues amounting to EUR 13,540 and EUR 1,614 disclosed under non-current trade and other payables and, current trade and other payables have been classified to non-current and current liabilities, respectively. As of December 31, 2012, the prepaid expenses amounting to EUR 1,039 disclosed under short term trade and other receivables has been classified to other current assets.

Adoption of revised and new standards

The new standarde, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2013 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows:

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and,
ii) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to IAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to IAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the consolidated financial statements of the Group.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Group. In the accompanying consolidated statement of comprehensive income the amendment has been applied retrospectively.

IAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement.

The amendment of the standard with regards to the accounting of actuarial gain/loss did not have a material impact on the financial position or performance of the Group. However based on the amendment in the presentation of short term employee benefits, vacation pay liability formerly presented in short-term trade and other payables has been retrospectively reclassified to long term provisions and calculated based on actuarial method.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This amendment did not have an impact on the financial position or performance of the Group.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

IFRS 10 Consolidated Financial Statements

IFRS10, replaces IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard did not have an impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard affects presentation only and did not have an impact on the disclosures given by the Group.

IFRS 13 Fair Value Meaeurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after IFRS 13 is adopted. The Group has presented these disclosures in Note 14 and 22. This amendment did not have an impact on the consolidated financial statements of the Group.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Entities are required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IFRS 11 and IFRS 12 has also been amended to provide transition relief. These amendments did not have an impact on the consolidated financial statements of the Group.

2. Basis of presentation of consolidated financial statements (continued)

Improvements to IFRSs

Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Group.

IAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory

IAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Financial Reporting:

Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS. This amendment will not have any impact on the financial position or performance of the Group.

Amendments to IAS 36 - (Recoverable Amount Disclosures for Non-Financial assets)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging relationships. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective 1 July 2014. Earlier application is permitted.

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

IFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

IFRS 13 Fair Value Measurement Basis for Conclusions

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IAS 16 Property, Plant end Equipment and IAS 38 Intangible Assets

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows:
i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

2. Basis of presentation of consolidated financial statements (continued)

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements to IFRSs – 2011–2013 Cycle

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

IAS 40 Investment Property

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

These amendments will not have an impact on the financial position or performance of the Group.

FRS 14 - interim standard on regulatory deferral accounts.

In January 2014, the IASB issued this standard. IFRS 14 permits first-time adopter rate regulated entities to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. Existing IFRS preparers are prohibited from adopting this Standard. The Standard will be applied on a full retrospective basis and is effective for annual periods beginning on or after 1 January 2016. Earlier applicetion is permitted. The Standard is not applicable for the Group and will not have an impact on the financial position or performance of the the Group.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a currently enforceable legal right to set-off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Basis of consolidation

The consolidated financial statements include the accounts of the parent company, İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. and its Subsidiary, on the basis set out below. Financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of the affiliates are included in the consolidated financial statements starting from the date that control commences until the date that control ceases.

The statement of financial position and statement of comprehensive income of the Subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by the Company in its Subsidiary is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiary are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company are eliminated starting from shareholders' equity and income for the year then ended period, respectively.

Where necessary, accounting policies of the Subsidiary have been changed to ensure consistency with the policies adopted by the Group.

The portion of the profit or loss and net assets of the Subsidiary attributable to equity interests that are not owned, by the parent, is presented as non-controlling interest.

As of December 31, 2013 and 2012, the consolidated subsidiary and its percentage of ownership is summarized as follows:

Subsidiaries

			Effective shareholding and voting rights	
Name of subsidiary	**Country of incorporations**	**Nature of business**	**December 31, 2013**	**December 31, 2012**
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri Anonim Şirketi	Turkey	Ground handling service	51%	51%

In accordance with the Board of Directors' resolution number 58 dated on August 2012, the Group management has decided to cease ground handling operations performed by the Subsidiary as from the date of October 1, 2012 on a definite and permanent basis.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

2. Basis of presentation of consolidated financial statements (continued)

As of December 31, 2013 and 2012 the financial results (before intercompany elimination) of the Subsidiary is as follows:

	December 31, 2013	December 31, 2012
Property, plant and equipment	122	169
Total non-current assets	122	169
Trade and other receivables	3	89
Cash and cash equivalents	16	51
Total current assets	19	140
Trade and other liabilities (non-current)	2,783	2,140
Trade and other liabilities (current)	1,957	7,102
Provisions (current)	1,279	4,258
Due to related parties (current and non-current)	13,793	7,901
Total liability	19,812	21,401
Total equity	(19,793)	(21,621)

	2013	2012
Revenue	-	3,005
Cost of sales	(26)	(12,313)
Administration expense	(56)	(398)
Other income/(expense)	946	2,946
Financial expense/income, (net)	557	(802)
Taxation	-	(1,297)
Net income for the year	1,421	(8,859)
Non-controlling interest	697	(4,341)

	2013	2012
Operating	(1,456)	(803)
Investing	-	464
Financing	1,421	(245)
Net increase/(decrease) in cash and cash equivalents	(35)	(584)

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarised below:

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (iv) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (v) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (vi) Both entities are joint ventures of the same third party.
- (vii) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (viii) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (ix) The entity is controlled or jointly controlled by a person identified in (a).
- (x) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Trade and other receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are initially recognized at fair value and subsequently measured at amortised cost. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputed interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 8).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Trade and other payables

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method (Note 13). The discount rate used to identify the present value of the liability in regards to the Utilization Fee is explained in detail in Note 4.

Management assesses the required amount of provision in regards to obligation for restoration of assets in accordance with the concession agreement when the assets get started to be utilized.

Inventories

Inventories are carried at the lower of cost or net realisable value. Cost elements included in inventories are fuel stocks, spare parts and advances given. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of Inventories is determined based on the weighted average costing method (Note 9).

Property, plant, equipment end depreciation

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided on property, plant and equipment using the straight-line method based on the estimated useful lives of the assets. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Buildings	10
Machinery and equipment	4-20
Motor vehicles	4-7
Furniture and fixtures	4-22

Leasehold improvements are amortised over the periods of the respective leases, also on a straight-line basis.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of value in use or fair value less cost to sell. Gains or losses on disposals of property, plant and equipment are included in the related income or expense accounts, as appropriate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Group. Repair and maintenance expenditure is charged to the consolidated statement of comprehensive income during the financial period in which they are incurred (Note 5).

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Intangible assets

Airport operations right

The right to charge users of an airport for services is recognized as an intangible asset. The airport operations right is initially recognized at cost, being the fair value of Utilization Fee liability at the date of transfer of control of the Facility to the Group and the fair value of other consideration transferred to acquire the asset, which is the fair value of the consideration receivable for the construction services delivered. The Group estimates the fair value of its consideration receivable to be equal to the construction costs, calculated based on percentage of completion, plus 10% margin. Other costs (including travel and consultancy costs) incurred in regards to the project covered by the Concession Agreement are regarded as part of the consideration paid by the Group, and therefore included in the cost of airport operations right. The airport has been operational from October, 31 2009.

The airport operations right is amortized over the concession period, starting from the date the right is available for use. Accordingly, the Group started to amortize the first phase of the airport operations right, cost of which is measured as the fair value of Utilization Fees payable, on May 1, 2008 (for extended period of 2 years on October 15, 2009), whereas the second phase, cost of which is measured as the fair value of the consideration receivable for the construction services delivered started to be amortized following the completion of the Construction by November 2009. The airport operations are amortized using the units of production method, based on the revenue projections (mainly based on traffic projections) during the concession period, considering such method best reflects the pattern in which the asset's future benefits are expected to be consumed by the Group. Amortization method and underlying assumptions are reviewed for validity at each period (Note 6).

Other rights

Other rights acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (Note 6). Useful lives of other rights vary between 3 to 15 years.

Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the intangible asset is the higher of value in use or fair value less cost to sell.

Employment termination benefits

(a) Defined benefit plans

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. All actuarial gains and losses are recognized in the consolidated statement of comprehensive income.

(b) Defined contribution plans

The Group pays contributions to publicly administered Social Security Fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Leases

The Group as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group as the lessor

With the privileges granted by the Implementation Agreement, the Group sublets certain areas in the facility. Allocations of these commercial areas are treated as operating leases and the rental income is recognized on a straight-line basis over the lease term.

Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method; any difference between the proceeds and redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings. Since the Construction meets the definition of qualifying asset, borrowing and other similar costs that are directly related to the Construction are capitalized as part of the airport operations right during the construction period (Note 6).

Income taxes

Income taxes comprise of current tax and the change in the deferred taxes.

Current income tax comprise tax payable calculated on the basis of expected taxable income for the year using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous years.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled (Note 7).

The principal temporary differences arise from the carrying value of liabilities in regards to the Utilization Fee, airport operations right, fair value of derivative instruments and their tax base.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Accounting for derivative financial instruments

Initial recognition and subsequent measurement

The derivative instruments of the Group consist of interest rate swap transactions. Derivatives are initially recognized at fair value on the date the derivative contract is entered into and are subsequently measured at their respective fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has designated their derivatives ("hedging instrument") to hedge its cash flows on variable interest rate borrowings from Project Finance Facility ("hedged item").

Cash flow hedges

The Group documents, at the inception of the transaction the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of derivative instruments used for hedging purposes is disclosed in Note 14. Movements on the hedging reserve in shareholders' equity are explained in Note 14. The portion of fair value of the hedging instrument is classified as a non-current liability for transactions due in more than 12 months, and as a current liability for transactions due in less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income underequity as " hedging reserve". The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of comprehensive income.

The gain or loss relating to the ineffective portions of interest rate swaps hedging variable rate borrowings is recognized in the consolidated statement of comprehensive income. Amounts previously recognized in equity are transferred to the consolidated statement of comprehensive income in the periods when the hedged item affects profit or loss (when the forecast transaction that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into EUR at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive income.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Revenue recognition

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

Construction revenue and costs: Construction revenue and costs are recognized by reference to the stage of completion of the Construction activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the Construction cannot be estimated reliably, revenue is recognized to the extent of Construction costs incurred if it is probable that they will be recoverable. Construction costs are recognized as expenses in the year in which they are incurred.

Jet fuel revenues: Jet fuel revenues are recognized when fuel is transferred to the visiting aircrafts.

Aviation income: Aviation income is recognized based on utilization of the Facility by departing passengers and check-in counters by the airlines.

Area allocation income (rent income): Area allocation income is recognized on a straight line basis during the contract period, based on the contracts made for allocated areas in the Facility.

Ground handling service revenue: Revenue in regards to ground handling services is recognized when the service is provided.

Lounge, car park and other services: Revenue in regards to such activities is recognized when the related services are rendered.

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, deposits at banks and short-term highly liquid investments with maturities of three months or less when purchased (Note 11).

Financial liabilities

Financial liabilities are recognized initially at proceeds received, net of transaction costs incurred. In subsequent periods, financial liabilities are stated at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and redemption value is recognized in the consolidated statements of comprehensive income over the period of the financial liabilities. Financial liabilities are derecognized when they are paid or cancelled (Note 12).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets

Provisions

A provision is recognized when, and only when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted where the effect of the time value of money is material and the present value of the expenditures expected to be requited to settle the obligation at the balance sheet date are reflected. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable.

4. Significant accounting estimates and judgments

The preparation of consolidated financial statements require the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these consolidated financial statements and the significant judgments with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

Mark-up rate for the construction

The airport operations right in exchange for the construction services provided is recognized at the fair value of the consideration receivable for the construction services delivered. The fair value of the consideration receivable for the construction services delivered is calculated by including a mark-up, estimated to reflect a margin consistent with other similar construction work, on the actual costs incurred. Mark-up rate used in calculating the fair value of the consideration receivable is estimated by the Group as 10%.

Discount rate

The Group recognized its financial liability in regards to the Utilization Fee at its present value. The Group has recognized the portion of airport operations right, to be paid in cash, at the fair value of the Utilization Fee liability at the date of transfer of control of the facility to the Group. Fair value of the items are calculated as the present value of the future Utilization Fee payments discounted at 8.6% for payments until January 2015 and 9% for the rest of the payments (until February 28, 2028), which are determined based on the interest rate swap contract of the Group and the premium the Group pays for its borrowing on top of the Euribor rate. Fair value of the items is calculated as the present value of the future Utilization Fee payments discounted at 10.5% for the extended period (22 months after February 28, 2028).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments (continued)

As of December 31, 2013, had the management's estimation of discount rate increased or decreased by 10% from the discount rates used, net loss for the year then ended would have been higher by EUR 8,633, lower by 6,343 respectively.

Total utilization fee liability amounts to EUR 992,808 as of December 31, 2013 (December 31, 2012 - EUR 986,798).

Revenue projections

The airport operation right is amortized over the concession period, starting from the date the right is available for use. Accordingly, the Group started to amortize the first phase of the airport operations right, cost of which is measured at the fair value of Utilization Fees payable on May 1, 2008, whereas the amortization of extension period started on October 15, 2009. The airport operations right is amortized using the units of production method, based on the Group management's revenue projections for the concession period.

Had the management's estimation of percentage of revenue to be earned until December 31, 2013 to the revenue to be earned during the concession period been lower/higher by 10%, net loss for the year then ended would have been lower by EUR 2,432, higher by EUR 1,988.

Cost and accumulated depreciation of airport operations right amounts to EUR 891,055 and EUR 88,882, respectively, as of December 31, 2013 (December 31, 2012- cost of EUR 891,055 and accumulated depreciation of EUR 65,934).

Going concern

The Group has a net loss of EUR 55,079 for the year ended at December 31, 2013 (December 31, 2012 – EUR 101,006) and the current liabilities exceeded current assets by EUR 29,072 (December 31, 2012 – EUR 45,884).

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore; management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

In 2004 Sabiha Gökcen International Airport (SAW) handled 10 thousand domestic passengers and 224 thousand international passengers which was just 1.5% of the total passenger traffic handled in Istanbul in that year. In 2013 SAW handled 18.84 million passengers, of which 12.03 million passengers travelled on domestic flights and 6.81 million passengers on international flights.

Throughout the years 2004 to 2013, SAW's compound annual growth rate (CAGR) on total number of passengers have increased by 62%, of which CAGR on international passengers have increased by 46% and CAGR on domestic passengers have increased by 120%.

The number of passengers handled at SAW in 2013 represented 16.7% of the Istanbul international air passenger market and 41.1% of the Istanbul domestic air passenger market.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments (continued)

The following table shows the improvement of annual air traffic passenger evaluation of SAW from 2008 (when the Group started to operate SAW) to 2013:

Passenger number in millions	**2013**	2012	2011	2010	2009	2008
International lines	**6.81**	5.12	4.57	3.93	2.09	1.57
Domestic lines	**12.03**	9.75	9.12	7.67	4.55	2.79
Total	**18.84**	14.87	13.69	11.60	6.64	4.36

Projected growth plans of annual air passenger traffic of SAW reflects the management best estimation driven by the local demand, fleet and route expansion plans of airlines, national/regional GDP growth, continuous development of proximate regions and demand over spill. The management expects to go beyond 30 million passengers after 2017.

The management plans to restructure the existing credit facilities within the consideration of different alternatives in the next year and all shareholders are full committed to the Group with joint and several liabilities.

In the Board of Directors' resolution dated December 14, 2012 and numbered 146, the shareholders of the Company has decided to inject TL 84,716,400 share capital advance equivalent to EUR 36,000 (of this amount EUR 32,000 was paid in December 2012 whereas EUR 4,000 was paid in January 2013) and to transfer previously lent EUR 27,901 (EUR 26,000 principal and accrued interest of EUR 1,901) equivalent to TL 64,699,600 into share capital advance. Therefore, the total share capital advance amounted to EUR 63,901 (equivalent of TL 149,416,000) as of June 30, 2013. The transfer of share capital advance to share capital amounting to TL 149,416,000 was registered in Trade Registry Gazette on July 18, 2013.

The transfer of share capital advance to share capital amounting to TL 149,416,000 was registered in Trade Registry Gazette on July 18, 2013.

MAHB announced on December 23, 2013 that Malaysia Airports MSC Sdn Bhd, its indirectly wholly-owned subsidiary, will shortly enter into a share purchase agreement (the "SPA") with GMR Infrastructure Limited ("GMRI"), GMR Infrastructure Overseas Limited ("GMRO") and GMR Infrastructure (Global) Limited ("GMRIG") (collectively known as the "GMR Group") Total purchase consideration of the proposed acquisition of ISG and proposed acquisition of LGM amounting to EUR 225,000 for all of the GMR Group's shares (40.00%)

Accordingly, the consolidated financial statements are prepared on the basis that the Group will continue to be a going concern. This basis of preparation presumes that the Group will continue to receive the support of the shareholders and will realize its assets and discharge its liabilities in the ordinary course of business.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments (continued)

Fair value of the interest rate swap agreement

The fair value of interest rate swap agreement is determined by using appropriate valuation technique. The Group estimates the swap curve for future periods, mainly based on available market information existing at each balance sheet date. Had the swap curve shifted 100 basis points upward or downward as of December 31, 2013, fair value of the financial instrument and net income/(loss) recognized in the consolidated statement of comprehensive income and in hedging reserve in equity would increase/(decrease) as follows:

	Fair value of the financial instrument	Hedging reserve	Consolidated statement of income
December 31, 2013			
Swap curve shifted:			
100 basis points upward	**6,766**	**6,350**	**416**
100 basis points downward	**(6,463)**	**(6,054)**	**(409)**
December 31, 2012			
Swap curve shifted:			
100 basis points upward	9,462	8,785	677
100 basis points downward	(9,642)	(8,950)	(692)

Deferred tax assets

A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences.

With the expectation to recover certain part of its tax losses carried forward, the Group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits amounting to EUR 39,635 as of December 31, 2013 (December 31, 2012, EUR 33,176).

Impairment testing for property, plant and equipment and intangibles

The recoverable amount of the long lived assets is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts covering the twenty-two years concession period. The key assumptions use for value-in-use calculations are as follows:

	December 31, 2013
Compound annual growth rate of free cash flows up to 2030	3.52%
Weighted average cost of capital	9.01%

Management estimated free cash flows using traffic projections up to the end of the concession period. Management determined the WACC rate by considering its cost of borrowing, risk free rates of return in Turkey as well as a country risk premium. With these assumptions and projections, base cash flow amount has been calculated as 3,691,758.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments (continued)

The sensitivity analysis below shows the values-in-use which would have been calculated for the long-lived assets if WACC and free cash flow projections were changed while keeping all other variables constant:

	Base WACC changed by		
December 31, 2013	**(1%)**	**0%**	**1%**
Base cash flows decrease by 9%	1,901,674	1,779,032	1,667,829
Base cash flows decrease by 10%	1,880,777	1,759,482	1,649,502
Base cash flows decrease by 11%	1,859,879	1,739,932	1,631,174

	Base WACC changed by		
December 31, 2012	(1%)	0%	1%
Base cash flows decrease by 9%	1,600,575	1,492,829	1,395,474
Base cash flows decrease by 10%	1,582,987	1,476,424	1,380,139
Base cash flows decrease by 11%	1,565,398	1,460,020	1,364,804

5. Property, plant and equipment, net

The movement in property, plant and equipment and related accumulated depreciation for the year ended at December 31, 2013 and 2012 are as follows:

	January 1, 2013	Additions	Disposals	December 31, 2013
Cost				
Buildings	29	13	-	42
Machinery and equipment	2,257	129	-	2,386
Motor vehicles	85	-	-	85
Furniture and fixtures	3,378	794	(62)	4,110
Leasehold improvements	1,506	-	-	1,506
	7,255	936	(62)	8,129
Accumulated depreciation				
Buildings	(8)	(3)	-	(11)
Machinery and equipment	(815)	(204)	-	(1,019)
Motor vehicles	(52)	(18)	-	(70)
Furniture and fixtures	(2,182)	(751)	(9)	(2,942)
Leasehold improvements	(190)	(82)	-	(272)
	(3,247)	(1,058)	(9)	(4,314)
Net book value	4,008			3,815

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

5. Property, plant and equipment, net (continued)

Of the total depreciation expenses, EUR 903 (December 31, 2012 – EUR 1,221) was charged to cost of sales, EUR 66 (December 31, 2012 – EUR 286) was charged to general administrative expenses and EUR 89 (December 31, 2012 – EUR 31) was charged to marketing and selling expenses.

The disposals are realized from the Subsidiary as the Group management has decided to cease ground handling operations as from the date of October 1, 2012 on a definite and permanent basis (Note 21).

	January 1, 2012	Additions	Disposals	December 31, 2012
Cost				
Buildings	29	-	-	29
Machinery and equipment	7,219	-	(4,962)	2,257
Motor vehicles	1,022	-	(937)	85
Furniture and fixtures	3,074	394	(90)	3,378
Leasehold improvements	1,455	66	(15)	1,506
	12,799	460	(6,004)	7,255
Accumulated depreciation				
Buildings	(5)	(3)	-	(8)
Machinery and equipment	(3,047)	(716)	2,948	(815)
Motor vehicles	(706)	(139)	793	(52)
Furniture and fixtures	(1,673)	(599)	90	(2,182)
Leasehold improvements	(112)	(81)	3	(190)
	(5,543)	(1,538)	3,834	(3,247)
Net book value	7,256			4,008

6. Intangible assets, net

The movements in intangible assets and related accumulated amortization for the year ended at December 31, 2013 and 2012 are as follows:

	January 1, 2013	Additions	Disposal	December 31, 2013
Cost				
Airport operations right	891,055	-	-	891,055
Trigen	5,477	-	-	5,477
4th Tank	1,934	30	-	1,964
Hotel	20,493	-	-	20,493
Car Park	58,849	7	-	58,856
Terminal	367,879	698	(83)	368,314
Other rights	4,225	844	-	5,069
	1,349,712	1,579	(63)	1,351,228
Accumulated amortization				
Airport operations right	(65,934)	(22,948)	-	(88,882)
Trigen	(579)	(135)	-	(714)
4th Tank	(304)	(112)	-	(416)
Hotel	(2,627)	(714)	-	(3,341)
Car Park	(9,075)	(1,854)	-	(10,929)
Terminal	(47,117)	(12,940)	6	(60,051)
Other rights	(2,866)	(693)	-	(3,559)
	(128,502)	(39,396)	6	(167,892)
Net book value	1,221,210			1,183,336

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

6. Intangible assets, net (continued)

	January 1, 2012	Additions	Impairment	December 31, 2012
Cost				
Airport operations right	891,055	-	-	891,055
Trigen	5,445	32	-	5,477
4th Tank	1,927	7	-	1,934
Hotel	20,493	-	-	20,493
Car Park	58,849	-	-	58,849
Terminal	367,173	506	-	367,679
Other rights	3,493	732	-	4,225
	1,348,435	1,277	-	1,349,712
Accumulated amortization				
Airport operations right	(41,346)	(24,588)	-	(65,934)
Trigen	(295)	(284)	-	(579)
4th Tank	(209)	(95)	-	(304)
Hotel	(2,056)	(571)	-	(2,627)
Car Park	(7,510)	(1,565)	-	(9,075)
Terminal	(36,717)	(10,400)	-	(47,117)
Other rights	(1,577)	(265)	(1,024)	(2,866)
	(89,710)	(37,768)	(1,024)	(128,502)
Net book value	1,258,725			1,221,210

In accordance with the Board of Directors' resolution no.58 dated on August 31, 2012; following the unsuccessful attempts in searching for new customers, that had begun as a result of the customer losses experienced after commencing of the operations of TGS A.Ş. and Çelebi Hava Taşımacılığı A.Ş. at Sabiha Gökçen Airport, the Group management has decided to cease its ground handling operations definitely and permanently as from the date October 1, 2012. In these consolidated financial statements as at December 31, 2012, the Group management has decided to impair its Subsidiary's ground handling operation license amounting to EUR 937.

Of the total amortization and impairment expenses, EUR 33,681 was charged to cost of sales (December 31, 2012 – EUR 32,803), EUR 2,457 was charged to general administrative expenses (December 31, 2012 – EUR 2,637) and EUR 3,258 was charged to marketing and selling expense (December 31, 2012 – EUR 3,352).

Other rights include airport operation licences and computer software.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes

Corporate tax

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in Turkey where the Group companies operate.

In Turkey, the corporation tax rate for the fiscal period/year ending December 31, 2013 is 20% (December 31, 2012- 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Transfer pricing is regulated under Corporate Income Tax Law no 13 "Disguised profit distribution via transfer pricing" issued by Turkish Tax Authority; detailed explanations on the executions is given in the "Communiqué related disguised profit distribution via transfer pricing".

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

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% (2012 – 15%) withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Deferred tax

The Group recognises deferred tax assets and liabilities based upon the temporary differences of assets and liabilities arising between their carrying values as reported for IFRS purposes and their statutory tax values.

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable. In this respect, deferred income tax assets on tax losses carried forward are amounting to EUR 39,635. The expiration years of the Group's tax losses are as follows:

	December 31, 2013	
Expiration years	**Recognized tax loss carry forward**	**Unrecognized tax loss carry forward**
2014	-	21,765
2015	22,697	47,815
2016	50,759	19,468
2017	70,647	834
2018	54,072	4,611
	198,175	**94,493**

For the year ended at December 31, 2013 and 2012, taxation income comprises of the following:

	December 31, 2013	December 31, 2012
Deferred tax income	**10,221**	10,244
Total tax income	**10,221**	10,244

The reconciliation between tax income and the accounting results multiplied by the applicable tax rate as of December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31, 2012
Loss before taxation	**(65,300)**	(111,250)
Statutory tax rate	**20%**	20%
Taxes calculated at statutory tax rate	**13,060**	22,250
Disallowables	**(1,363)**	(1,462)
Unrealized portion of deferred tax asset recognized in prior years	**(4,358)**	(7,491)
Unrecognized deferred tax asset from tax losses carried forward	**-**	585
Others (mainly effect of remeasurement to Euro)	**2,880**	(3,638)
Taxes on income	**10,221**	10,244

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Deferred tax assets/liabilities:

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using the weighted average tax rate applicable to profits of the Group, are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Differences between the tax base and carrying amount of trade and other payables and due to related parties	744,883	712,413	148,977	142,483
Fair value of the interest-rate swap	29,831	42,831	5,987	8,566
Provisions	529	267	105	53
Differences between the tax base and carrying amount of borrowings	2,773	-	555	-
Tax losses carried forward	292,868	252,660	58,533	50,532
Deferred tax assets	**1,070,784**	**1,008,171**	**214,157**	**201,634**
Differences between the tax base and carrying amount of property, plant and equipment and intangibles	(722,851)	(723,639)	(144,570)	(144,728)
Differences between the tax base and carrying amount of trade and other receivables and due from related parties	(3,303)	(1,489)	(661)	(298)
Differences between the tax base and carrying amount of borrowings	-	(68)	-	(13)
Deferred tax liabilities	**(726,154)**	**(725,196)**	**(145,231)**	**(145,039)**
Unrecognized deferred tax asset			**(18,899)**	**(17,356)**
Recognized deferred tax assets, net			**50,027**	**39,239**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax liability amounting to EUR 567 arising from the fair value of the interest-rate swap in the current period is charged directly to equity under hedging reserve (Note 14). Total deferred tax expense recognized under hedging reserve amounts to EUR 844.

Expected recovery dates of deferred tax assets and liabilities are demonstrated below:

	December 31, 2013	December 31, 2012
Deferred tax assets to be recovered within 12 months	2,272	3,155
Deferred tax assets to be recovered after 12 months	192,986	181,123
Total deferred tax assets	**195,258**	**184,278**
Deferred tax liabilities to be recovered within 12 months	661	298
Deferred tax liabilities to be recovered after 12 months	144,570	144,741
Total deferred tax liabilities	**145,231**	**145,039**

Movement of deferred tax assets and liabilities is as follows:

As of January 1, 2013	**39,239**
Deferred tax assets directly recognized in equity	567
Current year deferred tax income	10,221
As of December 31, 2013	**50,027**

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

8. Trade and other receivables and other current assets

Trade and other receivables comprise of the following:

	December 31, 2013	December 31, 2012
Long-term other receivables:		
Value added tax ("VAT") receivables	18,683	22,038
Deposits and guarantees given	144	409
Total	18,827	22,447
Short-term trade and other receivables:		
Receivables from customers	7,587	9,355
VAT receivables	4,328	1,313
Other	3,272	1,522
Total	15,187	12,190

The fair values of short-term receivables equal their respective carrying amounts, as the impact of discounting is not significant.

VAT receivables classified as long-term receivables are those arising on the Utilization fee liability to the Administration, and cannot be refunded in cash or offset against other tax liabilities. The Group will be offsetting these long-term receivables when it generates such a level of revenue that the VAT payable arising would exceed VAT paid for other operational and investing activities. The receivables from customers are due within one month following December 31, 2013.

Other current assets comprise of the following:

	December 31, 2013	December 31, 2012
Prepaid expenses	835	1,039
Total	835	1,039

Guarantees received for trade receivables

The Group requests letters of guarantee from tenants, airline companies and major customers. EUR 5,614 (December 31, 2012 – EUR 3,879) of total trade receivables are covered via such letters of guarantee.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

8. Trade and other receivables and other current assets (continued)

Aging analysis for trade receivables

As at December 31, 2013, the receivables amounting to EUR 4,178 are overdue. Given the nature of the industry, the Group does not consider any collection risk for receivables overdue. For receivables overdue more than a month, the Group charges interest and restructures its receivables while guarantee letters held by the Group, amounting to EUR 1,041 (December 31, 2012 - EUR 1,145) partially mitigate collection risk. For receivables not yet due, no collection risk is identified.

The aging of overdue receivables that are not impaired is as follows:

	December 31, 2013	December 31, 2012
Less than a month	**2,906**	1,898
One to two months	**489**	221
Over two months	**783**	132
Total overdue receivables	**4,178**	2,251

The Group has provided in full, for doubtful receivables amounting to EUR 430 (December 31, 2012 – EUR 448) in the consolidated financial statements as at December 31, 2013.

9. Inventories

Inventories comprise of the following:

	December 31, 2013	December 31, 2012
Jet fuel stocks	**2,706**	7,015
Spare parts	**308**	256
Advances given	**77**	103
Total inventories	**3,091**	7,374

Cost of inventories recognized as expense and included in the cost of sales for the year ended at December 31, 2013 amounts to EUR 66,547 (December 31, 2012 – EUR 156,037).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties

Due from related parties, current

Amounts due from related parties are as follows:

	December 31, 2013	December 31, 2012
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	2,942	258
Malaysia Airports Consultancy Services SDN Berhad (2)	111	-
GMR Infrastructure (UK) Ltd. Şti. (2)	110	5
Limak-GMR Adi Ortaklığı (2)	75	66
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	33	29
Malaysia Airports Holdings Berhad (MAHB) (1)	17	-
GMR Infrastructure (1)	1	-
Malaysia Airports Management Technical Services SDN. BHD. (1)	-	20
GMR Infrastructure Turkey Branch (2)	-	32
Total due from related parties, current	3,289	410

(1) shareholders
(2) subsidiary of shareholders

Balances due from related parties are non-interest bearing and arose from trading activities with related parties.

As of December 31, 2013, there are no overdue receivables due from related parties.

Due to related parties, current

Amounts due to related parties are as follows:

	December 31, 2013	December 31, 2012
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2) (**)	-	2,979
GMR Infrastructure UK Ltd. Şti (2)	-	2,272
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	-	2,270
Malaysia Airports Consultancy Services SDN Berhad (2)	-	1,000
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	-	130
Limak-GMR Adi Ortaklığı (2) (*)	-	60
Malaysia Airports Holdings Berhad (MAHB) (1)	-	35
GMR Infrastructure Turkey Branch (2)	-	-
Total due to related parties, current	-	8,746

(*) As of December 31, 2012, due to shareholders mainly comprise management service fee payables. Per agreement signed with the Company and the shareholders, the Company will not pay management service fee from July 1, 2013 to June 30, 2017. As of December 31, 2012, the outstanding related party balances mainly comprises of management fees and paid in first half of 2013. The management fees charged in the first half of 2013 has been classified to long term payables since the Group has decided to pay these fees in the long term.

(**) As of December 31, 2012 due to LGM Havalimanı mainly comprises short term portion of the subordinated loan received amounting to EUR 2,891. Subordinated loan received from LGM is reclassified to long term as the maturity to repay principal and interest has been agreed as June 30, 2017 between the parties.

(1) shareholders
(2) subsidiary of shareholders

Balances due to related parties (except for the subordinated loan received from LGM Havalimanı amounting to EUR 2,891 as of December 31, 2012) are non-interest bearing and arose from trading activities with related parties.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

As of December 31, 2013 the outstanding related party balances classified under other current liabilities consists of deferred advertising revenue, food and beverage area rentals from LGM Havalimanı amounting to EUR 83 (December 31, 2012 – 637).

Due to related partiee, non-current

	December 31, 2013	December 31, 2012
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)(*)	11,737	7,834
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	3,102	11,137
GMR Infrastructure (UK) Ltd. Şti. (2)	2,950	9,650
Malaysia Airports Consultancy Services SDN Berhad (2)	1,250	5,515
Limak-İnşaast(2)	144	-
Limak-GMR Adi Ortaklığı (2)	67	
GMR Infrastructure overseas(1)	37	1,409
Malaysia Airports Holdings Berhad (MAHB) (1)	35	
Total due from related parties, current	19,322	35,545

(1) shareholders
(2) subsidiary of shareholders

(*) As of December 31, 2013 due to related parties, non-current comprise long term portion of the subordinated loan received from LGM Havalimanı amounting to EUR 11,737 (December 31, 2012 – EUR 7,834) and as of December, 2012, long term shareholder loan amounting to EUR 27,711.

As of December 31, 2013 the outstanding related party balances classified under trade and other payables long term consists of deferred advertising revenue, food and beverage area rentals from LGM Havalimanı amounting to EUR 938 (December 31, 2012 – EUR 1,224).

Employee benefits to key management personnel

For the year ended at December 31, 2013, total short-term employee benefits granted to key management personnel amount to EUR 711 (December 31, 2012 – EUR 996). Short-term employee benefits include saleries, vehicle expenses, communication expenses, health insurance and other sundry benefits. No long-term benefits are provided to the key management personnel. Key management personnel consist of general manager and five deputy general managers.

Sales to/purchases from related parties

	January 1, 2013 December 31, 2013	January 1, 2012 December 31, 2012
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	7,612	7,076
GMR Infrastructure (UK) Ltd. Şti. (2)	116	4
Malaysia Airports Consultancy Services SDN Berhad (2)	94	-
Limak-GMR Adi Ortaklığı (2)	19	20
Limak Havacılık İletişim Eğitim Ticaret A.Ş. (2)	17	-
GMR Infrastructure Turkey Branch (2)	1	-
GMR Infrastructure Overseas (1)	1	-
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	-	82
Malaysia Airports Holdings Berhad (MAHB) (1)	-	1
Financial income		
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	441	-
Total Sales	8,301	7,183

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

	January 1, 2013 December 31, 2013	January 1, 2012 December 31, 2012
Cost of sales (-)		
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	893	570
Limak-GMR Adi Ortaklığı (2)	12	-
Limak İnşaat Sanayi ve Tic.A.Ş (1)	1	-
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	-	3,008
General and administrative expenses		
GMR Infrastructure UK (1)	1,027	1,500
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	1,000	1,500
Malaysia Airports Consultancy Services SDN Berhad (2)	500	750
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	641	382
GMR Infrastructure Ltd (1)	31	116
Malaysia Airports Holdings Berhad (MAHB) (1)	17	66
Limak-GMR Adi Ortaklığı (2)	12	-
Limak İnşaat Sanayi ve Tic.A.Ş (1)	1	132
GMR Infrastructure Turkey Branch (2)	-	16
Marketing, selling and distribution expenses		
LGM Güvenlik Hizmetleri A.Ş. (LGM Güvenlik) (2)	-	96
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	16	24
Financial expenses		
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	148	6
GMR Infrastructure Ltd (1)	128	642
Malaysia Airports Holdings Berhad (MAHB) (1)	74	357
GMR Infrastructure Overseas (1)	19	92
Limak İnşaat Saneyi ve Tic.A.Ş (1)	10	724
LGM Havalimanı İşletme Tic. ve Turizm A.Ş. (LGM Havalimanı) (2)	731	980
Other Expense From Operating Activities		
Limak Yatırım Enerji Üretim İşl. Hiz.ve İnş. A.Ş. (1)	27	-
GMR Infrastructure Ltd (1)	23	-
Malaysia Airports Holdings Berhad (MAHB) (1)	13	-
GMR Infrastructure Turkey Branch (2)	3	-
Limak İnşaat Sanayi ve Tic. A.Ş (1)	3	-
Total purchases	**5,330**	**10,973**

(1) the shareholder
(2) other

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

11. Cash and cash equivalents

Cash and cash equivalents comprise of the following:

	December 31, 2013	December 31, 2012
Cash on hand	16	18
Checks on hand	126	21
Cash at banks		
-time deposits	-	-
-demand deposits	3,934	1,990
-credit card receivables	419	343
Utilization fee reserve account ("UFRA") (*)	76,515	76,515
Debt service reserve account ("DSRA") (*)	16,385	15,632
Maintenance reserve account ("MRA") (*)	2,112	662
Trigen reserve account	497	465
Total	100,004	95,846

As of December 31, 2013, time deposits are amounting to nil (December 31, 2012 – nil).

(*) UFRA contains an amount equal to 100% (on December 31) or 40% (on June 30) of the Utilization Fee scheduled to be payable in the next operating year in accordance with the Implementation Agreement. Debt Service Reserve Account contains an amount equal to the amount of debt service under the Project Facility payable in the following semi-annual period whereas Maintenance Reserve Account contains an amount equal to 100% of the amounts projected to be required in respect of maintenance of the Project in the next 12 months as set out in the then-current base case.

12. Financial liabilities

	December 31, 2013		December 31, 2012	
	Interest rate	Amount	Interest rate	Amount
EUR denominated borrowings – Project Loan	EURIBOR+5.00	337,776	EURIBOR+4.75	335,962
EUR denominated borrowings – YKB Loan	12	83,320	12	45,138
EUR denominated borrowings – Trigen Loan	EURIBOR+4.75	2,789	EURIBOR+4.75	3,550

The Group has signed a facility agreement with two financial institutions, which provided a total credit line of EUR 336,000, to finance the construction of Istanbul Sabiha Gökçen Airport's New International Terminal Building and Its Complementaries. The Group has utilized EUR 336,000 of the total facility, and employed the funds during the construction project.

The Group has no interest free spot borrowings (December 31, 2012 - EUR 3).

As of December 31, 2013 and 2012, the redemption schedule of long-term bank borrowings is as follows:

Redemption period	December 31, 2013	December 31, 2012
2013	-	24,302
2014	25,051	59,984
2015	119,056	36,171
2016	51,200	47,188
2017+	228,578	217,008
Total	423,885	384,653

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

12. Financial liabilities (continued)

According to the facility agreement, the re-pricing dates for the borrowing are set semi-annually. In addition, in 2009 the interest rate of the loan amended, and increased from EURIBOR+3.25% p.a., to EURIBOR+4.75% p.a., EURIBOR+5.00% p.a., EURIBOR+5.40% p.a. starting from the first drawdown date until (but excluding) July 1, 2009, from July 1, 2009 until (but excluding) Scheduled Completion Date of the Facility, from Scheduled Completion Date of the Facility until (but excluding) December 31, 2014 and thereafter respectively.

The Group has, as security for fulfillment of its obligations to the financial institutions, has assigned all of its present and future receivables, rights, incomes, claims, interests and benefits in, to and under its receivables, as well as any and all kinds of receivables arising out of or in connection with other agreements the Group has entered into, as well as the Group's VAT refunds, to the security agent of the agreement.

13. Trade and other payables, provisions and other liabilities

Long-term trade end other payables:

	December 31, 2013	December 31, 2012
Utilization fee liability	916,345	910,335
Advances taken	21,000	24,000
Other trade payables	18,310	16,868
Total	955,655	951,203

The Utilization Fee liability represents the present value of amounts payable to the Administration in accordance with the Concession Agreement for the operation of the Facility for 20 years plus 22 months of extension period. The Utilization Fee liability is discounted to present value, at a rate of 8.6% for paymants until 2014, and at a rate of 9% for the remaining payments, whereas the extension period is discounted to present value at a rate of 10.5%.

The Group has an agreement with Setur Servis Turistik A.Ş. ("Setur") providing Setur the right to be the exclusive duty free operator during the concession period. Monthly rentals are variable based on a certain criteria with a minimum annual rental guaranteed by Setur.

The Group received a cash advance from Setur amounting to EUR 30,000 in July 2008. The amount will be offset against the future rent payments of Setur. EUR 15,000 shall be deducted in five equal annual installments of EUR 3,000 from the lease amount starting from the first day of July of each 5th, 6th, 7th, 8th and 9th lease year. If the lease amount to be deducted from advances taken amount has not reached EUR 3,000 at the end of the relevant lease year, then the outstanding amount from the relevant installment shall be paid by the Group to the Setur, within the first 7 days of the following lease year. The remaining EUR 15,000 shall be deducted in three equal annual installments of EUR 5,000 from the lease amount starting from the first day of July of each 13th, 14th, 15th the lease year. If the lease amount to be deducted from the advances taken amount has not reached EUR 5,000 at the end of relevant lease year, then the outstanding amount from the relevant installment shall be paid by the Group to Setur, within the first 7 days of the following lease year.

The Group has offset advances taken from Setur on July 2012 and 2013 amounting to EUR 6,000 with annual lease receivable.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

13. Trade and other payables, provisions and other liabilities (continued)

As of December 31, 2013, the discounted volume of the redemption schedule of Utilization fee liability is as follows:

Redemption period	Original amount
2014	76,463
2015	87,674
2016	80,425
2017+	748,246
Total	**992,808**

In addition, the Group is obliged to make VAT payments amounting to EUR 17,388 each year, arising from the Utilization fee, including the years before redemption of the fee itself.

Other non-current liabilities:

	December 31, 2013	December 31, 2012
Unearned revenue	**12,358**	13,540
Total	12,358	13,540

Short-term trade and other payables:

	December 31, 2013	December 31, 2012
Utilization fee liability	**76,463**	76,463
Trade payables	**14,224**	24,759
Taxes and duties payable (*)	**4,821**	2,014
Expense accruals	**6,302**	4,638
Social securities' payable	**131**	148
Advances taken	**3,267**	3,879
Other	**5**	5
Total	**105,213**	111,906

(*) The Tax Authorities of Turkey have informed the Company to revise the Value Added Tax (VAT) refund request in respect of the VAT Circular number 60 dated August 8, 2011 for the periods from July 1, 2012 to May 31, 2013. The Company has submitted the revised refund request amounting to EUR 3,066. The Company has contested the claim arising out of the revised refund request in the designated Courts of Turkey as the management of the Company is of the opinion that the initial refund request for the said period is valid as it is in line with the refund requests already accepted by the Tax Authorities for the periods from August 1, 2011 to June 30, 2012 amounting to EUR 3,858. The outcome of the lawsuits is uncertain as at December 31, 2013 and the Company booked the EUR 3,066 as VAT receivables and tax payable in the consolidated financial statements as of December 31, 2013.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

13. Trade and other payables, provisions and other liabilities (continued)

Other-current liabilities:

	December 31, 2013	December 31, 2012
Unearned revenue	1,548	1,614
Total	1,548	1,614

Provisions

	December 31, 2013	December 31, 2012
Tax provision (*)	7,442	-
Litigation provision (**)	1,279	4,258
Total	8,721	4,258

(*) The Company is subject to a tax investigation for the years 2008, 2009, 2010, 2011 and 2012 regarding VAT in 2013. The results of the investigation are reported and the Company has decided to apply to the Tax Reconciliation Office to reach a settlement. The Company booked EUR 7,442 provision in the consolidated financial statements as of December 31, 2013. The issues criticised by the Tax Inspector are related to the VAT tax treatment of 1) the utilisation fee payable arising from the extention of the concession period 2) the additional rental payable to USDI arising from the increase of passenger service fees and 3) the foreign exchange difference arising between the monthly accrual and the annual payment of the Utilisation Fees payable to the USDI. The provision covers the tax base plus interest charge and expected penalties that the Company may incur as a result of the reconciliation with the Tax Office.

(**) Please refer to Note 21 "Ground handling operations" section for the details.

14. Derivative financial instruments

A derivative contract has been signed between a foreign bank and the Group on June 19, 2008. The Group uses interest rate derivatives to manage its exposure to interest rate fluctuations in regards to funds utilized from the project finance facility. According to the swap transaction, the notional amount differs at each period, as in the borrowing agreement of the Group, until June 30, 2018, details of which are provided below:

Due date of transaction	Notional amounts (full EUR)	Fixed EURIBOR (%)
June 30, 2014	244,505,614	5.113
December 31, 2014	231,294,165	5.113
June 30, 2015	222,375,301	5.113
December 31, 2015	200,524,905	5.113
June 30, 2016	178,047,778	5.113
December 31, 2016	143,737,815	5.113
June 30, 2017	108,536,148	5.113
December 30, 2017	65,625,420	5.113
June 29, 2018	19,930,548	5.113

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

14. Derivative financial instruments (continued)

As of December 31, 2013, fair value of above mentioned contract is EUR 29,931 (December 31, 2012 - EUR 42,831). Fair value of cash outflows with respect to the derivative that fall within one year from the balance sheet date, amounting to EUR 10,945 (December 31, 2012 – EUR 11,917), is classified under current liabilities whereas the remaining amount of EUR 18,986 (December 31, 2012 – EUR 30,914) is classified under non-current liabilities.

The initial hedge relationship (old hedge) was effective until June 30, 2009. The effective portion arising from the old hedge has been kept under equity until June 30, 2009 and started to be amortized thereafter by using the amortization rate of the related loan payment schedule until maturity. As of October 1, 2010 the hedge was redesignated (new hedge). The new hedge is found as effective as result of effectiveness test and fair value of the new hedge amounting to EUR 8,504 is continued to be recognized under other comprehensive income. The unamortized portion of the old hedge which is recognized under other comprehensive income amounts to (EUR 4,285). Accordingly the total unrealised gain recognized under other comprehensive income amounts to EUR 4,219.

The unrealized (gain)/loss on interest rate swaps transferred to income statement including the ineffective portion that is recognized in the consolidated statements of comprehensive income amounts to EUR (15,732) as of December 31, 2013.

	December 31, 2013	December 31, 2012
Recognized in equity	(2,832)	12,350
Recognized in income statement (Note 19)	15,732	(14,670)
Total change in fair value	12,900	(2,320)

15. Share capital and reserves

The paid-in share capital of the Company comprises of 397,944,000 (December 31, 2012- 323,966,030) units of registered shares with a nominal value of TL1 each. There are no different types of shares or privileges given to shareholders.

At December 31, 2013 and 2012, the Company's shareholding structure is as follows:

	December 31, 2013		December 31, 2012	
	Share %	TL	Share %	TL
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.	39,99	159,126,800	39.98	99,360,400
GMR Infrastructure Limited	27,55	109,629,660	35.00	86,984,600
Malaysia Airports Holdings Berhad	20,00	79,588,800	20.00	49,705,600
GMR Infrastructure Overseas S.L.	12,45	49,547,940	5.00	12,426,400
Limak İnşaat Sanayi ve Ticaret A.Ş.	0,01	50,800	0.02	50,800
Total number of registered shares		397,944,000		248,528,000
Share capital advance		-		75,438,030
Total number of shares		397,944,000		323,968,030

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

15. Share capital and reserves (continued)

The paid-in capital, in regards to 397,944,000 (December 31, 2012- 323,966,030) shares issued, amounts to EUR 178,741 (December 31, 2012 - EUR 146,840).

In the Board of Directors' resolution dated December 14, 2012 and numbered 146, the shareholders of the Company has decided to inject TL 84,716,400 share capital advance equivalent to EUR 36,000 (of this amount EUR 32,000 was paid in December 2012 whereas EUR 4,000 was paid in January 2013) and to transfer previously lent EUR 27,901 (EUR 26,000 principal and accrued interest of EUR 1,901) equivalent to TL 64,699,600 into share capital advance. Therefore, the total share capital advance amounted to EUR 63,901 (equivalent of TL 149,416,000) as of June 30, 2013 and the transfer of shere capital advance to share capital amounting to TL 149,416,000 was registered in Trade Registry Gazette on July 18, 2013.

In accordance with the Facility Agreement and the Share Pledge Agreement, the shares of GMR Infrastructure Limited, GMR Infrastructure Overseas S.L. Sociedad Unipersonal, Limak İnşaat Sanayi ve Ticaret A.Ş. and Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş., corresponding to 80% of total shares have been pledged to Yapı Kredi Bank Nederland N.V., the security agent as set out in the Facility Agreement.

In accordance with the Concession Agreement, the share of the investor in the Company with technical qualifications, being MAHB, may not be less than 20% and may not be reduced below that level until the end of the concession period.

16. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is as follows:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Weighted average number of ordinary shares outstanding during the period	360,955,015	248,528,000
Loss for the period attributable to owners of the Company	(55,776)	(96,665)
Basic and diluted loss per share attributable to owners of the Company (in full EUR)	(0.1545)	(0.3890)

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

17. Net sales

For the year ended at December 31, 2013 and 2012, net sales comprise of the following:

	January 1, 2013 December 31, 2013	January 1, 2012 December 31, 2012
Jet fuel sales	76,464	162,953
Passenger fee revenue	59,308	47,566
Duty Free Revenue	34,069	24,448
Rent income	7,400	7,984
Car park revenues	7,235	6,117
Passenger boarding bridge	7,081	5,878
F&B Revenue	6,405	5,959
Advertising Revenue	3,812	2,949
Warehouse and cargo revenue	2,473	518
Utility revenue from customer	2,106	1,766
Check-in counter revenue	1,772	836
CIP revenue	1,594	1,451
General aviation revenue	1,170	1,623
Hotel revenue	451	197
Ground handling revenue	-	2,891
Other	3,262	2,775
	214,602	275,911
Sales discounts (-)	(313)	(363)
Net sales	214,289	275,548
Cost of sales	(145,320)	(241,520)
Gross profit	68,969	34,028

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

18. General administrative expenses

For the year ended at December 31, 2013 and 2012, general administrative expenses comprise of the following:

	January 1, 2013 December 31, 2013	January 1, 2012 December 31, 2012
Consultancy expenses	4,890	5,191
Personnel expenses	4,831	4,621
Depreciation and amortization charges and impairment expense (Notes 5 and 6)	2,523	2,923
IT expenses	497	500
Promotion and advertisement expenses	243	349
Tax expenses	183	577
Representation expenses	118	79
Other	692	944
Total	**13,977**	**15,184**

19. Financial income/ expenses, net

For the year ended at December 31, 2013 and 2012, financial income and expenses comprise of the following:

	January 1, 2013 - December 31, 2013	January 1, 2012 - December 31, 2012
Changes in the fair value of the derivative instruments	15,732	-
Foreign currency translation gain	1,305	-
Interest income on bank deposits	16	14
Other income	-	108
Financial income	**17,053**	**122**
Interest expense on utilization fee liability	(82,525)	(81,943)
Interest expense on loan borrowings	(26,153)	(19,200)
Interest rate swap payments	(12,501)	(10,381)
Foreign currency translation loss	(2,963)	(295)
Guarantee letter commissions	(1,384)	(1,456)
Changes in the fair value of the derivative instruments	-	(14,670)
Other expense	(202)	(539)
Financial expense	**(125,728)**	**(128,484)**
Financial income / (expense), net	**(108,675)**	**(128,362)**

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

20. Expenses by nature

For the year ended at December 31, 2013 and 2012, total operating expenses by their nature are as follows:

	January 1, 2013 - December 31, 2013	January 1, 2012 - December 31, 2012
Jet fuel cost	**66,547**	156,037
Depreciation and amortization charges and impairment	**40,454**	40,330
Personnel expenses	**11,309**	18,595
Promotion and advertisement expenses	**9,811**	14,922
Rent expenses	**6,786**	4,842
Security expenses	**5,808**	5,868
Consultancy expenses	**5,301**	5,262
Utilization expenses	**5,175**	4,375
Tax expenses	**4,140**	2,727
Cleaning expenses	**1,868**	1,889
Repair and maintenance expenses	**1,492**	1,182
Insurance expenses	**1,339**	1,671
Cost of material	**-**	1,590
Provision for termination benefits	**-**	42
Other	**12,220**	2,733
Total	**172,250**	262,065

21. Commitments and contingent liabilities

Letters of guarantee given

As of December 31, 2013, six letters of guarantee, one amounting to EUR 102,147 (December 31, 2012 - EUR 106,738), one amounting to EUR 2,515 (December 31, 2012 - EUR 2,515), and four others amounting to EUR 13,009, EUR 204, EUR 1,629 and EUR 26 are provided to the Administration (representing 6% of total amount payable to the Administration for the right to operate the Facility as set out in the Concession Agreement).

As of December 31, 2013, the Group has provided 7 letters of guarantee for energy transactions amounting to EUR 7,207 (December 31, 2012 – EUR 13,844).

Letters of guarantee obtained

The Group has obtained letters of guarantee from its tenants and airlines amounting to EUR 5,614 (December 31, 2012 – EUR 3,879).

The Group has obtained letters of guarantee from suppliers amounting to EUR 298 (December 31, 2012 – EUR 320), in regards to the orders given for certain equipment to be used in the construction of Istanbul Sabiha Gökçen Airport's New International Terminal Building and its Complementaries.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Commitments and contingent liabilities (continued)

Operating leases

The Group has entered into operating lease agreements for 35 (December 31, 2012 - 37) motor vehicles for the use of the Group personnel. Future lease payments under these operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31, 2012
Less than one year	136	173
One to three years	80	95
Total	**216**	268

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on food and beverage lease areas. These non-cancellable leases will be expired on December 31, 2019. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	December 31, 2013	December 31, 2012
Less than one year	3,340	3,284
One to five years	17,730	13,739
More than five years	-	7,246
Total	**21,070**	24,269

Lease agreement with Setur is variable based on a certain proportion of the higher of the spending of total international passengers and the minimum guaranteed spending of total international passengers by Setur

Commitments according to the concession agreement

Concession agreement

In accordance with the Concession Agreement, the investment committed by the Group in regards to the Construction amounts to EUR 274,416, of which 20% shall be provided by the Group's own funds.

The Group is also responsible for:

- taking all measures to ensure that the operation continues without interruption during the concession period;
- providing insurance coverage for the Construction and the Facility;
- regular and continuous repair of all systems and equipment it possesses, keeping them in working order, replacement of the assets subject to depreciation during the concession period, whose economic useful lives determined by the Turkish Tax Procedural Law have ended or which have become out of order.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

21. Commitments and contingent liabilities (continued)

According to the Concession Agreement, the Group is responsible for ensuring the security of the Facility (including the New International Terminal and its Complementaries), maintenance, periodic maintenance and repairs, and transfer of the Facility to the Administration at the end of the concession period free from any obligation and liability and free of charge in operational condition.

Project finance facility

The Group is subject to conditions set out in the Facility Agreement signed with The Royal Bank of Scotland PLC, Yapı Kredi Bankası A.Ş. and Yapı Kredi Bank Nederland N.V. and related Share Pledge Agreement and Assignment of Receivables Agreement. The Group accepts the conditions that in the event of default or non-compliance with other criteria set forth in the Facility Agreement and related agreements, the lending financial institutions reserve the right to confiscate shares of the Group and confiscate all existing and future receivables of the Group at the date non-compliance occurs.

In accordance with the Facility Agreement, the Group has to comply with the below covenant ratio calculations starting from calculation date (December 31, 2010) up to and including December 31, 2013;

- the Historic Debt Service Cover Ratio (DSCR) is less than 1.1:1; and/or
- the Loan Life Cover Ratio is less than 1.15:1,

If such ratios are not met ,the Group is obliged to withdraw such amount from Standby Equity Cash Collateral Account (SECCA) and transfer it to the Onshore Euro Proceeds Amount and apply it against amounts and /or prepayments so that obligations are met, the relevant balances are maintained and/or the relevant ratios are met;

The management plans to restructure the existing credit facilities within the consideration of different alternatives in the next year and all shareholders are fully committed to the Group with joint and several liabilities.

Ground handling operations

The ground handling contract between the Subsidiary and Pegasus Airlines was terminated unilaterally by Pegasus Airlines on November 29, 2011. Pegasus Airlines was the main customer of the Subsidiary. Consequently, the Subsidiary dismissed 552 employees in January 2012 out of which 348 employees have filed a joint lawsuit against the Subsidiary for wrongful dismissal in February 2012. The courts ruled against the Subsidiary and asked for payment of 16 months' salary as compensation to the employees. The Subsidiary appealed against the rulings. In January 2013, the Supreme Court has ratified the decision of the lower courts and decided against the Subsidiary and ordered the Subsidiary to pay EUR 1,184 due in February 24, 2013 in respect to the 90 employees whom are part of 348 joint lawsuits. The Supreme Court subsequently ratified all the other cases and ordered the Company to pay EUR 2,720 for the remaining 258 employees; totaling EUR 3,904 compensation for 348 employees. The Company had provided a reserve under the short term trade and other payables amounting to EUR 4,258 for the joint lawsuits of 348 employees, including all legal expenses.

Moreover in October 2012, subsequent to ceasing its ground handling operations, 130 additional employees were dismissed; out of which 101 cases have been filed against the Subsidiary as of the reporting date. In respect to the joint lawsuits of 101 employees which is still ongoing as of the reporting date, the Subsidiary has provided a reserve of EUR 1,279 under short term provision.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

(a) Credit risk

Majority of trade receivables are due from tenants, airline companies and representative firms. The customer portfolio of the Group is diversified, with Turkish Airlines ("THY") and Pegasus Airlines, being the main customers. The Group obtains letter of guarantee from its customers against its receivables as explained in Note 8. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8, 10 and 11.

(b) Liquidity risk

Liquidity risk management refers to holding adequate amount of cash, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group, in order to minimize liquidity risk, holds adequate cash and available line of credit. In this regard, as of December 31, 2013, the Group has lines of credit amounting to EUR 421,000 (December 31, 2012 - EUR 398,000). The utilized portion of the aforementioned total credit line amounts to EUR 397,904 (December 31, 2012 - EUR 397,904).

As of balance sheet date, the Company holds no shareholder loans (December 31, 2012, principal EUR 26,000 and accrued interest of EUR 1,711).

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

The maturity analysis of the assets and liabilities of the Group is as follows:

December 31, 2013	up to 3 months	4 to 6 months	7 months to 1 year	1 to 5 year	5 years	Total
Assets						
Trade and other receivables	15,167	-	-	13,708	5,119	34.014
Due from related parties	3,289	-	-	-	-	3.289
Cash and cash equivalents	100,004	-	-	-	-	100.004
Total	118,460	-	-	13,708	5,119	137,307
Liabilities						
Borrowings	3,321	10,765	10,965	314,961	83,873	423,885
Derivative financial instruments	-	5,795	5,150	18,986	-	29,931
Due to related parties	-			19,322	-	19,322
Trade and other payables	95,644			394,895	539,960	1,030,299
Total	98,965	16,560	16,115	747,964	623,833	1,503,437

December 31, 2012	up to 3 months	4 to 5 months	7 months to 1 year	1 to 5 year	5 years	Total
Assets						
Trade and other receivables	11,410	260	520	16,462	5,985	34,637
Due from related parties	410	-	-	-	-	410
Cash and cash equivalents	95,846	-	-	-	-	95,846
Total	107,666	260	520	16,462	5,985	130,893
Liabilities						
Borrowings	5,141	9,586	9,575	194,621	165,730	384,653
Derivative financial instruments	-	6,135	5,782	30,606	308	42,831
Due to related parties	5,855	1,484	1,407	7,834	27,711	44,291
Trade and other payables	103,369	-	-	270,091	657,112	1,030,592
Total	114,365	17,205	16,764	503,152	850,861	1,502,367

Trade and other payables presented in the maturity analysis of liabilities include the Utilisation Fee liability amounting to EUR 992,808 (December 31, 2012 – EUR 986,798), which is recognized in relation to intangible asset, "Airport Operation Right". Non-monetary items are excluded from the analysis.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

December 31, 2013	up to 3 months	4 to 6 months	7 months to 1 year	1-5 years	Over 5 years	Total
Borrowings	3,321	11,085	11,691	370,871	129,855	526,303
Derivative financial instruments	-	5,807	5,179	19,324	-	30,310
Due to related parties	-	-	-	19,410	-	19,410
Trade and other payables	95,696	-	-	517,621	1,380,162	1,993,479
Total	99,017	16,872	16,770	927,026	1,509,817	2,569,502

December 31, 2012	up to 3 months	4 to 6 months	7 months to 1 year	1-5 years	Over 5 years	Total
Borrowings	5,311	9,904	9,892	227,407	250,776	503,290
Derivative financial instruments	-	6,156	5,802	31,070	323	43,351
Due to related parties	5,953	1,509	1,430	9,503	27,711	46,106
Trade and other payables	103,441	-	-	341,277	1,622,004	2,068,722
Total	114,705	17,569	17,124	609,257	1,900,814	2,659,469

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

(c) Market risk

i. Cash flow and fair value interest rate risk

The Group maintains a balance regarding the maturities of its interest bearing assets and liabilities and utilizes its idle cash in short term investments. The Group has also entered into an interest rate swap agreement with a financial institution, basically to convert its borrowings from floating interest rates to a fixed rate and hedge its cash flows.

In addition, the Group incurs interest expense on a fixed rate that is used to determine the present value of the total payable to the Administration.

ii Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated assets and liabilities.

At December 31, 2013 and 2012, monetary assets and liabilities denominated in foreign currencies held by the Group were as follows:

	December 31, 2013		December 31, 2012	
	Original amount	EUR equivalent	Original amount	EUR equivalent
Foreign currency denominated monetary assets:				
Cash and cash equivalents				
TL	745	254	2,533	1,077
US Dollars	3,129	2,274	1,879	1,424
		2,528		2,501
Trade and other receivables				
TL	79,433	27,050	64,338	27,358
US Dollars	1,281	931	3,953	2,996
		27,981		30,354
Due from related parties				
TL	-	-	676	287
US Dollars	-	-	22	17
		-		304
Total foreign currency denominated monetary assets		30,509		33,159

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

	December 31, 2013		December 31, 2012	
	Original amount	EUR equivalent	Original amount	EUR equivalent
Foreign currency denominated monetary liabilities:				
Trade and other payables				
TL	31,870	10,853	49,380	20,998
US Dollars	417	303	150	114
GBP	-	-	53	65
		11,156		21,177
Borrowings				
TL	-	-	8	3
		-		3
Due to related parties				
TL	-	-	82	35
		-		35
Total foreign currency denominated monetary liabilities		11,156		21,215
Net foreign currency position		19,353		11,944

At December 31, 2013, if TL had strengthened/weakened by 10% against EUR with all other variables held constant, net loss for the period would have been lower /higher by EUR 1,496, as a result of foreign exchange gains/losses on the translation of TL denominated assets and liabilities. At December 31, 2013, if USD had strengthened/weakened by 10% against EUR with all other variables held constant, net loss for the period would have been higher/lower by EUR 264, as a result of foreign exchange gains/losses on the translation of USD denominated assets and liabilities.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

	December 31, 2013	December 31, 2012
Total liabilities	1,557,162	1,557,070
Less: Cash and cash equivalents	(100,004)	(95,846)
Net debt	1,457,158	1,461,224
Equity	(169,112)	(153,307)
Invested capital	1,288,046	1,307,917
Net debt / Invested capital (%)	113.1%	111.7%

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the estimates presented herein are not necessarily indicative of tha amounts the Group could realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

Financial assets

The fair values of certain financial assets carried at cost, including cash and cash equivalents, trade receivables and other financial assets, as financial assets are estimated to approximate carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including trade payables and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature. Carrying value of the utilization fee liability is estimated to approximate its fair value as of the date of these consolidated financial statements since the current market rates approximate the discount rates used to calculate the present value of the liability.

The bank borrowings are stated at their amortized costs and transaction costs like up-front fees are included in the initial measurement of bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically in accordance with the EURIBOR floats to reflect active market price quotations.

The Group has entered into swap transactions in order to minimize its interest rete risk. Swap transactions are initially recognized at fair value on the date which a derivative contract is entered into and subsequently remeasured at fair value. Swap transactions that are designated as hedging instruments for cash flow hedges are accounted for in accordance with hedge accounting policies under International Financial Reporting Standards.

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

Fair value hierarchy table

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)
Level 2: Other valuation techniques includes direct or indirect observable inputs
Level 3: Valuation techniques does not contains observable market inputs

Financial liabilities at fair value through profit or loss:	December 31, 2013	Level 1	Level 2	Level 3
Swap liabilities	29,931	-	29,931	-

Financial liabilities at fair value through profit or loss:	December 31, 2012	Level 1	Level 2	Level 3
Swap liabilities	42,831	-	42,831	-

Valuation technique

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include swap models, using present mark-to- market value calculations. The models incorporate various inputs including swap curve par and zero rates.

23. Subsequent events

Indicative exchange rates of USD and Euro announced at 15:30 on February 21, 2014 by the Central Bank of Turkey are 2.1972 and 3.0120, respectively (December 31, 2013: 2.1343 and 2.9365, respectively).

24. Other matters

Sales of ISG shares

MAHB announced on December 23, 2013 that Malaysia Airports MSC Sdn Bhd, its indirectly wholly-owned subsidiary, will shortly enter into a share purchase agreement (the "SPA") with GMR Infrastructure Limited ("GMRI"), GMR Infrastructure Overseas Limited ("GMRO") and GMR Infrastructure (Global) Limited ("GMRIG") (collectively known as the "GMR Group"):

(i) to acquire all of GMR Group's shares in ISG (40.00%), as follows:

(a) 109,629,660 fully paid shares representing an aggregate of 27.55% of the share capital and voting rights in ISG from GMRI;

(b) 49,547,940 fully paid shares representing an aggregate of 12.45% of the share capital and voting rights in ISG from GMRO,

İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.

Notes to the consolidated financial statements (continued)
for the year ended at December 31, 2013
(Amounts expressed in thousands of Euro ("EUR") unless otherwise stated)

24. Other matters (continued)

for a total cash consideration of EUR 157,500 (as adjusted in accordance with the SPA) ("Proposed Acquisition of ISG"); and

(ii) to acquire all of the GMR Group's shares in LGM (40.00%), as follows:

(a) 175,000 fully paid shares representing an aggregate of 35.00% of the share capital and voting rights in LGM from GMRO;

(b) 25,000 fully paid shares representing an aggregate of 5.00% of the share capital and voting rights in LGM from GMRIG,

for a total cash consideration of EUR 67,500 (as adjusted in accordance with the SPA) ("Proposed Acquisition of LGM").

Therefore, total purchase consideration of the proposed acquisition of ISG and proposed acquisition of LGM amounting to EUR 225,000. The SPA has been signed between the Parties on December 28, 2013.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Financial statements as of December 31, 2011 together with independent auditors' report

LGM Havalimanı İsletmeleri Ticaret ve Turizm A.Ş.

Table of contents

ERNST & YOUNG

Güney Bağımsız Denetim ve SMMM AŞ
Büyükdere Cad. Beytem Plaza
No:22 K:9-10, 34381 - Şişli
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
www.ey.com

Independent auditors' report

To the Shareholders of LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

We have audited the accompanying financial statements of LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş. ('the Company'), which comprise the statement of financial position as at December 31, 2011 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

February 13, 2012
Istanbul, Turkey

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of financial position
At December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Notes	December 31, 2011	December 31, 2010
Assets			
Property and equipment	5	720,616	443,904
Intangible assets	6	54,033	53,071
Deferred income tax assets	7	97,338	84,556
Due from related parties	10	10,188,939	12,489,967
Total non-current assets		**11,060,926**	**13,071,498**
Inventories	9	200,977	234,301
Due from related parties	10	4,351,879	3,738,612
Trade and other receivables	8	714,878	1,659,879
Cash and cash equivalents	11	546,663	464,625
Total current assets		**5,814,397**	**6,097,417**
Total assets		**16,875,323**	**19,168,915**
Liabilities			
Long-term borrowings	12	10,188,939	12,489,967
Provisions		24,580	18,371
Trade and other payables	13	1,033,143	1,154,135
Total non-current liabilities		**11,246,662**	**13,662,473**
Short-term borrowings	12	3,180,432	3,295,747
Due to related parties	10	1,073,293	1,551,748
Trade and other payables	13	1,289,850	994,575
Provision for income taxes	7	30,921	-
Total current liabilities		**5,574,496**	**5,842,070**
Equity			
Share capital	14	209,037	23,537
Accumulated deficit		(154,872)	(359,165)
Total equity		**54,165**	**(335,628)**
Total equity and liabilities		**16,875,323**	**19,168,915**

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of comprehensive income
For the year ended December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Notes	January 1, - December 31, 2011	January 1, - December 31, 2010
Net sales	15	15,276,448	12,662,872
Cost of sales or services	16, 20	(13,242,253)	(10,659,085)
Gross profit		**2,034,195**	**2,003,787**
Marketing and selling expenses	17, 20	(654,244)	(48,004)
General and administrative expenses	18, 20	(1,036,340)	(1,802,762)
Other operating income		13,232	-
Other operating expense		(19,610)	(39,756)
Operating income		**337,233**	**113,265**
Financial income	19	1,193,291	1,227,529
Financial expenses	19	(1,270,583)	(1,183,651)
Income before income tax		**259,941**	**157,143**
Taxation on income			
- Current income tax expense	7	(68,430)	-
- Deferred tax income	7	12,782	(35,031)
Income for the year		**204,293**	**122,112**
Other comprehensive income/(loss) for the year		-	-
Total comprehensive income for the year		**204,293**	**122,112**

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of changes in equity
For the year ended December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Share capital	Accumulated deficit	Total
Balances at January 1, 2010	**23,537**	**(481,277)**	**(457,740)**
Total comprehensive income for the year	-	122,112	**122,112**
Balances at December 31, 2010	**23,537**	**(359,165)**	**(335,628)**
Total comprehensive income for the year	-	204,293	**204,293**
Share capital increase	185,500	-	**185,500**
Balances at December 31, 2011	**209,037**	**(154,872)**	**54,165**

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of cash flows
For the year ended December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Notes	January 1, - December 31, 2011	January 1, - December 31, 2010
Operating activities:			
Net income for the year		204,293	122,112
Adjustments to reconcile net income/(loss) to net cash used in operating activities:			
Depreciation and amortization	5, 6, 20	140,484	84,474
Taxation on income	7	55,648	35,031
Interest income	19	(1,193,291)	(1,227,529)
Interest expense	19	1,138,862	1,177,989
Bonus accruals	13	138,770	-
Employment termination benefits		7,184	14,676
Net cash provided by operating activities before changes in operating assets and liabilities		491,950	206,753
Changes in operating assets and liabilities:			
Changes in trade and other receivables	8	945,001	(919,782)
Changes in due from/to related parties	10	(1,219,266)	999,679
Changes in inventories	9	33,324	(60,549)
Changes in trade and other payables	13	(2,971)	197,955
Net cash provided from operating activities		248,038	424,056
Investing activities:			
Acquisition of property and equipment and intangibles	5,6	(418,158)	(197,309)
Net cash used in investing activities		(418,158)	(197,309)
Financing activities:			
Interest received	19	1,193,291	1,227,529
Interest paid	19	(1,126,633)	(1,177,989)
Principal received	19	2,428,572	1,214,286
Principal payment	19	(2,428,572)	(1,214,286)
Share capital increase	10	185,500	-
Subordinated loan to related party	12	-	(17,000,000)
Net cash provided from / (used in) financing activities		252,156	(16,950,460)
Net increase in cash and cash equivalents		82,038	(16,723,713)
Cash and cash equivalents at the beginning of the period	7	464,625	17,188,338
Cash and cash equivalents at the end of the period	7	546,663	464,625

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

1. Organisation and nature of operations

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş. (the "Company") was established on January 30, 2009 as a joint venture entity, shares of which held by Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş located in Turkey, Limak İnşaat Sanayi ve Ticaret A.Ş. located in Turkey, GMR Infrastructure Overseas S.L. Sociedad Unipersonal located in Spain, GMR Infrastructure (Global) Limited located in India and Malaysia Airports Holdings Berhad located in Malaysia (together "Shareholders").

The Company's core business operations are:

- to establish, operate, have it operated hotels at the airports,
- to establish, operate, have it operated, lease and lease out VIP and CIP Lounges at the airports,
- to establish, operate, have it operated, lease and lease out all kinds of food and beverage facilities, restaurants, patisseries, cafeterias, bars, pubs, market stores and shopping centers for selling, marketing, serving of food and beverages and trading in any of the referred businesses.

The Company's registered address is İstanbul Sabiha Gökçen Uluslararası Havalimanı 34912 Pendik/İstanbul-Turkey.

These financial statements as at and for the year ended December 31, 2011, have been approved for issue by the Management on February 13, 2012.

2. Basis of presentation of financial statements

2.1 Accounting standards

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TRY") in accordance with the Turkish Commercial Code, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. These financial statements are based on the statutory records which are maintained under the historical costs convention, except for certain financial assets and liabilities presented at their fair value, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

2.2 Functional and presentation currency and translation methodology

The Company's functional and presentation currency is Euro due to the reason that the Company's main assets and liabilities including subordinated credit line, receivables from its related parties, and vast of the revenues are generated and linked in EUR.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

The Company has determined that its functional currency as Euro in accordance with IAS 21 "The effects of changes in foreign exchange rates", based on the fact that a significant portion of its transactions are denominated and settled in that currency. The Company management considered several factors in determining its functional currency. During that process, the Company management recognized that some transactions may preclude the functional currency be obvious. However, such transactions are considered not to be determinative and the management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, event and conditions.

The statutory financial statements have been translated into Euro on the following basis: property and equipment, intangible assets and equity at historical rates of exchange; remaining assets and liabilities by the exchange rate prevailing at the balance sheet date. The items in the statement of comprehensive income have been translated by the average monthly exchange rates. Foreign exchange gains and losses resulting from such translation are recognized in the statement of comprehensive income.

2.3 Changes in accounting policies

Adoption of revised and new standards

New and amended standards and interpretations:

The accounting policies adopted in preparation of the financial statements as at 31 December 2011 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2011. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2011 are as follows:

IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction— Prepayments of a Minimum Funding Requirement (Amended)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Company is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position or performance of the Company.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation does not apply when the creditor is acting in the capacity of a shareholder, in common control transactions or when the issue of equity shares was part of the original terms of the liability. The adoption of the interpretation did not have any impact on the financial position or performance of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IAS 32 Financial Instruments: Presentation - Classifications on Rights Issues (Amended)

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has no effect on the financial position or performance of the Group because the Company does not have these types of instruments.

IAS 24 Related Party Disclosures (Revised)

Amended standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. In addition, the revised standard introduces a partial exemption of general disclosure requirements for transactions with government-related entities. The adoption of the amendment did not have any impact on the financial position or performance of the Company.

Improvements to IFRSs

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies and disclosures, but no impact on the financial position or performance of the Company. There are separate transitional provisions for each standard. The amendments that are effective as at 1 January 2011 are as follows:

IFRS 3 Business Combinations

i) Transition requirements for contingent consideration from a business combination that occurred before the effective date of revised IFRS

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

ii) Measurement of non-controlling interests

This improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets.

iii) Unreplaced or voluntarily replaced share-based payment awards

This improvement requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration paid and post combination expenses.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IFRS 7 Financial Instruments: Disclosures

This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Among others, the improvement remove the disclosure requirement of the collateral held as security and other credit enhancements and estimate of their fair value for financial assets that are past due but not impaired and that are individually impaired; and instead include a disclosure requirement of financial effect of collateral held as security and other credit enhancements for all financial assets.

IAS 1 Presentation of Financial Statements

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 27 Consolidated and Separate Financial Statements

This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 "The Effect of Changes in Foreign Exchange Rates", IAS "28 Investments in Associates" and IAS 31 "Interests in Joint Ventures" apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.

IAS 34 Interim Financial Reporting

This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements on i) the circumstances likely to affect fair values of financial instruments and their classification, ii) transfers of financial instruments between different levels of the fair value hierarchy, iii) changes in classification of financial assets, and iv) changes in contingent liabilities and assets.

IFRIC 13 Customer Loyalty Programmes

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after 1 July 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The amendment affects presentation only and will have no impact on the financial position or performance of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

The amendments are mandatory for annual periods beginning on or after 1 January 2012, but earlier application is permitted. IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The Company does not expect that this amendment will have significant impact on the financial position or performance of the Company.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the amended standard on the financial position or performance of the Company.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This standard has not yet been endorsed by the EU. This amendment will not have any impact on the financial position or performance of the Company.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This standard has not yet been endorsed by the EU. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This amendment has not yet been endorsed by the EU. The amendment is effective for annual periods beginning on or after 1 July 2011.Comparative disclosures are not required. The amendment affects disclosures only and will have no impact on the financial position or performance of the Company.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Company.

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. The Company (Group) does not expect that this standard will have a significant impact on the financial position or performance of the Company.

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. Under the new standard the Company will provide more comprehensive disclosures for interests in other entities.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This standard has not yet been endorsed by the EU. The interpretation is not applicable for the Company and will not have any impact on the financial position or performance of the Company.

2.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

2.5 Foreign currency translation

Transactions in foreign currencies (i.e. any currency other than the functional currency) are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Foreign currency translation rates used by the Company as of respective year-ends are as follows:

Dates	TL/USD	TL/EUR
December 31, 2011	**1.8889**	**2.4438**
December 31, 2010	1.5460	2.0491

3. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are summarised below:

Related parties

For the purpose of these financial statements, shareholders, key management personnel and Board members, together with their families and companies controlled by/or affiliated with them and associated companies are considered and referred to as related parties (Note 10).

A related party transaction is a transfer of services or obligations between related parties.

For the purpose of these financial statements, shareholders, key management personnel and the Board members, their families and companies controlled by / or affiliated with them, associated companies and other companies of İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş., İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş., LGM Güvenlik Hizmetleri A.Ş., Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş., LIMAK-GMR Adi Ortaklığı and GMR Infrastructure Limited are considered and referred to as related parties.

Trade and other receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are initially recognized at fair value and subsequently measured at amortised cost. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputed interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

The fair values of short-term receivables equal their respective carrying amounts, as the impact of discounting is not significant.

Trade and other payables

Trade payables are recognized initially at fair value. The Company does not amortize its trade payables using the effective interest method due to their short-term nature.

Inventories

Inventories are carried at the lower of cost or net realisable value. Cost elements included in inventories are foods and beverages, spare parts and advances given. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventories is determined based on the moving weighted average costing method.

Property, equipment and depreciation

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided on property and equipment using the straight-line method based on the estimated useful lives of the assets. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Machinery and equipment	4-10
Furniture and fixtures	3-50
Leasehold improvements	21

Leasehold improvements are not amortized over the periods of the respective leases unless the effect of imputed is significant.

Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the property and equipment is the higher of value in use or fair value less cost to sell. Gains or losses on disposals of property and equipment are included in the related income or expense accounts, as appropriate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Company. Repair and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which they are incurred.

Intangible assets

Rights acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (Note 6). Useful lives of other rights vary between 3 to 15 years.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the intangible asset is the higher of value in use or fair value less cost to sell.

Employment termination benefits

Provision for employment termination benefits is provided as a requirement of Turkish Labor Law to each employee who has completed one year of service and retires, whose employment is terminated without due cause, who is called up for military service, or who dies; and represents the present value of the estimated total reserve of the future probable obligation of the Company.

Leases

The Company as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Company as the lessor

With the privileges granted by the Implementation Agreement, the Company sublets certain areas in the facility. Allocations of these commercial areas are treated as operating leases and the rental income is recognized on a straight-line basis over the lease term.

Income taxes

Income taxes comprise of current tax and the change in the deferred taxes.

Current income tax comprise tax payable calculated on the basis of expected taxable income for the year using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous years.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are stated net of discounts, returns and value added taxes. The following specific recognition criteria must also be met before revenue is recognized:

a) Sale of goods: Revenue is recognized when the rewards of ownership of the goods have been transferred to the buyer.

b) Interest income: Revenue is recognized as the interest accrues taking into account the effective yield method.

c) Rental income: Rental income is recognized higher of the revenue share or the fixed rental income basis over the lease terms on ongoing leases.

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Company at the lowest levels for which there are separately identifiable cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, deposits at banks and short-term highly liquid investments with maturities of three months or less when purchased (Note 11).

Financial liabilities

Financial liabilities are recognized initially at proceeds received, net of transaction costs incurred. In subsequent periods, financial liabilities are stated at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and redemption value is recognized in the statements of comprehensive income over the period of the financial liabilities. Financial liabilities are derecognized when they are paid or cancelled (Note 12).

Provisions, contingent liabilities and contingent assets

Provisions

A provision is recognized when, and only when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable.

4. Significant accounting estimates and judgments

4.1 Judgments, estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements together with the reported amount of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known and are discussed below:

a) Employee termination benefits

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees upon termination of their employment based on certain conditions. In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Company makes assumptions and estimations relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. The carrying value of employee termination benefit provisions as of December 31, 2011 is EUR 24,580 (December 31, 2010 – EUR 18,371).

b) Deferred tax assets

A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences.

With the expectation to recover its tax losses carried forward, the Company has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits as of December 31, 2010 amounting to EUR 11,176. As of December 31, 2001, the Company does not have any tax losses carry forward, since the tax losses have been utilized.

c) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

5. Property and equipment, net

The movement in property and equipment and related accumulated depreciation for the year ended December 31, 2011 and 2010 is as follows:

	January 1, 2011	Additions	Disposals	December 31, 2011
Cost				
Machinery and equipment	36,239	35,767	-	72,006
Furniture and fixtures	357,810	152,805	-	510,615
Leasehold improvements	137,726	218,044	-	355,770
	531,775	406,616	-	938,391
Accumulated depreciation				
Machinery and equipment	(6,623)	(9,187)	-	(15,810)
Furniture and fixtures	(74,120)	(94,058)	-	(168,178)
Leasehold improvements	(7,128)	(26,659)	-	(33,787)
	(87,871)	(129,904)	-	(217,775)
Net book value	443,904			720,616

	January 1, 2010	Additions	Disposals	December 31, 2010
Cost				
Machinery and equipment	24,288	11,951	-	36,239
Furniture and fixtures	216,491	141,319	-	357,810
Leasehold improvements	137,011	715	-	137,726
	377,790	153,985	-	531,775
Accumulated depreciation				
Machinery and equipment	(462)	(6,161)	-	(6,623)
Furniture and fixtures	(9,828)	(64,292)	-	(74,120)
Leasehold improvements	(544)	(6,584)	-	(7,128)
	(10,834)	(77,037)	-	(87,871)
Net book value	366,956			443,904

Depreciation expense of the property and equipment has been charged under cost of sale and services amounting to EUR 88,012 (December 31, 2010 - 15,072) and general and administration expense amounting to EUR 41,892 (December 31, 2010 - EUR 61,965 charged to general administration expense).

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

6. Intangible assets, net

The movement in intangible assets and related accumulated amortization for the year ended December 31, 2011 and 2010 is as follows:

	January 1, 2011	Additions	Disposals	December 31, 2011
Cost				
Other rights	61,025	11,542	-	72,567
	61,025	11,542	-	72,567
Accumulated amortization				
Other rights	(7,954)	(10,580)	-	(18,534)
	(7,954)	(10,580)	-	(18,534)
Net book value	53,071			54,033

	January 1, 2010	Additions	Disposals	December 31, 2010
Cost				
Other rights	17,701	43,324	-	61,025
	17,701	43,324	-	61,025
Accumulated amortization				
Other rights	(517)	(7,437)	-	(7,954)
	(517)	(7,437)	-	(7,954)
Net book value	17,184			53,071

Total amortization expense of the intangibles is charged under general and administration expense. Other rights mainly comprise of computer softwares.

7. Income taxes

Corporate tax

The Company is subject to taxation in accordance with the tax regulations and the legislation effective in Turkey.

In Turkey, the corporation tax rate for the fiscal period/year ending December 31, 2011 was 20% (December 31, 2010 - 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In Turkey, tax regulations do not provide a procedure for final agreement of tax assessments. Authorities may examine the underlying accounting records and revise assessments within five years. The Company has not undergone a tax inspection for any type of tax for any open years, and as such any additional tax relating to open years can not be estimated with any degree of certainty. Management does not anticipate that any additional liabilities will arise.

Deferred tax

The Company recognises deferred tax assets and liabilities based upon the temporary differences of assets and liabilities arising between their carrying values as reported for IFRS purposes and their statutory tax values.

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable. In this respect, deferred income tax assets amounting to EUR 11,176 on tax losses carried forward amounting to EUR 55,879 (all to be expired by the end of 2014) was recognized as of December 31, 2010. There is no tax losses carried forward as of December 31, 2011.

For the year ended at December 31, 2011, taxation income comprises of the following:

	January 1-December 31, 2011
Current period tax expense	(68,430)
Deferred tax expense	12,782
Total income tax	(55,648)

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

The reconciliation between tax income and the accounting results multiplied by the applicable tax rate as of December 31, 2011 is as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Income /(Loss) before taxation	259,941	157,143
Statutory tax rate	20%	20%
Taxes calculated at statutory tax rate	(51,988)	(31,429)
Disellowables	(3,516)	(3,825)
Others (mainly effect of remeasurement to Euro)	(144)	223
Taxes on income	(55,648)	(35,031)

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using the weighted average tax rate applicable to profits of the Company, are as follows:

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Differences between the tax base and carrying amount of trade and other payables	627,177	385,637	125,435	77,127
Provisions for retirement pay liability	24,580	18,371	4,916	3,674
Tax losses carry forward	-	55,879	-	11,176
Differences between the tax base and carrying amount of due from related parties	-	12,403	-	2,481
Deferred tax assets	651,757	472,290	130,351	94,458
Differences between the tax base and carrying amount of property and equipment and intangibles	(165,066)	(49,509)	(33,013)	(9,902)
Deferred tax liabilities	(165,066)	(49,509)	(33,013)	(9,902)
Deferred tax assets, net	486,691	422,781	97,338	84,556

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

	December 31, 2011	December 31, 2010
Deferred tax assets to be recovered within 12 months	125,435	90,784
Deferred tax assets to be recovered after 12 months	4,916	3,674
Total deferred tax assets	130,351	94,458
Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities to be recovered after 12 months	33,013	9,902
Total deferred tax liabilities	33,013	9,902

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

8. Trade and other receivables

Trade and other receivables comprise of the following:

	December 31, 2011	December 31, 2010
Short-term trade and other receivables:		
Receivables from customers	**662,516**	1,138,100
Prepaid management service fee	**28,985**	448,656
Deposits and guarantees given	**4,426**	-
VAT receivables	**10,980**	55,857
Other	**7,971**	17,266
Total	**714,878**	1,659,879

The fair values of short-term receivables are equal to their respective carrying amounts.

As of December 31, 2010, prepaid management service fee comprise of invoices received from related parties namely Limak Yatırım, Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş., GMR Infrastructure (UK) Ltd., and Malaysia Airports Consultancy Services SDN BHD for the period May 2010 to May 2011.

Aging analysis for short-term trade receivables

As of December 31, 2011 and 2010, the receivables amounting to EUR 262,304 (December 31, 2010- EUR 255,651) are overdue. For receivables overdue more than a week the Company does not charge any interest while guarantee letters held by the Company amounting to EUR 154,540 (December 31, 2010- EUR 220,088) partially mitigate collection risk. The Company does not consider any collection risk for the overdue balances.

The aging of overdue receivables from third parties that are not impaired is as follows:

	December 31, 2011	December 31, 2010
Less than 7 days	**98,870**	18,988
8 to 15 days	**18,036**	38,876
More than 15 days	**145,398**	197,787
Total overdue receivables	**262,304**	255,651

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

9. Inventories

Inventories comprise of the following:

	December 31, 2011	December 31, 2010
Raw materials and supplies	**186,696**	229,263
Stock advances given	**14,281**	5,038
Total inventories	**200,977**	234,301

10. Balances and transactions with related parties

Due from related parties

Amounts due from related parties are as follows:

	December 31, 2011	December, 2010
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.(2) (*)	**4,240,384**	3,664,329
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş.(2)	**26,601**	43,890
LGM Güvenlik Hizmetleri A.Ş. (2)	**67,473**	18,475
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.(1)	**5,800**	9,700
Limak İnşaat Sanayi ve Tic.A.Ş (1)	**2,638**	-
Limak Kosova International Airport JSC. (2)	**1,315**	-
GMR Infrastructure (UK) Ltd. (2)	**1,330**	-
Limak-GMR Adi Ortaklığı (2)	**6,338**	2,218
Total	**4,351,879**	3,738,612

(1) Shareholder
(2) Other

(*) Due from İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. consists of short term portion of subordinated loan given which amounts to EUR 3,179,108 (December 31, 2010 – EUR 3,295,747) and receivables related to other services received amounting to EUR 1,061,276 (December 31, 2010 – EUR 368,582).

Balances due from related parties (except for the subordinated loan EUR 3,179,108 given to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.) are non-interest bearing and arose from trading activities with related parties.

Due from related parties, non- current

As of December 31, 2011, the receivables due from related parties in long term consist of long term subordanited loan given to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 10,188,939 (December 31, 2010 - EUR 12,489,967; reflection of long-term portion of consultancy service commission) with a maturity of 2017 and interest rate of EURIBOR + 5.5%.

As of December 31, 2011, there are no receivables due from related parties which are overdue (December 31, 2010 - EUR nil).

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

Due to related parties, current

Amounts due to related parties are as follows:

	December 31, 2011	December 31, 2010
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş (2)	245,793	121,748
Malaysia Airports Consultancy Services SDN BHD (2)	165,500	250,000
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.(1)	331,000	590,000
GMR Infrastructure (UK) Ltd. (2)	331,000	590,000
Total	1,073,293	1,551,748

Due to Limak Yatırım, Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş., GMR Infrastructure (UK) Ltd. and Malaysia Airports Consultancy Services SDN BHD as of December 31, 2011 and 2010 consists of management service fee invoices received for the period May 2010 and May 2011.

Balances due to related parties are non-interest bearing and arose from trading activities with related parties.

Payables to related parties are due within one month following December 31, 2011.

Employee benefits to key management personnel

For the year ended at December 31, 2011, total short-term employee benefits granted to key management personnel amount to EUR 63,231 (December 31, 2010 – EUR 116,218). Short-term employee benefits include salaries, vehicle expenses, communication expenses, health insurance and other sundry benefits. No long-term benefits are provided to the key management personnel.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

Transactions between related parties

Revenues

	January 1 – December 31, 2011	January 1 – December 31, 2010
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (2)	693,369	1,239,853
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş. (2)	679,934	621,024
LGM Güvenlik Hizmetleri A.Ş. (2)	506,538	254,973
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. (1)	80,380	47,789
Limak İnşaat Sanayi ve Tic.A.Ş (1)	25,784	5,639
GMR Infrastructure UK Ltd. Şti.	20,653	-
Limak-GMR Adi Ortaklığı (2)	11,716	11,505
Limak Kosovo International Airport JSC (2)	5,634	-
GMR Infrastructure Overseas S.L Turkey Branch (2)	3,509	-
GMR Male International Airport Ltd. (2)	2,652	-
GMR Corporate Affairs Pvt.Ltd. Gcapl Tax Administration (2)	1,451	-
Lim Cim Cimento San ve Tic A.S (2)	866	-
Limkon Gıda San.ve Tic. A.S. (2)	410	-
Limak İskenderun Uluslararası Liman İşletmeciliği A.Ş. (2)	75	-
Limak Batı Çimento San. ve Tic. A.Ş. (2)	38	-
GMR Infrastructure Limited (1)	-	9,125
Limak-Kolin Adi Ortaklığı (2)	-	64
Total sales	**2,032,989**	**2,189,972**

Purchases

	January 1 – December 31, 2011	January 1 – December 31, 2010
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (2)	9,167,722	7,124,928
LGM Güvenlik Hizmetleri A.Ş. (2)	66,735	87,747
Limak İnşaat Sanayi ve Tic.A.Ş (1)	728	-
Limtur Seyahat Otelc. Tur. San. Ve Tic. A.Ş. (2)	52	-
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. (1)	-	533,751
GMR Infrastructure Limited (1)	-	493,178
Malaysia Airports Management and Technical Services SDN.BHD (2)	-	248,240
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş. (2)	-	1,247
Total purchases	**9,235,237**	**8,489,091**

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

11. Cash and cash equivalents

Cash and cash equivalents comprise of the following:

	December 31, 2011	December 31, 2010
Cash on hand	8,252	8,775
Cash at banks	538,412	455,850
-demand deposits	333,742	267,288
-credit card receivables	204,669	188,562
Total	546,663	464,625

As of December 31, 2011 and 2010, there are no time deposits.

12. Financial liabilities

	December 31, 2011		December 31, 2010	
	Interest rate	Amount	Interest rate	Amount
Other borrowings- short term	-	1,325	-	-
EUR denominated borrowings – short-term	EURIBOR+5.5%	3,179,107	EURIBOR+5.5%	3,295,747
EUR denominated borrowings – long-term	EURIBOR+5.5%	10,188,939	EURIBOR+5.5%	12,489,967
		13,369,371		15,785,714

The Company has signed a Loan Facility Agreement with a local bank for an amount of EUR 17,000,000 by way of a single utilization in accordance with the terms and conditions of the facility agreement dated at December 25, 2009. According to the agreement, last repayment of the loan is dated June 30, 2017.

Shareholders of the Company have agreed to establish a first-degree pledge over the shares in favor of the creditor bank as security as per the provisions of the Agreement.

As of December 31, 2011, the redemption schedule of bank borrowings is as follows:

Redemption period	December 31, 2011 Principal amount	December 31, 2010 Principal amount
2011	-	3,295,747
2012	3,179,107	2,935,095
2013	2,805,206	2,603,770
2014	2,469,715	2,305,150
2015	2,166,922	2,034,403
2016	1,894,087	1,789,304
2017	853,009	822,245
Total	13,368,046	15,785,714

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

13. Trade and other payables

Long-term trade and other payables

As of December 31, 2011, long term trade and other payables comprise of deferred income arising from advertisement contribution invoices amounting to EUR 1,033,143 (December 31, 2010 – EUR 1,154,135).

Short-term trade and other payables

	December 31, 2011	December 31, 2010
Trade payables	**649,822**	311,439
Deferred income	**355,114**	363,181
Accrued expense	**5,245**	114,487
Taxes and duties payable	**29,812**	31,300
Social securities' payable	**76,745**	46,416
Advances taken	**11,202**	127,751
Bonus accrual	**138,770**	-
Other	**23,140**	1
Total	**1,289,850**	994,575

14. Share capital and reserves

The paid-in share capital of the Company comprises of 500,000 units of registered shares with a nominal value of TL1 each.

At December 31, 2011 and 2010, the Company's shareholding structure is as follows:

	December 31, 2011		December 31, 2010	
	Share %	TRY	Share %	TRY
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.	**39.00%**	**195,000**	39.00%	19,500
GMR Infrastructure Overseas S.L Sociedad Unipersonel	**35.00%**	**175,000**	35.00%	17,500
Malaysia Airport Holdings Berhad ("MAHB")	**20.00%**	**100,000**	20.00%	10,000
GMR Infrastructure (Global) Limited ("GMR")	**5.00%**	**25,000**	5.00%	2,500
LIMAK İnşaat Sanayi ve Ticaret A.Ş.	**1.00%**	**5,000**	1.00%	500
Total number of registered shares	**100.00%**	**500,000**	100.00%	50,000

The paid-in capital, in regards to 500,000 shares issued, amounts to EUR 209,037.

Shareholders of the Company have agreed to establish a first-degree pledge over the shares in favor of the creditor bank as security as per the provisions of the Agreement as explained in Note 12.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

15. Net sales

For the period ended at December 31, 2011 and 2010, net sales comprise of the following:

	January 1- December 31, 2011	January 1- December 31, 2010
F&B revenue	**4,586,382**	3,465,311
Rent income	**4,154,216**	3,790,167
Staff restaurant income	**2,308,117**	2,085,887
Hotel income	**1,992,924**	1,779,920
CIP income	**721,866**	336,095
Ticket sales income	**296,298**	355,270
Valet revenue	**74,210**	137,272
Other	**1,196,552**	838,859
	15,330,565	12,788,781
Sales returns (-)	**(54,117)**	(125,909)
Net sales	**15,276,448**	12,662,872

16. Cost of sales and services

For the period ended at December 31, 2011 and 2010, cost of sales comprise of the following:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Rent expenses	**7,577,808**	6,121,053
Personnel expenses	**1,941,611**	1,721,371
F&B expenses	**1,915,584**	1,444,562
Utilization expenses	**799,676**	432,797
Repair and maintenance expense	**127,245**	73,384
Cleaning expenses	**112,170**	81,446
Depreciation and amortization expense	**88,012**	15,072
Security expenses	**76,366**	99,874
Promotion and advertisement expenses	**60,748**	59,935
Consultancy expense	**-**	17,882
Other	**543,033**	591,709
Total	13,242,253	10,659,085

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

17. Marketing and selling expenses

For the period ended at December 31, 2011 and 2010, marketing and selling expenses comprise of the following:

	January 1- December 31, 2011	January 1 - December 31, 2010
Promotion and advertising expenses	**588,909**	-
Personnel expenses	**59,074**	44,981
Rent expenses	**4,027**	329
Security expenses	-	388
Other	**2,234**	2,306
Total	**654,244**	48,004

18. General and administrative expenses

For the period ended at December 31, 2011 and 2010, general administration expenses comprise of the following:

	January 1- December 31, 2011	January 1 - December 31, 2010
Consultancy expense	**438,707**	893,104
Personnel expenses	**357,002**	601,487
Rent expenses	**110,198**	128,480
Depreciation and amortization expense	**52,472**	69,402
Security expenses	**11,102**	7,390
Utilization expenses	**3,249**	4,854
Repair and maintenance expense	**44**	731
Cleaning expenses	**24**	268
Other	**63,542**	97,046
Total	1,036,340	1,802,762

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

19. Financial income/ expense, net

For the year ended at December 31, 2011 and 2010 financial/ income expenses, net comprise of the following:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Interest income from related parties	**1,126,633**	1,177,989
Interest income on bank deposits	**66,658**	49,540
Financial income	**1,193,291**	1,227,529
Interest expense on bank borrowings	**(1,138,862)**	(1,177,989)
Foreign exchange loss	**(131,721)**	(5,662)
Financial expense	**(1,270,583)**	(1,183,651)
Financial income / (expense), net	**(77,292)**	43,878

20. Expenses by nature

For the period ended at December 31, 2011 and 2010, total operating expenses by their nature are as follows:

	January 1- December 31, 2011	January 1 - December 31, 2010
Rent expenses	**7,692,033**	6,249,862
Personnel expenses	**2,357,687**	2,367,839
F&B cost	**1,915,584**	1,444,562
Utilization expenses	**802,925**	437,651
Promotion and advertisement expenses	**649,657**	59,935
Consultancy expense	**438,707**	910,986
Depreciation and amortization expense	**140,484**	84,474
Repair and maintenance expense	**127,289**	74,115
Cleaning expenses	**112,194**	81,714
Security expenses	**87,468**	107,652
Other	**628,419**	730,817
Total	**14,952,447**	12,549,607

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

20. Expenses by nature (continued)

For the period ended at December 31, 2011 and 2010, personnel expense comprise of the following:

	January 1- December 31, 2011	January 1 - December 31, 2010
Wages and salaries	**1,672,457**	1,860,371
Social security expense	**299,077**	316,537
Bonus	**138,770**	-
Personnel meal	**78,148**	53,615
Employee termination benefits	**6,209**	20,611
Vacation pay liability	**975**	14,676
Other	**162,051**	102,029
Total	**2,357,687**	2,367,839

21. Commitments and contingent liabilities

Letters of guarantee obtained

In order to mitigate collection risk, the Company holds guarantee letters from its customers. Total amount of the guarantees received is EUR 1,618,690 (December 31, 2010 – EUR 1,290,500).

Operating leases

The Company has entered into operating lease agreements for 9 motor vehicles (December 31, 2010- 9) for the use of the Company personnel. Future lease payments under these operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Less than one year	**41,496**	37,733
One to three years	**33,579**	30,037
Total	**75,075**	67,770

Other commitments

Loan facility agreement:

The Company shall pay to the lender a structuring fee of EUR 50,000 annually in advance, the first such payment shall be on the utilization date and thereafter the fee shall be payable on each anniversary thereof up to and including the anniversary falling in December 2016 provided that in relation to such anniversary falling in December 2016, the amount of the structuring fee shall be EUR 25,000 and provided further that as at any anniversary date on which the structuring fee would otherwise be payable, the loan has not been accelerated.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

22. Financial risk management

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. The risk management program is applied by the Company, in line with the policies set by the Board of Directors.

(a) Credit risk

Majority of receivables are due from food and beverage tenants and İstanbul Sabiha Gokcen International Airport. Although the revenue stream is dependent on the passenger traffic created in the airport, the Company earns the higher of fixed rental income or the revenue share from its tenants. The maximum exposure to credit risk at the reporting date is the carrying value (after collateral) of each class of financial assets disclosed in Note 8.

(b) Liquidity risk

Liquidity risk management refers to holding adequate amount of cash, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Company, in order to minimize liquidity risk, holds adequate cash and available line of credit. In this regard, as of December 31, 2011, the Company has lines of credit par value amounting to EUR 13,368,046 (December 31, 2010 – EUR 15,785,714).

The maturity analysis of the assets and liabilities of the Company is as follows:

December 31, 2011	More than up to 1 year	1 to 5 year	5 years	Total
Assets				
Trade and other receivables	714,878	-	-	714,878
Due from related parties	4,351,879	9,335,930	853,009	14,540,818
Cash and cash equivalents	546,663	-	-	546,663
Total	5,613,420	9,335,930	853,009	15,802,359
Liabilities				
Borrowings	3,180,432	9,335,930	853,009	13,369,371
Due to related parties	1,073,293	-	-	1,073,293
Trade and other payables and provisions	1,289,850	1,033,143	24,580	2,347,573
Total	5,543,575	10,369,073	877,589	16,790,237
Net assets/(liabilities)	69,845	(1,033,143)	(24,580)	(987,878)

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

December 31, 2010	up to 1 year	1 to 5 year	More than 5 years	Total
Assets				
Trade and other receivables	1,659,879	-	-	1,659,879
Due from related parties	3,738,612	9,878,418	2,611,549	16,228,579
Cash and cash equivalents	464,625	-	-	464,625
Total	5,863,116	9,878,418	2,611,549	18,353,083
Liabilities				
Borrowings	3,295,747	9,878,418	2,611,549	15,785,714
Due to related parties	1,551,748	-	-	1,551,748
Trade and other payables and provisions	994,575	821,056	351,450	2,167,081
Total	5,842,070	10,699,474	2,962,999	19,504,543
Net assets/(liabilities)	21,046	(821,056)	(351,450)	(1,151,460)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

December 31, 2011	up to 1 year	1-5 years	over 5 years	Total
Borrowings	**3,350,873**	**11,641,228**	**1,257,736**	**16,249,836**
Total	**3,350,873**	**11,641,228**	**1,257,736**	**16,249,836**

December 31, 2010	up to 1 year	1-5 years	over 5 years	Total
Borrowings	3,465,168	12,204,070	3,891,722	19,560,960
Total	3,465,168	12,204,070	3,891,722	19,560,960

(c) Market risk

i. Cash flow and fair value interest rate risk

The Company maintains a balance regarding the maturities of its interest bearing assets and liabilities and utilizes its idle cash in short-term investments.

In addition, the Company's main cost item rent expense is dependent on the revenues generated since revenues are shared with fixed proportions.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

ii Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated assets and liabilities.

At December 31, 2011, monetary assets and liabilities denominated in foreign currencies held by the Company were as follows:

	December 31, 2011		December 31, 2010	
	Original amount	EUR equivalent	Original amount	EUR equivalent
Foreign currency denominated monetary assets:				
Cash and cash equivalents				
US Dollars	8,335	6,442	15,319	11,558
TRY	731,044	299,142	920,639	449,289
GBP	1,219	1,455	803	936
CHF	1,355	1,121	440	353
		308,160		462,136
Trade and other receivables				
TRY	657,726	269,140	647,813	316,145
US Dollars	37,867	29,269	71	54
		298,409		316,199
Due from related parties				
TRY	413,503	169,205	678,201	330,975
		169,205		330,975
Total foreign currency denominated monetary assets		775,774		1,109,310
Foreign currency denominated monetary liabilities:				
Trade and other payables				
TRY	2,333,657	954,930	1,415,130	690,611
US Dollars	205,967	159,199	14,485	10,929
		1,114,129		701,540
Short term borrowings				
TRY	3,236	1,324	-	-
		1,324	-	-
Due to related parties				
TRY	600,668	245,793	-	-
		245,793		-
Total foreign currency denominated monetary liabilities		1,361,246		701,540
Net foreign currency position		(585,472)		407,770

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
For the year ended at December 31, 2011
(Amounts expressed in Euro ("EUR") unless otherwise stated)

22. Financial risk management (continued)

At December 31, 2011, if TRY had strengthened/weakened by 10% against EUR with all other variables held constant, net income for the year would have been higher/lower by EUR 46,456, as a result of foreign exchange gains/losses on the translation of TRY denominated assets and liabilities. At December 31, 2011, if USD had strengthened/weakened by 10% against EUR with all other variables held constant, net income for the year would have been higher/lower by EUR 12,349, as a result of foreign exchange gains/losses on the translation of USD denominated assets and liabilities.

Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

Financial assets

The fair values of certain financial assets carried at cost, including cash and cash equivalents, trade receivables and other financial assets, as financial assets are estimated to approximate carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including trade payables and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature.

The bank borrowings are stated at their amortized costs and transaction costs like up-front fees are included in the initial measurement of bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically in accordance with the EURIBOR floats to reflect active market price quotations.

23. Subsequent events

None.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Financial statements as of December 31, 2012 together with independent auditors' report

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Table of contents

ERNST & YOUNG

Güney Bağımsız Denetim ve SMMM AŞ
Büyükdere Cad. Beytem Plaza
No:22 K:9-10, 34381 - Şişli
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
www.ey.com

Independent auditors' report

To the Shareholders of LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

We have audited the accompanying financial statements of LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş. ('the Company'), which comprise the statement of financial position as at December 31, 2012 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

February 22, 2013
Istanbul, Turkey

LGM Havalimanı İsletmeleri Ticaret ve Turizm A.S.

Statement of financial position
at December 31, 2012
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Notes	December 31, 2012	December 31, 2011
Assets			
Property and equipment	5	453,353	720,616
Intangible assets	6	40,470	54,033
Deferred income tax assets	7	12,749	97,338
Due from related parties	10	7,834,038	10,188,939
Trade and other receivables, long-term	8	1,224,053	-
Total non-current assets		9,564,663	11,060,926
Inventories	9	555,385	200,977
Due from related parties	10	3,022,830	4,351,879
Trade and other receivables	8	1,350,411	714,878
Cash and cash equivalents	11	665,534	546,663
Total current assets		5,594,160	5,814,397
Total assets		15,158,823	16,875,323
Liabilities			
Long-term borrowings	12	7,834,038	10,188,939
Provisions		23,027	24,580
Trade and other payables	13	2,180,515	1,033,143
Total non-current liabilities		10,037,580	11,246,662
Short-term borrowings	12	2,924,446	3,180,432
Due to related parties	10	259,069	1,073,293
Trade and other payables	13	1,430,543	1,289,850
Provision for income taxes	7	25,505	30,921
Total current liabilities		4,639,563	5,574,496
Equity			
Share capital	14	209,037	209,037
Retained earnings / Accumulated deficit		272,643	(154,872)
Total equity		481,680	54,165
Total equity and liabilities		15,158,823	16,875,323

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of comprehensive income
for the year ended at December 31, 2012
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Notes	January 1, - December 31, 2012	January 1, - December 31, 2011
Net sales	16	19,527,334	15,276,448
Cost of sales and services	17, 21	(16,971,949)	(13,242,253)
Gross profit		2,555,385	2,034,195
Marketing and selling expenses	18, 21	(62,471)	(654,244)
General and administrative expenses	19, 21	(1,885,214)	(1,036,340)
Other operating income		225,116	13,232
Other operating expense		(186,166)	(19,610)
Operating income / (loss)		646,650	337,233
Financial income	20	755,013	1,193,291
Financial expense	20	(833,826)	(1,270,583)
Income/(loss) before income tax		567,837	259,941
Taxation			
- Taxes on income	7	(55,733)	(68,430)
- Deferred taxation income	7	(84,589)	12,782
Net income / (loss) for the period		427,515	204,293
Other comprehensive income / (loss) for the period		-	-
Total comprehensive income / (loss) for the period		427,515	204,293
Basic and diluted income per share attributable to owners of the Company (in full EUR)		0.8550	0.4086

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of changes in equity
for the year ended at December 31, 2012
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Share capital	Retained earnings /accumulated deficit	Total
Balances at January 1, 2011	23,537	(359,165)	(335,628)
Total comprehensive income for the period	-	47,837	47,837
Share capital increase	185,500	-	185,500
Balances at December 31, 2011	209,037	(311,328)	(102,291)
Balances at January 1, 2012	**209,037**	**(154,872)**	**54,165**
Total comprehensive income for the period	**-**	**427,515**	**427,515**
Balances at December 31, 2012	**209,037**	**272,643**	**481,680**

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of cash flows
for the year ended at December 31, 2012
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Notes	January 1, - December 31, 2012	January 1, - December 31, 2011
Operating activities:			
Net income for the period		**427,515**	204,293
Adjustments to reconcile net income/(loss) to net cash used in operating activities:			
Depreciation and amortization	5, 6	**198,744**	140,484
Taxation on income	7	**140,322**	55,648
Gain on sale of property, plant and equipment and intangible assets		**(16,692)**	-
Interest income	20	**(755,013)**	(1,193,291)
Interest expense	20	**698,648**	1,138,535
Bank charges	20	**62,289**	327
Bonus accruals		**(92,323)**	138,770
Employment termination benefits		**(1,553)**	7,184
Net cash provided by operating activities before changes in operating assets and liabilities		**661,937**	491,950
Changes in operating assets and liabilities:			
Changes in trade and other receivables	8	**(1,859,586)**	945,001
Changes in due from/to related parties	10	**226,953**	(1,219,266)
Chenges in inventories	9	**(354,408)**	33,324
Changes in trade and other payables	13	**1,380,388**	(2,971)
Income taxes paid		**(61,149)**	-
Net cash provided from/(used in) operating activities		**(5,865)**	248,038
Investing activities:			
Acquisition of property and equipment and intangibles	5, 6	**(164,208)**	(418,158)
Proceeds from sales of property plant and equipment	5, 6	**262,982**	-
Net cash provided from/(used in) investing activities		**98,774**	(418,158)
Financing activities:			
Interest received	20	**969,215**	1,193,618
Interest paid	20	**(912,850)**	(1,126,633)
Bank charges	20	**(62,289)**	(327)
Principal received	20	**2,428,571**	2,428,582
Principal payment	20	**(2,428,571)**	(2,428,582)
Share capital increase	14	**-**	185,500
Proceeds from bank borrowings		**31,886**	-
Net cash provided from financing activities		**25,962**	252,158
Net increase in cash and cash equivalents		**118,871**	82,038
Cash and cash equivalents at the beginning of the period	7	**546,663**	464,625
Cash and cash equivalents at the end of the period	7	**665,534**	546,663

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012
(Amounts expressed in Euro ("EUR") unless otherwise stated)

1. Organisation and nature of operations

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş. (the "Company") was established on January 30, 2009 as a joint venture entity, shares of which held by Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş located in Turkey, Limak İnşaat Sanayi ve Ticaret A.Ş. located in Turkey, GMR Infrastructure Overseas S.L. Sociedad Unipersonal located in Spain, GMR Infrastructure (Global) Limited located in India and Malaysia Airports Holdings Berhad located in Malaysia (together "Shareholders").

The Company's core business operations are:

- to establish, operate, have it operated hotels at the airports,
- to establish, operate, have it operated, lease and lease out VIP and CIP Lounges at the airports,
- to establish, operate, have it operated, lease and lease out all kinds of food and beverage facilities, restaurants, patisseries, cafeterias, bars, pubs, market stores and shopping centers for selling, marketing, serving of food and beverages and trading in any of the referred businesses.

The Company's registered address is İstanbul Sabiha Gökçen Uluslararası Havalimanı 34912 Pendik/İstanbul-Turkey.

These financial statements as at and for the year ended December 31, 2012, have been approved for issue by the Management on February 22, 2013.

2. Basis of presentation of financial statements

2.1 Accounting standards

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TRY") in accordance with the Turkish Commercial Code, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. These financial statements are based on the statutory records which are maintained under the historical costs convention, except for certain financial assets and liabilities presented at their fair value, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

2.2 Functional and presentation currency and translation methodology

The Company's functional and presentation currency is Euro due to the reason that the Company's main assets and liabilities including subordinated credit line, receivables from its related parties, and vast of the revenues are generated and linked in EUR.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

The Company has determined that its functional currency as Euro in accordance with IAS 21 "The effects of changes in foreign exchange rates", based on the fact that a significant portion of its transactions are denominated and settled in that currency. The Company management considered several factors in determining its functional currency. During that process, the Company management recognized that some transactions may preclude the functional currency be obvious. However, such transactions are considered not to be determinative and the management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, event and conditions.

The statutory financial statements have been translated into Euro on the following basis: property and equipment, intangible assets and equity at historical rates of exchange; remaining assets and liabilities by the exchange rate prevailing at the balance sheet date. The items in the statement of comprehensive income have been translated by the average monthly exchange rates. Foreign exchange gains and losses resulting from such translation are recognized in the statement of comprehensive income.

2.3 Significant Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements together with the reported amount of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

2.1 Changes in accounting policies

Adoption of revised and new standards

New and amended standards and interpretations:

The accounting policies adopted in preparation of the financial statements as at December 31, 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2012. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2012 are as follows:

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. Adoption of this amendment did not have any impact on the financial position or performance of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any impact on the financial position or performance of the Company.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after July 1, 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Company.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Company does not expect that this amendment will have a significant impact on the financial position or performance of the Company.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This amendment is not relevant to the Company's financial statements.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Company.

IFRS 9 Financial Instruments – Classification and Measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard is not relevant to the Company's financial statements.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard is not relevant to the Company's financial statements.

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard is not relevant to the Company's financial statements.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. The Company does not expect that this standard will have a significant impact on the financial position or performance of the Company.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is not applicable for the Company and will not have any impact on the financial position or performance of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after January 1, 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. This guidance is not relevant to the Company's financial statements.

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after January 1, 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Company does not expect that the project will have a significant impact on the financial position or performance of the Company

IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting:
Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendment applies for annual periods beginning on or after January 1, 2014 with earlier application permitted. The amendment has not yet been endorsed by the EU. The amendment is not applicable for the Company and will not have any impact on the financial position or performance of the Company.

2.1 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle tha liability simultaneously.

2.2 Foreign currency translation

Transactions in foreign currencies (i.e. any currency other than the functional currency) are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Foreign currency translation rates used by the Company as of respective balance sheet dates are as follows:

Dates	TL/USD	TL/EUR
December 31, 2012	**1.7826**	**2.3517**
December 31, 2011	1.8889	2.4438

3. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are summarised below:

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

(b) An entity is related to a reporting entity if any of the following conditions applies:

(iv) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(v) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(vi) Both entities are joint ventures of the same third party.
(vii) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(viii) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(ix) The entity is controlled or jointly controlled by a person identified in (a).
(x) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Trade and other receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are initially recognized at fair value and subsequently measured at amortised cost. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputed interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

The fair values of short-term receivables equal their respective carrying amounts, as the impact of discounting is not significant.

Trade and other payables

Trade payables are recognized initially at fair value. The Company does not amortize its trade payables using the effective interest method due to their short-term nature.

Inventories

Inventories are carried at the lower of cost or net realisable value. Cost elements included in inventories are foods and beverages, spare parts and advances given. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventories is determined based on the moving weighted average costing method.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Property, equipment and depreciation

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided on property and equipment using the straight-line method based on the estimated useful lives of the assets. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Machinery and equipment	4-10
Furniture and fixtures	3-50
Leasehold improvements	21

Leasehold improvements are not amortized over the periods of the respective leases unless the effect of imputed is significant.

Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the property and equipment is the higher of value in use or fair value less cost to sell. Gains or losses on disposals of property and equipment are included in the related income or expense accounts, as appropriate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Company. Repair end maintenance expenditure is charged to the statement of comprehensive income during the financial period in which they are incurred.

Intangible assets

Rights acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (Note 6). Useful lives of other rights vary between 3 to 15 years.

Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the intangible asset is the higher of value in use or fair value less cost to sell.

Employment termination benefits

Provision for employment termination benefits is provided as a requirement of Turkish Labor Law to each employee who has completed one year of service and retires, whose employment is terminated without due cause, who is called up for military service, or who dies; and represents the present value of the estimated total reserve of the future probable obligation of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Leases

The Company as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Company as the lessor

With the privileges granted by the Implementation Agreement, the Company sublets certain areas in the facility. Allocations of these commercial areas are treated as operating leases and the rental income is recognized on a straight-line basis over the lease term.

Income taxes

Income taxes comprise of current tax and the change in the deferred taxes.

Current income tax comprise tax payable calculated on the basis of expected taxable income for the year using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous years.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are stated net of discounts, returns and value added taxes. The following specific recognition criteria must also be met before revenue is recognized:

a) Sale of goods: Revenue is recognized when the rewards of ownership of the goods have been transferred to the buyer.

b) Interest income: Revenue is recognized as the interest accrues taking into account the effective yield method.

c) Rental income: Rental income is recognized higher of the revenue share or the fixed rental income basis over the lease terms on ongoing leases.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Company at the lowest levels for which there are separately identifiable cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, deposits at banks and short-term highly liquid investments with maturities of three months or less when purchased (Note 11).

Financial liabilities

Financial liabilities are recognized initially at proceeds received, net of transaction costs incurred. In subsequent periods, financial liabilities are stated at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and redemption value is recognized in the statements of comprehensive income over the period of the financial liabilities. Financial liabilities are derecognized when they are paid or cancelled (Note 12).

Provisions, contingent liabilities and contingent assets

Provisions

A provision is recognized when, and only when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments

4.1 Judgments, estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements together with the reported amount of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known and are discussed below:

a) Employee termination benefits

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees upon termination of their employment based on certain conditions. In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Company makes assumptions and estimations relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. The carrying value of employee termination benefit provisions as of December 31, 2012 is EUR 23,027 (December 31, 2011 – EUR 24,580).

b) Deferred tax assets

A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences.

As of December 31, 2012, the Company has deferred tax asset amounting to EUR 12,749 (December 31, 2011- EUR 97,338).

c) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Accordingly, the condensed financial statements are prepared on the basis that the Company will continue to be a going concern. This basis of preparation presumes that the Company will continue to receive the support of the shareholders and will realize its assets and discharge its liabilities in the ordinary course of business.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

5. Property and equipment, net

The movement in property and equipment and related accumulated depreciation for the year ended at December 31, 2012 and 2011 is as follows:

	January 1, 2012	Additions	Disposals	December 31, 2012
Cost				
Machinery and equipment	72,006	31,650	(41,181)	62,475
Furniture and fixtures	510,615	83,200	(219,599)	374,216
Leasehold improvements	355,770	45,352	-	401,122
	938,391	160,202	(260,780)	837,813
Accumulated depreciation				
Machinery and equipment	(15,810)	(13,580)	2,105	(27,285)
Furniture and fixtures	(168,178)	(115,435)	15,274	(268,339)
Leasehold improvements	(33,787)	(55,049)	-	(88,836)
	(217,775)	(184,064)	17,379	(384,460)
Net book value	720,616			453,353

	January 1, 2011	Additions	Disposals	December 31, 2011
Cost				
Machinery and equipment	36,239	35,767	-	72,006
Furniture and fixtures	357,810	152,805	-	510,615
Leasehold improvements	137,726	218,044	-	355,770
	531,775	406,616	-	938,391
Accumulated depreciation				
Machinery and equipment	(6,623)	(9,187)	-	(15,810)
Furniture and fixtures	(74,120)	(94,058)	-	(168,178)
Leasehold improvements	(7,128)	(26,659)	-	(33,787)
	(87,871)	(129,904)	-	(217,775)
Net book value	443,904			720,616

Depreciation expense of the property and equipment has been charged under cost of sales and services amounting to EUR 121,842 (December 31, 2011 – EUR 88,012) and general and administration expense amounting to EUR 62,222 (December 31, 2011 – EUR 41,892) charged to general administration expense).

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

6. Intangible assets, net

The movement in intangible assets and related accumulated amortization for the year ended at December 31, 2012 and 2011 is as follows:

	January 1, 2012	Additions	Disposals	December 31, 2012
Cost				
Other rights	72,567	4,006	(7,428)	69,145
	72,567	4,006	(7,428)	69,145
Accumulated amortization				
Other rights	(18,534)	(14,680)	4,539	(28,675)
	(18,534)	(14,680)	4,539	(28,675)
Net book value	54,033			40,470

	January 1, 2011	Additions	Disposals	December 31, 2011
Cost				
Other rights	61,025	11,542	-	72,567
	61,025	11,542	-	72,567
Accumulated amortization				
Other rights	(7,954)	(10,580)	-	(18,534)
	(7,954)	(10,580)	-	(18,534)
Net book value	53,071			54,033

Amortization expense of the intangible assets has been charged under cost of sales and services amounting to EUR 9,717 (December 31, 2011 – EUR nil) and general and administration expense amounting to EUR 4,963 (December 31, 2011 – EUR 10,580) charged to general administration expense).

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

7. Income taxes

Corporate tax

The Company is subject to taxation in accordance with the tax regulations and the legislation effective in Turkey.

In Turkey, the corporation tax rate for the fiscal period/year ending December 31, 2012 is 20% (December 31, 2011 – 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Transfer pricing is regulated under Corporate Income Tax Law no 13 "Disguised profit distribution via transfer pricing" issued by Turkish Tax Authority; detailed explanations on the executions is given in the "Communiqué related disguised profit distribution via transfer pricing".

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

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In Turkey, tax regulations do not provide a procedure for final agreement of tax assessments. Authorities may examine the underlying accounting records and revise assessments within five years. The Company has not undergone a tax inspection for any type of tax for any open years, and as such any additional tax relating to open years cannot be estimated with any degree of certainty. Management does not anticipate that any additional liabilities will arise.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Deferred tax

The Company recognizes deferred tax assets and liabilities based upon the temporary differences of assets and liabilities arising between their carrying values as reported for IFRS purposes and their statutory tax values.

For the year ended at December 31, 2012 and 2011, taxation income comprises of the following:

	January 1- December 31, 2012	January 1- December 31, 2011
Current period tax expense	**(55,733)**	(68,430)
Deferred tax expense	**(84,589)**	12,782
Total income tax	**(140,322)**	(55,648)

The reconciliation between tax income and the accounting results multiplied by the applicable tax rate as of December 31, 2012 and 2011 is as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Income before taxation	**567,837**	259,941
Statutory tax rate	**20%**	20%
Taxes calculated at statutory tax rate	**(113,568)**	(51,988)
Disallowables	**(37,052)**	(3,516)
Others (mainly effect of remeasurement to Euro)	**10,298**	(144)
Taxes on income	**(140,322)**	(55,648)

The Company's corporate tax payables as of December 31, 2012 and 2011 are as follows:

	January 1- December 31, 2012	January 1- December 31, 2011
Corporate tax payable:		
Current corporate tax provision	**55,733**	68,430
Prepaid taxes and funds (-)	**(30,228)**	(37,509)
Tax payable	**25,505**	30,921

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using the weighted average tax rate applicable to profits of the Company, are as follows:

	Cumulative temporary		Deferred tax assets / (liabilities)	
	December 31, 2012	December 31, 2011	**December 31, 2012**	December 31, 2011
Differences between the tax base and carrying amount of trade and other payables	**95,483**	627,177	**19,097**	125,435
Provisions for retirement pay liability	**23,027**	24,580	**4,605**	4,916
Deferred tax assets	**118,510**	651,757	**23,702**	130,351
Differences between the tax base and carrying amount of property and equipment and intangibles	**(54,765)**	(165,066)	**(10,953)**	(33,013)
Deferred tax liabilities	**(54,765)**	(165,066)	**(10,953)**	(33,013)
Deferred tax assets, net	**63,745**	486,691	**12,749**	97,338

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

	December 31, 2012	December 31, 2011
Deferred tax assets to be recovered within 12 months	**19,097**	125,435
Deferred tax assets to be recovered after 12 months	**4,605**	4,916
Total deferred tax assets	**23,702**	130,351
Deferred tax liabilities to be recovered within 12 months	**-**	-
Deferred tax liabilities to be recovered after 12 months	**10,953**	33,013
Total deferred tax liabilities	**10,953**	33,013

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

8. Trade and other receivables

Trade and other receivables comprise of the following:

	December 31, 2012	December 31, 2011
Short-term trade and other receivables:		
Receivables from customers	**1,163,288**	662,516
Prepaid expenses	**151,017**	28,985
VAT receivables	**-**	10,980
Income accruals	**2,897**	-
Other	**33,209**	12,397
Total	**1,350,411**	714,878

The fair values of short-term receivables are equal to their respective carrying amounts.

As of December 31, 2012, long term trade and other receivables comprise of prepaid rental fees paid to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 1,224,053 (December 31, 2011 – nil).

Aging analysis for short-term trade receivables

As of December 31, 2012 and 2011, the receivables amounting to EUR 506,850 (December 31, 2011- EUR 262,304) are overdue. For receivables overdue more than a week the Company does not charge any interest while guarantee letters held by the Company amounting to EUR 228,922 (December 31, 2011- EUR 154,540) partially mitigate collection risk. The Company does not consider any collection risk for the overdue balances.

The aging of overdue receivables from third parties that are not impaired is as follows:

	December 31, 2012	December 31, 2011
Less than 7 days	**59,231**	98,870
8 to 15 days	**10,436**	18,036
More than 15 days	**437,183**	145,398
Total overdue receivables	**506,850**	262,304

9. Inventories

Inventories comprise of the following:

	December 31, 2012	December 31, 2011
Raw materials and supplies	**121,909**	186,696
Advances given	**433,476**	14,281
Total inventories	**555,385**	200,977

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties

Due from related parties

Amounts due from related parties are as follows:

	December 31, 2012	December 31, 2011
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.(2) (*)	2,977,996	4,240,384
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.(1)	11,984	5,800
Limak-GMR Adi Ortaklığı (2)	7,552	6,338
GMR Infrastructure (UK) Ltd. (2)	7,275	1,330
Limak İskenderun Uluslararası Liman İşl. A.Ş.	7,176	-
Limak İnşaat Sanayi ve Tic.A.Ş (1)	6,600	2,638
Limak Enerji Ticareti A.Ş. (2)	1,411	-
Limak Kosova International Airport JSC. (2)	1,098	1,315
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş.(2)	964	26,601
Limak For Contracting Trading And And Industry Egy (2)LGM Güvenlik Hizmetleri A.Ş. (2)	774	-
LGM Güvenlik Hizmetleri A.Ş. (2)	-	67,473
Total	3,022,830	4,351,879

(1) Shareholder
(2) Other

(*) Due from İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. consists of short term portion of subordinated loan given which amounts to EUR 2,891,235 (December 31, 2011 – EUR 3,179,108) and receivables related to other services received amounting to EUR 86,761 (December 31, 2011 – EUR 1,061,276).

Balances due from related parties (except for the subordinated loan EUR 2,891,235 given to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.) are non-interest bearing and arose from trading activities with related parties.

As of December 31, 2012, the outstanding related party balances classified under short term trade and other receivables, consists of advertising receivables, food and beverage area rentals from İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 637,391 (December 31, 2011 – nil).

As of December 31, 2012, the outstanding related party balances classified under inventory consist of advances given to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş amounting to EUR 433,476.

Due from related parties, non- current

As of December 31, 2012, the receivables due from related parties in long term consist of long term subordanited loan given to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 7,834,038 (December 31, 2011 – EUR 10,188,939; reflection of long-term portion of consultancy service commission) with a maturity of 2017 and interest rate of EURIBOR + 5.5%.

As of December 31, 2012, the outstanding related party balances classified under trade and other receivables, long term consists of advertising receivables, food and beverage area rentals from İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 1,224,053 (December 31, 2011 – nil).

As of December 31, 2012, there are no receivables due from related parties which are overdue (December 31, 2011 – EUR nil).

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

Due to related parties, current

Amounts due to related parties are as follows:

	December 31, 2012	December 31, 2011
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş (2)	**257,870**	245,793
Limak Yatırım, Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. (2)	**-**	331,000
GMR Infrastructure (UK) Ltd. (2)	**-**	331,000
Malaysia Airports Consultancy Services SDN BHD (2)	**1,199**	165,500
Total	**259,069**	1,073,293

As of December 31, 2011 due to Limak Yatırım, Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş., GMR Infrastructure (UK) Ltd. And Malaysia Airports Consultancy Services SDN BHD consists of management service fee invoices received amounting to EUR 827,500. As of December 31, 2012, there are no management fee payables.

Balances due to related parties are non-interest bearing and arose from trading activities with related parties.

Payables to related parties are due within one month following December 31, 2012.

Employee benefits to key management personnel

For the year ended at December 31, 2012 and 2011, total short-term employee benefits granted to key management personnel amount to EUR 194,632 (December 31, 2011 – EUR 282,301). Short-term employee benefits include salaries, vehicle expenses, communication expenses, health insurance and other sundry benefits. No long-term benefits are provided to the key management personnel.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

Transactions between related parties

Revenues

	January 1 – December 31, 2012	January 1 – December 31, 2011
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (2)	902,411	693,369
LGM Güvenlik Hizmetleri A.Ş. (2)	459,485	506,538
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş. (2)	74,000	679,934
Limak İskenderun Uluslararası Liman İşletmeciliği A.Ş. (2)	65,683	75
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. (1)	41,055	80,380
Limak İnşaat Sanayi ve Tic. A.Ş (1)	29,508	25,764
GMR Infrastructure UK Ltd. Şti.	15,986	20,653
Limak İnşaat San. Ve Tic. A.Ş. Kosovo Branch	6,197	-
Limak Enerji Ticaret A.Ş.	2,489	-
GMR Infrastructure Overseas S.L Turkey Branch (2)	2,473	3,509
Limkon Gıda San. ve Tic. A.S. (2)	1,064	410
Limak Kosovo International Airport JSC (2)	905	5,634
Limak-GMR Adi Ortaklığı (2)	845	11,716
Limak for Contracting Trading Industry Egypt Branch Office	789	-
Limak Denizcilik Taramacılık İnşaat San. Ve Tic. A.Ş.	606	-
Limak Çimento San. Ve Tic. A.Ş.	456	-
Limtur Seyahat Otelcilik Turizm San. Ve Tic. A.Ş.	429	-
Lim Cim Cimento San ve Tic A.S (2)	239	866
Sunter Turizm A.Ş.	179	-
DVK Limak Adi Ortaklığı	173	-
Limak Batı Çimento San. Ve Tic. A.Ş. (2)	148	38
Limak-Kolin Adi Ortaklığı (2)	79	-
GMR Male International Airport Ltd. (2)	-	2,652
GMR Corporate Affairs Pvt. Ltd. Gcapl Tax Administration (2)	-	1,451
Total sales	1,605,199	2,032,989

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

For the year ended at December 31, 2012, the Company has financial income from İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 912,850 (December 31, 2011 – EUR 1,126,633).

Purchases

	January 1 – December 31, 2012	January 1 – December 31, 2011
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (2)	9,098,800	9,167,722
GMR Infrastructure UK Ltd. Şti.	450,689	150,234
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. (1)	417,911	150,234
Malaysia Airports Management and Technical Services SDN. BHD (2)	212,406	75,117
LGM Güvenlik Hizmetleri A.Ş. (2)	17,506	66,735
Limtur Seyahat Otelc. Tur. San. Ve Tic. A.Ş. (2)	429	52
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş. (2)	57	-
Limak İnşaat Sanayi ve Tic. A.Ş. (1)	-	728
Total purchases	10,197,798	9,610,822

Security service was outsourced to LGM Güvenlik Hizmetleri A.Ş. and beginning from July 10, 2012, LGM Güvenlik Hizmetleri A.Ş. has been excluded from related party companies as Orion Group has acquired 100% of the shareholding of LGM Güvenlik Hizmetleri A.Ş..

11. Cash and cash equivalents

Cash and cash equivalents comprise of the following:

	December 31, 2012	December 31, 2011
Cash on hand	10,886	8,252
Cash at banks	654,648	538,411
-demand deposits	414,726	333,742
-credit card receivables	239,922	204,669
Total	665,534	546,663

As of December 31, 2012 and December 31, 2011, there are no time deposits.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

12. Financial liabilities

	December 31, 2012		December 31, 2011	
	Interest rate	**Amount**	Interest rate	Amount
Other borrowings- short term	-	**33,211**	-	1,325
EUR denominated borrowings – short-term	**EURIBOR+5.5%**	**2,891,235**	EURIBOR+5.5%	3,179,107
EUR denominated borrowings – long-term	**EURIBOR+5.5%**	**7,834,038**	EURIBOR+5.5%	10,188,939
		10,758,484		13,369,371

The Company has signed a Loan Facility Agreement with a local bank for an amount of EUR 17,000,000 by way of a single utilization in accordance with the terms and conditions of the facility agreement dated at December 25, 2009. According to the agreement, last repayment of the loan is dated June 30, 2017.

As of December 31, 2012, the Company has interest free spot borrowing amounting to EUR 33,211 (December 31, 2011 – EUR 1,325).

Shareholders of the Company have agreed to establish a first-degree pledge over the shares in favor of the creditor bank as security as per the provisions of the Agreement.

As of December 31, 2012 and December 31, 2011, the redemption schedule of bank borrowings is as follows:

Redemption period	December 31, 2012 Principal amount	December 31, 2011 Principal amount
2012	-	3,179,107
2013	**2,891,235**	2,805,206
2014	**2,578,226**	2,469,715
2015	2,293,471	2,166,922
2016	**2,034,732**	1,894,087
2017	**927,609**	853,009
Total	10,725,273	13,368,046

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

13. Trade and other payables

Long-term trade and other payables

As of December 31, 2012, long term trade and other payables comprise of deferred income arising from advertisement contribution invoices amounting to EUR 2,180,515 (December 31, 2011 – EUR 1,033,143).

Short-term trade and other payables

	December 31, 2012	December 31, 2011
Deferred income	738,090	355,114
Trade payables	476,974	649,822
Taxes and duties payable	90,107	29,812
Social securities' payable	25,231	76,745
Advances taken	24,685	11,202
Accrued expense	2,766	5,245
Bonus accrual	46,447	138,770
Other	26,243	23,140
Total	1,430,543	1,289,850

14. Share capital and reserves

The paid-in share capital of the Company comprises of 500,000 units of registered shares with a nominal value of TL1 each.

At December 31, 2012 and December 31, 2011, the Company's shareholding structure is as follows:

	December 31, 2012		December 31, 2011	
	Share %	TRY	Share %	TRY
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.	39.00%	195,000	39.00%	195,000
GMR Infrastructure Overseas S.L Sociedad Unipersonel	35.00%	175,000	35.00%	175,000
Malaysia Airport Holdings Berhad ("MAHB")	20.00%	100,000	20.00%	100,000
GMR Infrastructure (Global) Limited ("GMR")	5.00%	25,000	5.00%	25,000
LIMAK İnşaat Sanayi ve Ticaret A.Ş.	1.00%	5,000	1.00%	5,000
Total number of registered shares	100.00%	500,000	100.00%	500,000

The paid-in capital, in regards to 500,000 shares issued, amounts to EUR 209,037.

Shareholders of the Company have agreed to establish a first-degree pledge over the shares in favor of the creditor bank as security as per the provisions of the Agreement as explained in Note 12.

Based on the decision of Board of Directors dated on July 8, 2011, the issued capital of the Company was increased from TRY 50,000 to TRY 500,000; with an increase equivalent to EUR 185,500.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

15. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is as follows:

	January 1, - December 31, 2012	January 1, - December 31, 2011
Weighted average number of ordinary shares outstanding during the period	**500,000**	500,000
Net income for the period attributable to owners of the Company	**427,515**	204,293
Basic and diluted income per share attributable to owners of the Company (in full EUR)	**0.8550**	0.4086

16. Net sales

For the year ended at December 31, 2012 and 2011, net sales comprise of the following:

	January 1- December 31, 2012	January 1- December 31, 2011
F&B revenue	**5,894,143**	4,586,382
Rent income	**5,318,318**	4,154,216
Hotel income	**2,739,745**	1,992,924
Staff restaurant income	**2,242,493**	2,308,117
CIP income	**1,179,865**	721,866
Ticket sales income	**297,835**	296,298
Valet revenue	**206,685**	74,210
Other	**1,723,333**	1,196,552
	19,602,417	15,330,565
Sales returns (-)	**(75,083)**	(54,117)
Net sales	**19,527,334**	15,276,448

17. Cost of sales and services

For the year ended at December 31, 2012 and 2011, cost of sales comprise of the following:

	January 1- December 31, 2012	January 1- December 31, 2011
Rent expenses	**9,795,737**	7,577,808
F&B expenses	**2,680,231**	1,915,584
Personnel expenses	**1,861,133**	1,941,611
Utilization expenses	**922,422**	799,676
Outsourcing expenses	**748,816**	331,583
Repair and maintenance expense	**226,526**	127,245
Promotion and advertisement expenses	**191,050**	60,748
Depreciation and amortization	**131,559**	88,012
Other	**414,475**	399,986
Total	**16,971,949**	13,242,253

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

18. Marketing and selling expenses

For the year ended at December 31, 2012 and 2011, marketing and selling expenses comprise of the following:

	January 1- December 31, 2012	January 1- December 31, 2011
Personnel expenses	52,961	59,074
Rent expenses	4,043	4,027
Promotion and advertisement expenses	2,931	588,909
Other	2,536	2,234
Total	62,471	654,244

19. General and administrative expenses

For the year ended at December 31, 2012 and 2011, general administration expenses comprise of the following:

	January 1- December 31, 2012	January 1- December 31, 2011
Consultancy expense	1,279,951	438,707
Personnel expenses	344,121	357,002
Rent expenses	115,326	110,198
Depreciation and amortization	67,185	52,472
Utilization expenses	3,698	3,249
Repair and maintenance expense	523	44
Other	74,410	74,668
Total	1,885,214	1,036,340

20. Financial income/ expense, net

For the year ended at December 31, 2012 and 2011, financial income / expenses, net comprise of the following:

	January 1- December 31, 2012	January 1- December 31, 2011
Interest income from related parties	698,648	1,126,633
Interest income on bank deposits	56,365	66,658
Financial income	755,013	1,193,291
Interest expense	(698,648)	(1,138,535)
Foreign exchange loss	(72,889)	(131,721)
Bank charges	(62,289)	(327)
Financial expense	(833,826)	(1,270,583)
Financial income / (expense), net	(78,813)	(77,292)

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

21. Expenses by nature

For the year ended at December 31, 2012 and 2011, total operating expenses by their nature are as follows:

	January 1-December 31, 2012	January 1-December 31, 2011
Rent expenses	9,915,106	7,692,033
F&B cost	2,680,231	1,915,584
Personnel expenses	2,258,215	2,357,687
Consultancy expense	1,279,951	438,707
Utilization expenses	926,120	802,925
Repair and maintenance expense	227,049	127,289
Depreciation and amortization expense	198,744	140,484
Promotion and advertisement expenses	193,981	649,657
Cleaning expenses	90,288	112,194
Security expenses	81,071	87,468
Other	1,255,044	628,419
Total	19,105,800	14,952,447

For the year ended at December 31, 2012 and 2011, personnel expense comprise of the following:

	January 1-December 31, 2012	January 1-December 31, 2011
Wages and salaries	1,516,044	1,672,457
Social security expense	237,757	299,077
Bonus	17,827	138,770
Personnel meal	99,722	78,148
Employee termination benefits	95,412	6,209
Vacation pay liability	13,735	975
Other	277,718	162,051
Total	2,258,215	2,357,687

22. Commitments and contingent liabilities

Operating leases

The Company has entered into operating lease agreements for 7 motor vehicles (December 31, 2011-7) for the use of the Company personnel. Future lease payments under these operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
Less than one year	39,634	41,496
One to three years	31,269	33,579
Total	70,903	75,075

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

22. Commitments and contingent liabilities (continued)

Other commitments

Loan facility agreement:

The Company shall pay to the lender a structuring fee of EUR 50,000 annually in advance, the first such payment shall be on the utilization date and thereafter the fee shall be payable on each anniversary thereof up to and including the anniversary falling in December 2016 provided that in relation to such anniversary falling in December 2016, the amount of the structuring fee shall be EUR 25,000 and provided further that as at any anniversary date on which the structuring fee would otherwise be payable, the loan has not been accelerated.

23. Financial risk management

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. The risk management program is applied by the Company, in line with the policies set by the Board of Directors.

(a) Credit risk

Majority of receivables are due from food and beverage tenants and İstanbul Sabiha Gokcen International Airport. Although the revenue stream is dependent on the passenger traffic created in the airport, the Company earns the higher of fixed rental income or the revenue share from its tenants. The maximum exposure to credit risk at the reporting date is the carrying value (after collateral) of each class of financial assets disclosed in Note 8.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

23. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk management refers to holding adequate amount of cash, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Company, in order to minimize liquidity risk, holds adequate cash and available line of credit. In this regard, as of December 31, 2012, the Company has lines of credit par value amounting to EUR 10,725,273 (December 31, 2011 – EUR 13,368,046).

The maturity analysis of the assets and liabilities of the Company is as follows:

December 31, 2012	Up to 1 year	1 to 5 year	5 years	Total
Assets				
Trade and other receivables	1,350,411	970,310	253,743	2,574,464
Due from related parties	3,022,830	7,834,038	-	10,856,868
Cash and cash equivalents	665,534	-	-	665,534
Total	5,038,775	8,804,348	387,844	14,096,866
Liabilities				
Borrowings	2,924,446	7,834,038	-	10,758,484
Due to related parties	259,069	-	-	259,069
Trade and other payables and provisions	1,430,543	1,410,371	770,144	3,611,058
Total	4,614,058	9,244,409	770,144	14,628,611
Net assets/(liabilities)	427,717	(440,061)	(516,401)	(528,745)

December 31, 2011	More than up to 1 year	1 to 5 year	5 years	Total
Assets				
Trade and other receivables	714,878	-	-	714,878
Due from related parties	4,351,879	9,335,930	853,009	14,540,818
Cash and cash equivalents	546,663	-	-	546,663
Total	5,613,420	9,335,930	853,009	15,802,359
Liabilities				
Borrowings	3,180,432	9,335,930	853,009	13,369,371
Due to related parties	1,073,293	-	-	1,073,293
Trade and other payables and provisions	1,289,850	1,033,143	24,580	2,347,573
Total	5,543,575	10,369,073	877,589	16,790,237
Net assets/(liabilities)	69,845	(1,033,143)	(24,580)	(987,878)

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

23. Financial risk management (continued)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

December 31, 2012	up to 1 year	1 to 5 year	More than 5 years	Total
Borrowings	**3,037,223**	**9,502,381**	**-**	**12,539,604**
Total	**3,037,223**	**9,502,381**	**-**	**12,539,604**

December 31, 2011	up to 1 year	1 to 5 year	More than 5 years	Total
Borrowings	3,350,873	11,641,228	1,257,736	16,249,837
Total	3,350,873	11,641,228	1,257,736	16,249,837

(c) Market risk

i. Cash flow and fair value interest rate risk

The Company maintains a balance regarding the maturities of its interest bearing assets and liabilities and utilizes its idle cash in short-term investments.

In addition, the Company's main cost item rent expense is dependent on the revenues generated since revenues are shared with fixed proportions.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2012 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

23. Financial risk management (continued)

ii Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated assets and liabilities.

At December 31, 2012, monetary assets and liabilities denominated in foreign currencies held by the Company were as follows:

	December 31, 2012		December 31, 2011	
	Original amount	EUR equivalent	Original amount	EUR equivalent
Foreign currency denominated monetary assets:				
Cash and cash equivalents				
US Dollars	5,931	4,496	8,335	6,442
TRY	798,672	339,615	731,044	299,142
GBP	725	885	1,219	1,455
CHF	-		1,355	1,121
		344,996		308,160
Trade and other receivables				
TRY	1,960,597	833,693	657,726	269,140
US Dollars	104,616	79,299	37,867	29,269
		912,992		298,409
Due from related parties				
TRY	309,472	131,595	413,503	169,205
		131,595		169,205
Total foreign currency denominated monetary assets		1,389,583		775,774
Foreign currency denominated monetary liabilities:				
Trade and other payables				
TRY	2,551,741	3,536,847	2,333,657	954,930
US Dollars	-	-	205,967	159,199
		3,536,847		1,114,129
Short term borrowings				
TRY	78,102	33,211	3,236	1,324
		33,211		1,324
Due to related parties				
TRY	259,000	110,133	600,668	245,793
		110,133		245,793
Total foreign currency denominated monetary liabilities		3,680,191		1,361,246
Net foreign currency position		(2,290,608)		(585,472)

23. Financial risk management (continued)

At December 31, 2012, if TRY had strengthened/weakened by 10% against EUR with all other variables held constant, net income for the year would have been higher/lower by EUR 7,650, as a result of foreign exchange gains/losses on the translation of TRY denominated assets and liabilities. At December 31, 2012, if USD had strengthened/weakened by 10% against EUR with all other variables held constant, net income for the year would have been higher/lower by EUR 8,379, as a result of foreign exchange gains/losses on the translation of USD denominated assets and liabilities.

Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

Financial assets

The fair values of certain financial assets carried at cost, including cash and cash equivalents, trade receivables and other financial assets, as financial assets are estimated to approximate carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including trade payables and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature.

The bank borrowings are stated at their amortized costs and transaction costs like up-front fees are included in the initial measurement of bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically in accordance with the EURIBOR floats to reflect active market price quotations.

24. Subsequent events

None.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Financial statements as of December 31, 2013 together with independent auditors' report

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Table of contents

EY
Building a better working world

Guney Bağımsız Denetim ve SMMM AŞ
Büyükdere Cad.
Beytem Plaza No:20
K:9-10, 34381 - Şişli
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
ey.com

Independent auditors' report

To the Shareholders of LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

We have audited the accompanying financial statements of LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş. ('the Company'), which comprise the statement of financial position as at December 31, 2013 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Güney Bağımsız Denetim ve Serbest Muhasebeci Finansal Müşavirlik Anonim Şirketi
A member of Ernst & Young Global Limited

Seda Hacıoğlu, SMMM
Engagement Partner

February 24, 2014
Istanbul, Turkey

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of financial position
at December 31, 2013
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Notes	December 31, 2013	December 31, 2012
Assets			
Property and equipment	5	418,499	453,353
Intangible assets	6	38,976	40,470
Deferred income tax assets	7	173,698	12,749
Due from related parties	10	11,737,508	7,834,038
Trade and other receivables, long-term	8	776,938	1,224,053
Total non-current assets		13,145,619	9,564,663
Inventories	9	118,647	555,385
Due from related parties	10	93,343	3,022,830
Trade and other receivables	8	1,785,290	1,350,411
Cash and cash equivalents	11	1,187,370	665,534
Total current assets		3,184,650	5,594,160
Total assets		16,330,269	15,158,823
Liabilities			
Long-term borrowings	12	5,617,135	7,834,038
Provisions		26,906	43,916
Trade and other payables	13	1,937,914	2,180,515
Total non-current liabilities		7,581,955	10,058,469
Short-term borrowings	12	2,759,742	2,924,446
Due to related parties	10	2,941,584	259,069
Trade and other payables	13	1,432,524	1,409,654
Provision for income taxes	7	-	25,505
Total current liabilities		7,133,850	4,618,674
Equity			
Share capital	14	209,037	209,037
Retained earnings		1,405,427	272,643
Total equity		1,614,464	481,680
Total equity and liabilities		16,330,269	15,158,823

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of comprehensive income
for the year ended at December 31, 2013
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Notes	January 1, - December 31, 2013	January 1, - December 31, 2012
Net sales	16	20,930,062	19,527,334
Cost of sales and services	17,21	(16,068,139)	(16,971,949)
Gross profit		4,861,923	2,555,385
Marketing and selling expenses	18,21	(61,733)	(62,471)
General and administrative expenses	19,21	(3,338,547)	(1,885,214)
Other operating income		14,028	225,116
Other operating expense		(132,767)	(186,166)
Operating income / (loss)		1,342,904	646,650
Financial income	20	838,238	755,013
Financial expense	20	(1,209,308)	(833,826)
Income/(loss) before income tax		971,834	567,837
Taxation			
- Taxes on income	7	-	(55,733)
- Deferred taxation income	7	160,950	(84,589)
Net income / (loss) for the period		1,132,784	427,515
Other comprehensive income / (loss) for the period		-	-
Total comprehensive income / (loss) for the period		1,132,784	427,515
Basic and diluted income per share attributable to owners of the Company (in full EUR)		2.2656	0.8550

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of changes in equity
for the year ended at December 31, 2013
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Share capital	Retained earnings /accumulated deficit	Total
Balances at January 1, 2012	209,037	(154,872)	54,165
Total comprehensive income for the period	-	427,515	427,515
Balances at December 31, 2012	209,037	272,643	481,680
Balances at January 1, 2013	209,037	272,643	481,680
Total comprehensive income for the period	-	1,132,784	1,132,784
Balances at December 31, 2013	209,037	1,405,427	1,614,464

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Statement of cash flows
for the year ended at December 31, 2013
(Amounts expressed in Euro ("EUR") unless otherwise stated)

	Notes	January 1, - December 31, 2013	January 1, - December 31, 2012
Operating activities:			
Net income for the period		**1,132,784**	427,515
Adjustments to reconcile net income/(loss) to net cash used in operating activities:			
Depreciation and amortization	5, 6	**156,547**	198,744
Taxation on income	7	**(160,950)**	140,322
Gain on sale of property, plant and equipment and intangible assets		**-**	(16,692)
Interest income	20	**(838,238)**	(755,013)
Interest expense	20	**692,487**	698,648
Bank charges	20	**54,615**	62,289
Bonus accruals		**(14,346)**	(92,323)
Retirement and unused vacation provisions for employees		**(17,010)**	(1,553)
Net cash provided by operating activities before changes in operating assets and liabilities		**1,005,889**	661,937
Changes in operating assets and liabilities:			
Changes in trade and other receivables	8	**12,236**	(1,859,586)
Changes in due from/to related parties	10	**2,439,460**	226,953
Changes in inventories	9	**436,738**	(354,408)
Changes in trade and other payables	13	**(205,385)**	1,380,388
Income taxes paid		**(25,505)**	(61,149)
Net cash provided from/(used in) operating activities		**3,663,433**	(5,865)
Investing activities:			
Acquisition of property and equipment and intangibles	5, 6	**(120,199)**	(164,208)
Proceeds from sales of property plant and equipment	5, 6	**-**	262,982
Net cash provided from/(used in) investing activities		**(120,199)**	98,774
Financing activities:			
Interest received	20	**107,311**	969,215
Interest paid	20	**(645,523)**	(912,850)
Bank charges	20	**(54,615)**	(62,289)
Principal received	20	**-**	2,428,571
Principal payment	20	**(2,428,571)**	(2,428,571)
Share capital increase	14	**-**	-
Proceeds from bank borrowings		**-**	31,886
Net cash provided from financing activities		**(3,021,398)**	25,962
Net increase in cash and cash equivalents		**521,836**	118,871
Cash and cash equivalents at the beginning of the period	11	**665,534**	546,663
Cash and cash equivalents at the end of the period	11	**1,187,370**	665,534

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

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013
(Amounts expressed in Euro ("EUR") unless otherwise stated)

1. Organisation and nature of operations

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş. (the "Company") was established on January 30, 2009 as a joint venture entity, shares of which held by Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş located in Turkey, Limak İnşaat Sanayi ve Ticaret A.Ş. located in Turkey, GMR Infrastructure Overseas S.L. Sociedad Unipersonal located in Spain, GMR Infrastructure (Global) Limited located in India and Malaysia Airports Holdings Berhad located in Malaysia (together "Shareholders").

The Company's core business operations are:

- to establish, operate, have it operated, lease and lease out VIP and CIP Lounges at the airports,
- to establish, operate, have it operated, lease and lease out CIP Lounges at the airports,
- to establish, operate, have it operated, lease and lease out all kinds of food and beverage facilities, restaurants, patisseries, cafeterias, bars, pubs, market stores and shopping centers for selling, marketing, serving of food and beverages and trading in any of the referred businesses.

The Company's registered address is İstanbul Sabiha Gökçen Uluslararası Havalimanı 34912 Pendik/İstanbul-Turkey.

These financial statements as at and for the year ended December 31, 2013, have been approved for issue by the Management on February 24, 2013. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

2. Basis of presentation of financial statements

2.1 Accounting standards

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with rules and principles published by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"), the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These financial statements are based on the statutory records which are maintained under the historical costs convention, except for certain financial assets and liabilities presented at their fair value, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

2.2 Functional and presentation currency and translation methodology

The Company's functional and presentation currency is Euro due to the reason that the Company's main assets and liabilities including subordinated credit line, receivables from its related parties, and vast of the revenues are generated and linked in EUR.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

The Company has determined that its functional currency as Euro in accordance with IAS 21 "The effects of changes in foreign exchange rates", based on the fact that a significant portion of its transactions are denominated and settled in that currency. The Company management considered several factors in determining its functional currency. During that process, the Company management recognized that some transactions may preclude the functional currency be obvious. However, such transactions are considered not to be determinative and the management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, event and conditions.

The statutory financial statements have been translated into Euro on the following basis: non-monetary assets such as inventories, property, plant and equipment, intangible assets and equity at historical rates of exchange; monetary assets and liabilities by the exchange rate prevailing at the balance sheet date. The items in the statement of comprehensive income have been translated by the monthly average rates of exchange. Foreign exchange gains and losses resulting from such translation are recognized in the statement of comprehensive income

2.3 Significant Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements together with the reported amount of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. The significant accounting estimates and assumptions adopted in preparation of the financial statements as at December 31, 2013 are consistent with those of the previous financial year.

2.1 Changes in accounting policies

Adoption of revised and new standards

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2013 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows:

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and,
ii) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to IAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to IAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the financial statements of the Company.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendment affects presentation only and did not have an impact on the financial position or performance of the Company. In the accompanying statement of comprehensive income the amendment has been applied retrospectively.

IAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement.

The amendment of the standard with regards to the accounting of actuarial gain/loss did not have a material impact on the financial position or performance of the Company. However based on the amendment in the presentation of short term employee benefits, vacation pay liability formerly presented in short-term provisions has been retrospectively reclassified to long term provisions and calculated based on actuarial method.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Company.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This amendment did not have an impact on the financial position or performance of the Company.

IFRS 10 Consolidated Financial Statements

IFRS10, IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard did not have an impact on the financial position or performance of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Company.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard affects presentation only and did not have an impact on the disclosures given by the Company.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after IFRS 13 is adopted. The Company has presented these disclosures in Note 12. This standard did not have an impact on the financial statements of the Company.

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Entities are required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Company and did not have any impact on the financial position or performance of the Company.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IFRS 11 and IFRS 12 has also been amended to provide transition relief. These amendments did not have an impact on the consolidated financial statements of the Company.

2. Basis of presentation of financial statements (continued)

Improvements to IFRSs

Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Company.

IAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory

IAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Financial Reporting:

Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of IFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under IFRS.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS. This amendment will not have any impact on the financial position or performance of the Company.

Amendments to IAS 36 - (Recoverable Amount Disclosures for Non-Financial assets)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging relationships. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective 1 July 2014. Earlier application is permitted.

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

IFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows:
i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements to IFRSs – 2011–2013 Cycle

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

IAS 40 Investment Property

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

These amendments did not have an impact on the financial position or performance of the Company.

IFRS 14 - interim standard on regulatory deferral accounts.

In January 2014, the IASB issued this standard. IFRS 14 permits first-time adopter rate regulated entities to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. Existing IFRS preparers are prohibited from adopting this Standard. The Standard will be applied on a full retrospective basis and is effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

2.1 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

2. Basis of presentation of financial statements (continued)

2.2 Foreign currency translation

Transactions in foreign currencies (i.e. any currency other than the functional currency) are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Foreign currency translation rates used by the Company as of respective balance sheet dates are as follows:

Dates	TL/USD	TL/EUR
December 31, 2013	**2.1343**	**2.9365**
December 31, 2012	**1.7826**	**2.3517**

2.3 Classifications applied to financial statements as of December 31, 2012

As of December 31, 2012, vacation pay liability amounting to EUR 20,889 presented in short term provisions has been reclassified to long term provisions due to amendments in IAS 19 "Employee Benefits" which has been effective as of January 1, 2013. According to revised IAS 19, the short term benefits provided to employees comprise the ones which are expected to be settled wholly in twelve months after the end of the reporting period. Regarding this issue, the Company's expectation is not to settle the whole vacation pay liability within twelve months after the end of the reporting period, so the related vacation pay liabilities has been reclassified as long-term provisions and the necessary amendments on the previous period financial statements has been made by the Company.

2.4. Seasonality

Due to seasonal nature of operations, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period June to August are mainly attributed to the increased number of passengers during the peak holiday season.

3. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are summarized below:

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (iv) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (v) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (vi) Both entities are joint ventures of the same third party.
- (vii) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (viii) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (ix) The entity is controlled or jointly controlled by a person identified in (a).
- (x) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Trade and other receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are initially recognized at fair value and subsequently measured at amortised cost. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputed interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

The fair values of short-term receivables equal their respective carrying amounts, as the impact of discounting is not significant.

Trade and other payables

Trade payables are recognized initially at fair value. The Company does not amortize its trade payables using the effective interest method due to their short-term nature.

Inventories

Inventories are carried at the lower of cost or net realisable value. Cost elements included in inventories are foods and beverages, spare parts and advances given. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventories is determined based on the moving weighted average costing method.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Property, equipment and depreciation

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided on property and equipment using the straight-line method based on the estimated useful lives of the assets. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Machinery and equipment	4-10
Furniture and fixtures	3-50
Leasehold improvements	21

Leasehold improvements are not amortized over the periods of the respective leases unless the effect of imputed is significant.

Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the property and equipment is the higher of value in use or fair value less cost to sell. Gains or losses on disposals of property and equipment are included in the related income or expense accounts, as appropriate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Company. Repair and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which they are incurred.

Intangible assets

Rights acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (Note 6). Useful lives of other rights vary between 3 to 15 years.

Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset's net selling price or value in use. The recoverable amount of the intangible asset is the higher of value in use or fair value less cost to sell.

Employment termination benefits

Provision for employment termination benefits is provided as a requirement of Turkish Labor Law to each employee who has completed one year of service and retires, whose employment is terminated without due cause, who is called up for military service, or who dies; and represents the present value of the estimated total reserve of the future probable obligation of the Company.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Leases

The Company as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Company as the lessor

With the privileges granted by the Implementation Agreement, the Company sublets certain areas in the facility. Allocations of these commercial areas are treated as operating leases and the rental income is recognized on a straight-line basis over the lease term.

Income taxes

Income taxes comprise of current tax and the change in the deferred taxes.

Current income tax comprise tax payable calculated on the basis of expected taxable income for the year using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous years.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are stated net of discounts, returns and value added taxes. The following specific recognition criteria must also be met before revenue is recognized:

a) Sale of goods: Revenue is recognized when the rewards of ownership of the goods have been transferred to the buyer.

b) Interest income: Revenue is recognized as the interest accrues taking into account the effective yield method.

c) Rental income: Rental income is recognized higher of the revenue share or the fixed rental income basis over the lease terms on ongoing leases.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

3. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Company at the lowest levels for which there are separately identifiable cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, deposits at banks and short-term highly liquid investments with maturities of three months or less when purchased (Note 11).

Financial liabilities

Financial liabilities are recognized initially at proceeds received, net of transaction costs incurred. In subsequent periods, financial liabilities are stated at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and redemption value is recognized in the statements of comprehensive income over the period of the financial liabilities. Financial liabilities are derecognized when they are paid or cancelled (Note 12).

Provisions, contingent liabilities and contingent assets

Provisions

A provision is recognized when, and only when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

4. Significant accounting estimates and judgments

4.1 Judgments, estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements together with the reported amount of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known and are discussed below:

a) Employee termination benefits

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees upon termination of their employment based on certain conditions. In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Company makes assumptions and estimations relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. The carrying value of employee termination benefit provisions as of December 31, 2013 is EUR 18,615 (December 31, 2012 – EUR 23,027).

b) Deferred tax assets

A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences.

As of December 31, 2013, the Company has deferred tax asset amounting to EUR 173,698 (December 31, 2012- EUR 12,749).

c) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Accordingly, the financial statements are prepared on the basis that the Company will continue to be a going concern. This basis of preparation presumes that the Company will continue to receive the support of the shareholders and will realize its assets and discharge its liabilities in the ordinary course of business.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

5. Property and equipment, net

The movement in property and equipment and related accumulated depreciation for the year ended at December 31, 2013 and 2012 is as follows:

	January 1, 2013	Additions	Disposals	December 31, 2013
Cost				
Machinery and equipment	62,475	6,182	-	68,657
Furniture and fixtures	374,216	97,001	-	471,217
Leasehold improvements	401,122	9,557	-	410,679
	837,813	112,740	-	950,553
Accumulated depreciation				
Machinery and equipment	(27,285)	(10,023)	-	(37,308)
Furniture and fixtures	(268,339)	(77,659)	-	(345,998)
Leasehold improvements	(88,836)	(59,912)	-	(148,748)
	(384,460)	(147,594)	-	(532,054)
Net book value	453,353			418,499

	January 1, 2012	Additions	Disposals	December 31, 2012
Cost				
Machinery and equipment	72,006	31,650	(41,181)	62,475
Furniture and fixtures	510,615	83,200	(219,599)	374,216
Leasehold improvements	355,770	45,352	-	401,122
	938,391	160,202	(260,780)	837,813
Accumulated depreciation				
Machinery and equipment	(15,810)	(13,580)	2,105	(27,285)
Furniture and fixtures	(168,178)	(115,435)	15,274	(268,339)
Leasehold improvements	(33,787)	(55,049)	-	(88,836)
	(217,775)	(184,064)	17,379	(384,460)
Net book value	720,616			453,353

Depreciation expense of the property and equipment has been charged under cost of sales and services amounting to EUR 97,700 (December 31, 2012 – EUR 121,842) and general and administration expense amounting to EUR 49,894 (December 31, 2012 – EUR 62,222) charged to general administration expense).

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

6. Intangible assets, net

The movement in intangible assets and related accumulated amortization for the year ended at December 31, 2013 and 2012 is as follows:

	January 1, 2013	Additions	Disposals	December 31, 2013
Cost				
Other rights	**69,145**	**7,459**	**-**	**76,604**
	69,145	**7,459**	**-**	**76,604**
Accumulated amortization				
Other rights	**(28,675)**	**(8,953)**	**-**	**(37,628)**
	(28,675)	**(8,953)**	**-**	**(37,628)**
Net book value	**40,470**			**38,976**

	January 1, 2012	Additions	Disposals	December 31, 2012
Cost				
Other rights	72,567	4,006	(7,428)	69,145
	72,567	4,006	(7,428)	69,145
Accumulated amortization				
Other rights	(18,534)	(14,680)	4,539	(28,675)
	(18,534)	(14,680)	4,539	(28,675)
Net book value	54,033			40,470

Amortization expense of the intangible assets has been charged under cost of sales and services amounting to EUR 5,926 (December 31, 2012 – EUR 9,717) and general and administration expense amounting to EUR 3,027 (December 31, 2012 – EUR 4,963) charged to general administration expense).

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

7. Income taxes

Corporate tax

The Company is subject to taxation in accordance with the tax regulations and the legislation effective in Turkey.

In Turkey, the corporation tax rate for the fiscal period/year ending December 31, 2013 is 20% (December 31, 2012 – 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Transfer pricing is regulated under Corporate Income Tax Law no 13 "Disguised profit distribution via transfer pricing" issued by Turkish Tax Authority; detailed explanations on the executions is given in the "Communiqué related disguised profit distribution via transfer pricing".

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

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15^{th} of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In Turkey, tax regulations do not provide a procedure for final agreement of tax assessments. Authorities may examine the underlying accounting records and revise assessments within five years. The Company has not undergone a tax inspection for any type of tax for any open years, and as such any additional tax relating to open years cannot be estimated with any degree of certainty. Management does not anticipate that any additional liabilities will arise.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

Deferred tax

The Company recognizes deferred tax assets and liabilities based upon the temporary differences of assets and liabilities arising between their carrying values as reported for IFRS purposes and their statutory tax values.

For the year ended at December 31, 2013 and 2012, taxation income comprises of the following:

	January 1- December 31, 2013	January 1- December 31, 2012
Current period tax expense	-	(55,733)
Deferred tax income/(expense)	**160,950**	(84,589)
Total income tax	**160,950**	(140,322)

The reconciliation between tax income and the accounting results multiplied by the applicable tax rate as of December 31, 2013 and 2012 is as follows:

	January 1 - December 31, 2013	January 1 - December 31, 2012
Income before taxation	**971,834**	567,837
Statutory tax rate	**20%**	20%
Taxes calculated at statutory tax rate	**(194,367)**	(113,568)
Disallowables	**382,488**	(37,052)
Others (mainly effect of remeasurement to Euro)	**(27,171)**	10,298
Taxes on income	**160,950**	(140,322)

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

7. Income taxes (continued)

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using the weighted average tax rate applicable to profits of the Company, are as follows:

	Cumulative temporary		Deferred tax assets / (liabilities)	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Differences between the tax base and carrying amount of trade and other payables	607,039	95,483	121,409	19,097
Differences between the tax base and carrying amount of trade and other receivables	66,063	-	13,212	-
Provisions for retirement pay liability	26,906	23,027	5,381	4,605
Tax losses carried forward	526,575	-	105,314	-
Deferred tax assets	1,226,583	118,510	245,316	23,702
Differences between the tax base and carrying amount of property and equipment and intangibles	(123,198)	(54,765)	(24,640)	(10,953)
Borrowings and due from related parties	(234,890)	-	(46,978)	-
Deferred tax liabilities	(358,088)	(54,765)	(71,618)	(10,953)
Deferred tax assets, net	868,495	63,745	173,698	12,749

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

	December 31, 2013	December 31, 2012
Deferred tax assets to be recovered within 12 months	123,907	19,097
Deferred tax assets to be recovered after 12 months	121,409	4,605
Total deferred tax assets	245,316	23,702
Deferred tax liabilities to be recovered within 12 months	24,640	-
Deferred tax liabilities to be recovered after 12 months	46,978	10,953
Total deferred tax liabilities	71,618	10,953

The entire amount of tax loss carried forward stems from the statutory tax loss of the Company in 2013 and the expiry date of tax losses carried forward is December 31, 2018.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

8. Trade and other receivables

Trade and other receivables comprise of the following:

	December 31, 2013	December 31, 2012
Short-term trade and other receivables:		
Receivables from customers	**1,369,919**	1,163,288
Prepaid expenses	**346,725**	151,017
VAT receivables	**62,359**	-
Other	**6,287**	36,106
Total	**1,785,290**	1,350,411

The fair values of short-term receivables are equal to their respective carrying amounts.

As of December 31, 2013, long term trade and other receivables comprise of prepaid rental fees paid to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 776,938 (December 31, 2012 –1,224,053).

Aging analysis for short-term trade receivables

As of December 31, 2013 and 2012, the receivables amounting to EUR 1,064,833 (December 31, 2012- EUR 506,850) are overdue. For receivables overdue more than a week the Company does not charge any interest while guarantee letters held by the Company amounting to EUR 598,405 (December 31, 2012- EUR 228,922) partially mitigate collection risk. The Company does not consider any collection risk for the overdue balances.

The aging of overdue receivables from third parties that are not impaired is as follows:

	December 31, 2013	December 31, 2012
Less than 7 days	**338,234**	59,231
8 to 15 days	**171,595**	10,436
More than 15 days	**555,004**	437,183
Total overdue receivables	**1,064,833**	506,850

9. Inventories

Inventories comprise of the following:

	December 31, 2013	December 31, 2012
Raw materials and supplies	**111,990**	121,909
Advances given	**6,657**	433,476
Total inventories	**118,647**	555,385

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties

Due from related parties

Amounts due from related parties are as follows:

	December 31, 2013	December 31, 2012
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.(2) (*)	82,795	2,977,996
Limak-GMR Adi Ortaklığı (2)	6,048	7,552
Limak Kosova International Airport JSC. (2)	2,197	1,098
Limak İnşaat Sanayi ve Tic.A.Ş (1)	1,597	6,600
Limak For Contracting Trading And And Industry Egy (2)LGM Güvenlik Hizmetleri A.Ş. (2)	620	774
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.(1)	86	11,984
GMR Infrastructure (UK) Ltd. (2)	-	7,275
Limak İskenderun Uluslararası Liman İşl. A.Ş.	-	7,176
Limak Enerji Ticareti A.Ş. (2)	-	1,411
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş.(2)	-	964
Total	93,343	3,022,830

(1) Shareholder
(2) Other

(*) As of December 31, 2012, due from İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. consists of short term portion of subordinated loan given which amounts to EUR 2,891,235. Subordinated loan given to ISG is reclassified to long term as of December 31, 2013, as the maturity to repay principal and interest has been agreed as 2017 between the parties. Receivables related to other services received from ISG are EUR 82,795 (December 31, 2012 – EUR 86,761).

Balances due from related parties (except for the subordinated loan EUR 2,891,235 given to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.) are non-interest bearing and arose from trading activities with related parties.

As of December 31, 2013, there is no outstanding related party balances classified under short term trade and other receivables, which consists of advertising receivables, food and beverage area rentals from İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR nil (December 31, 2012 – 637,391).

As of December 31, 2013, there is no outstanding related party balances classified under inventory which consist of advances given to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş (December 31, 2012 - EUR 433,476)

Due from related parties, non- current

As of December 31, 2013, the receivables due from related parties in long term consist of long term subordanited loan given to İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 11,737,507 (December 31, 2012 – EUR 7,834,038; reflection of long-term portion of consultancy service commission) with a maturity of 2017 and interest rate of EURIBOR + 5.5%.

As of December 31, 2013, the outstanding related party balances classified under trade and other receivables, long term consists of advertising receivables, food and beverage area rentals from İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 938,119 (December 31. 2012 – EUR 1,224,053).

As of December 31, 2013, there are no receivables due from related parties which are overdue (December 31, 2012 – nil).

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements for the year ended at December 31, 2013 (continued)

(Amounts expressed in Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

Due to related parties, current

Amounts due to related parties are as follows:

	December 31, 2013	December 31, 2012
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (2)	**2,941,584**	257,870
Malaysia Airports Consultancy Services SDN BHD (2)	**-**	1,199
Total	**2,941,584**	259,069

Balances due to related parties are non-interest bearing and arose from trading activities with related parties.

Payables to related parties are due within one month following December 31, 2013.

Employee benefits to key management personnel

For the year ended at December 31, 2013 and 2012, total short-term employee benefits granted to key management personnel amount to EUR 35,350 (December 31, 2012 – EUR 194,632). Short-term employee benefits include salaries, vehicle expenses, communication expenses, health insurance and other sundry benefits. No long-term benefits are provided to the key management personnel.

Transactions between related parties

Revenues

	January 1 – December 31, 2013	January 1 – December 31, 2012
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (2)	**993,235**	902,411
GMR Infrastructure UK Ltd. Şti.	**10,247**	15,986
Limak İnşaat Sanayi ve Tic. A.Ş (1)	**4,859**	29,508
Limak Kosovo International Airport JSC (2)	**2,357**	905
Limak Çimento San. Ve Tic. A.Ş.	**600**	456
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. (1)	**480**	41,055
Limkon Gıda San. ve Tic. A.S. (2)	**218**	1,064
Limak İskenderun Uluslararası Liman İşletmeciliği A.Ş. (2)	**52**	65,683
GMR Infrastructure Overseas S.L Turkey Branch (2)	**40**	2,473
LGM Güvenlik Hizmetleri A.Ş. (2)	**-**	459,485
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş. (2)	**-**	74,000
Limak İnşaat San. Ve Tic. A.Ş. Kosovo Branch	**-**	6,197
Limak Enerji Ticaret A.Ş.	**-**	2,489
Limak-GMR Adi Ortaklığı (2)	**-**	845
Limak for Contracting Trading Industry Egypt Branch Office	**-**	789
Limak Denizcilik Taramacılık İnşaat San. Ve Tic. A.Ş.	**-**	606
Limtur Seyahat Otelcilik Turizm San. Ve Tic. A.Ş.	**-**	429
Lim Cim Cimento San ve Tic A.S (2)	**-**	239
Sunter Turizm A.Ş.	**-**	179
DVK Limak Adi Ortaklığı	**-**	173
Limak Batı Çimento San. Ve Tic. A.Ş. (2)	**-**	148
Limak-Kolin Adi Ortaklığı (2)	**-**	79
Total sales	**1,012,088**	1,605,199

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

10. Balances and transactions with related parties (continued)

For the year ended at December 31, 2013, the Company has financial income from İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. amounting to EUR 730,927 (December 31, 2012 – EUR 912,850).

Purchases

	January 1 – December 31, 2013	January 1 – December 31, 2012
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (2)	**7,657,336**	9,098,800
GMR Infrastructure UK Ltd. Şti.	**1,062,000**	450,689
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. (1)	**1,652,600**	417,911
Malaysia Airports Management and Technical Services SDN. BHD (2)	**450,000**	212,406
LGM Güvenlik Hizmetleri A.Ş. (2)	-	17,506
Limtur Seyahat Otelc. Tur. San. Ve Tic. A.Ş. (2)	-	429
İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş. (2)	-	57
Total purchases	**10,372,386**	10,197,798

Security service was outsourced to LGM Güvenlik Hizmetleri A.Ş. and beginning from July 10, 2012, LGM Güvenlik Hizmetleri A.Ş. has been excluded from related party companies as Orion Group has acquired 100% of the shareholding of LGM Güvenlik Hizmetleri A.Ş.

11. Cash and cash equivalents

Cash and cash equivalents comprise of the following:

	December 31, 2013	December 31, 2012
Cash on hand	**5,206**	10,886
Cash at banks	**1,182,164**	654,648
-demand deposits	**314,659**	414,726
-time deposits	**681,083**	-
-credit card receivables	**186,422**	239,922
Total	**1,187,370**	665,534

Time deposits as of December 31, 2013 are denominated in TL with the maturity of less than three months. The effective interest rate of time deposits is 4.00%. As of December 31, 2012, there is no time deposit.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

12. Financial liabilities

	December 31, 2013		December 31, 2012	
	Interest rate	Amount	Interest rate	Amount
Other borrowings- short term	-	-	-	33,211
EUR denominated borrowings – short-term	EURIBOR+5.5%	2,759,742	EURIBOR+5.5%	2,891,235
EUR denominated borrowings – long-term	EURIBOR+5.5%	5,617,135	EURIBOR+5.5%	7,834,038
		8,376,877		10,758,484

The Company has signed a Loan Facility Agreement with a local bank for an amount of EUR 17,000,000 by way of a single utilization in accordance with the terms and conditions of the facility agreement dated at December 25, 2009. According to the agreement, last repayment of the loan is dated June 30, 2017.

As of December 31, 2013, the Company has no interest free spot borrowing (December 31, 2012 – EUR 33,211).

Shareholders of the Company have agreed to establish a first-degree pledge over the shares in favor of the creditor bank as security as per the provisions of the Agreement.

As of December 31, 2013 and December 31, 2012, the redemption schedule of bank borrowings is as follows:

Redemption period	December 31, 2013 Principal amount	December 31, 2012 Principal amount
2013	-	2,924,446
2014	2,759,742	2,578,226
2015	2,452,753	2,293,471
2016	2,173,979	2,034,732
2017	990,403	927,609
Total	8,376,877	10,758,484

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

13. Trade and other payables

Long-term trade and other payables

As of December 31, 2013, long term trade and other payables comprise of deferred income arising from advertisement contribution invoices amounting to EUR 1,937,914 (December 31, 2012 – EUR 2,180,515).

Short-term trade and other payables

	December 31, 2013	December 31, 2012
Deferred income	**732,372**	738,090
Trade payables	**498,927**	476,974
Taxes and duties payable	**93,533**	90,107
Due to personnel and bonus accrual	**72,828**	46,447
Social securities' payable	**17,076**	25,231
Advances taken	**11,942**	24,685
Accrued expense	**5,844**	2,766
Other	**2**	5,354
Total	**1,432,524**	1,409,654

14. Share capital and reserves

The paid-in share capital of the Company comprises of 500,000 units of registered shares with a nominal value of TL1 each.

At December 31, 2013 and December 31, 2012, the Company's shareholding structure is as follows:

	December 31, 2013		December 31, 2012	
	Share %	TRY	Share %	TRY
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.	**39.00%**	**195,000**	39.00%	195,000
GMR Infrastructure Overseas S.L Sociedad Unipersonel	**35.00%**	**175,000**	35.00%	175,000
Malaysia Airport Holdings Berhad ("MAHB")	**20.00%**	**100,000**	20.00%	100,000
GMR Infrastructure (Global) Limited ("GMR")	**5.00%**	**25,000**	5.00%	25,000
LIMAK İnşaat Sanayi ve Ticaret A.Ş.	**1.00%**	**5,000**	1.00%	5,000
Total number of registered shares	**100.00%**	**500,000**	100.00%	500,000

The paid-in capital, in regards to 500,000 shares issued, amounts to EUR 209,037.

Shareholders of the Company have agreed to establish a first-degree pledge over the shares in favor of the creditor bank as security as per the provisions of the Agreement as explained in Note 12.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

15. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is as follows:

	January 1, - December 31, 2013	January 1, - December 31, 2012
Weighted average number of ordinary shares outstanding during the period	**500,000**	500,000
Net income for the period attributable to owners of the Company	**1,132,784**	427,515
Basic and diluted income per share attributable to owners of the Company (in full EUR)	**2.2656**	0.8550

16. Net sales

For the year ended at December 31, 2013 and 2012, net sales comprise of the following:

	January 1- December 31, 2013	January 1- December 31, 2012
F&B revenue	**3,906,105**	4,560,718
Rent income	**8,534,581**	5,318,318
Hotel income	**2,501,662**	2,739,745
Staff restaurant income	**1,818,921**	2,248,423
CIP income	**2,319,034**	2,507,360
Ticket sales income	**-**	159,688
Valet revenue	**482,086**	206,685
Other	**1,426,184**	1,861,480
	20,988,573	19,602,417
Sales returns (-)	**(58,511)**	(75,083)
Net sales	**20,930,062**	19,527,334

17. Cost of sales and services

For the year ended at December 31, 2013 and 2012, cost of sales comprise of the following:

	January 1- December 31, 2013	January 1- December 31, 2012
Rent expenses	**9,597,551**	9,795,737
F&B expenses	**2,402,558**	2,680,231
Personnel expenses	**1,067,943**	1,861,133
Utilization expenses	**1,101,925**	922,422
Outsourcing expenses	**839,964**	748,816
Repair and maintenance expense	**132,776**	226,526
Promotion and advertisement expenses	**271,559**	191,050
Depreciation and amortization	**103,626**	131,559
Other	**550,237**	414,475
Total	**16,068,139**	16,971,949

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

18. Marketing and selling expenses

For the year ended at December 31, 2013 and 2012, marketing and selling expenses comprise of the following:

	January 1- December 31, 2013	January 1- December 31, 2012
Personnel expenses	51,173	52,961
Promotion and advertisement expenses	787	2,931
Rent expenses	-	4,043
Other	9,773	2,536
Total	61,733	62,471

19. General and administrative expenses

For the year ended at December 31, 2013 and 2012, general administration expenses comprise of the following:

	January 1- December 31, 2013	January 1- December 31, 2012
Consultancy expense	2,919,514	1,279,951
Personnel expenses	177,216	344,121
Rent expenses	96,615	115,326
Depreciation and amortization	52,921	67,185
Utilization expenses	3,168	3,698
Repair and maintenance expense	330	523
Other	88,783	74,410
Total	3,338,547	1,885,214

20. Financial income/ expense, net

For the year ended at December 31, 2013 and 2012, financial income / expenses, net comprise of the following:

	January 1- December 31, 2013	January 1- December 31, 2012
Interest income from related parties	730,927	698,648
Interest income on bank deposits	107,311	56,365
Financial income	838,238	755,013
Interest expense	(692,487)	(698,648)
Foreign exchange loss	(462,206)	(72,889)
Bank charges	(54,615)	(62,289)
Financial expense	(1,209,308)	(833,826)
Financial income / (expense), net	(371,070)	(78,813)

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

21. Expenses by nature

For the year ended at December 31, 2013 and 2012, total operating expenses by their nature are as follows:

	January 1- December 31, 2013	January 1- December 31, 2012
Rent expenses	**9,694,166**	9,915,106
F&B cost	**2,402,558**	2,680,231
Personnel expenses	**1,296,332**	2,258,215
Consultancy expense	**2,919,514**	1,279,951
Utilization expenses	**1,105,094**	926,120
Repair and maintenance expense	**133,106**	227,049
Depreciation and amortization expense	**156,547**	198,744
Promotion and advertisement expenses	**272,346**	193,981
Cleaning expenses	**77,405**	90,288
Security expenses	**74,141**	81,071
Other	**1,469,977**	1,255,044
Total	**19,601,186**	19,105,800

For the year ended at December 31, 2013 and 2012, personnel expense comprise of the following:

	January 1- December 31, 2013	January 1- December 31, 2012
Wages and salaries	**831,607**	1,516,044
Social security expense	**126,970**	237,757
Bonus	**32,101**	17,827
Personnel meal	**80,596**	99,722
Employee termination benefits	**16,005**	95,412
Other	**209,053**	291,453
Total	**1,296,332**	2,258,215

22. Commitments and contingent liabilities

Operating leases

The Company has entered into operating lease agreements for 7 motor vehicles (December 31, 2012- 7) for the use of the Company personnel. Future lease payments under these operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31, 2012
Less than one year	**19,868**	39,634
One to three years	**9,129**	31,269
Total	**28,997**	70,903

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

22. Commitments and contingent liabilities (continued)

Other commitments

Loan facility agreement:

The Company shall pay to the lender a structuring fee of EUR 50,000 annually in advance, the first such payment shall be on the utilization date and thereafter the fee shall be payable on each anniversary thereof up to and including the anniversary falling in December 2016 provided that in relation to such anniversary falling in December 2016, the amount of the structuring fee shall be EUR 25,000 and provided further that as at any anniversary date on which the structuring fee would otherwise be payable, the loan has not been accelerated.

23. Financial risk management

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. The risk management program is applied by the Company, in line with the policies set by the Board of Directors.

(a) Credit risk

Majority of receivables are due from food and beverage tenants and İstanbul Sabiha Gokcen International Airport. Although the revenue stream is dependent on the passenger traffic created in the airport, the Company earns the higher of fixed rental income or the revenue share from its tenants. The maximum exposure to credit risk at the reporting date is the carrying value (after collateral) of each class of financial assets disclosed in Note 8.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements for the year ended at December 31, 2013 (continued)

(Amounts expressed in Euro ("EUR") unless otherwise stated)

23. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk management refers to holding adequate amount of cash, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Company, in order to minimize liquidity risk, holds adequate cash and available line of credit. In this regard, as of December 31, 2013, the Company has lines of credit par value amounting to EUR 8,376,877 (December 31, 2012 – EUR 10,725,273).

The maturity analysis of the assets and liabilities of the Company is as follows:

December 31, 2013	Up to 1 year	1 to 5 year	5 years	Total
Assets				
Trade and other receivables	1,785,290	776,938	-	2,562,228
Due from related parties	93,343	11,737,507	-	11,830,850
Cash and cash equivalents	1,187,370	-	-	1,187,370
Total	3,066,003	12,514,445	-	15,580,448
Liabilities				
Borrowings	2,759,742	5,617,135	-	8,376,877
Due to related parties	2,941,584	-	-	2,941,584
Trade and other payables	1,432,524	1,510,202	427,712	3,370,438
Total	7,133,850	7,127,337	427,712	14,688,899
Net assets/(liabilities)	(4,067,847)	5,387,109	(427,712)	891,549

December 31, 2012	Up to 1 year	1 to 5 year	5 years	Total
Assets				
Trade and other receivables	1,350,411	970,310	253,743	2,574,464
Due from related parties	3,022,830	7,834,038	-	10,856,868
Cash and cash equivalents	665,534	-	-	665,534
Total	5,038,775	8,804,348	253,743	14,096,866
Liabilities				
Borrowings	2,924,446	7,834,038	-	10,758,484
Due to related parties	259,069	-	-	259,069
Trade and other payables	1,409,654	1,410,371	770,144	3,590,169
Total	4,593,169	9,244,409	770,144	14,607,722
Net assets/(liabilities)	445,606	(440,061)	(516,401)	(510,856)

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

23. Financial risk management (continued)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

December 31, 2013	up to 1 year	1 to 5 year	More than 5 years	Total
Borrowings	2,899,779	6,615,176	-	9,514,955
Total	2,899,779	6,615,176	-	9,514,955

December 31, 2012	up to 1 year	1 to 5 year	More than 5 years	Total
Borrowings	3,037,223	9,502,381	-	12,539,604
Total	3,037,223	9,502,381	-	12,539,604

(c) Market risk

i. Cash flow and fair value interest rate risk

The Company maintains a balance regarding the maturities of its interest bearing assets and liabilities and utilizes its idle cash in short-term investments.

In addition, the Company's main cost item rent expense is dependent on the revenues generated since revenues are shared with fixed proportions.

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

23. Financial risk management (continued)

ii Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated assets and liabilities.

At December 31, 2013, monetary assets and liabilities denominated in foreign currencies held by the Company were as follows:

	December 31, 2013		December 31, 2012	
	Original amount	EUR equivalent	Original amount	EUR equivalent
Foreign currency denominated monetary assets:				
Cash and cash equivalents				
US Dollars	2,107	1,531	5,931	4,496
TRY	3,255,220	1,108,538	798,672	339,615
GBP	4,115	4,921	725	885
CHF	3,170	2,580	-	
		1,117,570		344,996
Trade and other receivables				
TRY	1,721,356	586,193	1,960,597	833,693
US Dollars	81,539	59,264	104,616	79,299
		645,457		912,992
Due from related parties				
TRY	208,446	70,984	309,472	131,595
		70,984		131,595
Total foreign currency denominated monetary assets		1,834,011		1,389,583
Foreign currency denominated monetary liabilities:				
Trade and other payables				
TRY	1,441,036	490,732	2,551,741	3,536,847
US Dollars	-	-	-	-
		490,732		3,536,847
Short term borrowings				
TRY	-	-	78,102	33,211
		-		33,211
Due to related parties				
TRY	8,637,961	2,941,584	259,000	110,133
				110,133
		2,941,584		
Total foreign currency denominated monetary liabilities		3,432,316		3,680,191
Net foreign currency position		(1,598,306)		(2,290,608)

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

23. Financial risk management (continued)

At December 31, 2013, if TRY had strengthened/weakened by 10% against EUR with all other variables held constant, net income for the year would have been higher/lower by EUR 166,660, as a result of foreign exchange gains/losses on the translation of TRY denominated assets and liabilities. At December 31, 2013, if USD had strengthened/weakened by 10% against EUR with all other variables held constant, net income for the year would have been higher/lower by EUR 6,080, as a result of foreign exchange gains/losses on the translation of USD denominated assets and liabilities.

Fair value of financial instruments

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

Financial assets

The fair values of certain financial assets carried at cost, including cash and cash equivalents, trade receivables and other financial assets, as financial assets are estimated to approximate carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

Financial liabilities

Monetary liabilities for which fair value approximates carrying value including trade payables and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature.

The bank borrowings are stated at their amortized costs and transaction costs like up-front fees are included in the initial measurement of bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically in accordance with the EURIBOR floats to reflect active market price quotations.

24. Subsequent events

Indicative exchange rates of USD and Euro announced at 15:30 on February 24, 2014 by the Central Bank of Turkey are 2.1806 and 2.9967, respectively (December 31, 2013: 2.1343 and 2.9365, respectively).

LGM Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

Notes to the financial statements
for the year ended at December 31, 2013 (continued)
(Amounts expressed in Euro ("EUR") unless otherwise stated)

25. Other matter

MAHB announced on December 23, 2013 that Malaysia Airports MSC Sdn Bhd, its indirectly wholly-owned subsidiary, will shortly enter into a share purchase agreement (the "SPA") with GMR Infrastructure Limited ("GMRI"), GMR Infrastructure Overseas Limited ("GMRO") and GMR Infrastructure (Global) Limited ("GMRIG") (collectively known as the "GMR Group"):

to acquire all of the GMR Group's shares in LGM (40.00%), as follows:

(a) 175,000 fully paid shares representing an aggregate of 35.00% of the share capital and voting rights in LGM from GMRO;

(b) 25,000 fully paid shares representing an aggregate of 5.00% of the share capital and voting rights in LGM from GMRIG, for a total cash consideration of EUR 67,500 (as adjusted in accordance with the SPA) ("Proposed Acquisition of LGM"). The SPA has been signed between the Parties on December 28, 2013.

SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF ISG, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM

1. SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF ISG FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013 (IN EUR)

	FYE 31 December		
	2011	2012	2013
	EUR'000	EUR'000	EUR'000
Net sales	275,322	275,548	214,289
Cost of sales	(232,408)	(241,520)	(145,320)
Gross profit	42,914	34,028	68,969
Marketing and selling expenses	(4,339)	(4,906)	(5,129)
General administrative expenses	(12,793)	(15,184)	(13,977)
Other operating income	362	3,629	1,336
Other operating expenses	(1,222)	(455)	(7,824)
Operating profit	24,922	17,112	43,375
Financial income	200	122	17,053
Financial expenses	(141,406)	(128,484)	(125,728)
Loss before income tax	(116,284)	(111,250)	(65,300)
Deferred tax income	10,546	10,244	10,221
Loss for the year	**(105,738)**	**(101,006)**	**(55,079)**
Loss attributable to :			
Equity holders of the parent	(101,579)	(96,665)	(55,776)
Non-controlling interest	(4,159)	(4,341)	697
	(105,738)	**(101,006)**	**(55,079)**
Other comprehensive income / (loss):			
Cash flow hedges	11,154	-	-
Tax impact of cash flow hedges	(2,231)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Movement on cash flow hedges:			
Unrealised (gain) / loss on interest rate swaps transferred to income statement	-	14,670	(15,732)
Reclassification adjustment for net loss on interest rate swaps transferred to income statement	-	10,381	12,501
Net unrealised loss on derivative financial instruments	-	(15,171)	965
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods	8,923	9,880	(2,266)
Other comprehensive income (loss), net of tax	8,923	9,880	(2,266)
Total comprehensive loss for the year, net of tax	**(96,815)**	**(91,126)**	**(57,345)**
Attributable to:			
Equity holders of the parent	(92,656)	(86,785)	(58,042)
Non-controlling interest	(4,159)	(4,341)	697
	(96,815)	**(91,126)**	**(57,345)**
Depreciation and amortisation charges	32,896	39,306	40,454
EBITDA (1)	57,818	56,418	83,829
NA	(88,186)	(142,971)	(169,112)
Number of shares in issue	248,528,000	323,966,030	397,944,000
Gross EPS (cent) (2)	(46.8)	(34.3)	(16.4)
Net EPS (cent) (3)	(42.5)	(31.2)	(13.8)
NA per share (cent) (4)	(35.5)	(44.1)	(42.5)
Gross profit margin (%)	15.6	12.3	32.2

SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF ISG, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

	FYE 31 December		
	2011	**2012**	**2013**
PBT margin (%)	(42.2)	(40.4)	(30.5)
PAT margin (%)	(38.4)	(36.7)	(25.7)
EBITDA margin (%)	21.0	20.5	39.1

Notes:

(1) The EBITDA presented in this Abridged Prospectus is a supplemental measure of performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to PAT, operating income or any other performance measures derived in accordance with FRS or as an alternative to cash flows or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structure (affecting finance costs), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense).

EBITDA is calculated by deducting the depreciation and amortisation charges from the operating profit.

(2) Computed as PBT divided by number of shares issued.

(3) Computed as PAT divided by number of shares issued.

(4) Computed as NA divided by the number of shares issued.

(The rest of this page has been intentionally left blank)

SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF ISG, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

2. SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF ISG FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013 (TRANSLATED TO RM)

	FYE 31 December		
	2011	2012	2013
	RM'000	RM'000	RM'000
Net sales	1,127,306	1,111,809	966,486
Cost of sales	(951,595)	(974,509)	(655,422)
Gross profit	175,711	137,300	311,064
Marketing and selling expenses	(17,766)	(19,795)	(23,133)
General administrative expenses	(52,381)	(61,267)	(63,039)
Other operating income	1,482	14,643	6,026
Other operating expenses	(5,003)	(1,836)	(35,288)
Operating profit	102,043	69,045	195,630
Financial income	819	492	76,912
Financial expenses	(578,987)	(518,420)	(567,058)
Loss before income tax	(476,125)	(448,883)	(294,516)
Deferred tax income	43,181	41,334	46,099
Loss for the year	**(432,944)**	**(407,549)**	**(248,417)**
Loss attributable to :			
Equity holders of the parent	(415,915)	(390,034)	(251,561)
Non-controlling interest	(17,029)	(17,515)	3,144
	(432,944)	**(407,549)**	**(248,417)**
Other comprehensive income / (loss):			
Cash flow hedges	45,670	-	-
Tax impact of cash flow hedges	(9,135)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Movement on cash flow hedges:			
Unrealised (gain) / loss on interest rate swaps transferred to income statement	-	59,192	(70,954)
Reclassification adjustment for net loss on interest rate swaps transferred to income statement	-	41,886	56,382
Net unrealised loss on derivative financial instruments	-	(61,213)	4,352
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods	36,535	39,865	(10,220)
Other comprehensive income (loss), net of tax	36,535	39,865	(10,220)
Total comprehensive loss for the year, net of tax	**(396,409)**	**(367,684)**	**(258,637)**
Attributable to:			
Equity holders of the parent	(379,380)	(350,169)	(261,781)
Non-controlling interest	(17,029)	(17,515)	3,144
	(396,409)	**(367,684)**	**(258,637)**
Depreciation and amortisation charges	134,693	158,596	182,456
EBITDA [(1)]	236,736	227,641	378,086
NA	(361,078)	(576,874)	(762,729)
Number of shares in issue	248,528,000	323,966,030	397,944,000
Gross EPS (sen) [(2)]	(191.6)	(138.6)	(74.0)
Net EPS (sen) [(3)]	(174.2)	(125.8)	(62.4)
NA per share (sen) [(4)]	(145.3)	(178.1)	(191.7)
Gross profit margin (%)	15.6	12.3	32.2
PBT margin (%)	(42.2)	(40.4)	(30.5)

SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF ISG, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

	FYE 31 December		
	2011	**2012**	**2013**
PAT margin (%)	(38.4)	(36.7)	(25.7)
EBITDA margin (%)	21.0	20.5	39.1

Notes:

(1) The EBITDA presented in this Abridged Prospectus is a supplemental measure of performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to PAT, operating income or any other performance measures derived in accordance with FRS or as an alternative to cash flows or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structure (affecting finance costs), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense).

EBITDA is calculated by deducting the depreciation and amortisation charges from the operating profit.

(2) Computed as PBT divided by numbers of shares issued.

(3) Computed as PAT divided by numbers of shares issued.

(4) Computed as NA divided by the numbers of shares issued.

(The rest of this page has been intentionally left blank)

SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF ISG, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

3. SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ISG, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013 (IN EUR)

	As at 31 December		
	2011	2012	2013
	EUR'000	EUR'000	EUR'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7,256	4,008	3,815
Intangible assets	1,258,725	1,221,210	1,183,336
Deferred income tax assets	31,465	39,239	50,027
Trade and other receivable	15,627	22,447	18,827
TOTAL NON-CURRENT ASSETS	**1,313,073**	**1,286,904**	**1,256,005**
CURRENT ASSETS			
Inventories	7,534	7,374	3,091
Due from related parties	435	410	3,289
Trade and other receivables	11,571	12,190	15,187
Other current assets	-	1,039	835
Cash and cash equivalents	99,268	95,846	100,004
TOTAL CURRENT ASSETS	**118,808**	**116,859**	**122,406**
TOTAL ASSETS	**1,431,881**	**1,403,763**	**1,378,411**
LIABILITIES			
Long-term borrowings	367,736	360,351	398,834
Derivative financial instruments	31,960	30,914	18,986
Provisions	302	2,774	529
Due to related parties	33,700	35,545	19,322
Trade and other payables	948,219	951,203	955,655
Other liabilities	-	13,540	12,358
TOTAL NON-CURRENT LIABILTIES	**1,381,917**	**1,394,327**	**1,405,684**
Short-term borrowings	22,981	24,302	25,051
Derivative financial instruments	8,551	11,917	10,945
Provision	-	4,258	8,721
Due to related parties	6,824	8,746	-
Trade and other payables	105,789	111,906	105,213
Other liabilities	-	1,614	1,548
TOTAL CURRENT LIABILTIES	**144,145**	**162,743**	**151,478**
EQUITY			
Equity attributable to owners of the parent:			
Share capital	114,840	146,840	178,741
Hedging reserve	(4,239)	5,641	3,375
Accumulated deficit	(198,787)	(295,452)	(351,228)
	(88,186)	**(142,971)**	**(169,112)**
Non-controlling interest	(5,995)	(10,336)	(9,639)
TOTAL EQUITY	**(94,181)**	**(153,307)**	**(178,751)**
TOTAL EQUITY AND LIABILITIES	**1,431,881**	**1,403,763**	**1,378,411**

SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF ISG, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

4. SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ISG, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013 (TRANSLATED TO RM)

	As at 31 December		
	2011	2012	2013
	RM'000	RM'000	RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	29,710	16,173	17,206
Intangible assets	5,153,849	4,927,460	5,337,082
Deferred income tax assets	128,833	158,325	225,632
Trade and other receivable	63,985	90,571	84,914
TOTAL NON-CURRENT ASSETS	**5,376,377**	**5,192,529**	**5,664,834**
CURRENT ASSETS			
Inventories	30,848	29,753	13,941
Due from related parties	1,781	1,654	14,834
Trade and other receivables	47,377	49,186	68,496
Other current assets	-	4,192	3,766
Cash and cash equivalents	406,453	386,729	451,038
TOTAL CURRENT ASSETS	**486,459**	**471,514**	**552,075**
TOTAL ASSETS	**5,862,836**	**5,664,043**	**6,216,909**
LIABILITIES			
Long-term borrowings	1,505,695	1,453,980	1,798,821
Derivative financial instruments	130,860	124,735	85,631
Provisions	1,236	11,193	2,386
Due to related parties	137,985	143,420	87,146
Trade and other payables	3,882,483	3,838,009	4,310,195
Other liabilities	-	54,633	55,737
TOTAL NON-CURRENT LIABILTIES	**5,658,259**	**5,625,970**	**6,339,916**
Short-term borrowings	94,096	98,056	112,985
Derivative financial instruments	35,012	48,084	49,364
Provision	-	17,181	39,333
Due to related parties	27,941	35,289	-
Trade and other payables	433,153	451,530	474,532
Other liabilities	-	6,512	6,982
TOTAL CURRENT LIABILTIES	**590,202**	**656,652**	**683,196**
EQUITY			
Equity attributable to owners of the parent:			
Share capital	470,212	592,485	806,158
Hedging reserve	(17,357)	22,761	15,222
Accumulated deficit	(813,933)	(1,192,120)	(1,584,109)
	(361,078)	**(576,874)**	**(762,729)**
Non-controlling interest	(24,547)	(41,705)	(43,474)
TOTAL EQUITY	**(385,625)**	**(618,579)**	**(806,203)**
TOTAL EQUITY AND LIABILITIES	**5,862,836**	**5,664,043**	**6,216,909**

SUMMARY OF AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF ISG, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

The following table shows the BNM's middle rate at 5.00 p.m. as at the following dates used to translate the audited financial statements of ISG, expressed in RM per EUR1.00:

Year ended	Date	Rate
31 December 2013	31 December 2013	4.5102
31 December 2012	31 December 2012	4.0349
31 December 2011	30 December 2011	4.0945

(The rest of this page has been intentionally left blank)

SUMMARY OF AUDITED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF LGM, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM

1. SUMMARY OF AUDITED STATEMENTS OF COMPREHENSIVE INCOME OF LGM FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013 (IN EUR)

	FYE 31 December		
	2011	**2012**	**2013**
	EUR	**EUR**	**EUR**
Net sales	15,276,448	19,527,334	20,930,062
Cost of sales and services	(13,242,253)	(16,971,949)	(16,068,139)
Gross profit	2,034,195	2,555,385	4,861,923
Marketing and selling expenses	(654,244)	(62,471)	(61,733)
General and administrative expenses	(1,036,340)	(1,885,214)	(3,338,547)
Other operating income	13,232	225,116	14,028
Other operating expenses	(19,610)	(186,166)	(132,767)
Operating income / (loss)	337,233	646,650	1,342,904
Financial income	1,193,291	755,013	838,238
Financial expenses	(1,270,583)	(833,826)	(1,209,308)
Income / (loss) before income tax	259,941	567,837	971,834
Taxation			
- Taxes on income	(68,430)	(55,733)	-
Deferred tax income	12,782	(84,589)	160,950
Net income / (loss) for the year	**204,293**	**427,515**	**1,132,784**
Other comprehensive income / (loss) for the period	-	-	-
Total comprehensive income / (loss) for the period	**204,293**	**427,515**	**1,132,784**
Depreciation and amortisation expenses	140,484	198,744	156,547
EBITDA [(1)]	477,717	845,394	1,499,451
NA	54,165	481,680	1,614,464
Number of shares in issue	500,000	500,000	500,000
Gross EPS (cent) [(2)]	52.0	113.6	194.4
Net EPS (cent) [(3)]	40.9	85.5	226.6
NA per share (cent) [(4)]	10.8	96.3	322.9
Gross profit margin (%)	13.3	13.1	23.2
PBT margin (%)	1.7	2.9	4.6
PAT margin (%)	1.3	2.2	5.4
EBITDA margin (%)	3.1	4.3	7.2

SUMMARY OF AUDITED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF LGM, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

Notes:

(1) The EBITDA presented in this Abridged Prospectus is a supplemental measure of performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to PAT, operating income or any other performance measures derived in accordance with FRS or as an alternative to cash flows or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structure (affecting finance costs), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense).

EBITDA is calculated by deducting the depreciation and amortisation expenses from the operating profit.

(2) Computed as PBT divided by number of shares issued.

(3) Computed as PAT divided by number of shares issued.

(4) Computed as NA divided by the number of shares issued.

(The rest of this page has been intentionally left blank)

SUMMARY OF AUDITED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF LGM, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

2. SUMMARY OF AUDITED STATEMENTS OF COMPREHENSIVE INCOME OF LGM FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013 (TRANSLATED TO RM)

	FYE 31 December		
	2011	**2012**	**2013**
	RM	**RM**	**RM**
Net sales	62,549,416	78,790,840	94,398,766
Cost of sales and services	(54,220,405)	(68,480,117)	(72,470,521)
Gross profit	8,329,011	10,310,723	21,928,245
Marketing and selling expenses	(2,678,802)	(252,064)	(278,428)
General and administrative expenses	(4,243,294)	(7,606,650)	(15,057,514)
Other operating income	54,179	908,320	63,269
Other operating expenses	(80,293)	(751,161)	(598,806)
Operating income / (loss)	1,380,801	2,609,168	6,056,766
Financial income	4,885,930	3,046,402	3,780,621
Financial expenses	(5,202,402)	(3,364,405)	(5,454,221)
Income / (loss) before income tax	1,064,329	2,291,165	4,383,166
Taxation			
- Taxes on income	(280,187)	(224,877)	-
Deferred tax income	52,336	(341,308)	725,916
Net income / (loss) for the year	**836,478**	**1,724,980**	**5,109,082**
Other comprehensive income / (loss) for the period	-	-	-
Total comprehensive income / (loss) for the period	**836,478**	**1,724,980**	**5,109,082**
Depreciation and amortisation expenses	575,212	801,912	706,058
EBITDA [(1)]	1,956,013	3,411,080	6,762,824
NA	221,799	1,943,530	7,281,556
Number of shares in issue	500,000	500,000	500,000
Gross EPS (sen) [(2)]	212.9	458.2	876.6
Net EPS (sen) [(3)]	167.3	345.0	1,021.8
NA per share (sen) [(4)]	44.4	388.7	1,456.3
Gross profit margin (%)	13.3	13.1	23.2
PBT margin (%)	1.7	2.9	4.6
PAT margin (%)	1.3	2.2	5.4
EBITDA margin (%)	3.1	4.3	7.2

SUMMARY OF AUDITED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF LGM, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

Notes:

(1) The EBITDA presented in this Abridged Prospectus Prospectus is a supplemental measure of performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to PAT, operating income or any other performance measures derived in accordance with FRS or as an alternative to cash flows or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structure (affecting finance costs), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense).

EBITDA is calculated by deducting the depreciation and amortisation expenses from the operating profit.

(2) Computed as PBT divided by number of shares issued.

(3) Computed as PAT divided by number of shares issued.

(4) Computed as NA divided by the number of shares issued.

(The rest of this page has been intentionally left blank)

SUMMARY OF AUDITED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF LGM, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

3. SUMMARY OF AUDITED STATEMENTS OF FINANCIAL POSITION OF LGM, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013 (IN EUR)

	As at 31 December		
	2011	**2012**	**2013**
	EUR	**EUR**	**EUR**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	720,616	453,353	418,499
Intangible assets	54,033	40,470	38,976
Deferred income tax assets	97,338	12,749	173,698
Due from related parties	10,188,939	7,834,038	11,737,508
Trade and other receivable, long-term	-	1,224,053	776,938
TOTAL NON-CURRENT ASSETS	**11,060,926**	**9,564,663**	**13,145,619**
CURRENT ASSETS			
Inventories	200,977	555,385	118,647
Due from related parties	4,351,879	3,022,830	93,343
Trade and other receivables	714,878	1,350,411	1,785,290
Cash and cash equivalents	546,663	665,534	1,187,370
TOTAL CURRENT ASSETS	**5,814,397**	**5,594,160**	**3,184,650**
TOTAL ASSETS	**16,875,323**	**15,158,823**	**16,330,269**
LIABILITIES			
Long-term borrowings	10,188,939	7,834,038	5,617,135
Provisions	24,580	43,916	26,906
Trade and other payables	1,033,143	2,180,515	1,937,914
TOTAL NON-CURRENT LIABILTIES	**11,246,662**	**10,058,469**	**7,581,955**
Short-term borrowings	3,180,432	2,924,446	2,759,742
Due to related parties	1,073,293	259,069	2,941,584
Trade and other payables	1,289,850	1,409,654	1,432,524
Provision for income taxes	30,921	25,505	-
TOTAL CURRENT LIABILTIES	**5,574,496**	**4,618,674**	**7,133,850**
EQUITY			
Share capital	209,037	209,037	209,037
Retained earnings	(154,872)	272,643	1,405,427
TOTAL EQUITY	**54,165**	**481,680**	**1,614,464**
TOTAL EQUITY AND LIABILITIES	**16,875,323**	**15,158,823**	**16,330,269**

SUMMARY OF AUDITED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION OF LGM, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013, TRANSLATED TO RM *(Cont'd)*

4. SUMMARY OF AUDITED STATEMENTS OF FINANCIAL POSITION OF LGM, FOR THE FYE 31 DECEMBER 2011, 2012 AND 2013 (TRANSATED TO RM)

	As at 31 December		
	2011	2012	2013
	RM	RM	RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2,950,562	1,829,234	1,887,514
Intangible assets	221,238	163,292	175,789
Deferred income tax assets	398,551	51,441	783,413
Due from related parties	41,718,611	31,609,560	52,938,509
Trade and other receivable, long-term	-	4,938,932	3,504,146
TOTAL NON-CURRENT ASSETS	**45,288,962**	**38,592,459**	**59,289,371**
CURRENT ASSETS			
Inventories	822,900	2,240,923	535,122
Due from related parties	17,818,769	12,196,817	420,995
Trade and other receivables	2,927,068	5,448,773	8,052,015
Cash and cash equivalents	2,238,312	2,685,363	5,355,276
TOTAL CURRENT ASSETS	**23,807,049**	**22,571,876**	**14,363,408**
TOTAL ASSETS	**69,096,011**	**61,164,335**	**73,652,779**
LIABILITIES			
Long-term borrowings	41,718,611	31,609,560	25,334,402
Provisions	100,643	177,197	121,351
Trade and other payables	4,230,204	8,798,160	8,740,380
TOTAL NON-CURRENT LIABILTIES	**46,049,458**	**40,584,917**	**34,196,133**
Short-term borrowings	13,022,279	11,799,847	12,446,988
Due to related parties	4,394,598	1,045,318	13,267,132
Trade and other payables	5,281,291	5,687,813	6,460,970
Provision for income taxes	126,606	102,910	-
TOTAL CURRENT LIABILTIES	**22,824,774**	**18,635,888**	**32,175,090**
EQUITY			
Share capital	855,902	843,443	942,799
Retained earnings	(634,123)	1,100,087	6,338,757
TOTAL EQUITY	**221,779**	**1,943,530**	**7,281,556**
TOTAL EQUITY AND LIABILITIES	**69,096,011**	**61,164,335**	**73,652,779**

The following table shows the BNM's middle rate at 5.00 p.m. as at the following dates used to translate the audited financial statements of LGM, expressed in RM per EUR1.00.

Year ended	Date	Rate
31 December 2013	31 December 2013	4.5102
31 December 2012	31 December 2012	4.0349
31 December 2011	30 December 2011	4.0945

1

MALAYSIA AIRPORTS

Registered Office:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
Malaysia

16 FEB 2015

To: The Shareholders of Malaysia Airports Holdings Berhad ("MAHB")

Dear Sir / Madam,

On behalf of the Board of Directors of MAHB ("**Board**"), I report that after making due enquiries in relation to the period between 31 December 2013, being the date to which the last audited financial statements of MAHB and its subsidiaries ("**Group**") have been made up, and the date herein, being a date not earlier than fourteen (14) days before the date of issue of the Abridged Prospectus:-

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in Section 10.3 of the Abridged Prospectus, there are no contingent liabilities by reason of any guarantee or indemnity given by MAHB or any of its subsidiaries;

(v) there has been, since the last audited consolidated financial statements of the Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in respect of any borrowings; and

(vi) save as disclosed in this Abridged Prospectus, there has been, since the last audited consolidated financial statements of the Group, no material change in the published reserves or unusual factors affecting the profits of the Group.

Yours faithfully
For and on behalf of the Board of Directors of
MALAYSIA AIRPORTS HOLDINGS BERHAD

Datuk Mohd Badlisham Bin Ghazali
Managing Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

1.1 Save as disclosed in this Abridged Prospectus, no securities of our Company shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

1.2 As at the date of this Abridged Prospectus, there are two (2) classes of shares in our Company, namely Shares, all of which rank equally with one another, and a Special Share.

1.3 An extract of the relevant provisions of our Articles of Association on the rights of voting at the meetings of our Company conferred by, and the rights in respect of capital and dividends attached to the each of the two (2) classes of shares in our authorised share capital are set out below:

1.3.1 Shares

Article 84 – Member's right to appoint proxy

In every notice calling a meeting there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him.

Article 98 – Vote of members

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every member present in person or by proxy shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him. Subject to Articles 100 and 103, a proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (a), (b) and (c) of the Act shall not apply to the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

Article 153 – Profits of company which are to be distributes by way of dividend

Subject to any rights or privileges for the time being attached to any shares in the capital of the Company having preferential or special rights in regard to dividend and to the provisions of these Articles as to the reserve and depreciation funds, the profits of the Company which it shall from time to time be determined to distribute by way of dividend, shall be applied in payment of dividends upon the ordinary shares of the Company in proportion to the amounts respectively paid up thereon or credited as paid up thereon at the end of the period in respect of which the dividend is declared, other than the amounts paid in advance of calls.

1.3.2 Special Share

Article 6(1) – The special share

The Special Share may be held only by or transferred only to the MOF(Inc) or its successors or any Minister, representative or any person acting on behalf of the GOM.

Article 6(3) – The special share

The Special Shareholder or any person acting on behalf of the Special Shareholder shall be entitled to receive notice of and to attend and speak at all general meetings or any other meeting of any class of shareholder of the Company, but the Special Share shall carry no right to vote nor any other rights at any such meeting.

Article 6(4) – The special share

In a distribution of capital in a winding up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to repayment of capital to any other Member. The Special Share shall confer no other right to participate in the capital or profits of the Company.

Article 6(5) – The special share

The Special Shareholder may be subject to the provisions of the Act, require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.

1.4 Save for the Provisional Rights Shares, no person has been, is or would be entitled to be granted an option to subscribe for any securities in our Company (or our subsidiaries and no capital of our Company and our subsidiaries is under any option or agreed conditionally to be put under any option) as at the date of this Abridged Prospectus.

2. REMUNERATION OF OUR BOARD

An extract of the provision in our Articles of Association in relation to the remuneration of our directors are as follows:

Article 112

The directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the directors in such proportions and manner as the directors may determine. Provided always that:

(i) Fees payable to directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(ii) Salaries payable to directors who do hold an executive office in the Company may not include a commission on or percentage of turnover.

(iii) Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.

(iv) Any fee paid to an alternate director shall be agreed between himself and the director nominating him and shall be paid out of the remuneration of the latter.

Article 113

If any director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purpose of the Company or in giving special attention to the business of the Company as a member of a committee of directors, the Company may pay the director remuneration and expenses therefor either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Company in general meeting and such remuneration and expenses may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the directors.

3. MATERIAL CONTRACTS

Save as disclosed below and the Underwriting Agreement, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Abridged Prospectus:

(i) Shareholders Agreement dated 18 December 2013 entered into between MACS and Watad Group Enterprises LLC, in relation to Malaysia Airports Consultancy Services Middle East LLC, a limited liability company established in Doha, Qatar to undertake, inter alia, activities in the areas of facilities maintenance services to airports including the new Doha International Airport. The initial share capital of the Malaysia Airports Consultancy Services Middle East LLC is QAR200,000 divided into 200 shares of QAR1,000 each of which Watad Group Enterprises LLC holds 51% of the share capital and MACS holds 49% of the share capital.

(ii) Supplementary Agreement to the Concession Agreement (which is dated 22 September 2011) dated 25 January 2013 entered into between MAHB, WCT Berhad ("**WCT**") and Segi Astana Sdn Bhd ("**SASB**") where it is agreed that SASB shall construct or cause to be constructed the additional works to the development and construction of the klia2 Integrated Complex by 1 May 2013 at RM98.3 million ("**Additional Construction Cost**") to be paid by MAHB to WCT. The project has been completed and MAHB shall pay the Additional Construction Cost to WCT directly in February 2015.

(iii) Sub Lease Agreement dated 21 August 2013 entered into between MA Sepang, as the lessee, and MFMA Development Sdn Bhd, as the sub-lessee. Further to a concession agreement entered into between the lessee and the sub-lessee, the lessee sub-leases part of the land with title no. HS (D) 7505, Lot PT 89, Town of Sepang International Airport Kuala Lumpur, District of Sepang, State of Selangor, Malaysia measuring approximately 178,900 square meters to the Sub-lessee for the development and operation of the Mitsui Outlet Park KLIA and its complementary components. The initial term of the sub-lease expires on 11 February 2034.

(iv) Concession Agreement dated 26 August 2013 entered into between Malaysia Airports (Properties) Sdn Bhd ("**MA Prop**") and AirAsia where MA Prop has agreed to grant AirAsia a concession to design, construct, install, operate, manage and maintain AirAsia's headquarters, staff car park and office. The concession period shall commence on 1 July 2013 and expire on 31 January 2034.

4. MATERIAL LITIGATION

As at the LPD, none of the companies within our Group is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any knowledge of any such proceedings, pending or threatened against any companies within our Group or of any facts likely to give rise to any such proceedings which may materially or adversely affect the financial position or business of our Group.

5. GENERAL

Save as disclosed in this Abridged Prospectus, there are no:

(i) material information, including any special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits;

(ii) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

(iii) material commitment for capital expenditure of our Group;

(iv) unusual, infrequent events or transactions or any significant economic changes which materially affected the amount of reported income from our operations; and

(v) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenue or operating income.

6. CONSENTS AND DECLARATION OF CONFLICT OF INTEREST

(i) The Joint Principal Advisers, Joint Managing Underwriters, Joint Underwriters, Company Secretary, Principal Bankers, Legal Advisers for the Rights Issue and Share Registrar have given and have not subsequently withdrawn their written consents for the inclusion of their names and all references thereto, as the case may be, in the form and context in which they so appear in this Abridged Prospectus.

(ii) Messrs Ernst & Young, the Auditors and Reporting Accountants for the Rights Issue, has given and has not subsequently withdrawn its written consent for the inclusion of its name, letter relating to our pro forma consolidated statements of financial position as at 31 December 2013, our audited financial statements for the FYE 31 December 2013 and all references thereto, as the case may be, in the form and context in which they so appear in this Abridged Prospectus.

(iii) Messrs Ernst & Young (Turkey) has given and has not subsequently withdrawn its written consent for the inclusion of its name, the audited consolidated financial statements of ISG and audited single financial statements of LGM for the FYE 31 December 2013, 31 December 2012 and 31 December 2011 and all references thereto, as the case may be, in the form and context in which they so appear in this Abridged Prospectus.

(iv) Bloomberg (Malaysia) Sdn Bhd has given and has not subsequently withdrawn its written consent for the inclusion of its name and citation of the historical share prices compiled by it, in the form and context in which they so appear in this Abridged Prospectus.

(v) The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (ISPAT) and CIMB have given and have not subsequently withdrawn their written consents for the inclusion of their names and citations of their respective reports in the form and context in which they so appear in this Abridged Prospectus.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia, during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

(i) our Memorandum and Articles of Association;

(ii) our pro forma consolidated statements of financial position as at 31 December 2013 together with the Reporting Accountants' letter as set out in **Appendix IV** of this Abridged Prospectus;

(iii) our audited consolidated financial statements for the FYE 31 December 2012 and FYE 31 December 2013;

(iv) our unaudited condensed consolidated financial statements for the FYE 31 December 2014 as set out in **Appendix VI** of this Abridged Prospectus;

(v) the audited consolidated financial statements of ISG for the FYE 31 December 2011, 2012 and 2013 as set out in **Appendix VII** of this Abridged Prospectus;

(vi) the audited financial statements of LGM for the FYE 31 December 2011, 2012 and 2013 as set out in **Appendix VIII** of this Abridged Prospectus;

(vii) our Directors' Report as set out in **Appendix XI** of this Abridged Prospectus;

(viii) the Undertaking Letter referred to in Section 3.1 of this Abridged Prospectus;

(ix) the Underwriting Agreement referred to in Section 3.2 of this Abridged Prospectus;

(x) the material contracts referred to in Section 3 of this Appendix;

(xi) the consent letters referred to in Section 6 of this Appendix; and

(xii) a copy of our managing director's employment contract.

8. RESPONSIBILITY STATEMENTS

Our Board has seen and approved all the documentation relating to the Rights Issue including the Documents. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

CIMB and Maybank IB, being the Joint Principal Advisers for the Rights Issue, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue.