

AI Airports International Limited
(formerly Meinl Airports International Limited)

Company Registered Number 93803

Consolidated Financial Statements

31 December 2008

	Page
Company information	1
Directors' report	2
Statement of Directors' responsibility	5
Independent auditors' report	6
I. Consolidated income statement	8
Income statement Parent Company	8
II. Consolidated balance sheet	9
Balance sheet Parent Company	10
III. Consolidated cash flow statement	11
IV. Consolidated statement of changes in equity	12
V. Notes to the consolidated financial statements	13
1 General information	13
2 Significant accounting policies	13
3 Financial risk management	25
4 Critical accounting estimates and judgments	29
5 Segment reporting	31
6 Impairment	32
7 Other operating expenses	33
8 Net finance result	33
9 Taxation credit	34
10 Loss per share / certificate	35
11 Dividends per share/certificate	35
12 Property, plant and equipment	35
13 Intangible assets	36
14 Available-for-sale financial assets	37
15 Investment in associates	38
16 Investment in subsidiaries	40
17 Prepayments on projects	40
18 Financial assets at fair value through profit or loss	40
19 Derivative financial instruments	41
20 Financial instruments by category	42
21 Trade and other receivables	45
22 Cash and cash equivalents	46
23 Share capital and certificates held	46
24 Financial liabilities	47
25 Current liabilities	48
26 Provisions	49
27 Deferred tax liabilities	49
28 Leases	50
29 Government grants	50
30 Correction of prior year errors	50
31 Contingencies	52
32 Commitments	53
33 Business combinations	53
34 Related-party transactions	54
35 Significant transactions with Meinl Bank Group	56
36 Events after the balance sheet date	57
37 Ultimate controlling party	59

Company Information

Directors

James Shinehouse (*Managing Director*)
Richard Boléat (*Non-executive*)
George Baird (*Non-executive*)
Murdoch McKillop (*Non-executive*)

Legal Advisors

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Company Secretary

LFAS Fund Administration (Jersey) Limited
PO Box 40, 17 The Esplanade
St. Helier
Jersey JE4 9NY

AI Airports International Limited

Registered Office

PO Box 40, 17 The Esplanade
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Independent Auditors

BDO Alto Limited
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Jersey, JE1 1BG

Vienna Stock Exchange Market-Maker

Crédit Agricole Cheuvreux SA
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Investment Bankers

Goldman Sachs & Co oHG
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D-60308 Frankfurt am Main
Germany

The Directors are pleased to present their Annual Report and financial statements for the year ended 31 December 2008 for AI Airports International Limited ("AI" or the "Company"). This report comes against the back-drop of the Company's Extraordinary General Meeting ("EGM") held on 22 April 2009 which approved a new strategic approach as recommended by the Board of Directors, together with a change of the Company name. The individual resolutions on the agenda at the EGM were approved by approximately 99% of the certificate holders represented at the meeting. Above all, it was a clear-cut mandate to redistribute a significant part of freely available capital to certificate holders as quickly as possible and to start the sales process for the Company's investments.

Incorporation and organisation

The Company was incorporated with limited liability on 21 June 2006, with the name Meinl Airports International Limited, and changed its name to AI Airports International Limited on 30 April 2009. AI is a closed-ended investment company incorporated under the laws of Jersey.

AI has entered into arrangements whereby its shares support an Austrian Depositary Certificate ("ADC") program, and these ADCs are listed and traded on the tertiary market of the Vienna Stock Exchange on the basis of 1 share per ADC. The Company's ticker symbol is AIN and its ISIN number is AT0000A053N4.

Investment objective and policy

Until 28 July 2008, the investment objective and policy of AI was to invest in airports and airport related businesses by concentrating on secondary or tertiary level airports and other related businesses mainly in Central and Eastern European countries. The Company's investment targets were:

- development of new airports in underdeveloped areas where air traffic is expected to grow rapidly;
- privatisation of existing airports; and
- participation in airports and airport related businesses.

On 28 July 2008, at an EGM convened by ADC holders, a new board of directors of AI was elected, and were instructed to *inter alia* redistribute cash to certificate holders as soon as possible, consistent with the proper management of the Company, ensure optimal utilisation of the existing investment portfolio as a means of ensuring the preservation and enhancement of shareholder value on behalf of certificate holders and cease investments in new projects.

On 22 April 2009, at a further EGM of the Company convened by ADC holders, the Board of Directors was instructed to change the investment objectives of the Company whereby the Board was authorised to sell or otherwise dispose of all or any assets of the Company and was prohibited from making investments in new projects without certificate holders' approval. In addition, the Board was authorised to distribute to certificate holders proceeds of the sale of the Company's assets. Accordingly, the Company is currently in the process of actively disposing of its portfolio of investments.

The resolutions passed by the EGM formally established the legal framework required for the initial payout to certificate holders on 2 June 2009 of EUR 2.25 per certificate held. Since then the sales process of all assets in the Company's portfolio has continued, supported by Goldman Sachs.

Results, activities and future developments

The results of operations are set out on page 8. This reveals a consolidated loss before tax for the year of MEUR 186.3 of which MEUR 162.7 relates to impairment of assets and changes to investments held “at fair value through profit or loss” (“FVTPL”).

As stated above, the newly elected Board is actively engaged in disposing of its asset portfolio and returning capital to investors.

Goldman Sachs initially contacted over 50 parties with 16 continuing past the first step of completing a confidentiality agreement and receiving further details concerning the assets to be sold. Indicative bids were invited from interested parties by 22 May 2009, but no bids were made by this deadline. As a result, further discussions and negotiations continued with several parties and a further review of the potential buyer universe was undertaken. This process has resulted in expressions of interest for Parma Airport and Bydgoszcz, but only very limited interest for Ulan Ude or Sochaczew. At the date of this statement, the Board is continuing to pursue these interests and to consider alternative strategies for the portfolio.

The Company's various litigation claims against Meindl Bank companies remain ongoing. It would be detrimental to the Company's position to disclose details of the Board's strategy and expectations in respect of these proceedings. However, further updates will be given to certificate holders via the Company's website when they are available.

Directors, Directors' interests and emoluments

The current Board of Directors was appointed at various times between 28 July 2008 and 22 April 2009 and so were not in office for the majority of the year under review. Those Directors acting during the year under review and up to the date of this report were / are as follows :

- Louis Turpen (not re-elected by ADC holders on 28 July 2008)
- Heinrich Schwägler (resigned on 28 July 2008)
- Georg Kucian (resigned on 28 July 2008)
- Karel Römer (resigned on 28 July 2008)
- Michael Richardson (not re-elected by ADC holders on 28 July 2008)
- Peter Byrne (not re-elected by ADC holders on 28 July 2008)
- George Baird (appointed 28 July 2008, re-elected by ADC holders on 22 April 2009)
- Wolfgang Vilsmeier (appointed 28 July 2008, re-elected by ADC holders on 22 April 2009, resigned on 11 September 2009)
- Richard Boléat (appointed 28 July 2008, re-elected by ADC holders on 22 April 2009)
- Björn Pirwitz (appointed 28 July 2008, not re-elected by ADC holders on 22 April 2009)
- Fred Duswald (appointed 28 July 2008, resigned on 22 April 2009)
- Hans-Peter Dohr (appointed 28 July 2008, resigned on 22 April 2009)
- David Pascall (appointed 28 July 2008, not re-elected by ADC holders on 22 April 2009)
- James Shinehouse (appointed 19 March 2009, re-elected by ADC holders on 22 April 2009)
- Murdoch McKillop (elected by ADC holders on 22 April 2009)

Following the EGM on 22 April 2009, the management structure was significantly streamlined in accordance with the changed tasks ahead. The new Board of Directors now consists of James Shinehouse, Murdoch McKillop, Richard Boléat and George Baird following the resignation of Mr Vilsmeier on 11 September 2009. With the exception of Mr Shinehouse, who has assumed the position of Managing Director, all the members of the Board of Directors are and will continue to be “non-executive”. This means they have assumed supervisory responsibilities, but are available to support the Managing Director in day-to-day business operations.

Directors' emoluments are disclosed in note 34. As far as the Company has been advised, no current Director, or former Director in office at 31 December 2008, held interests in the ADCs of the Company with the exception of Wolfgang Vilsmeier who owned 50,000 ADCs at 31 December 2008 and at the date of this report.

Dividend policy

The Directors have absolute discretion as to the payment of dividends. There were no dividends proposed or paid for the year ended 31 December 2008.

Distribution policy

On 2 June 2009, an initial repayment of capital in the sum of EUR 2.25 per ADC/share was made. Further repayments of capital are envisaged as assets are realised and liabilities discharged, subject to the Company's obligations to maintain solvency as required by the Companies (Jersey) Law 1991 as amended.

The attached financial statements reveal a consolidated net asset value per ADC/share of EUR 5.70 at 31 December 2008. This is not necessarily reflective of the likely total distribution to ADC/share holders (inclusive of the EUR 2.25 already paid) due to, inter alia, matters arising in 2009 and beyond and the related costs that will be incurred in concluding the disposal process. The Board will continue to provide guidance to ADC/share holders as appropriate as the disposal process progresses.

Finally, the Board would like to clarify one important fact. The Company will continue to exist as long as assets remain in its portfolio and as long as legal proceedings have not come to a conclusion. The winding-up of the Company will be proposed only when all shareholdings and assets in the project portfolio have been commercially realised, all lawsuits have been resolved and all liabilities have been settled. The ultimate decision to wind-up the Company of course lies in the hands of the ADC/share holders and must be presented by the Board for approval by the Company's ADC/share holders within the context of a general meeting. There is no definitive timescale when this may happen due to the uncertainty regarding the finalisation of the sales process and settlement of all liabilities.

By Order of the Board

Director

17 September 2009

The Directors are responsible for preparing the consolidated financial statements in accordance with applicable Jersey law and generally accepted accounting principles.

The Companies (Jersey) Law 1991 requires the Directors to prepare consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company to prevent and detect fraud, error and other irregularities.

The Directors have taken all steps that they ought to have taken to make themselves aware of the information needed by the Group's auditors for the purpose of their audit and to ensure that the auditors are aware of that information. The Directors are not aware of any relevant information of which the auditors are unaware.

By Order of the Board

Director

17 September 2009

To the Members of AI Airports International Limited

We have audited the consolidated financial statements (the 'financial statements') of AI Airports International Limited (the 'Company') for the year ended 31 December 2008 which comprise the Consolidated income statement, Income statement Parent company, Consolidated balance sheet, Balance sheet Parent company, Consolidated cash flow statement, Consolidated statement of changes in equity and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991; and
- the information given in the Directors' report is consistent with the financial statements.

Emphasis of matter – possible outcome of lawsuits and future commitments

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosures made in notes 26, 32 and 36.1 to the financial statements.

Notes 26 and 36.1 concern the possible outcome of lawsuits, alleging wrongful termination of certain management and service contracts where the Company is the defendant. The Company has filed counter actions. The ultimate outcome of these matters cannot presently be determined, and whilst legal costs have been provided for no provision for any other liability that may result has been made in the financial statements on the grounds of probability.

Note 32 concerns the commitments made by the Company to group entities, in particular Parma, where an open ended funding commitment has been given, the quantum of which cannot be ascertained with certainty and no provision for any liability that may result has been made in the financial statements.

BDO Alto Limited
Chartered Accountants, Jersey
Date: 17 September 2009

Note:

The maintenance and integrity of the AI Airports International Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that occur to the financial statements or financial information due to their posting on the website.

Consolidated income statement:

€in thousands

	Note	Year ended 31 December		
		2008	2007 (restated)	2007
Revenue		4,796	806	806
Other operating income		611	-	-
Direct cost of sale		(2,489)	(427)	(427)
Staff costs		(2,623)	(395)	(395)
Amortisation of intangible assets and depreciation of property, plant and equipment		(1,139)	(107)	(107)
Impairment	2.8; 6	(141,181)	(54,963)	-
Other operating expenses	7	(31,638)	(14,091)	(11,822)
Losses on revaluation of assets at FVTPL	18	(21,548)	-	-
Loss from operations		(195,211)	(69,177)	(11,945)
Income from associates	15	540	69	69
Finance income	8	17,485	15,857	15,857
Finance expense	8	(9,102)	(9,891)	(12,432)
Net finance result		8,383	5,966	3,425
Loss before taxation		(186,288)	(63,142)	(8,451)
Taxation (charge)/credit	9	(251)	21	21
Loss for the year		(186,539)	(63,121)	(8,430)
Attributable to:				
Equity holders of the parent		(181,248)	(63,121)	(8,430)
Minority interest		(5,291)	-	-
Basic and diluted loss per share/certificate (EUR per share)	10	(2.67)	(1.34)	(0.18)

Income statement Parent Company:

€in thousands

	Note	Year ended 31 December		
		2008	2007 (restated)	2007
Other operating income		258	-	-
Impairment	2.8; 6	(145,161)	(53,704)	-
Other operating expenses	7	(31,015)	(14,101)	(11,560)
Losses on revaluation of assets at FVTPL	18	(21,548)	-	-
Loss from operations		(197,466)	(67,805)	(11,560)
Finance income		17,210	15,824	15,824
Finance expense		(8,700)	(9,887)	(12,428)
Net finance result		8,510	5,937	3,396
Loss before taxation		(188,956)	(61,868)	(8,164)
Taxation charge	9	-	-	-
Loss for the year		(188,956)	(61,868)	(8,164)

II. Balance sheet

AI Airports International Limited

Consolidated balance sheet:

€ in thousands

	Note	At 31 December		
		2008	2007 (restated)	2007
ASSETS				
Non-current assets				
Property, plant and equipment	2.6; 12	2,723	4,898	4,898
Intangible assets	2.7; 13	-	5,064	22,672
Available-for-sale financial assets	2.9; 14	38,023	150,883	150,883
Investment in associates	15	2,540	2,096	5,596
Prepayments on projects	17	-	644	644
Financial assets at FVTPL	2.9; 18	1,560	39	39
Derivative financial instruments	2.10; 19	443	9,142	9,142
		45,289	172,766	193,874
Current assets				
Inventories	2.11	204	115	115
Trade and other receivables	2.12; 21	6,579	2,404	2,404
Cash and cash equivalents	2.13; 22	369,260	425,882	425,882
		376,043	428,401	428,401
Total assets		421,332	601,167	622,275
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	2.14; 23	652,363	652,363	652,363
Certificates held	23	(19,431)	(19,431)	(19,431)
Fair value reserve		-	-	(34,414)
Translation reserve		(1,636)	-	-
Retained earnings		(63,202)	(81)	(81)
Result for the year		(181,248)	(63,121)	(8,430)
Total shareholders' equity		386,846	569,730	590,007
Minority interests		2,335	(246)	(236)
Total equity		389,181	569,484	589,771
Non-current liabilities				
Provisions	2.17; 26	253	-	-
Deferred tax liabilities	2.16; 27	284	302	-
Financial liabilities	24	3,246	3,865	4,988
		3,783	4,167	4,988
Current liabilities				
Trade payables	2.15; 25	10,919	1,498	2,120
Payables to associated companies	25	23	178	178
Provisions	2.17; 25; 26	4,005	-	-
Other liabilities	2.15; 25	13,305	25,348	24,726
Current tax liabilities	2.16; 25	116	127	127
Other short-term borrowings	25	-	365	365
		28,368	27,516	27,516
Total equity and liabilities		421,332	601,167	622,275

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 17 September 2009:

James P. Shinehouse, Managing Director

Richard Boléat, Chairman of the Audit & Risk Committee

II. Balance sheet

AI Airports International Limited

Balance sheet Parent Company:

€in thousands		At 31 December		
		Note	2008	2007 (restated)
ASSETS				
Non-current assets				
Available-for-sale financial assets	2.9; 14	38,021	150,880	150,880
Investment in associates	15	3,062	2,026	5,526
Investment in subsidiaries	16	-	-	9,394
Prepayments on projects	17	-	644	644
Financial assets at FVTPL	2.9; 18	1,500	-	-
Derivative financial instruments	2.10; 19	443	9,142	9,142
		43,026	162,692	175,586
Current assets				
Trade and other receivables	2.12; 21	1,930	1,039	1,021
Receivables intercompany	2.12; 21	2,294	24,351	31,888
Cash and cash equivalents	2.13; 22	353,317	411,712	411,712
		357,541	437,102	444,621
Total assets		400,567	599,794	620,207
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	2.14; 23	652,363	652,363	652,363
Certificates held	23	(19,431)	(19,431)	(19,431)
Fair value reserve		-	-	(34,414)
Retained earnings		(61,949)	(81)	(81)
Result for the year		(188,956)	(61,868)	(8,164)
Total equity		382,027	570,983	590,273
Non-current liabilities				
Financial liabilities	24	3,039	3,865	4,988
Current liabilities				
Trade payables	2.15; 25	3,167	957	1,136
Payables to associated companies	25	23	178	178
Provisions	2.17; 25; 26	3,998	-	-
Other liabilities	2.15; 25	8,313	23,811	23,632
		15,501	24,946	24,946
Total equity and liabilities		400,567	599,794	620,207

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 17 September 2009:

James P. Shinehouse, Managing Director

Richard Michael Boléat, Chairman of the Audit & Risk Committee

III. Consolidated cash flow statement

AI Airports International Limited

€in thousands

	Notes	At 31 December		
		2008	2007 (restated)	2007
Cash generated from operations				
Loss for the year		(181,248)	(63,122)	(8,430)
Minority interest		(5,291)	-	-
Income tax (credit) / charge	9	251	(21)	(21)
Losses on revaluation of assets at FVTPL		21,548	-	-
Net finance income and expense	8	(8,383)	(5,966)	(3,425)
Share of post tax profits of associates	15	(540)	(69)	(69)
Amortisation of intangible assets and depreciation of property, plant, equipment		1,139	107	107
Impairment	6	141,181	54,963	-
Non-cash foreign currency transaction gains and other non-cash income		508	(271)	-
Provision for doubtful debt		2,099	-	-
Change in inventories		(50)	(17)	(17)
Change in trade and other receivables		(3,300)	102	102
Change in trade and other payables		(10,347)	2,797	2,797
Change in current provisions		4,005	-	-
Cash generated from operations		(38,428)	(11,497)	(8,956)
Interest and finance expenses paid		(173)	568	(1,973)
Taxation (paid)/received		(210)	69	69
Net cash used in operating activities		(38,811)	(10,860)	(10,860)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired		(1,562)	(21,570)	(21,570)
Payments to acquire property, plant and equipment	12	(1,495)	(86)	(86)
Payments to acquire intangible assets	13	(3,625)	-	-
Payments to acquire available-for-sale investments		-	(185,297)	(185,297)
Payments to acquire associates		(2,182)	(5,071)	(5,071)
Payments to acquire other non-current assets		(22,815)	-	-
Payments to acquire TAV option		-	(19,029)	(19,029)
Proceeds from the sale of property, plant and equipment	12	243	-	-
Proceeds from the sale of available-for-sale investments		1	-	-
Interest received		15,905	15,450	15,450
Net cash used in investing activities		(15,530)	(215,603)	(215,603)
Cash flows from financing activities				
Proceeds from the issue of share capital, net of issue costs		-	651,363	651,363
Change in borrowings		(2,306)	-	-
Cash flows from financing activities - net		(2,306)	651,363	651,363
Net (decrease)/increase in cash and cash equivalents				
		(56,647)	424,900	424,900
Cash and cash equivalents at beginning of the year		425,882	1,001	1,001
Effects from changes in exchange rates on cash and cash equivalents		25	(19)	(19)
Cash and cash equivalents at the end of the year	22	369,260	425,882	425,882

IV. Consolidated statement of changes in equity

AI Airports International Limited

€in thousands	Note	Share capital 23	Certificates held 23	Fair value reserve	Translation reserve	Retained earnings	Total shareholders' equity	Minority interests	Total equity
Balance at 31 December 2006		1,000	-	-	-	(81)	919	-	919
Fair value losses – Available-for-sale financial assets – recognised directly in equity		-	-	(34,414)	-	-	(34,414)	-	(34,414)
Loss for the year		-	-	-	-	(8,430)	(8,430)	-	(8,430)
Shares issued on initial public offering		699,000	-	-	-	-	699,000	-	699,000
Costs associated with initial public offering		(47,637)	-	-	-	-	(47,637)	-	(47,637)
0.1% minority interest in Ulan Ude		-	-	-	-	-	-	11	11
24% minority interest in ACV		-	-	-	-	-	-	(247)	(247)
Purchase of certificates		-	(19,431)	-	-	-	(19,431)	-	(19,431)
Balance at 31 December 2007		652,363	(19,431)	(34,414)	-	(8,511)	590,007	(236)	589,771
Restatements 2007 financial statements									
Investment Associates – ADM		-	-	-	-	(3,500)	(3,500)	-	(3,500)
Goodwill ACV		-	-	-	-	(9,049)	(9,049)	-	(9,049)
Licences Ulan Ude		-	-	-	-	(8,000)	(8,000)	-	(8,000)
Losses on available for sale financial assets - Shares TAV		-	-	34,414	-	(34,414)	-	-	-
Minorities ACV		-	-	-	-	-	-	(10)	(10)
Other differences		-	-	-	-	272	272	-	272
Balance at 31 December 2007 (Restated)		652,363	(19,431)	-	-	(63,202)	569,730	(246)	569,484
Loss for the period		-	-	-	-	(181,248)	(181,248)	(5,291)	(186,539)
Translation reserve		-	-	-	(1,636)	-	(1,636)	(23)	(1,659)
Minority interests – subsidiaries		-	-	-	-	-	-	7,895	7,895
Balance at 31 December 2008		652,363	(19,431)	-	(1,636)	(244,450)	386,846	2,335	389,181

1 General information

In April 2007 the Company completed an Initial Public Offering on the Tertiary Market of the Vienna Stock Exchange. The offering number of the issued shares/certificates was 70 million which resulted in gross proceeds of MEUR 700 being raised (note 23).

At the year end, the Company held interests in the following subsidiaries:

Name	Country of incorporation	31 December 2008	31 December 2007
Farnall Holdings Limited ("Farnall")	Cyprus	100.00%	99.90%
OJSC Baikal Airport ("Ulan Ude") ⁽¹⁾	Russia	100.00%	99.90%
ACV Management Services s.r.o. ("ACV") ⁽²⁾	Slovakia	76.00%	76.00%
SO.GE.A.P. S.p.A. ("Parma")	Italy	67.94%	-

(1) Ulan Ude is a 100% subsidiary of Farnall

(2) The Group owns 51% and has an option over an additional 25% (note 24).

The Company acquired the one remaining share in Farnall during 2008 for the purchase price of EUR 2.50 and at 31 December 2008 holds 100% of the shares.

At the year end, the Company held the following other financial investments:

Name	Country of incorporation	31 December 2008	31 December 2007
Airport Design Management GmbH ("ADM")	Austria	49.00%	49.00%
Port Lotniczy Sochaczew Sp. Z o.o. ("Sochaczew")	Poland	40.00%	-
Port Lotniczy Bydgoszcz Spółka Akcyjna ("Bydgoszcz")	Poland	48.98%	-
Listed equity securities: TAV Havalimanlari Holding AS ("TAV")	Turkey	10.10%	10.10%

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Statement of compliance and basis of preparation

The consolidated financial statements of AI have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

In accordance with Companies (Jersey) Law 1991, as amended, AI also prepared its separate (unconsolidated) financial statements together with additional information.

Significant accounting policies of the Company are the same as for the Group as described in this section of the notes.

2.2 Adoption of new and revised standards

(a) Standards and Interpretations effective in the current year

In the current year, no new standards became effective and had to be adopted.

The following interpretations to published standards are effective for the current period but are not relevant to the Group's operations:

- *IFRIC 11, IFRS 2: Group and treasury share transactions*
- to be applied for periods beginning on or after 1 March 2007
- *IFRIC 12, Service concession arrangements*
- to be applied for periods beginning on or after 1 January 2008
- *IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*
- to be applied for periods beginning on or after 1 January 2008

(b) Early adoption of Standards

The Group has elected to adopt *IFRS 8 Operating segments* in advance of its effective date of periods beginning after 1 January 2009. IFRS 8 supersedes IAS 14 and aligns segment reporting with the requirements of the US standard *SFAS 131: Disclosures about segments of an enterprise and related information*. The new standard requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. *IFRS 8 Operating segments* was already early adopted in 2007.

(c) Standards and Interpretations in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the following Standards and Interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not adopted them early:

- *IAS 1 (Revised 2007), Presentation of financial statements*

This amendment requires the Group to make new disclosures that enable the users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group plans to apply this amendment for periods beginning on or after 1 January 2009.

- *Amendment to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Reclassification of Financial Assets*

The amendment to IAS 39, issued in October 2008, permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category to the available-for-sale or held-to-maturity category in particular circumstances. The amendment also permits an entity to transfer from the fair value through profit or loss, or available-for-sale categories, to the loans and receivables category a financial asset that meets the definition of loans and receivables, if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendment requires detailed

disclosure relating to such reclassifications. The effective date of the amendment is 1 July 2008 and reclassifications before that date are not permitted.

The IASB has issued improvements to 20 IFRS standards which amend 20 standards. The improvements include changes in presentation, recognition and measurement, plus terminology and editorial changes. Most of the amendments are effective for annual periods beginning on or after 1 January 2009.

(d) Standards, amendments and interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- *IFRS 1 and IAS 27 (Amendment), Cost of an investment in a subsidiary, jointly-controlled entity or associate*
- *Amendment to IFRS 2, Share-based Payments – Vesting Conditions and Cancellations.*
- *IFRS 3 (Revised 2008), Business Combinations and IAS 27 (Revised 2008) consolidated and separate financial statements (effective for annual periods beginning on or after 1 July 2009)*
- *Amendment to IAS 23 Borrowing costs*
- *Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation*
- *Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- *IFRIC 13 Customer Loyalty Programmes*
- *IFRIC 15 Agreements for the construction of real estate*
- *IFRIC 16 Hedges of a Net Investment in a Foreign Operation*
- *IFRIC 17 Distributions of Non-cash Assets to Owners*

2.3 Consolidation

(a) Business Combinations (subsidiaries)

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are capitalised when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest (minority interest). The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. When preparation of financial statements as at acquisition

date is impracticable and the related differences are not significant, financial statements as at a date different from an acquisition date are used in accounting for business combinations.

Where a put or call option exists the option is valued by reference to the present value of its expected exercise price. If it is considered that the option gives the Group, in substance, present ownership in the shares, the option is considered to be contingent consideration to be paid and the corresponding minority interest will be derecognised. Where this is not the case, the option is treated as a financial liability with subsequent fair value movements being taken to the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company balance sheet subsidiaries are accounted for at the contractual purchase consideration paid on acquisition including costs directly attributable to the acquisition which are capitalised when incurred. The carrying value is reviewed annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses are recognised directly in the income statement.

(b) Transactions and non-controlling interests (minority interests)

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

As AI operates as a venture capital organisation it uses the scope exemption of IAS 28 *Investment in Associates* and designates upon initial recognition some investments that would otherwise be equity accounted as investments at fair value through profit or loss with subsequent changes in fair value recognised in the income statement in the period of the change.

In the Company balance sheet, associates are accounted for at the contractual purchase consideration paid on acquisition including costs directly attributable to the acquisition which are capitalised when incurred. The carrying value is reviewed annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses are recognised directly in the income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. These figures are measured in a manner consistent with that of the consolidated financial statements.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in EURO, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss arising on revaluation of that item. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at balance sheet date;
- (b) income and expenses for each income statement are translated at the average exchange rate for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised as a separate component of equity (the translation reserve).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in the translation reserve.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Buildings	50 years
– Machinery, vehicles, furniture, fittings and equipment	5-15 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.

Goodwill, calculated at value in use, is subject to impairment testing on an annual basis and for indications of impairment. To perform an impairment test, goodwill is attributed to cash-generating units. The Group defines the respective legal entity as the cash-generating unit. A legal entity's impairment requirement is determined by comparing the carrying amount recognized at amortized cost (including the attributed goodwill) with the shareholder value of the cash-generating unit (the "computed amount"). The computed amount is determined by the net present value method based on the free cash flows (discounted cash flow) whereby a perpetuity (terminal value) is stated at the end of the observed period. Long-term corporate planning in which the future profits are planned by taking into account volume and price increases serves as basis for the data. In addition, where the Group has available to it market data on the potential proceeds from a disposal of assets or cash-generating units, the computed amount may be amended to reflect these potential proceeds.

In the event that the computed amount does not exceed the carrying amount after considering the net assets at year end, an unscheduled amortization in the amount of the difference is to be made primarily on goodwill. Any additional need for amortization/depreciation is to be allocated to the remaining assets of the cash-generating unit in relation to the carrying value. When the reasons for unscheduled depreciation no longer exist, appropriate appreciations will be made. According to IFRS 3, goodwill that has already been amortized once due to impairment can no longer be appreciated (see note 2.8).

(b) Licenses, usage rights and concessions

Licenses, usage rights and concessions are valued at fair value at the acquisition date when acquired through business combination or at acquisition costs when purchased. They are amortised over the period in which the related investment is depreciated on a straight line basis. Acquired computer software licences are capitalised on the basis of the costs to acquire and bring to use the specific software. These costs are amortized on a straight line basis over their estimated useful lives, as follows:

The assets have a finite useful life of:

– Licences	2 years
– Concessions	20 years
– Software	3 years

Licenses, usage rights and concessions are tested for impairment if indications of impairment exist.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life such as goodwill, are not subject to amortisation and are tested annually for impairment. 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 recognised 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-generating units). Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial instruments

The Group classifies its financial instruments in the following categories: financial assets and financial liabilities at fair value through profit or loss; loans and receivables; held to maturity; and available-for-sale. The classification depends on the nature of the financial assets. Management determines the classification required by IFRS of financial assets at initial recognition.

The Group recognises a financial asset or a financial liability when and only when it becomes a party to the contractual provisions of the instrument.

(a) Financial assets and financial liabilities at fair value through profit or loss

These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price.

Financial assets and financial liabilities carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

The category of financial assets and financial liabilities at fair value through the profit or loss is sub-divided into:

Financial assets and liabilities held for trading: All derivatives and liabilities from short sales of financial instruments are classified as held for trading. Derivative financial instruments entered into by the Group do not meet the hedge accounting criteria as defined by IAS 39. Consequently, hedge accounting is not applied by the Group.

Financial instruments designated as at fair value through profit or loss upon initial recognition: These include equity instruments that are not held for trading. These financial assets are designated on the basis that they are part of a Group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These have been classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Loans and receivables are carried at amortised cost using the effective interest method. See note 2.12 for 'Trade and other receivables'.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of financial expense/financial income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

(d) Other financial liabilities

This category includes all financial liabilities, other than those classified as 'at fair value through profit or loss'.

(e) Derecognition of a financial asset

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all

the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that, in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

(f) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or Group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced, through the use of an allowance account. The amount of the loss shall be recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financing difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice or agreement. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its fair value is transferred from equity to the income statement.

Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement.

2.10 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

Trading derivatives are classified as a current asset or liability.

Changes in the fair value of derivative instruments are recognised immediately in the income statement within finance expense/finance income.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amount. An allowance account is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is uncollectible. The amount of the allowance made is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other operating expense'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expense' in the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (or ADCs), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares/ADCs

are cancelled or reissued. Where such shares/ADCs are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

2.15 Trade payables and other payables

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. 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 income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance expense.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management.

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

2.19 Leases

Leases in which substantially all the risks and rewards incidental to ownership are transferred to the lessee are classified as *finance leases*. At the commencement of a lease term the Group recognises finance leases as assets and liabilities in the balance sheet at amounts equal to fair value of the lease property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. For the calculation of the present value of the minimum lease payments the interest rate implicit in the lease shall be used as discount rate. If this interest rate cannot be determined in practice, the lessee's incremental borrowing rate of interest shall be used.

Leases in which 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 income statement on a straight-line basis over the period of the lease.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which it incurs them.

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Defined benefit plans

The Group provides in one of its subsidiaries (Parma) an arrangement under which that subsidiary provides post-employment benefits to one or more employees. The subsidiary has a direct or indirect obligation to pay certain benefits committed based on a benefit formula. The related obligation is recognised as a liability.

2.23 Government grants

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction in arriving at the carrying amount of the asset. The grant is recognised as income over the life of the depreciable asset by way of a reduced depreciation charge. Grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

Repayment of a grant to an asset is recorded by increasing the carrying amount of the asset. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is immediately recognised as an expense.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

The Group's investments and the related facilities are significantly exposed to market-price and other market-related risks, for instance aircraft movements, aircraft type and size, passenger and cargo volumes, economic factors, competition from other modes of transport and lower utilisation rates of the airport car parks for non-aeronautical revenues as well as general economic conditions and changes in the regulatory environment.

In addition as the Group's focus is on, but not limited to, Central and Eastern Europe in particular, outright acquisitions of or acquisitions of equity stakes in airports or parts of airports, the Company's investments may be subject to higher risks than those in more developed markets, for instance higher legal, economic and political risks.

(i) Foreign exchange risk

The foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and TRY. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Board of Directors evaluates and manages those risks on a case-by-case basis.

The table below shows the exchange rates for the Euro as at the balance sheet date and the average exchange rate for a period of one year:

€1 =	2008		2007	
	31 December	Average	31 December	Average
USD	1.3917	1.4726	1.4721	1.3797
TRY	2.1488	1.9138	1.7347	1.7800

Group and Parent Company:

At 31 December 2008, the Group and Company held Financial Assets available-for-sale totalling TEUR 38,023 (TRY 81.7 million) (2007: TEUR 150,883 (TRY 261.7 million)). A 10% fluctuation in the EUR:TRY exchange rate would have a TEUR 3,456 (2007: TEUR 13,716) effect on the net assets of the Group and Company.

At 31 December 2007, the Group and Company held options to acquire shares in TAV which were denominated in USD. Since these options have been significantly impaired during 2008, the currency risk is no longer considered material.

(ii) Price risk

The Group and the Parent Company are exposed to equity securities price risk because of investments held and classified on the balance sheet either as available-for-sale, at fair value through profit or loss or derivative financial instruments. The amount exposed for the Group amounts to TEUR 40,026 (2007: TEUR 160,064) and for the Parent Company amounts to TEUR 39,964 (2007: TEUR 160,022).

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale or at fair value through profit or loss.

The Board of Directors evaluates and manages those risks on a case-by-case basis.

The Group's investments in equity of other entities that are publicly traded are listed on the Istanbul Stock Exchange.

A decrease of the listed stock price at year end of 5 percentage points would have an impact of TEUR 1,923 (2007: TEUR 8,001) on the post tax profit.

(iii) Cash flow and fair value interest rate risk

As the Group and Parent Company have significant interest-bearing cash balances, the Group's income and operating cash flows are substantially dependent on changes in market interest rates. Except for cash, no other material financial assets or liabilities are interest bearing.

At 31 December 2008, AI had an invested cash amount of MEUR 65 (2007: MEUR nil) for a 6 month period at a fixed interest rate of 5.11%. Remaining cash of MEUR 285.5 (2007: MEUR 387.8) was placed on overnight accounts at variable interest rates.

The Board of Directors evaluates and manages those risks on a case-by-case basis.

Based on the simulations performed, the impact on post tax profit of a 10 basis point decrease for the corresponding cash balances at year end would result in a maximum decrease in interest income of TEUR 286 (2007: TEUR 388).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A-2' are accepted. For customers their credit quality is assessed, taking into account their financial position, past experience and other factors. Management does not expect any losses from non-performance by these counterparties.

The carrying amount of financial assets and trade receivables recorded in the financial statements represents the Group's maximum exposure to credit risk.

The table below shows the balance of the major counterparties at the balance sheet date.

Group:

€ in thousands	S&P Rating	Year ended 31 December	
		2008	2007
Meinl Bank AG		5	38,101
ING Bank N.V.	AA	353,313	387,767
Banca Monte Parma		8,125	-
Banca Popolare Emilia Romagna	A-/A-2	5,742	-
Other banks		2,075	14
Trade and other receivables		6,579	2,404
		375,839	428,286

Parent Company:

€ in thousands	S&P Rating	Year ended 31 December	
		2008	2007 (restated)
ING Bank N.V.	AA	353,313	387,767
Meinl Bank AG		4	23,945
Trade and other receivables		1,930	1,039
Intercompany receivables		2,294	24,351
		357,541	437,102

Since the year end, the Board of Directors has taken steps to spread the Group's counterparty risk by investing cash deposits across a greater number of banks.

(c) Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Board of Directors evaluates and manages those risks on a case-by-case basis.

The table below analyses the Group and Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash

V. Notes to the consolidated financial statements AI Airports International Limited

flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group:

€in thousands	At 31 December 2008			
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Trade payables and other liabilities	24,247	-	-	3,920
Provisions	4,005	253	-	-

€in thousands	At 31 December 2007			
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Borrowings	365	-	-	-
Trade payables and other liabilities	27,024	500	-	4,399

Parent Company:

€in thousands	At 31 December 2008			
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Trade payables and other liabilities	11,503	-	-	3,713
Provisions	3,998	-	-	-

€in thousands	At 31 December 2007			
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Trade payables and other liabilities	24,946	500	-	4,399

Since the Group and Company held cash balances at 31 December 2008 in excess of MEUR 350, the Board of Directors considers liquidity risk to be minimal.

3.2 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.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the share price at the balance sheet date.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of intangible assets

The Group tests annually whether goodwill and intangible assets with an indefinite useful life have suffered any impairment in accordance with the accounting policy stated in note 2.8. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell and value-in-use calculations. These calculations require the use of estimates (see note 2.7).

Future cash flows are assumed to grow at a rate of 2.5% and are then subject to a discount to present value using discount rates appropriate for the industry and country in which the operations take place, generally between 11.0% and 18.0%. The weighted average cost of capital, as calculated using a capital asset pricing model, is used as the discount rate.

These calculations are based on financial budgets prepared by local management with operating margin budgeted on past performance and expectations of future market development. The weighted average growth rates used are consistent with the forecasts included in industry reports for the applicable peer group

Sensitivity Analysis – Impairment Test ACV and ADM

As the investment in ACV was conservatively written down to nil and the investment in ADM was written down to the amount of AI's stake in ADM's net asset value (TEUR 675), no sensitivity analysis was prepared.

Sensitivity Analysis – Impairment Test Goodwill Ulan Ude

If the estimated after-tax discount rate applied to the discounted cash flows for Ulan Ude had been 1 percentage point lower than management's estimates (for example, 17.0% instead of 18.0%), the value in use would have increased by TEUR 800. The carrying amount of goodwill as at 31 December 2008 was EUR Nil (2007: TEUR 4,575).

Sensitivity Analysis – Impairment Test Goodwill Parma

If the estimated after-tax discount rate applied to the discounted cash flows for Parma had been 1 percentage point lower than management's estimates (for example, 10.0% instead of 11.0%), the value in use would have increased by TEUR 2,100. The carrying amount of goodwill as at 31 December 2008 was EUR Nil.

Sensitivity Analysis – Impairment Test Investment in Sochaczew

If the estimated after-tax discount rate applied to the discounted cash flows for Sochaczew had been 4% higher than management's estimates (for example, 11.6% instead of 11.2%), the value in use would have decreased by 24%. This would not result in impairment. The carrying amount of the investment as at 31 December 2008 was TEUR 1,865.

(b) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using measurement methods customary in the market. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date. The Group has used discounted cash flow methods and option pricing models for various derivatives and other financial instruments that are not traded in active markets.

Sensitivity Analysis – TAV Option

The carrying amount of the TAV Option at year end 2008 is TEUR 443. The fair value of the call option on TAV would be an estimated 25% higher (TEUR 555) or 22% lower (TEUR 344) if the volatility was increased or decreased by 5% from management's estimates respectively. Moreover, if the risk free rate was increased or decreased by 5% from management's estimates, the fair value would be an estimated 0.1% higher or lower (TEUR 443 / TEUR 442).

Sensitivity Analysis – Purchase Price ACV

The fair value of the earn-out amount on ACV would be an estimated 8% (TEUR 161) higher or 7% (TEUR 147) lower if the risk free rate was increased or decreased by 2% from management's estimates respectively. The fair value of the call/put price on ACV would be an estimated 8% (TEUR 8) higher or 7% (TEUR 8) lower if the risk free rate was increased or decreased by 2% from management's estimates respectively.

Sensitivity Analysis – Purchase Price ADM

The fair value of the earn-out amount on ADM is TEUR 500 as conditions are fulfilled as at balance sheet date.

As the fair values of the call / put option are equal, these options have not been accounted for.

4.2 Critical judgments in applying the entity's accounting policies

Impairment of available-for-sale financial asset

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. Since the Group's only available-for-sale financial asset is its investment in TAV which is listed on the Istanbul Stock Exchange, its value and impairment is assessed by reference to the market price of shares publicly traded on the exchange.

5 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board considers the business from a product perspective.

The reportable operating segments derive their revenue primarily from the airport operations (Ulan Ude and Parma) and consulting services in respect of the development of airports, holding company services and consulting services (AI, ACV and Farnall).

The segment information provided to the Board of Directors for the reportable segments is as follows:

€ in thousands	Year ended 31 December					
	2008			2007 (restated)		
	Airport Operations	Holding / Consulting Services	Total	Airport Operations	Holding / Consulting Services	Total
Revenue from external customers	3,590	1,206	4,796	806	-	806
Impairment	(26,241)	(114,940)	(141,181)	(8,000)	(46,963)	(54,963)
EBITDA	(26,993)	(166,539)	(193,532)	(8,018)	(60,984)	(69,002)
Depreciation and amortisation	(1,131)	(8)	(1,139)	(107)	-	(107)
Finance income	170	17,315	17,485	4	15,853	15,857
Finance expense	(177)	(8,925)	(9,102)	(4)	(9,887)	(9,891)
Loss before taxation	(28,131)	(158,157)	(186,288)	(8,125)	(55,018)	(63,143)
Income tax credit	(106)	(145)	(251)	21	-	21
Interest in the profit or (loss) of associates accounted for by the equity method	(75)	615	540	-	69	69
Total assets	23,613	397,719	421,332	10,686	590,481	601,167
<i>Total assets include:</i>						
Investments in associates	1,866	674	2,540	-	2,096	2,096
Additions to non-current assets (other than financial instruments and deferred tax assets) & investments in associates	23,329	263	23,592	18,294	14,576	32,870
thereof acquired in a business combination	18,472	-	18,472	18,020	14,576	32,596
Total liabilities	12,088	20,063	32,151	990	30,693	31,683

Sales between segments are carried out in accordance with the contractual arrangements between the parties. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the income statement.

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

The entity is domiciled in Jersey. No revenue was generated from external customers in Jersey in either year. The total of revenue from external customers from other countries is TEUR 4,796 (2007: TEUR 806). The breakdown of the major component of the total of revenue from external customers from other countries is disclosed as follows for 2008:

Airport Operations:

€ in thousands	Year ended 31 December	
	2008	2007
Airlines Siberia	722	318
Windjet	523	-
Buriatia Airlines	348	202
Ryan Air	151	-
Alitalia	124	-
Krasnoyarsk Airlines	-	75
Other	1,722	211
	3,590	806

Holding and Consulting Services:

€ in thousands	Year ended 31 December	
	2008	2007
Meinl Airport Managers Limited	789	-
Airport Consulting Services GmbH	231	-
Other	186	-
	1,206	-

6 Impairment

In accordance with the Group's accounting policies as set out above and in conjunction with an assessment of independent professional advice, the Directors have determined the appropriate level of impairment of the Group's assets as set out below.

Group:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Shares TAV	112,860	34,414
Investments	2,081	3,500
Goodwill	8,888	9,049
Licences	-	8,000
Concessions	13,379	-
Property, Plant and Equipment	3,474	-
Other non-current assets	499	-
	141,181	54,963

Parent Company:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Shares TAV	112,860	34,414
Investments	23,579	11,771
Receivables	8,722	7,519
	145,161	53,704

7 Other operating expenses

Group:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Legal, consulting and auditing fees	12,764	873
Management fees (see note 35.1)	5,981	5,967
Projects	2,537	2,396
Allowance for doubtful accounts	2,099	-
Market-Maker fee – Meinl Bank AG (see note 35.3)	1,961	2,541
License fees (see note 35.2)	1,529	792
Directors' fees and expenses	1,216	268
Marketing	1,066	293
Airport consulting – associated companies (ADM)	1,035	690
Other	1,450	271
	31,638	14,091

The substantial increase in operating expenses in 2008, in particular legal and consulting fees, reflects both the increased acquisition activity in the first half of 2008 but also the Company's changed strategic objectives.

In financial year 2008, foreign exchange losses amount to TEUR 30. Foreign exchange gains (included in line "Other operating income") amount to TEUR 125. The allowance for doubtful accounts relates to receivables from Meinl Airports Managers Limited ("MAM"), Jersey.

Parent Company:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Legal, consulting and auditing fees	12,605	873
Management fees (see note 35.1)	5,981	5,967
Projects	2,537	2,396
Allowance for doubtful accounts	2,099	-
Market-Maker fee – Meinl Bank AG (see note 35.3)	1,961	2,541
License fees (see note 35.2)	1,529	792
Directors' fees and expenses	1,216	268
Marketing	293	293
Airport consulting – associated companies (ADM)	1,035	690
Other	1,759	281
	31,015	14,101

8 Net finance result

Group:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Finance income		
– Interest income from bank deposits	17,114	5,066
– Gains on maturity of short term bonds	-	10,791
– Revaluation ACV earn-out and put-call option	371	-
	17,485	15,857
Finance expense		
– Interest expense and bank charges	(402)	(4)
– Valuation long term derivative (TAV options)	(8,700)	(9,887)
	(9,102)	(9,891)
Net finance result	8,383	5,966

Parent Company:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Finance income		
– Interest income from bank deposits	16,839	5,033
– Gains on maturity of short term bonds	-	10,791
– Revaluation ACV earn-out and put-call option	371	-
	<u>17,210</u>	<u>15,824</u>
Finance expense		
– Valuation long term derivative (TAV options)	(8,700)	(9,887)
	<u>(8,700)</u>	<u>(9,887)</u>
Net finance result	<u>8,510</u>	<u>5,937</u>

9 Taxation credit

Group:

Income tax credit relates to the current income tax of Ulan Ude and ACV. The individual entities' reconciliations – prepared on the basis of the tax rates applicable in each country and while taking consolidation procedures into account – have been summarised in the reconciliation below. The estimated tax charge is reconciled to the effective tax charge disclosed.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Loss before taxation	(186,288)	(63,143)
Consolidated loss under Jersey exempt status	185,636	62,919
Current year unutilised tax losses	1,851	99
Taxable profit/(loss)	1,199	(125)
Taxation (19% / 20%)	(232)	25
Other	(51)	1
Non-taxable income	-	(5)
Tax loss used	32	-
Taxation (charge)/credit	<u>(251)</u>	<u>21</u>

See note 27 for details regarding the deferred tax of the Group.

Parent Company:

The Company has been granted exempt status for Jersey taxation purposes according to Article 123A of the Income Tax (Jersey) Law 1961, as amended. For this exemption the Company pays an annual Exempt Fee of GBP 600.

From 1 January 2009 a general zero rate of corporate income tax was introduced in Jersey. As from this date the Company will suffer a zero rate of corporate income tax and will no longer incur the GBP 600 Exempt Fee.

10 Loss per share / certificate

Basic and diluted

Basic and diluted loss per share/certificate is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares/certificates in issue during the year excluding certificates purchased by Meindl Bank AG according to the Market-Maker agreement and held for the account of the Company (see note 35.3).

	<u>Year ended 31 December</u>	
	<u>2008</u>	<u>2007</u> <u>(restated)</u>
Loss attributable to equity holders of the parent (€ in thousands)	(181,248)	(63,122)
Weighted average number of ordinary shares/ADCs in issue (thousands)	67,819	47,211
Basic and diluted loss per share/ADC (€per share)	(2.67)	(1.34)

11 Dividends per share/certificate

No dividends were paid in 2008 (2007: EUR Nil).

12 Property, plant and equipment

Group:

€ in thousands	<u>Land and buildings</u>	<u>Vehicles and machinery</u>	<u>Furniture, fittings and equipment</u>	<u>Total</u>
At 31 December 2008				
Cost	5,052	1,660	902	7,614
Accumulated depreciation	(2,889)	(1,418)	(584)	(4,891)
Net book value	2,163	242	318	2,723
Year ended 31 December 2008				
Opening net book value	4,234	663	1	4,898
Acquisitions through business combinations	-	998	322	1,320
Additions	707	31	757	1,495
Disposals	-	(105)	(138)	(243)
Depreciation charge	(202)	(153)	(52)	(407)
Impairments	(1,868)	(1,139)	(467)	(3,474)
Reclassifications	24	29	(53)	-
Foreign exchange differences	(732)	(82)	(52)	(866)
Closing net book value	2,163	242	318	2,723
At 31 December 2007				
Cost	4,321	707	14	5,042
Accumulated depreciation	(87)	(44)	(13)	(144)
Net book value	4,234	663	1	4,898
Year ended 31 December 2007				
Opening net book value	-	-	-	-
Acquisitions through business combinations	4,321	622	14	4,957
Additions	-	86	188	274
Disposals	-	(1)	(188)	(189)
Depreciation charge	(68)	(26)	(13)	(107)
Foreign exchange rate differences	(19)	(18)	-	(37)
Closing net book value	4,234	663	1	4,898

V. Notes to the consolidated financial statements AI Airports International Limited

Included in the above are property, plant and equipment to the value of EUR Nil pledged as security for finance leases (see note 28).

Parent Company:

The Parent Company holds no property, plant and equipment.

13 Intangible assets

Group:

€ in thousands	Goodwill	Licenses	Software and Concessions	Total
At 31 December 2008				
Acquisition cost	18,721	8,400	13,731	40,852
Accumulated amortization	(18,721)	(8,400)	(13,731)	(40,852)
Net book value	-	-	-	-
Year ended 31 December 2008				
Opening net book value	4,664	400	-	5,064
Acquisitions through business combinations	5,008	-	10,106	15,114
Additions	-	-	3,625	3,625
Amortization charge	-	(379)	(353)	(732)
Impairments	(8,888)	-	(13,379)	(22,267)
Foreign exchange differences	(784)	(21)	1	(804)
Closing net book value	-	-	-	-
At 31 December 2007				
Acquisition cost	13,713	8,400	-	22,113
Accumulated amortization	(9,049)	(8,000)	-	(17,049)
Net book value (restated)	4,664	400	-	5,064
Year ended 31 December 2007				
Opening net book value	-	-	-	-
Acquisitions through business combinations	13,713	8,400	-	22,113
Impairment	(9,049)	(8,000)	-	(17,049)
Closing net book value (restated)	4,664	400	-	5,064

'Software & Concessions' relate to a concession Parma received from ENAC (the Italian Governmental Body regulating the aeronautic sector). The airport operates under a service concession arrangement in terms of which Parma initially received from the government land and infrastructure to deliver services to customers. In terms of the concession agreement all fixed assets received from the government and the improvements made directly to the airport have to be returned to government at the end of the arrangement without receiving any compensation. The original concession was restricted to a 20 year period and the concession area included only the terminal area and activities. In 1997 it was provisionally extended to the airside area and activities by government law. In 2008, ENAC approved a new 20 year concession. The current concession contract does not consider any renewal option. In case the concession is not renewed, Parma has to return the property and will receive an indemnity for its investment. The remaining amortization period is 18 years.

In assessing the potential impairment of intangible assets, the Group follows the policies disclosed at notes 2.7 and 2.8 above.

Parent Company:

The Parent Company holds no intangible assets.

Impairment tests for goodwill with an indefinite useful life

The impairment of goodwill is disclosed at note 6 above.

14 Available-for-sale financial assets

Group:

€ in thousands	Year ended 31 December	
	2008	2007
Beginning of the year	150,883	-
Additions	-	185,297
Impairment	(112,860)	(34,414)
End of the year	38,023	150,883

Available-for-sale financial assets include the following:

€ in thousands	Year ended 31 December	
	2008	2007
Listed Securities – Equity		
– TAV	38,021	150,880
Non-listed securities – Equity		
– Aviation Management Consulting Limited ("AMC")	2	3
	38,023	150,883

Parent Company:

€ in thousands	Year ended 31 December	
	2008	2007
Listed Equity Securities – TAV	150,880	185,294
Impairments	(112,859)	(34,414)
	38,021	150,880

General:

The available-for-sale-financial assets of AI are classified according to the requirements of IAS 32. This classification is not however considered to be reflective of the nature of the investments which, when acquired, were considered by management to be strategic investments that would be held for the foreseeable future (see note 36).

A 10.1% share in TAV Havalimanlari Holding AS (TAV) was acquired on 9 November 2007 amounting to TEUR 185,294. The fair value as at 31 December 2008 was TEUR 38,021 (as at 31 December 2007 TEUR 150,880) which is based upon the bid price of the shares at the balance sheet date. TAV is a Turkish airport operator, listed on the Istanbul Stock Exchange.

Assets acquired through the acquisition of ACV included a 26% investment in AMC in Romania. This has not been accounted for as an associate undertaking as the investment is considered to be insignificant.

Available-for-sale financial assets are denominated in the following currencies:

€ in thousands	Year ended 31 December	
	2008	2007
Turkish Lira	38,021	150,880
Romanian Lei	2	3
	38,023	150,883

The Group has not pledged available-for-sale financial assets as collateral for liabilities or contingent liabilities.

15 Investment in associates

Group:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
ADM	675	2,096
Sochaczew	1,865	-
	<u>2,540</u>	<u>2,096</u>

15.1 Sochaczew

In 2008 the Company acquired interests in Port Lotniczy Sochaczew Sp. Z o.o., Poland (“Sochaczew”) which is seeking to develop a low cost airport for the Warsaw region in Sochaczew. The Company is exercising significant influence and is accounting for the investment using the equity method. The 40% shareholding was acquired on 30 January 2008, the total acquisition costs amounted to TEUR 2,038 and goodwill to TEUR 1,307.

The following table shows the development of the book value of the investment in Sochaczew:

€ in thousands	2008
As at 1 January 2008	-
Acquisition costs	2,038
Net loss for the year	(75)
Translation difference	(98)
As at 31 December 2008	<u>1,865</u>

The Group’s share of the results of Sochaczew, which is unlisted, and its aggregated assets (including goodwill) and liabilities are as follows:

€ in thousands	Assets	Liabilities	Revenues	Loss
Sochaczew	1,873	8	-	(75)

15.2 ADM

In 2007 the Company acquired 49% of ADM-Airport Design Management GmbH, Austria (“ADM”), over which it exercises significant influence and which is accounted for in the Company’s consolidated financial statements using the equity method of accounting.

The 49% shareholding was acquired on 20 June 2007. Consideration consists of initial payments of TEUR 5,000 and a contingent amount due of TEUR 500. This contingent amount is due when the operating profit of ADM, prepared under Austrian Generally Accepted Accounting Principles, is above TEUR 1,500 within any of the five calendar years following 1 January 2007. Goodwill arising on acquisition amounted to TEUR 5,695 based on initial acquisition costs of TEUR 5,527 acquiring negative net assets of TEUR 169.

Since reported operating profit exceeded TEUR 1,500 for the financial year 2008 the corresponding liability was increased from TEUR 455 in the prior year to TEUR 500 in the 2008 financial year. Accordingly acquisition costs have been increased by TEUR 45.

Due to the financial position of ADM the Group accounted for a restatement of prior year figures amounting to TEUR 3,500. An additional impairment loss was recorded in 2008

V. Notes to the consolidated financial statements AI Airports International Limited

(TEUR 2,081). The carrying amount of ADM as at 31 December 2008 is TEUR 675 representing 49% in ADM's net assets.

Also on 20 June 2007, an agreement was entered into with the remaining 51% shareholders of ADM. The Company has agreed put and call options allowing the Group to acquire the remaining 51% shareholding in ADM or the 51% to put their shareholding to the Company within the period 30 June 2012 to 31 July 2012. These put and call options are not considered to give the Group present ownership of the shares and as a result, have not been treated as giving rise to a further investment.

As a result, the put and call options represent a financial asset and a financial liability of the Group. As the fair value of the asset and liability are equal they have not been accounted for in the financial statements (see note 32).

The following table shows the development of the book value of the investment in ADM:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Beginning of the year	2,096	-
Acquisition costs	45	5,527
Income in the year	615	69
Impairment	(2,081)	(3,500)
End of the year	675	2,096

The Group's share of the result of ADM, which is unlisted, and its aggregated assets (including goodwill) and liabilities are as follows:

€ in thousands	Assets	Liabilities	Revenues	Profit
ADM	1,181	507	1,522	615

ADM specialises in the planning of airports, airport management as well as all services related to this.

Trading with ADM during the year consisted of purchases of TEUR 1,035 (2007: TEUR 690) and sales of TEUR Nil.

Parent Company:

The Company initially recognises investments in associates at cost. After initial recognition investments in associates are tested for impairment annually. An impairment loss is deducted from the net book value of the investment.

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Beginning of the year	2,026	-
Additions	2,433	5,526
Impairment	(1,397)	(3,500)
End of the year	3,062	2,026

As at 31 December 2008 payables to associated companies (ADM) amounted to TEUR 23 (2007: TEUR 178). Receivables from ADM amounted to TEUR 360 (2007: TEUR Nil).

There are no restrictions on the associates' ability to transfer funds to AI in the form of dividends.

16 Investment in subsidiaries

Parent Company:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Beginning of the year	-	-
Additions	22,183	8,271
Impairment	(22,183)	(8,271)
End of the year	-	-

See notes 1 and 33.

There are no restrictions on the subsidiaries' ability to transfer funds to AI in the form of dividends.

17 Prepayments on projects

In 2007 the Company capitalised acquisition costs in connection with the acquisition of the following projects. All projects have been acquired in 2008.

Group and Parent Company:

€ in thousands	Year ended 31 December	
	2008	2007
Sochaczew Airport, Poland	-	206
Bydgoszcz Airport, Poland	-	261
Parma Airport, Italy	-	177
End of the year	-	644

18 Financial assets at fair value through profit or loss

Group:

€ in thousands	Year ended 31 December	
	2008	2007
Bydgoszcz	1,500	-
Other	60	39
End of the year	1,560	39

Parent Company:

€ in thousands	Year ended 31 December	
	2008	2007
Bydgoszcz	1,500	-

On 29 February 2008, AI acquired a 48.9816% stake in Port Lotniczy Bydgoszcz Spółka Akcyjna ("Bydgoszcz"), Poland, for a purchase price of TEUR 23,048. According to the accounting policies of the Group, Bydgoszcz was designated as an investment at fair value through profit or loss.

As at 31 December 2008 impairment in an amount of TEUR 21,548 was accounted for in respect of the investment in Bydgoszcz.

19 Derivative financial instruments

Group and Parent Company:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
TAV Havalimanlari Holding AS call option	443	9,142

AI purchased 9,789,789 European call options on shares of TAV Havalimanlari Holding AS exercisable on 24 July 2009 for a consideration of TEUR 19,030 representing 4% of the total TAV issued share capital. The exercise price of each option was USD 12 and the options expired unexercised on 24 July 2009. In order to measure the fair value of the call option as of 31 December 2008 in accordance with IAS 39, a Black Scholes option pricing model was applied (2007: Monte Carlo option pricing model applied).

Based on a share price volatility of 131.85%, a spot price of USD 2.16 and an interest rate of 1.79% the fair value per share amounts to USD 0.062, thus the total fair value of the call options amounts to TEUR 443. The loss in the 2008 financial year amounting to TEUR 8,700 is shown as a finance expense in the income statement. In 2007 the calculation was based on a share price volatility of 35%, TRY/USD exchange rate volatility of 20%, a dividend yield of 9.0% and a continuous delta risk-free rate of 11.9%. The fair value per option amounted to 1.62 TRY, thus the total fair value of the call options amounted to TRY 15.9m or TEUR 9,142 respectively. The loss amounting to TEUR 9,887 was shown as a finance expense in the income statement. The Group has not pledged derivative financial instruments as collateral for liabilities or contingent liabilities.

20 Financial instruments by category

The accounting policies for financial instruments under the scope of IFRS 7 have been applied to the line items below:

Group:

2008						
€ in thousands		Carrying amount at 31 December 2008	Amounts recognised in balance sheet according to IAS 39			Fair value at 31 December 2008
Category in accordance with IAS 39	Amortised cost		Fair value recognised in equity	Fair value recognised in profit or loss		
Assets						
Available-for-Sale Financial Assets	Available for Sale	38,023	-	-	38,023	38,023
Long-term derivatives	Held For Trading	443	-	-	443	443
Trade and other receivables	Loans and Receivables	6,579	6,579	-	-	6,579
Financial assets	At fair value through profit or loss	1,560	-	-	1,560	1,560
Cash and cash equivalents	Loans and Receivables	369,260	369,260	-	-	369,260
Liabilities						
Financial liabilities, long-term and provisions	Other financial liabilities	(3,499)	(3,499)	-	-	(3,499)
Financial liabilities, short-term and other liabilities, trade payables and provisions	Other financial liabilities	(28,252)	(28,252)	-	-	(28,252)
<i>Thereof aggregated by category according to IAS 39:</i>						
Loans and Receivables		375,839	375,839	-	-	375,839
Available-for-Sale Financial Assets		38,023	-	-	38,023	38,023
Financial Assets Held for Trading		443	-	-	443	443
Fair value through profit and loss		1,560	-	-	1,560	1,560
Other financial liabilities		(31,751)	(31,751)	-	-	(31,751)

2007						
€ in thousands		Carrying amount at 31 December 2007 (restated)	Amounts recognised in balance sheet according to IAS 39			Fair value at 31 December 2007 (restated)
Category in accordance with IAS 39	Amortised cost		Fair value recognised in equity	Fair value recognised in profit or loss		
Assets						
Available-for-Sale Financial Assets	Available for Sale	150,883	-	-	150,883	150,833
Long-term derivatives	Held For Trading	9,142	-	-	9,142	9,142
Trade and other receivables	Loans and Receivables	2,404	2,404	-	-	2,404
Financial assets	At fair value through profit or loss	39	-	-	39	39
Cash and cash equivalents	Loans and Receivables	425,882	425,882	-	-	425,882
Liabilities						
Financial liabilities, long-term and provisions	Other financial liabilities	(3,865)	(3,865)	-	-	(3,865)
Financial liabilities, short-term and other liabilities, trade payables and provisions	Other financial liabilities	(27,389)	(27,389)	-	-	(27,389)
<i>Thereof aggregated by category according to IAS 39:</i>						
Loans and Receivables		428,286	428,286	-	-	428,286
Available-for-Sale Financial Assets		150,883	-	-	150,883	150,883
Financial Assets Held for Trading		9,142	-	-	9,142	9,142
Fair value through profit and loss		39	-	-	39	39
Other financial liabilities		(31,254)	(31,254)	-	-	(31,254)

Parent Company:

2008						
€ in thousands	Category in accordance with IAS 39	Carrying amount at 31 December 2008	Amounts recognised in balance sheet according to IAS 39			Fair value at 31 December 2008
			Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss	
Assets						
Available-for-Sale Financial Assets	Available for Sale	38,021	-	-	38,021	38,021
Long-term derivatives	Held For Trading	443	-	-	443	443
Trade and other receivables	Loans and Receivables	1,930	1,930	-	-	1,930
Intercompany receivables	Loans and Receivables	2,294	2,294	-	-	2,294
Financial assets	At fair value through profit or loss	1,500	-	-	1,500	1,500
Cash and cash equivalents	Loans and Receivables	353,317	353,317	-	-	353,317
Liabilities						
Financial liabilities, long-term and provisions	Other financial liabilities	(3,039)	(3,039)	-	-	(3,039)
Financial liabilities, short-term and other liabilities, trade payables and provisions	Other financial liabilities	(15,501)	(15,501)	-	-	(15,501)
<i>Thereof aggregated by category according to IAS 39:</i>						
Loans and Receivables		357,541	357,541	-	-	357,541
Available-for-Sale Financial Assets		38,021	-	-	38,021	38,021
Financial Assets Held for Trading		443	-	-	443	443
Fair value through profit and loss		1,500	-	-	1,500	1,500
Other financial liabilities		(18,540)	(18,540)	-	-	(18,540)
2007						
€ in thousands	Category in accordance with IAS 39	Carrying amount at 31 December 2007 (restated)	Amounts recognised in balance sheet according to IAS 39			Fair value at 31 December 2007 (restated)
			Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss	
Assets						
Available-for-Sale Financial Assets	Available for Sale	150,880	-	-	150,880	150,830
Long-term derivatives	Held For Trading	9,142	-	-	9,142	9,142
Trade and other receivables	Loans and Receivables	1,039	1,039	-	-	1,039
Intercompany receivables	Loans and Receivables	24,351	-	-	24,351	24,351
Cash and cash equivalents	Loans and Receivables	411,712	411,712	-	-	411,712
Liabilities						
Financial liabilities, long-term and provisions	Other financial liabilities	(3,865)	(3,865)	-	-	(3,865)
Financial liabilities, short-term and other liabilities, trade payables and provisions	Other financial liabilities	(24,946)	(24,946)	-	-	(24,946)
<i>Thereof aggregated by category according to IAS 39:</i>						
Loans and Receivables		437,102	437,102	-	-	437,102
Available-for-Sale Financial Assets		150,880	-	-	150,880	150,880
Financial Assets Held for Trading		9,142	-	-	9,142	9,142
Other financial liabilities		(28,811)	(28,811)	-	-	(28,811)

V. Notes to the consolidated financial statements AI Airports International Limited

Disclosure of material income, expenses, gains and losses resulting from financial assets and financial liabilities:

Group:

€ in thousands	Year ended 31 December 2008			
	Loans and Receivables	Financial liabilities at amortised cost	Available for sale financial assets	Fair value through profit or loss
Net gain/(loss)	-	-	-	(21,548)
Interest income	17,114	371	-	-
Interest expense	(402)	-	-	-
Impairment loss	-	-	(112,860)	(8,700)
Net result for the year	16,712	371	(112,860)	(30,248)

€ in thousands	Year ended 31 December 2007			
	Loans and Receivables	Financial liabilities at amortised cost	Available for sale financial assets	Fair value through profit or loss
Net gain/(loss)	-	-	-	-
Interest income	15,857	-	-	-
Interest expense	(4)	-	-	-
Impairment loss	-	-	(34,414)	(9,887)
Net result for the year	15,853	-	(34,414)	(9,887)

Parent Company:

€ in thousands	Year ended 31 December 2008			
	Loans and Receivables	Financial liabilities at amortised cost	Available for sale financial assets	Fair value through profit or loss
Net gain/(loss)	-	-	-	(21,548)
Interest income	16,839	371	-	-
Interest expense	-	-	-	-
Impairment loss	(8,722)	-	(112,860)	(8,700)
Net result for the year	8,117	371	(112,860)	(30,248)

€ in thousands	Year ended 31 December 2007			
	Loans and Receivables	Financial liabilities at amortised cost	Available for sale financial assets	Fair value through profit or loss
Net gain/(loss)	-	-	-	-
Interest income	15,824	-	-	-
Interest expense	-	-	-	-
Impairment loss	(7,519)	-	(34,414)	(9,887)
Net result for the year	8,305	-	(34,414)	(9,887)

21 Trade and other receivables

Group:

€in thousands	Year ended 31 December	
	2008	2007 (restated)
Trade receivables	3,512	506
Receivables from related parties	2,459	-
Prepayments	489	-
Allowance for doubtful accounts	(2,145)	(9)
Other receivables	2,264	1,907
	6,579	2,404

Reconciliation of allowance for doubtful accounts:

€in thousands	Carrying amount 1 January 2008	Impairment- losses recognised on receivables	Used / reversed unused	Year ended 31 December	
				2008	2007 (restated)
Trade receivables	9	37	-	46	9
Receivables MAM	-	2,099	-	2,099	-
	9	2,136	-	2,145	9

Parent Company:

€in thousands	Year ended 31 December	
	2008	2007 (restated)
Trade receivables	73	-
Receivables from subsidiaries	18,536	18,040
Receivables from payment to former shareholders of Ulan Ude	-	13,830
Receivables from related parties	2,458	-
Prepayments	385	-
Other receivables	1,112	1,039
Allowance for doubtful accounts – subsidiaries	(16,241)	(7,519)
Allowance for doubtful accounts – related parties	(2,099)	-
	4,224	25,390

Reconciliation of allowance for doubtful accounts:

€in thousands	Carrying amount 1 January 2008	Impairment- losses recognised on receivables	Used / reversed unused	Year ended 31 December	
				2008	2007 (restated)
Receivables Farnall	7,519	8,722	-	16,241	7,519
Receivables MAM	-	2,099	-	2,099	-
	7,519	10,821	-	18,340	7,519

The Group has not pledged trade or other receivables as collateral for liabilities or contingent liabilities.

Ageing of trade receivables which are past due but not impaired:

Group:

€in thousands	At 31 December	
	2008	2007 (restated)
61-90 days	687	24
91-120 days	90	304
	<u>777</u>	<u>328</u>

Parent Company:

The Parent Company does not have trade receivables which are past due but not impaired.

22 Cash and cash equivalents

Group:

€in thousands	Year ended 31 December	
	2008	2007 (restated)
Cash at bank	18,760	18,701
Bank account restricted – Meinel Bank AG	-	19,431
Short-term bank deposits	350,500	387,750
	<u>369,260</u>	<u>425,882</u>

Parent Company:

€in thousands	Year ended 31 December	
	2008	2007 (restated)
Cash at bank	2,817	4,531
Bank account restricted – Meinel Bank AG	-	19,431
Short-term bank deposits	350,500	387,750
	<u>353,317</u>	<u>411,712</u>

The Group has not pledged cash or cash equivalents as collateral for liabilities or contingent liabilities. In 2007, TEUR 19,431 was restricted due to the Market-Maker Agreement with Meinel Bank AG (see note 35.3).

23 Share capital and certificates held

Units	Shares	ADCs	Shares and ADCs
Balance as at 21 June 2006 and at 31 December 2006	100,000	-	100,000
Shares issued on initial public offering	69,900,000	-	69,900,000
Purchase of ADCs	-	2,181,232	(2,181,232)
Balance as at 31 December 2007 and 2008	70,000,000	2,181,232	67,818,768

€in thousands	Share Capital paid in	Book value ADCs	Total Share Capital
Balance as at 21 June 2006 and at 31 December 2006	1,000	-	1,000
Shares issued on initial public offering	699,000	-	699,000
Purchase of ADCs	-	19,431	(19,431)
Subtotal	700,000	19,431	680,569
Costs in relation to initial public offering	(47,637)	-	(47,637)
Balance as at 31 December 2007 and 2008	652,363	19,431	632,932

V. Notes to the consolidated financial statements AI Airports International Limited

The Company's authorised share capital is divided into 300,000,000 ordinary shares with a nominal value of EUR 10 per share. At the initial public offering in April 2007, 69,900,000 shares represented by 69,900,000 Offer Certificates ("Austrian Depository Certificates" or "ADCs") were issued at an offer price of EUR 10 per ADC. Immediately following the IPO, a total of 70,000,000 issued shares were represented by the ADCs representing the Company's total issued share capital.

Transaction costs relating to the issue of shares in a total amount of TEUR 47,637 are presented as a deduction from shareholders' equity.

In 2007, under the Market-Maker Agreement, Meindl Bank AG bought and sold ADCs for the account of the Company. As at balance sheet date Meindl Bank AG holds 2,181,232 (2007: 2,181,232) ADCs for the account of the Company. The acquisition costs of these ADCs were TEUR 19,431. The value of the ADCs as at 31 December 2008 is TEUR 11,997 (31 December 2007 TEUR 10,514). Purchases of ADCs are presented as a deduction from shareholders' equity at the cost they were acquired for.

24 Financial liabilities

Group:

€in thousands	Year ended		Year ended	
	31 December 2008		31 December 2007 (restated)	
	Discounted	Undiscounted	Discounted	Undiscounted
Put-Call Option ACV	932	1,138	1,122	1,447
Contingent consideration acquisition ACV	2,107	2,575	2,288	2,952
ADM contingent consideration	-	-	455	500
Other	207	207	-	-
	3,246	3,920	3,865	4,899

The discount rate used to identify the present value of financial liabilities is 5.35% (2007 5.40%). The ACV put-call option and the contingent consideration are expected to fall due in 2012. The contingent consideration of ADM becomes due in 2008 and is reflected as a current liability in 2008.

Parent Company:

€in thousands	Year ended		Year ended	
	31 December 2008		31 December 2007 (restated)	
	Discounted	Undiscounted	Discounted	Undiscounted
Put-Call Option ACV	932	1,138	1,122	1,447
Contingent consideration acquisition ACV	2,107	2,575	2,288	2,952
ADM contingent consideration	-	-	455	500
	3,039	3,713	3,865	4,899

General:

The ACV contingent consideration represents an amount payable of at least TEUR 2,575 on 2 November 2012 which will be adjusted based upon AI's average share price just prior to the payment compared to the average share price at the date of the initial acquisition.

On the 18 December 2007, an agreement was also entered into with the 51% shareholders of ACV. Under this agreement the Company has agreed to put and call options allowing the Group to acquire a further 25% shareholding or the minority to put 25% of the total issued share capital of ACV to the Company.

The ACV put and call options are considered to give the Group present ownership of the 25% shareholding and as a result have been treated as contingent consideration resulting in the derecognition of the 25% minority interest.

25 Current liabilities

Group:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Trade payables	10,919	1,498
Liability in respect of certificates held – Meinl Bank AG	-	19,431
Payables to associated companies - ADM	23	178
Other payables	9,671	5,474
Accruals	3,634	443
Provisions	4,005	-
Current tax liabilities	116	127
Other short term borrowings	-	365
	28,368	27,516

Other payables include payables to Meinl Airport Managers Limited amounting to TEUR 3,620 (2007: TEUR 1,769) and payables to Meinl Bank AG amounting to TEUR 1,868 (2007: TEUR 1,365).

Parent Company:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Trade payables	3,167	957
Liability in respect of certificates held – Meinl Bank AG	-	19,431
Payables to associated companies - ADM	23	178
Other payables	5,506	3,937
Accruals	2,807	443
Provisions	3,998	-
	15,501	24,946

Other payables include payables to Meinl Airport Managers Limited amounting to TEUR 3,620 (2007: TEUR 1,769) and payables to Meinl Bank AG amounting to TEUR 1,868 (2007: TEUR 1,365).

26 Provisions

Group:

€ in thousands	Carrying amount 1 January 2008	Provisions acquired through business combinations	Additional provisions/ Increase to existing provisions	Used/ Reversed unused	Carrying amount 31 December 2008
Current provisions					
Legal	-	-	3,700	-	3,700
Other	-	-	305	-	305
Current provisions	-	-	4,005	-	4,005
Non-current provisions	-	253	-	-	253

Parent Company:

€ in thousands	Carrying amount 1 January 2008	Provisions acquired through business combinations	Additional provisions/ Increase to existing provisions	Used/ Reversed unused	Carrying amount 31 December 2008
Current provisions					
Legal	-	-	3,700	-	3,700
Other	-	-	298	-	298
Current provisions	-	-	3,998	-	3,998

Group and Parent Company:

The Company is currently the defendant and plaintiff in several legal actions which are described more fully in note 36 below. The Directors consider the Company's claims and defences to be strong and, as such, considers the risk of loss to be, at best, only possible. Accordingly, no provision for losses has been accrued with the exception of the potential legal costs of these actions. Given the wide range of claims by and against the Company, it is very difficult to quantify what the possible gain or loss, if any, would be. Further, it would be highly prejudicial to the Company's case if any such estimates were given. Accordingly, the Company has not estimated any possible gain or loss – see note 36 for full details of the legal actions.

27 Deferred tax liabilities

Group:

The deferred tax assets and liabilities for Ulan Ude and ACV are analysed as follows:

€ in thousands	Year ended 31 December	
	2008	2007 (restated)
Acquired through business combination	-	(95)
Revaluation net of depreciation	358	397
Differences with tax depreciation	2	-
Allowance for doubtful debts	(93)	-
Other items	17	-
	284	302

Unused tax losses of Ulan Ude amount to TEUR 197 (2007: TEUR 251), of Parma amount to TEUR 13,562 (2007: TEUR 11,051) and ACV EUR Nil (2007: TEUR 52). No deferred tax

assets were recognised due to the uncertainty of future taxable income to utilise these losses against.

Parent Company:

AI is granted exempt status for taxation purposes (see note 9). Therefore no deferred taxes have been calculated.

28 Leases

All finance lease agreements relate to technical equipment, machinery and other property, plant and equipment of Parma. Following impairment, the net carrying amount of property, plant and equipment under finance leases according to IAS amounts to EUR Nil (2007: EUR Nil). The present value of minimum lease payments amount to TEUR 315 (2007: EUR Nil).

Lease payments (operating lease) amounting to TEUR 337 have been accounted for in the consolidated income statement.

29 Government grants

Parma operates under a service concession arrangement under which it initially received rights to use land and other property, plant and equipment (infrastructure) to provide services to customers. According to the service concession agreement all assets received as well as improvements made directly by Parma have to be returned to the government at the end of the arrangement without any compensation. All new investments relating to the maintenance and improvements of the infrastructure are accounted for as intangible assets ("investment in concession"). Amortization is calculated according to the duration of the service concession agreement.

The net carrying amount of Parma's investment in concessions (after impairment) amounts to EUR Nil (see note 13).

In addition Parma received government grants relating to assets (improvements mentioned above) which are accounted for as a deduction from the cost of the assets.

30 Correction of prior year errors

Group:

Restatements which have been accounted for in the financial year 2007:

- ACV: Adjustment due to wrong interpretation of the base value for the calculation of the purchase price. The base value used to calculate the future option value changed from TEUR 5,150 to TEUR 2,575.

Financial statement lines affected:

Intangible assets TEUR (1,123)

Financial liabilities TEUR (1,123)

- ACV: Given the fact that the existing business plans did not support the amounts recognised in the prior year, the carrying value of goodwill resulting from investment in ACV was overstated at the end of financial year 2007. Accordingly, goodwill should have been impaired in the 2007 consolidated financial statements.
Financial statement lines affected:
Intangible assets TEUR (9,049)
Impairment TEUR 9,049
- Ulan Ude: Impairment of licenses due to an error in determination of useful life. Licences have a finite useful life of 2 years in Ulan Ude. Before licences were thought to have an indefinite useful life.
Financial statement lines affected:
Intangible assets TEUR (8,000)
Impairment TEUR 8,000
- Ulan Ude: Adjustment of goodwill due to error in calculation of deferred taxes.
Financial statement lines affected:
Deferred tax liabilities TEUR (302)
Intangible assets TEUR 302
- TAV shares: Given the significance of the decline of the fair value in TAV shares at 31 December 2007 (approximately 20% compared to the carrying value), and the subsequent additional decline after balance sheet date but before the 2007 financial statements were authorised for issuance, an allowance for impairment of the carrying value of the shares in TAV should have been accounted for in the 2007 consolidated financial statements. Thus the decrease in the fair value (TEUR 34,414) for the period ended 31 December 2007 should not have been booked directly against equity account ("fair value reserve") but should have been reflected in the income statement.
Financial statement lines affected:
Fair value reserve TEUR (34,414)
Impairment TEUR 34,414
- ADM: Given the fact that the existing business plans did not support the amounts recognised in the prior year the carrying value for the participation in ADM was overstated at the end of financial year 2007. Accordingly, the investment should have been impaired in the 2007 consolidated financial statements.
Financial statement lines affected:
Investment in associates TEUR (3,500)
Impairment TEUR 3,500
- Profit or loss: Reclassification of maintenance fee from finance expense to other operating expenses in the consolidated financial statement 2007 as this fee is not part of the net finance result.
Financial statement lines affected:
Finance expense TEUR (2,541)
Other operating expenses TEUR 2,541
- Loss per share / certificate: The above mentioned corrections of prior year errors affected the loss attributable to equity holders of the Parent Company. The loss increased from TEUR (8,430) to TEUR (63,122) resulting in a change in basic and diluted loss per share/certificate from EUR (0.18) to EUR (1.34).

Parent Company:

- ACV: Adjustment due to wrong interpretation of the base value for the calculation of the purchase price. The base value changed from TEUR 5,150 to TEUR 2,575.
Financial statement lines affected:
Investment in subsidiaries TEUR (1,123)
Financial liabilities TEUR (1,123)
- ACV: Given the fact that the existing business plans did not support the amounts recognised in the prior year the carrying value for the participation in ACV was overstated at the end of financial year 2007. Accordingly, the investment should have been impaired in the 2007 separate financial statements.
Financial statement lines affected:
Investment in subsidiaries TEUR (8,271)
Impairment TEUR 8,271
- ADM: Given the fact that the existing business plans did not support the amounts recognised in the prior year the carrying value for the participation in ADM was overstated at the end of financial year 2007. Accordingly, the investment should have been impaired in the 2007 separate financial statements.
Financial statement lines affected:
Investment in associates TEUR (3,500)
Impairment TEUR 3,500
- Farnall: Impairment of receivables from subsidiaries due to impairment. AI provided Farnall with a loan in order to provide this loan to Ulan Ude. As the loan is unlikely to be repaid, AI's receivables from subsidiaries were impaired.
Financial statement lines affected:
Receivables intercompany TEUR (7,519)
Impairment TEUR 7,519
- TAV shares: Given the significance of the decline of the fair value in TAV shares at 31 December 2007 (approximately 20% compared to the carrying value) and the subsequent additional decline after balance sheet date but before the 2007 financial statements were authorised for issuance, an allowance for impairment of the carrying value of the shares in TAV should have been accounted for in the 2007 separate financial statements. Thus the decrease in the fair value (TEUR 34,414) for the period ended 31 December 2007 should not have been booked directly against equity account ("fair value reserve") but should have been reflected in the income statement.
Financial statement lines affected:
Fair value reserve TEUR (34,414)
Impairment TEUR 34,414
- Profit and loss: Reclassification of maintenance fee from finance expense to other operating expenses in the consolidated financial statement 2007 as this fee is not part of the net finance result.
Financial statement lines affected:
Finance expense TEUR (2,541)
Other operating expenses TEUR 2,541

31 Contingencies

The Group and Company has contingent gains and losses due to the various legal actions described at note 36 below.

32 Commitments

The Group entered into the following commitments in financial year 2008 (2007: no significant commitments):

<u>€ in thousands</u>	<u>2008</u>
Ulan Ude:	
Line of credit	8,000
Bydgoszcz	
Future capital injection	752
ACV	
Additional purchase price	2,575
Put option	1,138
ADM	
Put option	4,727
Parma:	
Financing of investments in fixed assets	112,970
	<u>130,162</u>

Ulan Ude: AI committed to grant a line of credit via Farnall to Ulan Ude in the amount of TEUR 8,000. Payments are to be effected until 10 April 2012. As at 31 December 2008 an amount of TEUR 294 has been drawn under this facility.

Bydgoszcz: AI committed to a future capital injection for Bydgoszcz. A payment date is not yet fixed.

ACV: see note 24.

ADM: The 51% shareholders of ADM are entitled to sell their remaining shares to AI between 30 June 2012 and 31 July 2012 according to a corresponding put option. The purchase price depends on the projected EBIT of ADM for 2012 to 2014 and was estimated to be TEUR 4,727 as at 31 December 2008.

Parma: Under the terms of the "Investment Agreement" dated 17 July 2008, AI undertook to obtain for, or provide to, Parma all the financial resources which should become necessary to realize the multi-annual economic plan agreed upon by Parma and AI in 2008. According to the multi-annual economic plan agreed upon at that time, additional investments in fixed assets totalling MEUR 120 were planned during the period from 2008 through to 2012 for which AI provided the commitments illustrated above. The Board considers that the commitment to provide funding to Parma is conditional on the underlying financial viability of the multi-annual economic plan. However, as there is uncertainty over the quantum and timescale, no provision has been made for any commitment which may result from this obligation.

33 Business combinations

33.1 Acquisition Aeroporto di Parma Società per la Gestione S.p.A., Parma, Italy

In July 2008 AI entered into an agreement with SO.GE.A.P. S.p.A., the company managing the Giuseppe Verdi Airport of Parma. The agreement made provision for a capital increase of TEUR 20,500 in favour of AI, which corresponds to a ownership stake of 67.94%. The acquired business contributed revenues of TEUR 1,473 and a net loss of TEUR 1,851 to the Group for the period from 17 July 2008 to 31 December 2008. If acquired at the beginning of the year, the business would have contributed revenues of TEUR 3,213 and a net loss of TEUR 4,039 in 2008.

Details of net assets acquired and goodwill are as follows:

€ in thousands	<u>Book Value</u>	<u>Fair Value</u>
Land and buildings	-	-
Vehicles and machinery	998	998
Furniture, fittings and equipment	322	322
Intangible assets	10,104	10,104
Non current assets	499	499
Inventories	62	62
Trade receivables & other assets	2,993	2,993
Cash & Cash-equivalents	20,444	20,444
Other current liabilities	(10,798)	(10,798)
100% of Fair value of net assets acquired		<u>24,624</u>
67.94% of Fair value of net assets acquired		<u>16,729</u>
Cash paid		20,442
Direct costs of the acquisition		1,295
Total purchase consideration		<u>21,737</u>
Goodwill Acquired		<u>5,008</u>

33.2 Acquisition Lake Baikal Airport, Ulan Ude, Russia

In August 2007 the Group acquired 100% of the airport in Ulan Ude, Russia. The acquisition was effected via a 99.9% investment in the holding company Farnall Holdings Limited in Cyprus. The acquired business in Ulan Ude contributed revenues of TEUR 806 and a net loss of TEUR 104 to the Group for the period from 1 August 2007 to 31 December 2007. If acquired at the beginning of the year, the business would have contributed revenues of TEUR 1,764 and a net loss of TEUR 243 in 2007. In the financial year 2008 Ulan Ude contributed revenues of TEUR 2,118 and a net loss of TEUR 51 to the Group.

In 2008 the Company acquired one remaining share in Farnall Holdings Limited, Cyprus for the purchase price of EUR 2.50 and holds 100% of the shares at 31 December 2008.

33.3 Acquisition ACV Management Services s.r.o., Bratislava, Slovakia

On 18 December 2007 the Company acquired 51% of ACV Management Services s.r.o. (ACV) in Bratislava, a Company that was incorporated in December 2007. The acquired business contributed revenues of TEUR Nil and a net loss of TEUR 56 to the Group for the period from 18 December 2007 to 31 December 2007. In the financial year 2008 ACV contributed revenues of TEUR 2,798 and a net profit of TEUR 618 to the Group.

The goodwill arising on acquisition is considered to reflect the “know how” of the business and the expected cash flows when combining with the existing business.

34 Related-party transactions

(a) Administration agreement

Corporate administration services were provided to the Company by Bedell Trust Company Limited, including the provision of the registered office, two directors and the secretary, Bedell Secretaries Limited. Mr Michael Richardson and Mr Peter Byrne are partners of the Bedell Group. Mr Richardson and Mr Byrne are also directors of Bedell Trust Company Limited and Bedell Secretaries Limited. The Bedell Group also includes Bedell Cristin. On 28

July 2008 a new Board of Directors was elected. Mr Richardson and Mr Byrne were not re-elected, therefore Bedell ceased to be a related party.

The fee expense payable to Bedell Group/Bedell Trust Company Limited in 2008 amounted to TEUR 107 (2007: TEUR 76).

In January 2009, the administration agreement with Bedell Trust Company Limited was terminated.

(b) Key management compensation

The Directors of the Company are the Company's only key management personnel. Until 28 July 2008, the Board of Directors consisted of the following members:

- Louis Turpen, Chairman
- Georg Kucian
- Michael Henry Richardson
- Peter Byrne
- Karel Römer
- Heinrich Schwägler

In an extraordinary general meeting on 28 July 2008, a new Board of Directors was elected, consisting of the following members:

- Wolfgang Vilsmeier, Chairman (resigned on 11 September 2009)
- Hans-Peter Dohr, Deputy Chairman (resigned 22 April 2009)
- Björn Pirwitz, Deputy Chairman (not re-elected by certificate holders on 22 April 2009)
- George Baird
- Richard Boléat
- Fred Duswald (resigned on 22 April 2009)
- David Pascall (not re-elected by certificate holders on 22 April 2009)

The remuneration and expenses of all Directors serving during 2008 amounted to TEUR 1,216 (2007: TEUR 268). Subsequent to the year end, two further Directors were elected as follows:

- James Shinehouse (appointed 19 March 2009, re-elected by certificate holders on 22 April 2009)
- Murdoch McKillop (elected by certificate holders on 22 April 2009)

(c) Consultancy agreements

Atlantic Financial Advisory Partners LLC, a company in which Mr Shinehouse has a controlling interest, provides consultancy services to the Company under the terms of a contract dated 7 July 2009. No fees were paid to Atlantic Financial Advisory Partners LLC in 2008.

Talbot Hughes McKillop LLP, a partnership in which Mr McKillop is a member, provides consultancy services to the Company under the terms of a contract dated 7 July 2009. No fees were paid to Talbot Hughes McKillop LLP in 2008.

35 Significant transactions with Meinl Bank Group

35.1 Investment Management Agreement

Under the terms of the Investment Management Agreement between Meinl Airport Managers Limited (“Investment Manager”) and the Group dated 23 March 2007, AI delegated, to a large extent, the management, determination and execution of the Company’s investments to the Investment Manager. The Investment Manager is a fully owned subsidiary of Meinl Bank AG.

Following the decision of Certificate Holders to amend the Company’s investment objectives and in light of the matters discussed at note 36.1 below, the agreement was terminated for breach by the Company on 28 October 2008. The Investment Manager denied the breach and asserted the agreement was repudiated by the Company. The Company has not provided for any payments under this agreement beyond its assumed termination date.

The subject matter of this agreement was consultation, procurement and co-ordination of all transactions of the Group, in particular to act as discretionary investment manager of the Group’s assets and to provide other services in connection with the management of the Group’s affairs. The Manager was responsible for the general management and administration of the Company’s investments (including the Group’s financial reporting, drawing up the statements of account and quarterly status reports of the Company) in accordance with the terms of the Management Agreement and was subject to the instruction and supervision of the Board of Directors.

Under the terms of the Management Agreement the Company was obliged to pay an annual base fee between 1% and 1.5% dependent on the average asset value and an annual performance fee of 20% on the excess performance of the asset values over the benchmark (defined as EURIBOR plus 1%), which amounted to TEUR 5,981 as at 31 December 2008 (2007: TEUR 5,967). The notice period for termination in the absence of breach was six years.

35.2 Licensing Agreement to use the Meinl name and logo

The Group concluded an agreement dated 23 March 2007 with Meinl Bank AG as licensor and owner of the trademark concerning the use of the name and logo “MEINL” by the Group (the “Licensing Agreement”).

Following the decision of Certificate Holders to amend the Company’s investment objectives and in light of the matters discussed at note 36.1 below, the agreement was rescinded by the Company on 24 September 2008, although Meinl Bank AG has denied the Company had the right to rescind and has alleged repudiatory breach against the Company. The Company has not provided for any payments under this agreement beyond its assumed termination date.

The Licensing Agreement was concluded for an indefinite period but terminated with immediate effect if the Management Agreement between the Investment Manager and AI terminated. It could also be terminated if the licensee violated any obligation defined in the Licensing Agreement, if the Group ceased to be listed on the Vienna Stock Exchange or if more than 20% of the voting share capital of the Group was held by one shareholder (other than the licensor). For the licensee to use the name and logos, the Group had to pay a quarterly fee of 0.075% of the aggregate amount appearing in the consolidated balance sheet of the licensee in its last published quarterly interim report of issued share capital and share premium and long term consolidated Group debt to the licensor, which amounted to TEUR 1,529 as at 31 December 2008 (2007: TEUR 792).

35.3 Placement Agreement and Market-Maker Agreement

The Company and Meinl Bank AG entered into a Placement and Market-Maker Agreement dated 23 March 2007 under which Meinl Bank AG was appointed by the Company to place the Offer Certificates and to manage the securities in the role of a market-maker.

For the placement of the securities, Meinl Bank AG received from the Company a placement fee of 6.0% of the Group's gross proceeds from the issuance of the securities and a guarantee and listing fee of 0.75% of the Group's gross proceeds from the placement of the securities and for the underwriting of the offering.

The Company also appointed Meinl Bank AG to act as market-maker.

Following the decision of Certificate Holders to amend the Company's investment objectives and in light of the matters discussed at note 36.1 below, these agreements were terminated by the Company on 29 August 2008, to be effective from 30 September 2008. The Company has not provided for any payments under this agreement beyond its assumed termination date.

For the performance of its role as market-maker, Meinl Bank AG received from the Company a maintenance fee amounting to 0.7% p.a. of the market value of the outstanding securities placed by Meinl Bank AG. At 31 December 2007, Meinl Bank AG had acquired, from the market, 2,181,232 certificates for TEUR 19,431 under this agreement. These certificates are held in treasury by the Group. Payment by the Group to Meinl Bank AG took place subsequent to 31 December 2007 and therefore cash TEUR 19,431 is disclosed as restricted in 2007 (note 22).

As at 31 December 2008 the fees relating to the Market-Maker Agreement amounted to TEUR 1,961 (2007: TEUR 2,541).

36 Events after the balance sheet date

36.1 Filing of lawsuits against Meinl Bank AG and Meinl Airport Managers Limited

On 22 January 2009 the new Board of Directors of AI announced that it had filed counterclaims in lawsuits brought by Meinl Bank AG and Meinl Airport Managers Limited ("MAM"), asserting compensation for damages and recovery of fees paid totalling approximately EUR 245 million, and to recover attorney's fees. These claims are based on the results of a detailed and comprehensive evaluation implemented over a period of several months, supplemented by the advice of independent experts, which focused on the business practices of AI since the Initial Public Offering in early 2007, which had been driven by MAM and implemented by the previous Board of Directors selected by Meinl Bank AG.

The largest single claim amounting to about MEUR 211 was filed against MAM with the Royal Court of the Island of Jersey. AI alleges that MAM has committed numerous and serious violations of its contractual obligations in connection with the Management Agreement, which are stated in the claim to have caused about MEUR 211 loss and damage to AI.

For its part, MAM has filed various lawsuits against AI claiming unspecified damages as high as EUR 72 million for AI's alleged repudiation of the Investment Management Agreement.

In another legal process, AI has filed a lawsuit with the International Arbitration Court at the Austrian Federal Economic Chamber in Vienna against Meinl Bank AG with respect to the Placement and Market-Maker Agreement. AI is demanding a refund of MEUR 32.3 in fees paid to Meinl Bank AG. AI bases its lawsuit on the payment of excessive fees which were

invoiced to AI by Meinel Bank AG. In this regard, AI asserts that Meinel Bank AG and third parties wilfully collaborated to harm AI. This lawsuit is contested by Meinel Bank AG which also filed a counterclaim with the Arbitration Court for outstanding fees in the amount of approximately TEUR 617.

In connection with the rescission of the Licence Agreement concluded between Meinel Bank AG and the Company regulating the use of the "Meinel" name and logo, Meinel Bank AG has filed a claim for damages against AI amounting to a total of EUR 11.4 million with the English High Court of Justice in London, being six years' licence fees and certain other unpaid past fees. This lawsuit is being contested by AI, which responded with a Defence and Counterclaim totalling MEUR 1.2. By its terms when the Investment Management Agreement came to an end, the Licence Agreement terminated automatically.

Furthermore, AI has filed a claim with the Commercial Court of Vienna designed to compel Meinel Bank AG to surrender 2,181,232 AI certificates in its possession, and a request for a preliminary injunction to prohibit Meinel Bank AG from selling these certificates or to perform other actions that could frustrate or significantly hinder AI's claim for surrender. On 9 April 2009 the Vienna Commercial Court awarded a preliminary injunction at the request of AI. Pursuant to the injunction, Meinel Bank AG is prohibited from selling these certificates or taking action in any other way which could obstruct or significantly impede the right of AI to receive those certificates.

36.2 Participation in TAV Holding rights offering

In February 2009, AI exercised its subscription rights in the rights offering of TAV Havalimanlari Holding AS ("TAV"). TAV Holding increased its shares in issue by 121,093,750 from 242,187,500 to 363,281,250. AI subscribed for 12,230,469 new shares, corresponding to 10.1% of the rights issue and therefore maintained its stake of 10.1%. The new shares were subscribed at a price of TRY 1.00 per share. The total consideration paid by AI for the new shares amounted to TEUR 5,880.

36.3 Sale of TAV Holding shares

In May 2009, AI sold its stake of 10.1% in TAV Holding at a price of MTRY 133.7 (TEUR 62,815).

36.4 Discontinued operations

At the extraordinary general meeting held on 22 April 2009, the Company's shareholders resolved to sell or otherwise dispose of all or any of its assets. The planned disposals are in line with the Group's revised strategy to no longer invest in airport projects and to return excess capital to the certificate holders. The Group is actively seeking buyers for the investments and expects to complete the sales / disposals process during 2009. Since authorization for the disposals was given after the balance sheet date, the assets / disposal Groups have not been reclassified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The major non-current assets of the Group are investments in subsidiaries (Ulan Ude, ACV MS and Parma), investments in associated companies (ADM and Sochaczew), available for sale financial assets and financial assets at fair value through profit or loss (TAV and Bydgoszcz).

Key figures of the investments in subsidiaries classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* after the balance sheet date (figures according to separate financial statements) are as follows:

€in thousands	Ulan Ude	ACV	Parma
Total assets	3,101	1,301	18,647
Equity	2,000	504	7,660
Profit / (loss) for the period	(2,291)	618	(16,963)

Carrying amount of investments in associated companies, available for sale financial assets and other financial assets at fair value through profit or loss as at 31 December 2008:

	€in thousands
ADM	675
Sochaczew	2,038
Available for sale financial assets	38,023
Other financial assets	2,003

36.5 Claim by former Director

A former director of the Company, Björn Pirrwitz, filed claims against the Company in the Royal Court of Jersey on 28 July 2009 for an exit payment of TEUR 600, together with expenses and overtime fees of approx TEUR 30 (plus interest and costs), under his Director's service contract. The claims are contested by the Company and are being defended.

37 Ultimate controlling party

Certificates issued under the Company's ADC programme are bearer securities which means there is no register of certificate holders. According to the registration list at the most recent EGM, the largest single registered holding was 11,458,801 ADCs (16% of total ADCs in issue) of the overall 38,036,201 (54%) registered to vote. Therefore, as far as the Directors are aware, there is no ultimate controlling party.