



TURKISH AIRLINES TECHNIC INC.

ACTIVITY REPORT



'08

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ACTIVITY REPORT



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Content

TURKISH AIRLINES TECNIC INC. ACTIVITY REPORT 2008



- 03 • Vision / Mission
- 04 • Safety and Quality Policy
- 06 • Message From Chairman
- 08 • Board of Directors and Members of Audit Board
- 09 • Organization Chart
- 10 • Global Maintenance, Repair & Overhaul (MRO) Market
- 13 • Turkey Maintenance, Repair & Overhaul (MRO) Market
- 14 • Quality Certificate and Other Certificates
- 15 • Employee Profile
- 16 • Hangar - I
- 17 • Hangar - II
- 18 • VIP Aircraft Hangar and Other Facilities
- 19 • Base Maintenance and Line Maintenance Capabilities
- 20 • Engine and APU Maintenance Capabilities
- 21 • Engine and APU Maintenance Capacity
- 22 • Landing gear and Component Maintenance Capabilities
- 23 • Other Maintenance Capabilities
- 24 • International Customers
- 25 • Domestic Customers
- 26 • Turkish Airlines Technic Inc. Reliability Data
(For THY Airlines Inc.)
- 27 • Total Number of Aircraft Maintenance
- 28 • Yearly Total Number of Component Maintenance / Man-Hour
- 29 • Training in Turkish Airlines Technic Inc.
- 30 • Fairs and Exhibitions attended by Turkish Airlines Technic Inc.
- 32 • Investments
- 34 • Engineering Activities
- 36 • Component Shops Activities
- 39 • Lean Management Activities
- 41 • FINANCIAL INFORMATION AND AUDIT REPORTS
- 43 • Financial Outlook
- 44 • Financial Rates
- 45 • Financial Statements in compliance with Uniform
Chart of Accounts
- 50 • Audit Board Report
- 52 • Independent Auditor Report
- 53 • Turkish Airlines Technic Inc. Financial Statements and
Footnotes as of 31 December 2008
- 57 • Turkish Airlines Technic Inc. Financial Statements
Complementary Notes as of 31 December 2008



VISION

To place in top 5
of the most
preffered MRO
centers in global
markets .

MISSION

An MRO center
distinguishes itself
as a trend-setter in
aviation with its
expertise on
maintenance,
repair, overhaul,
design,
modification of
aircraft , parts and
components and
engineering
services..



Safety and Quality Policy

1

CUSTOMER
ORIENTED
MANAGEMENT

Sustaining the recognized, reliable corporate identity at home and abroad by observing the customer satisfaction; providing high quality service at the right time; and implementing appropriate price policies in maintenance and repair of aircraft and equipments.

2

MAINTENANCE/
FLIGHT
SAFETY

Prioritizing the maintenance and flight safety; taking all required technical measurements and in sustaining cost-safety balance accordingly, prioritizing safety and flight safety at any time and conditions.

3

QUALITY
MANAGEMENT
SYSTEM

Complying with terms of Quality Management System and constant improvement of its effectiveness

4

MANAGEMENT
EFFICIENCY

Improving efficiency and effectiveness understanding and increasing vertical and horizontal communication and collaboration among employees, maintaining all units to work harmoniously with the understanding as if units are customers each other.

5

PRODUCTION
EFFICIENCY

Carrying out workforce planning efficiently and effectively and constant improvement of business processes

6

EMPLOYEE
DEVELOPMENT

Sustaining constant development of all employees in terms of technical and social aspects, keeping team spirit at the top level.



7

ORGANISATIONAL
DEVELOPMENT

Supporting continues in house training, becoming a learning organization by interchanging experience and knowledge among employees and help of information technologies.

8

ENVIRONMENTAL
PROTECTION
AWARENESS

Working with protection of environment awareness and infusing this awareness to all employments

9

PRINCIPLES
OF SAFETY
AND HEALTH AT
WORK

In every activities of company, maintaining to be complied with labor health and safety principles.

10

HUMAN
FACTOR

Working in accordance with human factor principles.

11

COMPRIANCE
TO RULES

Sustaining all personnel to comply with procedure, quality, safety and rules.

12

COLLABORATING
WITH AUDITORS

Sustaining all personnel to be in collaboration with quality auditors of SHGM, other authorities, company and customer's.



Message From Chairman



Having well gone beyond size of 45 billion US Dollar as of 2008, Aircraft Maintenance- Repair & Overhaul (MRO) market is estimated to reach 68,6 billion US Dollar in next ten years with an average growth rate of 4,3%. By responding with timely reflexes against developments in the sector closely followed up, Turkis Airlines Technic Inc. makes a progress with confident steps towards becoming a powerful player in global MRO market.



Having well gone beyond size of 45 billion US Dollar as of 2008, Aircraft Maintenance- Repair & Overhaul (MRO) market is estimated to reach 68,6 billion US Dollar in next ten years with an average growth rate of 4,3%. By responding with timely reflexes against developments in the sector closely followed up, Turkish Airlines Technic Inc. makes a progress with confident steps towards becoming a powerful player in global MRO market. In engine maintenance and repair which constitutes about 30% of relevant business volume, Turkish Engine Center is established as a company in a partnership with Pratt & Whitney and processes is going on as planned, so first maintenance of engine is targeted to be carried out in autumn of 2009. Implemented in line with same vision, HABOM project realized the 2008 strategic targets, following finalized preliminary project and first excavations; important progress is made in construction project.

THY Inc.'s Esenboğa Hangar construction which is included in investment program with purpose of supporting operations of Ankara centered Anadolu Jet is another investment of us that is commenced in 2008. Having a specialty of being the first our hangar outside of Istanbul, rough construction of Esenboğa Hangar was completed at the end of 2008, and the facility will be commissioned in May 2009.

Closing 2008 with higher performance than previous year by implementing 215 Heavy Maintenance, 1.344 Line Maintenance, 63 Engine Maintenance, 37.214 Component Maintenance with total 2552 employees, our Company increased shares of Third Party customers in total production, especially in aircraft maintenance he brought the third parties' revenues rate to 20%, with effect of efficiency

brought by lean production works despite the capacity supply problem in Atatürk Airport and growing THY Inc. fleet.

For long years, having been applying Total Care Support, which has become fashionable in global MRO market, successfully for THY fleet, Our company commenced restructuring works to provide this service to other customers, presented his customer focused expansions in many national and international fair & exhibition attended by.

Leaving a successful financial year in 2008 behind with over 600 million TL turnover, our company earned a net period profit of 37 Million TL according to financial tables based on CMB; 20 million TL according to financial statements based on Tax Procedural Law. Realization of transformation from cost-focused structure to profit-focused one and seeing profit increase along with continuously growing business volume provide important hints for succeeding challenging projects in future.

Having remained its vision as being one of the preferred maintenance centers in global MRO market with investments, restructuring works and policy of continuous employment, Turkish Airlines Technic Inc. successfully accomplished the targets of 2008, will continue making necessary efforts and due care in order to finish the projects started in 2008 as planned. By aiming at highly value added high engineering and design projects and prioritizing employee commitment and constant development, Turkish Airlines Technic Inc. is decisive on triggering important activities as being sector leader.



Signature
Metin KILCI
Turkish Technic Technic
Inc. Chairman



Board of Directors and Members of Audit Board



Metin KILCI
Chairman



Dr. Candan KARLITEKİN
Vice Chairman



Hamdi TOPÇU
Member of Board of Directors



Dr. Temel KOTİL
Member of Board of Directors



Dr. İsmail DEMİR
*Member of Board of Director
/ General Manager*



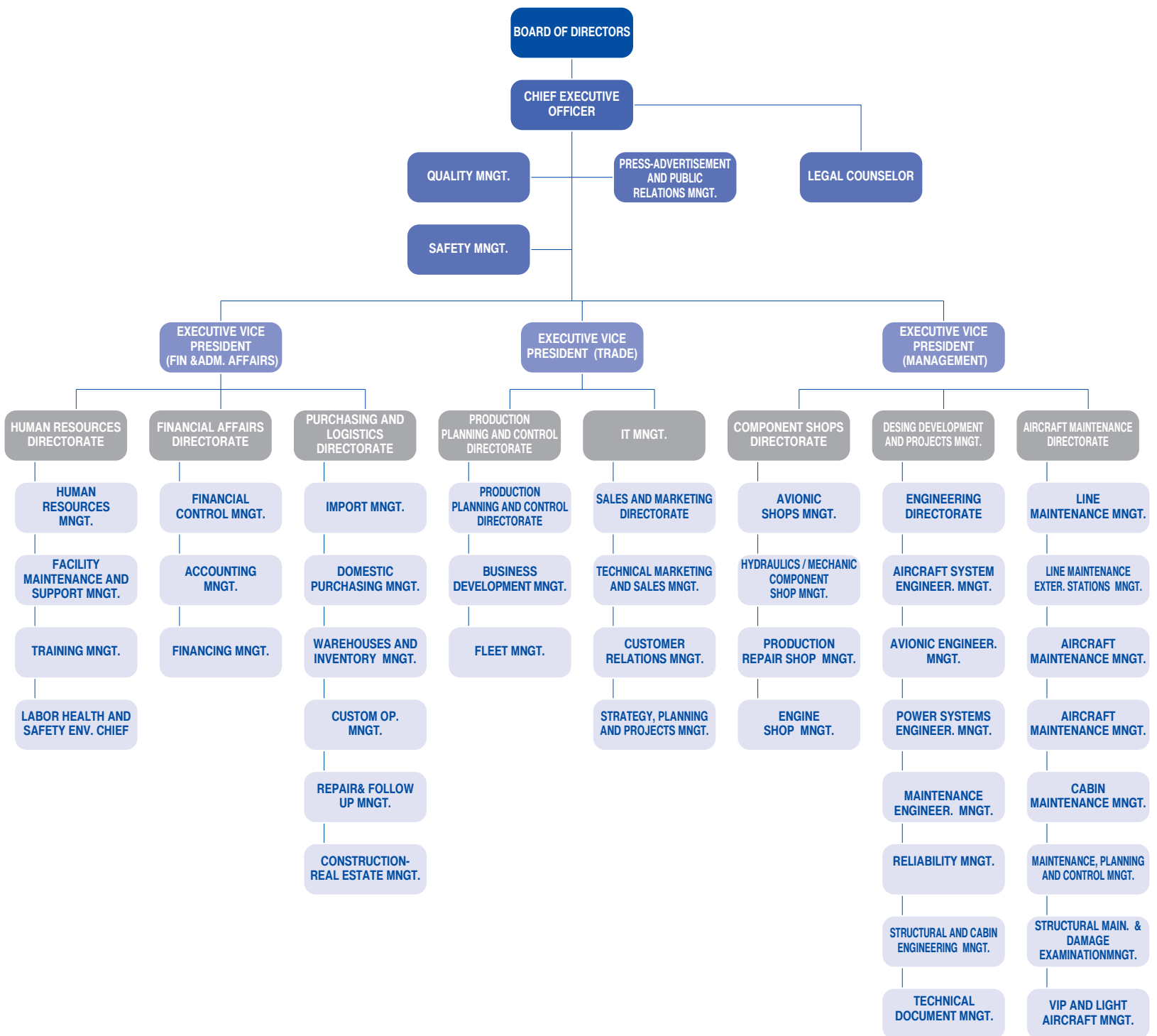
Coşkun KILIÇ
Member of Audit Board



Orhan SİVRİKAYA
Member of Audit Board

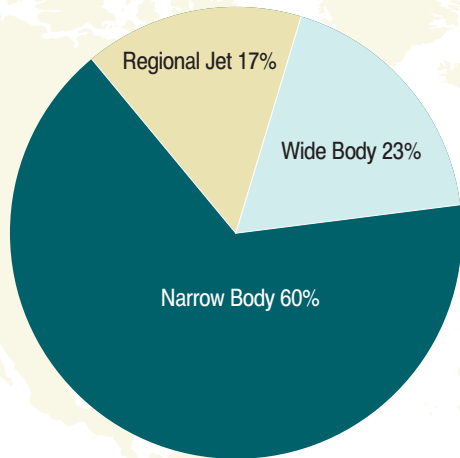


Organization Chart



Global Maintenance, Repair & Overhaul (MRO) Market

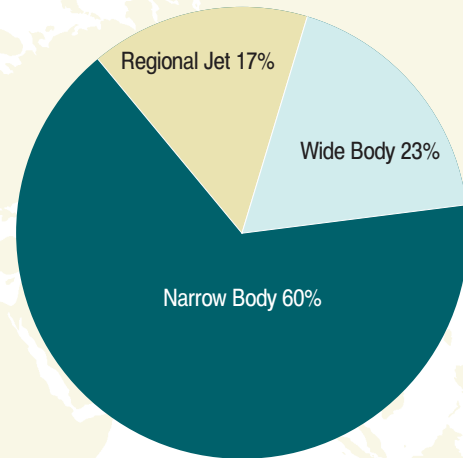
WORLD AIRCRAFT FLEET STRUCTURES



2008

18,816

2008



2018

29,437

2018

Growth Rate
% 4.6

Number of
Aircraft

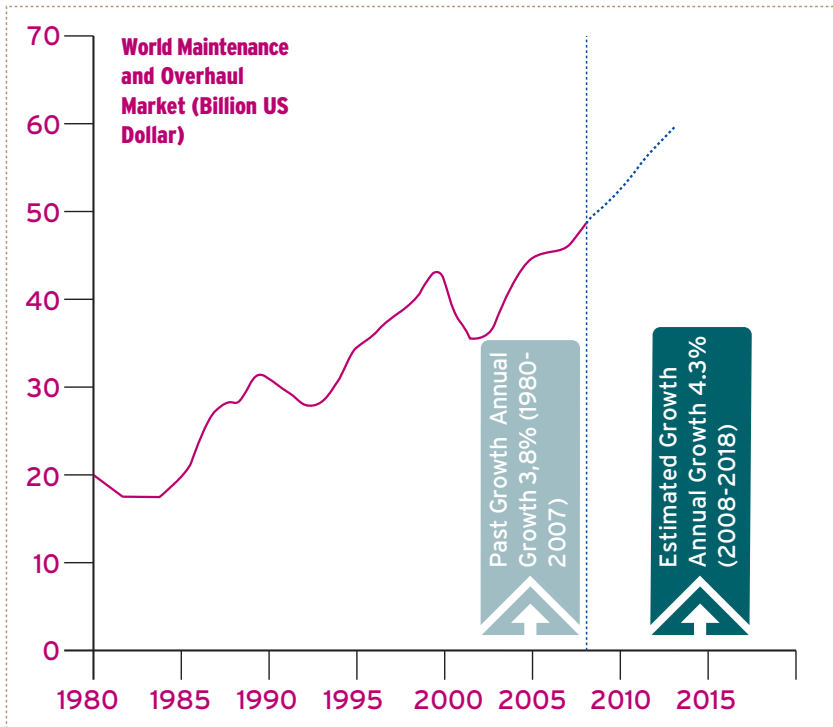


Global Maintenance, Repair & Overhaul (MRO) Market



Aviation Maintenance, Repair and Overhaul Market is a market that has a size of 45.1 Billion Dollar as of 2008.

Growth in global maintenance and repair sector is continuing in a fast manner



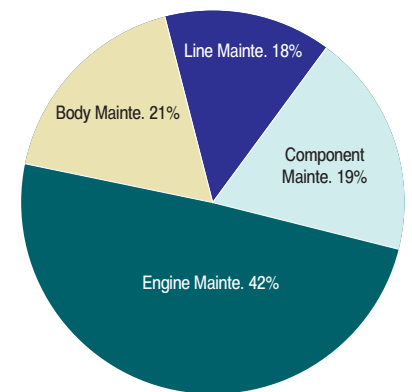
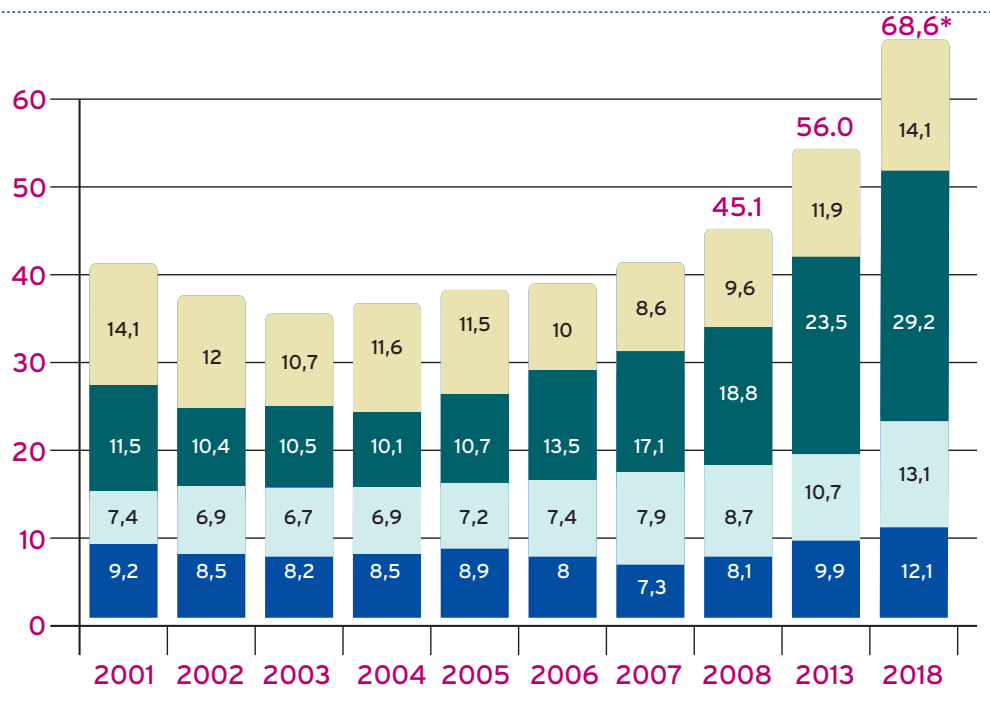
Market size of MRO sector is estimated to reach 68.6 Billion US Dollar with an average annual growth rate of 4.3% by the end of next 10 years.

* Overhaul & Maintenance Magazine, April 2007 edition.



Global Maintenance, Repair & Overhaul (MRO) Market

MRO Market Volume (2001 - 2018)



Global Maintenance, Repair & Overhaul (MRO) Market



2008 yılı Türkiye bakım onarım pazar hacmi yaklaşık 640 Milyon Amerikan Doları'dır.

2008 Turkey maintenance repair Market volume is about 640 million US Dollar.

Market will expand more in following years.

"Fast growing fleets of domestic airline companies and rapid development of Turkish civil aviation sector will be fundamental factors in this growth."

Quality Certificate and Other Certificates



ISO 9001
QUALITY MANAGEMENT



ISO 14001
ENVIRONMENTAL
MANAGEMENT



LABOR HEALTH AND SAFETY
MANAGEMENT



SSHGM MAINTENANCE
AUTHORITY CERTIFICATE
(TR 00001)



FAA MAINTENANCE
OVERHAUL
CERTIFICATE
(TQKY144F)



EASA PART-145
CONFIRMATION
CERTIFICATE
(EASA.145.0276)

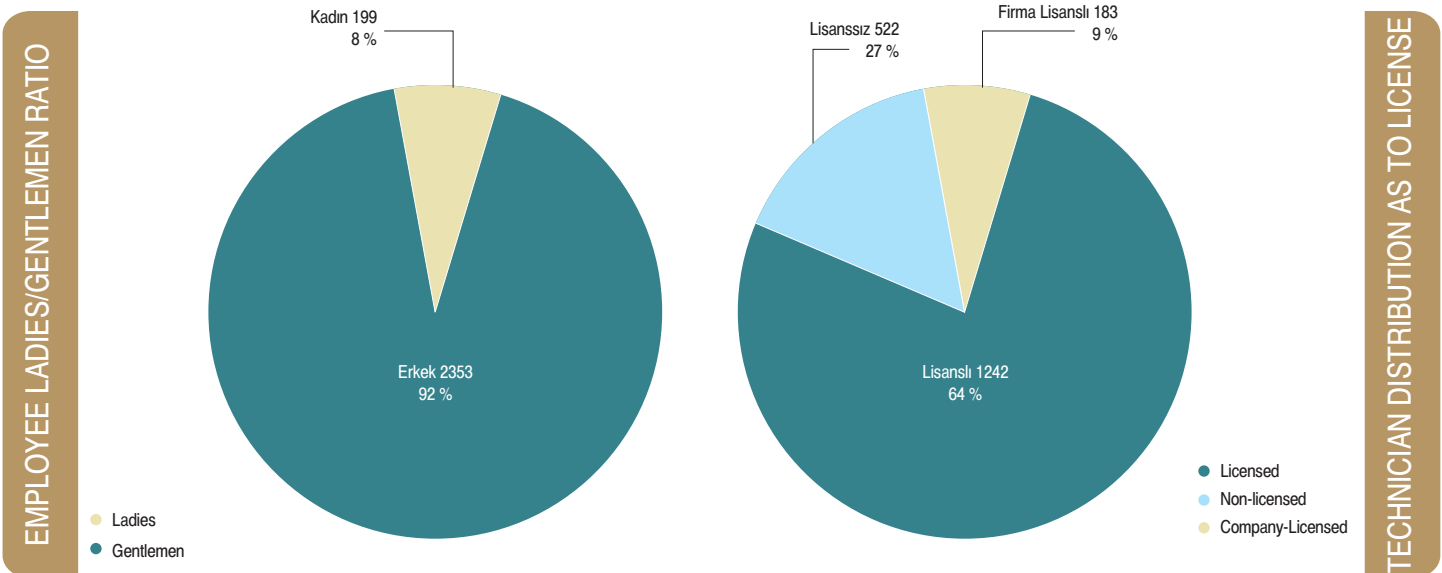
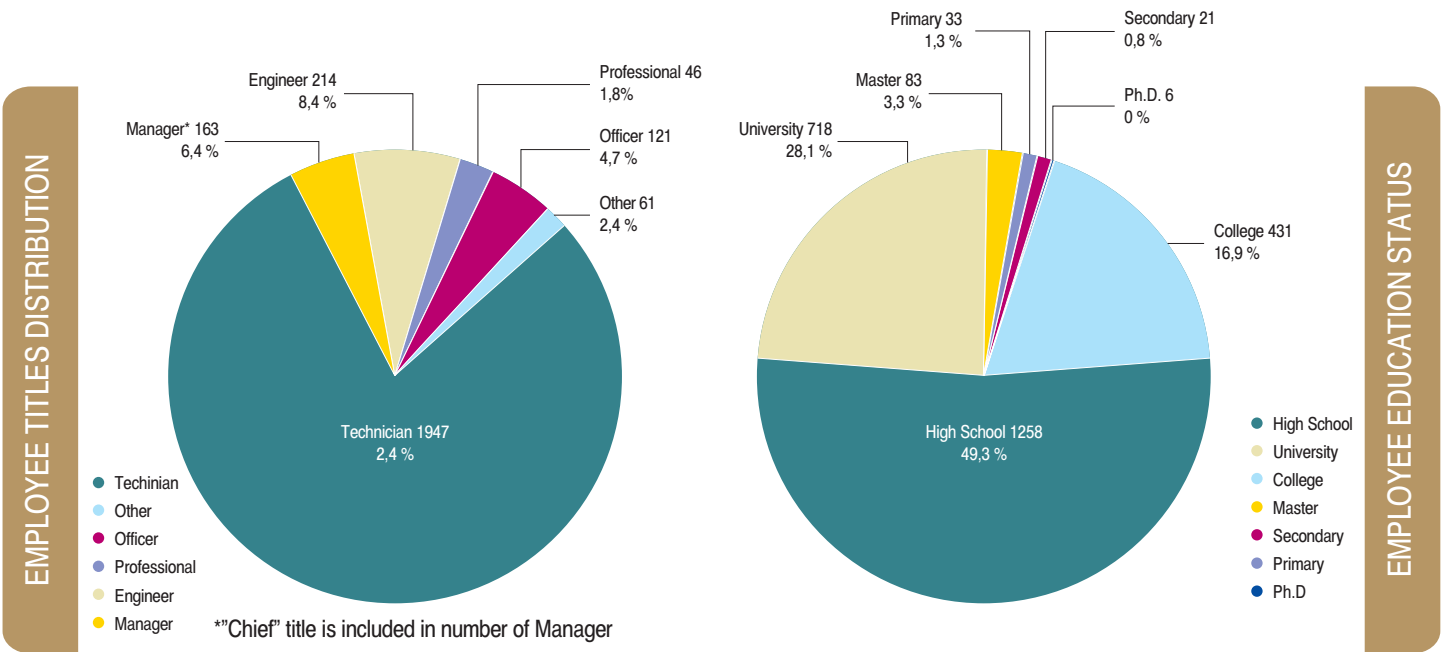


OXYGEN AND
FILLING SHOP
APPROVAL
CERTIFICATE
(DOT D030)



Employee Profile

- As of 31.12.2008, total personnel number of THY Technic Inc is 2552. Average age of employees is 35.4 and average employment term is 10.7 year in the company.
- In 2008, average number of personnel is 2539 and personnel turnover rate is 3.01%.



[Hangar - I]

56 m x 178 m x 18 m (length x width x height)

35.000 m² confined area

- Landing Gears
- Brake
- Paint
- NDT
- Engine, APU and Fuel Oil Systems
- Structural Overhaul, Cabin
- Machine, Covering and Welding
- Hydraulics, Mechanics and Pneumatics
- Oxygen and Filling
- Avionics



Capacity that can serve 2 Wide, 3 Narrow Body simultaneously



Hangar - II

85 m x 160 m x 26 m (length x width x height)

75.000 m² confined area

- Aircraft Revision Electronics and Electric
- Aircraft Painting
- Structural Overhaul, Composite
- Cabin
- Seat
- Cabin Textile
- Warehouse

Capacity that can serve 3 Wide, 4 Narrow Body simultaneously



VIP Aircraft Hangar and Other Facilities



1.500 m² closed area

Capacity that can provide 2 Business Jet, 5 units airplane below 5.700 kg maintenance and overhaul service simultaneously

Other Facilities >> 14.000 m² closed area



- Engine Test Cell
- Hangar Equipment
- Temporary Shops Building
- Battery, Cargo Equipment, Galley, Emergency Equipment, Nitrogen Shop
- Pneumatic Building
- Treatment Building
- Explosive Substances Warehouse
- Power Generator
- Rubber Rim Shop



Base Maintenance and Line Maintenance Capabilities



➤ Maintenance Capabilities - AIRBUS

	Line Maintenance	Heavy Maintenance
A300B2/C2/C4/F4	√	√
A300-600	√	√
A310-200/300	√	√
A318 Series	√	
A319/A320/A321	√	√
A330 Series	√	√
A340 Series	√	√

➤ Maintenance Capabilities - BOEING

	Line Maintenance	Heavy Maintenance
B707-120/-320	√	
B727-200	√	
B737-200	√	
B737-300/400/500	√	√
B737-600/700/800/900	√	√
B747-400	√	
B757-200	√	
B767-200/-300	√	

➤ Maintenance Capabilities - OTHERS

	Line Maintenance	Heavy Maintenance
MD 80 Series	√	
Bae RJ-70/-85-100	√	√
BAe146QT	√	
Gulfstream G-IV	√	√
CESSNA 172	√	√
Diamond DA 42	√	√



Engine and APU Maintenance Capabilities



Engine Maintenance Capabilities

- CFMI CFM56-3 series
- CFMI CFM56-5C series
- CFMI CFM56-7B
- General Electric CF6-80 series
- Honeywell LF507-1F
- V2500

APU Maintenance Capabilities

- Sundstrand APS 2000 series (HS Licensed Maintenance Center)
- Sundstrand APS 3200 series (HS Licensed Maintenance Center)
- Honeywell GTCP131-9B
- Honeywell GTCP85-129H
- Honeywell GTCP85-98C / CK / DHF
- Honeywell GTCP331-250F / H



Engine and APU Maintenance Capacity



Engine Shop and
Test Center

Yearly 80 different
maintenance on average

APU Shop and Test
Center

Yearly 70 different
maintenance on
average



Landing gears and Component Maintenance Capabilities

Landing Gears Maintenance Capabilities

- B737 Classic Landing Gears
- B737 NG Landing Gears
- A300B4- A310 Landing Gears
- A310-200/-300 Landing Gears
- A320 Family Landing Gears
- A340 Nose Landing Gears
- BAe RJ-70/-85/-100

Component Maintenance Capabilities

- Radio and Equipments,
 - Hydraulics Components,
 - Breakings,
 - Rims,
 - Pneumatics Components,
 - Mechanical Components,
- wide-range component overhaul capability with more than 7.000 Airbus Boeing parts.
- ATE (Automatic Test Equipment) Shop and 2 units ATEC 5000 Test Machines

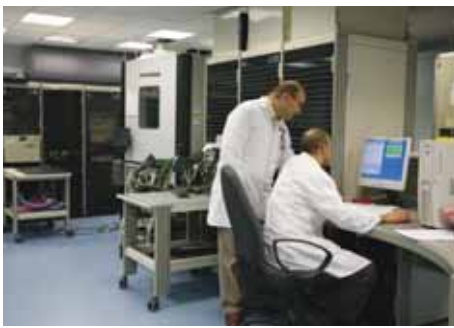


Other Maintenance Capabilities



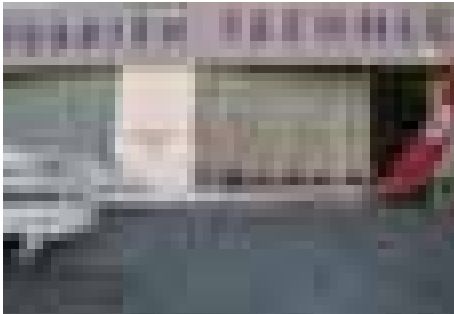
>> CFMI CFM56-7B HMU Licensed Maintenance Station

Licensed Maintenance Station for CFM56-7B **Honeywell** HMU's (Hydro Mechanical Unit)



>> Avionics Maintenance

Wide-range capability with ATE, Sperry, ATEC5000, ATEC 6 series.



>> Licensed Wing Tip Assembly Center

BOEING 737 (NG) Wing Tip Licensed Assembly Center.



>> Painting Activities

Complete painting capabilities for all aircraft models with Telescopic and Mobile Platforms.



>> Specialized Services

D1 Non-Destructive Test (Liquid leakage test, ultrasonic test, vortex currents test, magnetic particle test, radiographic roentgen test).



International Customers



Europe- Origin Operators



Old Commonwealth of Independent States



Others (3A-Asia / Africa / America)



Domestic Customers

TÜRK HAVA YOLLARI • PEGASUS AIRLINES • ONUR AIR • FREEBIRD • ATLASJET • BEST AIR • MNG AIRLINES • KUZU AIR CARGO



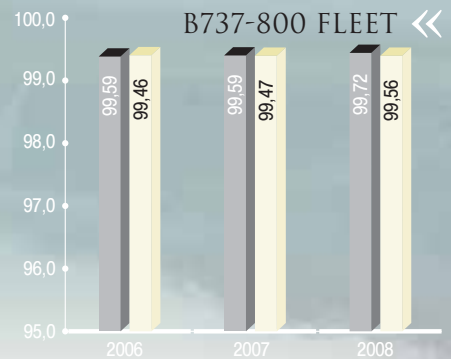
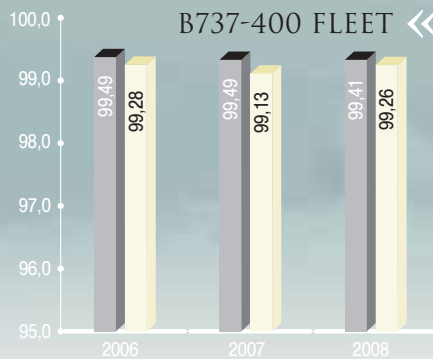
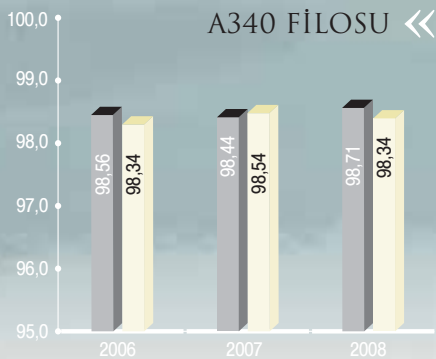
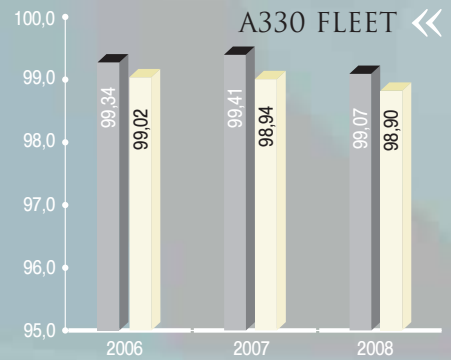
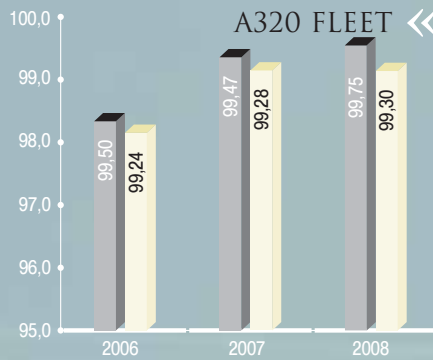
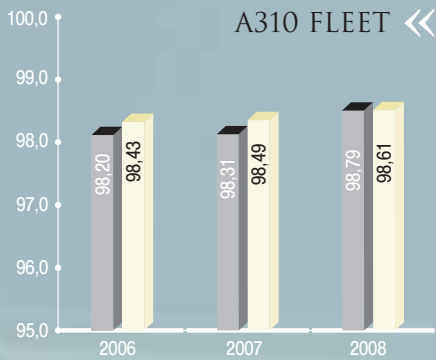
TÜRK HAVA YOLLARI

A STAR ALLIANCE MEMBER



Turkish Airlines Technic Inc. Reliability Data (For THY Inc.)

Airworthiness reliability based on fleet
 (TURKISH AIRLINES TECHNIC Inc. provides engineering services for sustaining and monitoring the flight safety.)



■ THY Ortalaması ■ Dünya Ortalaması

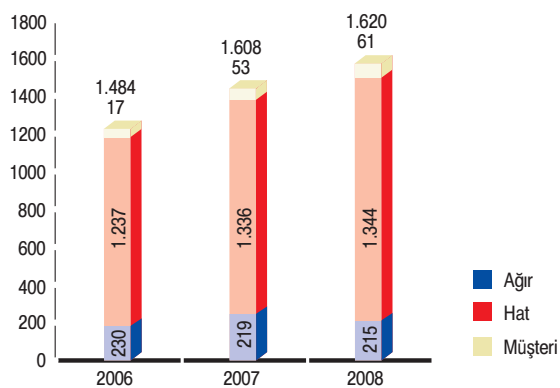
“An improving trend in our maintenance quality every year.”



Total Number of Aircraft Maintenance



The maintenance numbers of 2008 floated at the same levels in parallel with 2007. Despite of the increasing aircraft number, the arrangements in maintenance intervals are effective on the proximity of the numbers.



* “Heavy Maintenance” means aircraft maintenance that aircraft stayed in the hangar for maintenance for several days or weeks according to maintenance type.

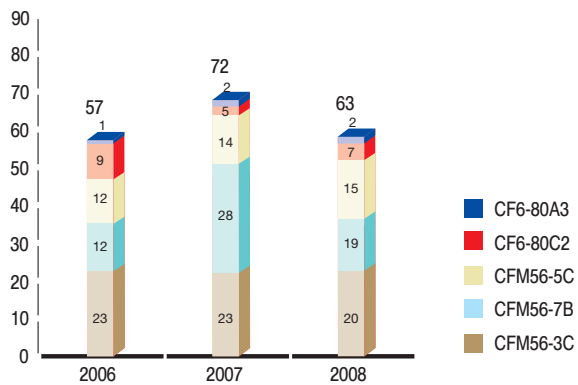
** “Line Maintenance” means maintenances that are included in short term maintenance plan and performed outside of the hangar in time intervals allowed by tariff in shift working order.



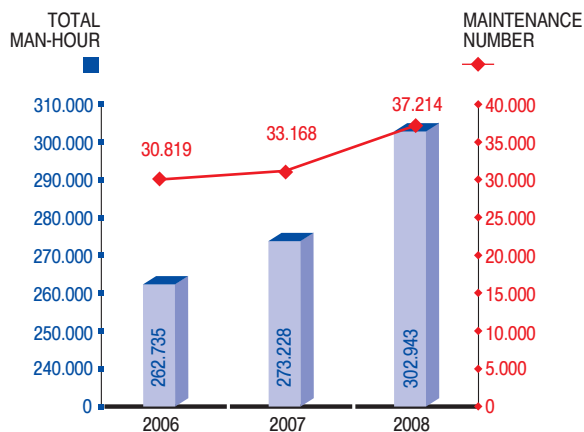
Total Numbers of Engine Maintenance

	CFM56-3C		CFM56-7B		CFM56-5C		CF6-80C2		CF6-80A3		TOPLAM	
	Adet	A*S	Adet	A*S	Adet	A*S	Adet	A*S	Adet	A*S	Adet	A*S
2006	23	47.150	12	20.640	12	27.000	9	23.400	1	2.600	57	120.790
2007	23	47.150	28	43.160	14	31.500	5	13.000	2	5.200	72	140.010
2008	20	41.000	19	32.680	15	33.750	7	18.200	2	5.200	63	130.830

“Shop Visit – SV” numbers of engines includes “Performance Restoration”, “Hot section inspection/restoration – HSIR” and shop visits in maintenance types. All-returned LF 507 engines of BAe Systems RJ70/100 aircrafts are not included in above table.



Total Number of Component Maintenance (Man-Hour)



Training in Turkish Airlines Technic Inc.

- In 2008 550 units training was provided by Training Management, 7.657 people were trained in various technical subjects.
- Besides, 326 different trainings organized by the units of THY Technic Inc. were coordinated and 5.005 people were trained
- During 2008, a total of 17.557 person x day training was provided and coordinated.



	NAME OF TRAINING	UNITS OF TRAININGS	TOTAL ATTENDANTS
TRAININGS PROVIDED BY TRAINING MANAGEMENT	OJT TRAININGS	154	1.650
	CLASS TRAININGS	396	7.007
TRAININGS PROVIDED BY THY TECHNIC INC. ORGANIZATION	ALL TRAININGS	326	5.005
TRAININGS OUTSIDE THY TECHNIC INC. ORGANIZED BY TRAINING MNGT.	TRAININGS OF TRAINING DIRECTORATE	81	917
	OUTSOURCED TRAININGS	16	172
TOTAL		973	14.751

Fairs / Conferences Attended by Turkish Airlines Technic Inc.

12-15/06/2008 - AIREX 2008 / Istanbul

Our company attended as main sponsor with 100 m2 stand area in the activity organized with attendance of domestic or foreign companies.

10-11/09/2008 - 8. BDT-Middle Europe Airline Engineering & Overhaul Conference / Prague

Organized in capital of Czech Republic, Prague, our company attended as sponsor and performed promotional activities.



23-25/09/2008 - Europe Aviation Maintenance & Overhaul Fair/Madrid

Every year, taking place in a different cities of Europe and bringing maintenance and overhaul companies together, activity is our company attended with 36 m2 booth area and meetings were held with several companies.

9-12/10/2008 - Air Show / Ankara

As one of the main sponsors attended in activity as one of the main sponsors with 70 m2 booth area, our company particularly gave students of aviation school coming from Ankara, Kocaeli, Eskişehir and Kayseri a demonstration about company organization and activities.



26-27/11/2008 – 9th Aircraft Maintenance Management & Costs Conference / Budapest

In the conference organized in capital of Hungary, Budapest, Executive Director of Trade Affairs Dr. Fuat Oktay attended as a spokesman representing our company and found bilateral discussion opportunities with other sector-leading representatives.



» ESENBOĞA HANGAR

Planned in the first months of 2008, concluded its tender in August 2008, started its construction in September 2008, Ankara Esenboğa Airport Aircraft Maintenance and Ancillary Facilities' construction came close to end. Its construction continues in an area of 9600 m² obtained after demolition of Old International Terminals and VIP halls, about 70% of facility is completed and the remaining will be finished in May 2009; and after obtaining necessary maintenance authorities from SHGM, presumably it will be commissioned as a first facility of THY Technic Inc. outside of Istanbul in June 2009. Having 3 units narrow-body capacity, dimensions of hangar are 103 m x 53 m, interior ceiling height of hangar is 17.20 m, hangar door height is 13.60 m. Total enclosed area including administrative building, transformer- generator building and storage tank is about 7000 m² and hangar area is 5244m². THY Technic Inc. carries out transit, daily, weekly maintenance services with cabin maintenance, planned and unplanned failure search/fixing operations and planned part replacement operations with staff composing 33 people in Ankara Esenboğa Airport. Generally, these services carried out in open area performed difficultly due to weather conditions particularly in winter, sometimes conditions makes operations to be done impossible. When new hangar building is commissioned, main purpose as capability is determined as A and L maintenance of aircrafts as well as base maintenance in C1 and C2 level, land gears and engine replacements and painting with roller operations. Under the budgeting work carried out, works for providing necessary tool, equipment and apparatus for mentioned maintenance are executed by Aircraft Maintenance Directorate.



In 1 slot of the hangar which can accommodate 3 units narrow-body aircraft simultaneously is proposed to be reserved for 1 unit A and/or L maintenance to be performed per night, and also this slot is planned to be used as a back up for unplanned customer aircrafts and/or defective aircraft and VIP aircrafts at the same time. Other 2 slots will provide opportunity for carrying out, in case of planned, C1/C2 maintenance of 104 unit narrow-body aircraft per year as 2 per week. When it is taken into account that there is a total of about 30 units narrow body C1/C2 maintenance planned to be carried out on aircrafts of THY Inc, it is considered that remaining capacity excess can serve aircrafts of other companies. Because for actualization of all these services, necessary employee number is calculated as around 130 people direct and indirectly, in addition to existing staff, employment area will be established for around 100 employees.



Investments

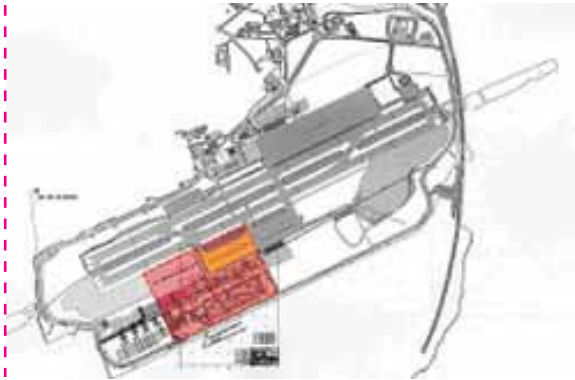
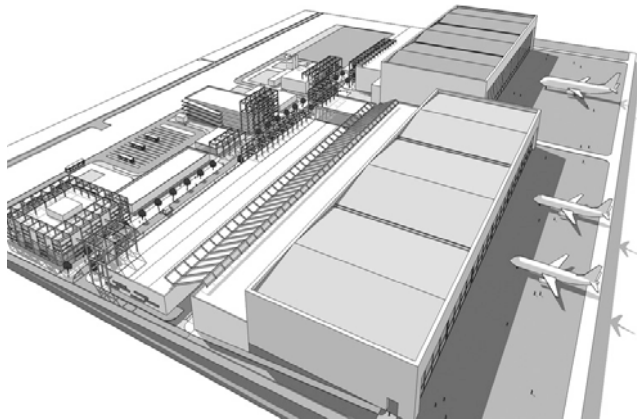


HABOM Project has a total closed area of 231.307 m² on 20 hectare area in Sabiha Gökçen Airport.

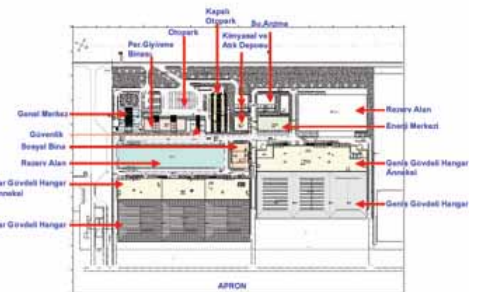
- 3 cell Narrow-Body Hangar and Ancillary Building
- 3 cell Wide-Body Hangar and Ancillary Building
- Head Quarter Building
- Social Center Building
- Security Building
- Personnel Dressing Building
- Water Treatment Center
- Waste Control Center
- Chemical Warehouse and POL Warehouse
- Energy Center and Fire Pump Station
- Parking Garage
- Open Bus and Car park



In the HABOM Site, with the tender concluded in August 2008, digging for terracing is carried out according to project. Avant Projects of HABOM Project prepared by ARUP Engineering is delivered to THY Technic in February 2008



SITE PLAN



After signing joint venture agreement between THY Technic and Pratt & Whitney in 2008, Turkish Engine Center (TEC) company was established. The necessary works continues in order to start operations in October 2009.



Under HABOM Project, Memorandum of Understanding was signed in MRO Europe - Milan on 8 November 2007 between THY Technic and Goodrich Aerostructures, in order to start negotiations of Joint Venture Agreement in Nacelle and Thrust Reserver maintenance-overhaul branches.

Negotiation continues between two companies.



Engineering Activities

THY A310 Cargo Transformation Project

Project in which JCV, JCY, JCZ of the A310 model airliners were transformed into cargo aircrafts was performed in the facilities of EADS EFW company in Dresden, Germany. Coordination and management of technical, trade and logistics issues of project was undertaken by THY Technic Inc. At the end of project, aircraft number of cargo fleet of THY Inc. increased to 4.



THY A340 Cabin Interior Renewal Project

In design of new cabin interior, necessary works were resumed in order to perform design of all flight entertainment system, seats, galleys and all other interior cabin equipments in new standards and maintain performance of necessary designs by relevant companies. In our facilities, engineering services is provided in configuration of TC- JDK and TC- JDN and TC-JDM aircrafts and coordination and removal of problems was maintained .



THY A310 Fleet Optimization Work

By extending "C" maintenance interval of A310-300 from 18 MONTHS TO 24 MONTHS or 6000 FH (whichever fulfilled first), "S" maintenance from 5 YEARS TO 6 YEARS, THY A310 Maintenance Program was revised. 21.11.2008 dated THY A310 Maintenance Program is approved by Turkish SGHM on 07.01.2008. Implementation of new interval values will be started as from 01 February 2009.



Conversion of Documents about Component Maintenance, Uploading into Technical Document System

Manuals about component maintenance provided from component producer companies uploaded into Document Management System at the rate of 85% in order to establish automation which will enable overhauls without causing any delay with updated documents.



Assembly of Winglet to the B737-800 Aircrafts

During 2008, business packages were prepared necessary for 10 aircrafts of THY and 1 of ACG, coordination and engineering support were provided.

Peace Eagle Project of Turkish Air Forces

In Peace Eagle Project which is carried out for supply and retention of Early Warning and Control Aircrafts, as a preparation for maintenance support in the name of THY, the modification implemented in TAI facilities was observed and attendance in the meetings organized were sustained.



Component Shops Activities

AVIONICS

- 54 new parts were added under Tools Shop capabilities attainment works.
- In 2008, moreover, 'Dual Release' authorization is obtained for 47 part numbers and quality increased.
- With the test benches obtained for Smoke Detectors highly quality and reliable tests are conducted and TAT value is reduced
- In our Calibration Shop, Capabilities in such subjects as; Magnetic field measurement (± 50 Gauss), Tachometer (RPM) calibration (contact and non-contact type tachometers), Timer and Chronometer (Mechanical & Quartz) Acoustic Calibration is attained. Furthermore, measurement precision is increased in length measurement.
- In 2008, capabilities of Honeywell - PWS Weather Radar Transceiver components used in new system

aircrafts are attained by Radio Shop.

- Electric Shop, during 2008, attained capabilities of 42 components by performing/producing, fitting, tool and test benches.

- In our Battery Shop, charging station design was completed and commissioned, operation processes were leaned and performance was increased.



HYDRAULIC MECHANIC

As a result of capability works of Hydraulics shop, 59 more parts numbers were taken into capability by the end of 2008.

- In Pneumatic Shop, Air Chiller Universal Test Bench is manufactured and attained into capability in Shop.
- In 2007, Pneumatics Shop was visited by top level managers of B/E Aerospace company; collaboration was sustained with B/E Aerospace on Warranty.
- In Pneumatic shop, manufacturing of Chiller Holder Panel and attainment into capability in Shop was sustained.



Component Shops Activities



- Test capabilities were developed by displaying Rise Rate tests in PC environment.

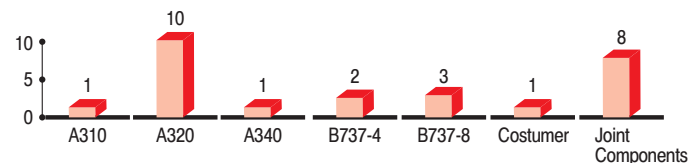
In Pneumatic shop, manufacturing of Electric Control Bench and attainment into capability in Shop was sustained.

- Manufacturing of Safety Valve Test Bench and attainment into capability in Shop was sustained.

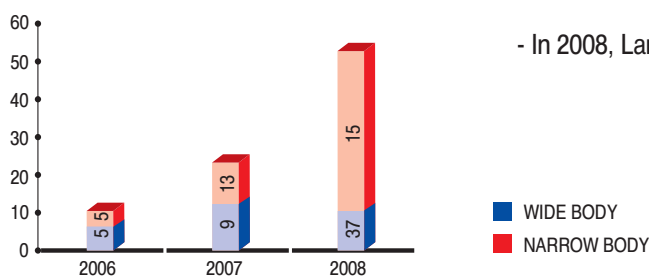
- In Mechanic Shop, purchase operations started for new "Oil Cooler Test Bench" which has more capacity in terms of temperature, pressure and flow values than current bench.

- In Mechanic Shop, a total of 49 components on the P/N basis were taken into capability as a result of capability works conducted in 2008.

- In Mechanic shop, total of 26 components on the P/N basis were taken into capability as a result of capability works conducted in 2008. Dispersion of these capabilities over fleets is indicated in the below chart;



LANDING GEARS OVERHAUL PERFORMANCE (N.B/W.B)



- As a result of Oxygen Shop capability works, more 14 more part numbers were included in capability in 2008.

- In Slide Shop, life vests were subjected to test fixture. As a result of capability works, 14 part numbers were added in 2008.

- Landing gears shop increased the number of landing gear overhaul 2.5 times comparing to 2007 in parallel with personnel and shop increases.

- While landing gear overhauled in 2007 was 22, this number realized as 52 in 2008.

- In 2008, Landing Gear capability of Airbus 320 family was gained.



Component Shops Activities

ENGINE

- 63 engine maintenances were performed.
- V2500 engine maintenance capability has been gained and V2500 S/N's started in second half of 2008.
- CFM56-5B engines maintenance capability (top casing) has been gained and customer engine was taken into shop.
- During 2008, Engine Test DACS tender is concluded and as a result of tender was, ASE company undertook the renewal of system.
- In second half of the year, within the Part Inspection Shop, Engine and APU harness department was established.



In addition to CFM56, CF6-80 and APU harnesses of which capabilities has been gained, Harnesses of CF6-80E1 and V2500 engines capabilities were started to be gained.

- Capability work concerned with CF6-80E1 motor mounts, inspection and repair was completed. Inspection and repair operations of front and back mounts of 2 customer engines were performed.
- an agreement covering GTCP131-9B, GTCP331-250H and GTCP85-129H type APU's, APU shop became the Licensed overhaul station of producer Honeywell.

PRODUCTION & REPAIR



- Within Special Overhaul shop, Honeycom Replacement Shop was started to operate in its new place.
- process in special shops was launched.
- In Machine Shop, retrofiting of ACME vertical lathe bench was completed. Retrofitting of Gioria grinding machine was completed.
- Powder feeder purchased for manual plasma spray brought high quality to coating since the good mixing capability of new equipment.
- Fast thermal curing of small Aircraft and Landing Gear parts was sustained with newly purchased thermal curing oven. Moreover, curing process of composite materials can be performed in this oven.
- For hot water rinsing of parts of landing gears after cadmium coating, a large sized hot water boiler was installed.

Lean Management Works

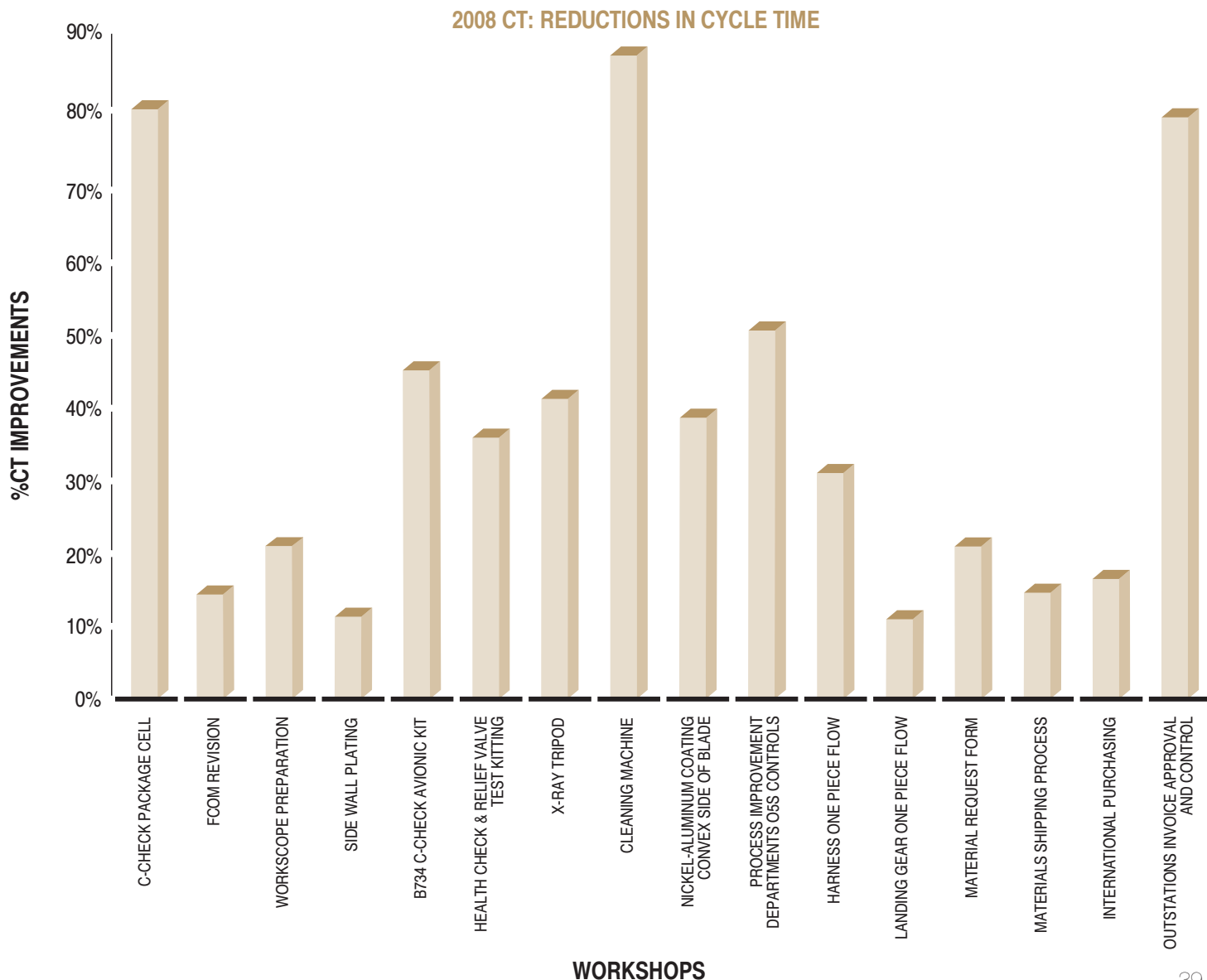
- As of beginning of January 2006, Business Development Management carries out works started with the collaboration of Boeing with the aim of incorporation of Lean Maintenance System within THY Airlines Technic Inc.
- Purpose of Lean Maintenance System is to reduce costs, increase quality and offer excellent value to our customers by way of eliminating wastes that do not provide value in processes of our customers but consuming resources.
- In 2008, works performed by Business Development Management:

2 Value Flow Mapping Work;

- Invoicing process
- Customer Offer process

4 3P (production, preparation, process) Work

23 Accelerated Improvement Work (AIW)



Lean Management Works

Sample improvement C-CHECK KITTING



The status of test equipment before work



The status of test equipment after work

In mentioned work;

- 35% improvement in cycle period,
 - 42% improvement in technician travel were achieved.
-

Sample improvement CADMIUM COATING



In mentioned work;

- 40% improvement in cycle period,
- 72% improvement in technician travel were achieved.



FINANCIAL INFORMATION
AND AUDIT REPORTS



Financial Outlook

The low level trend of foreign exchanges against Turkish Liras and salary increases due to collective agreement put pressure on profitability of our company.

In 2008, constantly increasing fleet of THY Airlines Inc. as well as increasing maintenance need of customer apart from THY Airlines Inc. every passing day, and performance improvements sustained by productivity increases and process improvements is confirmed with financial data.

Our company enjoyed a successful financial year, so by the end of 2008, earned a Net Period profit of 37 million TL according to financial statement based on CMB. Total assets is increased by 10,91%, net sales is increased by 3,72% comparing 2007. Strong balance sheet structure of our company is retained in 2008 and our assets are financed with equity capital at a rate of 78,93%.

Operating profit margin realized at a rate of 4,43% and net profit margin at a rate of 6,00%.

Pursuant to financial statements based on TPL (VUK), a Net Period profit of 20 million TL was earned. Total assets is increased by 3,89%, net sales is increased by 3,30% comparing 2007.

In 2008, with the collaboration of Pratt&Whitney, one of the world's leading companies in aircraft engine production, maintenance and overhaul, Pratt&Whitney Turkis Airlines Technic Aircraft Engine Maintenance Overhaul Center Ltd. Co. is incorporated for providing maintenance and overhaul service and is participated at a rate of 49% and an amount of 4.236.050 TL.

As a result of successful sales and marketing activities carried out in 2008, revenues earned from customers other than THY Airlines Inc. increased at a rate of 77,93%, so it constituted 20,82% of total net sales. As a part of profitability by scale economy concept, sector-specific total maintenance concept is applied in Turkis Airlines Technic Inc. successfully, so under this vision, significant leaps are targeted in 2009.



Financial Ratios

LIQUIDITY RATIOS	2008	2007
CURRENT RATIO	4,96	4,25
ACID-TEST RATIO	1,80	1,30
CASH RATIO	0,61	0,41
<hr/>		
SALES PROFITABILITY RATIOS	2008	2007
GROSS PROFIT MARGIN	8,15	5,81
EARNINGS BEFORE INTEREST AND TAXES (EBIT) MARGIN	1,77	0,35
PERIOD PROFIT MARGIN	4,55	0,53
NET PROFIT MARGIN	3,30	0,09
EBITDA PROFIT MARGIN	18,11	13,40
<hr/>		
BALANCE SHEET PROFITABILITY RATIOS	2008	2007
RATE OF RETURN	3,29	0,67
ASSETS PROFITABILITY	2,83	0,55
<hr/>		
RECEIVABLES TURNOVER RATES AND DURATIONS	2008	2007
TRADE RECEIVABLES TURNOVER RATE	7,54	10,22
TRADE RECEIVABLES COLLECTION DURATION	48	36
<hr/>		
ASSET - EQUITY CAPITAL TURNOVER RATES	2008	2007
ASSET TURNOVER RATE	1,42	1,42
FIXED ASSETS TURNOVER RATE	19,51	35,54
CURRENT ASSETS TURNOVER RATE	1,53	1,48
EQUITY CAPITAL TURNOVER RATE	1,86	1,91
<hr/>		
FINANCIAL STRUCTURE RATIOS- EQUITY CAPITAL	2008	2007
EQUITY CAPITAL / TOTAL LIABILITIES	76	74
SHARE OF EQUITY CAPITAL ALLOCATED AS NET OPERATING CAPITAL	82	86
DEBT/EQUITY CAPITAL RATIO	31	35



Financial Statements in compliance with Uniform Chart of Accounts

BALANCE SHEET	DEC.08	DEC.07
I-CURRENT ASSETS		
A- LIQUID ASSETS	49,406,059	38,657,984
1- Cash	-	-
2- Checks on Hand	3,327,060	-
3- Banks	46,078,999	38,657,984
4- Cheques Given and Payment Orders (-)	-	-
5- Other Liquid Assets	-	-
B-SECURITIES	-	-
1 – Stocks	-	-
2- Private Sector Bills, Bonds and Notes	-	-
3- Public Sector Bonds and Notes	-	-
4- Other Securities	-	-
5- Provision for Decrease in value of Securities (-)	-	-
C- TRADE RECEIVABLES	81,867,960	79,339,204
1- Buyers	81,647,699	58,049,809
2- Notes Receivable	-	-
3- Rediscount on Notes Receivable (-)	-	-
4- Deposits and Guarantees Issued	1,951	1,502
5- Other Trade Receivables	218,310	21,287,893
6- Doubtful Trade Receivables	38,916	174,596
7- Provision for Doubtful Trade Receivables (-)	-38,916	-174,596
D- OTHER RECEIVABLES	6,391,024	3,264,995
1- Receivables from Shareholders	5,219	143,666
2- Receivables from Participations	-	-
3- Receivables from Subsidiaries	-	-
4- Receivables from Personnel	5,987	8,821
5- Other Miscellaneous Receivables	6,379,819	3,112,509
6- Rediscount on Other Notes Receivable (-)	-	-
7- Doubtful Other Receivables	24,939	21,152
8- Provision for Other Doubtful Trade Receivables (-)	-24,939	-21,152
E- STOCKS	255,894,407	277,869,608
1- Raw Material and Supplies	249,996,466	265,553,833
2- Semi-Finished Products	-	-
3- End Products	-	-
4- Merchandise	-	-
5- Other Stocks	1,257,068	10,354,219
6- Allowance for Decline in Value Of Inventory (-)	-	-
7- Advances Issued	4,640,873	1,961,556
F- CONSTRUCTION & REPAIR COSTS SPREAD OVER THE YEARS		
1- Construction and Repair Costs Spread Over Years	-	-
2- Advances Issued to Subcontractors	-	-
G- SHORT-TERM PREPAID EXPENSES AND ACCRUED INCOME	4,866,733	1,189,347
1- Prepaid Expenses for the Following Months	532,519	71,393
2- Accrued Income	4,334,214	1,117,954
H-OTHER CURRENT ASSETS	3,800,403	534,177
1- Deferred VAT	275,568	-
2- Deductible VAT	-	505,072
3- Other VAT	-	-
4- Prepaid Taxes and Funds	3,487,876	-
5- Work Advances	-	2,349
6- Personnel Advances	36,959	26,757
7- Count and Delivery Shortages	-	-
8- Other Miscellaneous Current Assets	-	-
9- Provision for Other Current Assets (-)	-	-
TOTAL CURRENT ASSETS	402,226,586	400,855,315



Financial Statements in compliance with Uniform Chart of Accounts

BALANCE SHEET	FEBRUARY 2008	FEBRUARY 2007
ASSETS		
II- FIXED ASSETS		
A- TRADE RECEIVABLES	-	-
1- Buyers	-	-
2- Notes Receivable	-	-
3- Rediscount on Notes Receivable	(-)	-
4- Deposits and Guarantees Issued	-	-
5- Doubtful Trade Receivables	-	-
6- Provision for Doubtful Trade Receivables	(-)	-
B- OTHER RECEIVABLES	-	-
1- Receivables from Shareholders	-	-
2- Receivables from Participations	-	-
3- Receivables from Subsidiaries	-	-
4- Receivables from Personnel	-	-
5- Other Miscellaneous Receivables	-	-
6- Rediscount on Other Notes Receivable	(-)	-
7- Provision for Doubtful Trade Receivables	(-)	-
C- FIXED FINANCIAL ASSETS	4,236,050	-
1- Long-Term Securities	-	-
2- Provisions for Decline in the Value of Long-Term Securities	(-)	-
3- Participations	4,236,050	-
4- Participations Capital Guarantees	(-)	-
5- Provisions for Decrease in Value of Participations' Shares	(-)	-
6- Subsidiaries	-	-
7- Capital Guarantees to Subsidiaries	(-)	-
8- Provisions for Decrease in Value of Subsidiaries' Shares	(-)	-
D- TANGIBLE FIXED ASSETS	24,662,808	14,626,796
1- Lands	-	-
2- Underground and Overland Facilities	-	-
3- Buildings	-	-
4- Facility, Machine and Equipments	48,899,610	46,130,890
5- Vehicles	3,821,833	4,545,989
6- Fixtures	4,641,161	3,803,768
7- Other Tangible Fixed Assets	883,647	803,150
8- Accumulated Amortization	(-)	-38,920,885
9- Construction in Progress	5,058,945	576,637
10- Advances Issued	278,498	482,089
E- INTANGIBLE FIXED ASSETS	2,302,693	1,640,013
1- Rights	515,666	120,603
2- Betterment	-	-
3- Establishment and Organization Expenses	-	-
4- Research and Development Expenses	-	-
5- Special Costs	2,978,522	1,990,172
6- Other Intangible Fixed Assets	-	-
7- Accumulated Amortization	(-)	-1,191,496
8- Advances Issued	-	-
F - ASSETS SUBJECT TO AMORTIZATION	-	-
1- Exploration Costs	-	-
2- Preparation and Development Expenses	-	-
3- Other Assets Subject to Amortization	-	-
4- Accumulated Amortization	(-)	-
5- Advances Issued	-	-
G- LONG-TERM PREPAID EXPENSES AND ACCRUED INCOME	338,835	422,985
1- Prepaid Expenses for the Following Years	338,835	422,985
2- Accrued Income	-	-
H- OTHER FIXED ASSETS	-	-
1- VAT to be Deducted in Following Years	-	-
2- Other VAT	-	-
3- Inventories and Tangible F. Assets to be Sold	-	-
3- Other Miscellaneous Fixed Assets	-	-
TOTAL FIXED ASSETS	31,540,386	16,689,795
TOTAL ASSETS	433,766,973	417,545,110



Financial Statements in compliance with Uniform Chart of Accounts

BALANCE SHEET	FEBRUARY 2008	FEBRUARY 2007
ASSETS		
I- SHORT TERM LIABILITIES		
A- FINANCIAL LIABILITIES	55,649	-
1- Bank Loans	-	-
2- Principal Installments and Interest of Long Term Loans	-	-
3- Current Maturities of Bonds and Accrued Interest	-	-
4- Bonds and Notes Issued	-	-
5- Other Marketable Securities Issued	-	-
6- Value Differences of Securities Issued (-)	-	-
7- Other Financial Liabilities	55,649	-
B- TRADE LIABILITIES	45,764,979	51,095,731
1 - Sellers	45,131,385	51,068,966
2- Notes Payable	-	-
3- Rediscount on Notes Payable (-)	-	-
4- Deposits and Guarantees Received	25,981	3,500
5- Other Trade Liabilities	607,613	23,265
C- OTHER LIABILITIES	4,986,938	2,629,629
1 – Payables to Shareholders	4,806,431	2,256,120
2 – Payables to Participations	-	-
3- Payables to Subsidiaries	-	-
4- Payables to Personnel	134,219	244,800
5- Rediscount on Other Notes Payable (-)	-	-
6- Other Miscellaneous Liabilities	46,288	128,708
D- ADVANCES RECEIVED	1,035,086	795,966
E- CONSTRUCTION AND REPAIR BILLINGS SPREAD OVER YEARS	-	-
1- Construction And Repair Billings Spread Over Years	-	-
E- TAXES AND FUNDS PAYABLES AND OTHER LIABILITIES	13,093,505	31,365,182
1- Taxes and Funds Payables	9,227,069	6,085,381
2- Social Security Premiums Payable	3,859,598	4,103,205
3- Matured, Delayed or Deferred Tax by Installments and Other Liabilities	-	-
4- Other Liabilities	6,838	21,176,597
G- PROVISIONS FOR LIABILITIES AND EXPENSES	8,644,092	2,641,485
1- Period Income Tax and Other Legal Liabilities Provisions	7,673,685	2,583,251
2- Prepaid Tax and Other Liabilities on Current Year Profit (-)	-	-523,763
3- Provision for Severance Pay	970,407	581,997
4- Provisions for Other Debts and Expenses	-	-
H- SHORT-TERM PREPAID INCOME AND ACCRUED EXPENSES	7,546,735	5,812,604
1- Income Relating to Future Months	330,729	150,945
2- Accrued Expenses	7,216,006	5,661,659
I- OTHER SHORT TERM LIABILITIES	-	22,312
1- Calculated VAT	-	22,312
2- Other VAT	-	-
3- Head Quarter and Branches Current Account	-	-
4- Count and Delivery Excesses	-	-
5- Other Misc. Long Term Liabilities	-	-
TOTAL SHORT-TERM LIABILITIES	81,126,984	94,362,910



Financial Statements in compliance with Uniform Chart of Accounts

BALANCE SHEET	FEBRUARY 2008	FEBRUARY 2007
LIABILITIES (RESOURCES)		
II- LONG TERM LIABILITIES		
A- FINANCIAL LIABILITIES	23,069	-
1- Bank Loans	-	-
2- Issued Bills	-	-
3- Other Securities Issued	-	-
4- Value Differences of Securities Issued (-)	-	-
5- Other Financial Liabilities	23,069	-
B- TRADE LIABILITIES	-	-
1 - Sellers	-	-
2- Notes Payable	-	-
3- Rediscount on Notes Payable (-)	-	-
4- Deposits and Guarantees Received	-	-
5- Other Trade Liabilities	-	-
C- OTHER LIABILITIES	-	-
1 – Payables to Shareholders	-	-
2 – Payables to Participations	-	-
3- Payables to Subsidiaries	-	-
4- Other Miscellaneous Liabilities	-	-
5- Rediscount on Other Notes Payable (-)	-	-
6- Deferred or restructured debts of public sector	-	-
D- ADVANCES RECEIVED	-	-
E- PROVISIONS FOR LIABILITIES AND EXPENSES	22,306,466	13,191,275
1- Provisions for Severance Pay	22,306,466	13,191,275
2- Provisions for Other Debts and Expenses	-	-
E- LONG-TERM PREPAID INCOME AND ACCRUED EXPENSES	-	-
1- Income Relating to Future Months	-	-
2- Accrued Expenses	-	-
G- OTHER LONG TERM LIABILITIES	-	-
1- VAT Deferred or Cancelled to Following Years	-	-
2- Other Long Term Liabilities	-	-
TOTAL LONG TERM LIABILITIES	22,329,535	13,191,275
III- EQUITY CAPITAL		
A- PAID CAPITAL	288,324,696	288,324,696
1- Capital	318,000,000	318,000,000
2- Unpaid Capital (-)	-29,675,304	-29,675,304
3- Capital Correction Positive Difference	-	-
B- CAPITAL RESERVES	-	-
1- Premiums on sale of share certificates	-	-
2- Earnings on cancelled share certificates	-	-
3- Revaluation fund increase	-	-
4- Revaluation fund of affiliates	-	-
5- Value Increases in Stock Exchange	-	-
6- Other Capital Reserves	-	-
C- PROFIT RESERVES	21,666,229	21,104,002
1- Legal Reserves	1,083,311	1,055,200
2- Statutory Reserves	-	-
3- Extraordinary Reserves	20,582,917	20,048,802
4- Other Profit Reserves	-	-
5- Special Funds	-	-
D- ACCUMULATED EARNINGS	-	-
E- ACCUMULATED LOSSES	-	-
E- NET PROFIT (LOSS) OF THE PERIOD	20,319,530	562,227
TOTAL EQUITY CAPITAL	330,310,454	309,990,925
TOTAL LIABILITIES (RESOURCES)	433,766,973	417,545,110



Financial Statements in compliance with Uniform Chart of Accounts

INCOME TABLE	FEBRUARY 2008	FEBRUARY 2007
A – GROSS SALES	644,521,963	621,831,189
1- Domestic Sales	553,954,013	593,003,268
2- Overseas Sales	67,185,506	20,664,391
3- Other Incomes	23,382,443	8,163,529
B- SALES DISCOUNT (-)	-29,302,681	-28,700,993
1- Sales Returns (-)	-29,302,681	-28,700,993
2- Sales Discounts (-)	-	-
3- Other Discounts (-)	-	-
C- NET SALES	615,219,281	593,130,197
D- COST OF SALES (-)	-565,109,506	-558,697,797
1- Cost of End Product Sales (-)	-	-
2- Cost of Commodity Sales (-)	-44,823,883	-
3- Cost of Service Sales (-)	-520,285,623	-558,697,797
4- Cost of Other Sales (-)	-	-
GROSS PROFIT OR LOSS	50,109,775	34,432,400
E- OPERATING EXPENSES	-39,236,240	-32,356,390
1- Research and Development Expenses (-)	-	-
2- Marketing, Sale and Distribution Expenses (-)	-3,802,984	-2,524,676
3- General Management Expenses (-)	-35,433,256	-29,831,714
OPERATING PROFIT OR LOSS	10,873,536	2,076,009
F- OTHER OPERATING ORDINARY INCOME AND PROFITS	88,234,651	35,940,068
1- Dividend Income from Affiliates	-	-
2- Dividend Income from Subsidiaries	-	-
3- Interest Income	3,650,571	1,772,173
4- Commission Income	216,532	-
5- Terminated Provisions	136,042	-
6- Profit on Securities Sales	-	-
7- Profit from Foreign Currencies	73,545,650	27,849,136
8- Rediscount Interest Income	-	-
9- Inflation Correction Profits	-	-
10- Other Operating Ordinary Income and Profits	10,685,857	6,318,760
G- OTHER OPERATING ORDINARY EXPENSE AND LOSSES (-)	-66,977,980	-35,954,380
1- Commission Expenses (-)	-7,927	-1,252
2- Provision Expenses (-)	-4,148	-87,218
3- Loss on Sale of Marketable Securities (-)	-	-
4- Loss from Foreign Currencies (-)	-57,529,477	-31,245,488
5- Rediscount Interest Expenses (-)	-	-
6- Other Ordinary Expenses and Losses (-)	-9,436,428	-4,620,422
H- FINANCING EXPENSES (-)	-12,920	-9,966
1- Short Term Borrowing Expenses (-)	-12,920	-9,966
2- Long Term Borrowing Expenses (-)	-	-
ORDINARY PROFIT OR LOSS	32,117,287	2,051,731
1- EXTRAORDINARY INCOME AND PROFITS	6,653,344	2,685,389
1- Income and Profits of the Previous Period	5,296,092	1,455,555
2- Other Extraordinary Income and Profits	1,357,252	1,229,834
J- EXTRAORDINARY EXPENSE AND LOSSES (-)	-10,777,416	-1,591,643
1- Idle Capacity Expenses and Losses (-)	-7,926	-3,667
2- Expenses and Losses of the Previous Period (-)	-10,443,607	-1,138,238
3- Other Extraordinary Expenses and Losses (-)	-325,883	-449,738
PROFIT OR LOSS FOR THE PERIOD	27,993,215	3,145,477
K- PERIOD PROFIT TAX AND OTHER LEGAL LIABILITY PROV (-)	-7,673,685	-2,583,251
NET PROFIT OR NET LOSS FOR THE PERIOD	20,319,530	562,227



DENETİM KURULU RAPORU

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ GENEL KURUL BAŞKANLIĞINA

ŞİRKETİN

-ÜNVANI	: TÜRK HAVA YOLLARI TEKNİK A.Ş
-MERKEZİ	: İSTANBUL
-ÖDENMİŞ SERMAYESİ	: 288.324.696.-YTL
-FAALİYET KONUSU	: UÇAK BAKIM ONARIM HİZMETİ

DENETİM KURULU ÜYELERİNİN ADI , GÖREV	: Coşkun KILIÇ (22.04.2008- Devam ediyor) : Orhan SİVRİKAYA (22.04.2008- Devam ediyor)
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SÜRELERİ, ORTAK VEYA ŞİRKET PERSONELİ OLUP OLMADIKLARI	Denetçiler pay sahibi veya şirket personeli değildirler.
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İŞTİRAK EDİLEN YÖNETİM KURULU TOPLANTI SAYISI	: Yönetim kurulu toplantılarının tamamına iştirak edilmiştir.
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ŞİRKET HESAPLARI İLE DEFTERLER VE BELGELER ÜZERİNDE YAPILAN İNCELEMELER	: Şirketin 2008 yılı yasal defter kayıtları ile hazırladığı mizan, bilanço ve gelir tabloları incelenmiştir.Kayıt ve belgeler üzerinde sondaj usulü ile yaptığımız tetkiklerde, yapılan işlem ve muhasebe kayıtlarının yasalara, Şirket Yönetmeliklerine ve Yönetim Kurulu Kararlarına uygun olduğu görülmüştür.
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TÜRK TİCARET KANUNUNUN 353*ÜNCÜ MADDESİNİN (3) VE (4) NUMARALI BENTLERİ GEREĞİNCE YAPILAN SAYIM VE İNCELEMELER	: Genel Müdürlük merkez kasası ve örnekleme yoluyla kıymetli evrak sayımları yapılmış, mevcutların kayıtlarla mutabık olduğu görülmüştür.
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İNTİKAL EDİLEN ŞİKAYET VE YOLSUZLUKLAR VE BUNLAR HAKKINDA YAPILAN İŞLEMLER	: 2008 Yılı içerisinde Ortaklardan tarafımıza ihbar veya şikayet intikal etmemiştir. Şirketin çalışmasına ve uygulamalarına yönelik tarafımıza ulaşan müşteri şikayetleri, ilgili idari birimlere gönderilerek çözüm üretilmesi sağlanmıştır.
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SONUÇ

: Türk Hava Yolları Teknik A.Ş'nin 01/01/2008-31/12/2008 dönemi hesap ve işlemlerini Türk Ticaret Kanunu , Şirketin Ana Sözleşmesi ve diğer mevzuat ile genel kabul görmüş muhasebe ilke ve standartlarına göre incelemiş bulunmaktayız.

Görüşümüze göre; içeriğini benimsediğimiz ekli

- 31.12.2008 tarihi itibarıyla düzenlenmiş bilanço, şirketin anılan tarihteki mali durumunu,
- 01.01.2008-31.12.2008 Dönemine ait gelir tablosu, anılan döneme ait faaliyet sonuçlarını, gerçeğe uygun ve doğru olarak yansıtmaktadır.

Bu bakımdan, bilanço ve gelir tablosunun onaylanmasını ve Yönetim kurulunun ibra edilmesini Genel kurulun tasvibine arz ederiz.

DENETİM KURULU ÜYELERİ



Coşkun KILIÇ



Orhan SIVRIKAYA



Türk Hava Yolları Teknik Anonim Şirketi
Yönetim Kurulu'na;

Türk Hava Yolları Teknik Anonim Şirketi (Şirket) 31 Aralık 2008 tarihi itibarıyla hazırlanan ve ekte yer alan bilançosunu ve aynı tarihte sona eren yıla ait gelir tablosunu, özsermaye değişim tablosunu ve nakit akım tablosunu, önemli muhasebe politikalarının özetini ve dipnotları denetlemiş bulunuyoruz.

Finansal Tablolara İlgili Olarak İşletme Yönetiminin Sorumluluğu

İşletme yönetimi finansal tabloların Sermaye Piyasası Kurulu'nca yayımlanan finansal raporlama standartlarına göre hazırlanması ve dürüst bir şekilde sunumundan sorumludur. Bu sorumluluk, finansal tabloların hata veya hile ve usulsüzlükten kaynaklanan önemli yanlışlıklar içermeyecek biçimde hazırlanarak, gerçeği dürüst bir şekilde yansıtmayı sağlamak amacıyla gerekli iç kontrol sisteminin tasarlanmasını, uygulanmasını ve devam ettirilmesini, koşulların gerektirdiği muhasebe tahminlerinin yapılmasını ve uygun muhasebe politikalarının seçilmesini içermektedir.

Bağımsız Denetim Kuruluşunun Sorumluluğu

Sorumluluğumuz, yaptığımız bağımsız denetime dayanarak bu finansal tablolar hakkında görüş bildirmektir. Bağımsız denetimimiz, Sermaye Piyasası Kurulu'nca yayımlanan bağımsız denetim standartlarına uygun olarak gerçekleştirilmiştir. Bu standartlar, etik ilkelere uyulmasını ve bağımsız denetimin, finansal tabloların gerçeği doğru ve dürüst bir biçimde yansıtmayı yansıtmadığı konusunda makul bir güvenceyi sağlamak üzere planlanarak yürütülmesini gerektirmektedir.

Bağımsız denetimimiz, finansal tablolardaki tutarlar ve dipnotlar ile ilgili bağımsız denetim kanıtı toplamak amacıyla, bağımsız denetim tekniklerinin kullanılmasını içermektedir. Bağımsız denetim tekniklerinin seçimi, finansal tabloların hata veya hileden ve usulsüzlükten kaynaklanıp kaynaklanmadığı hususu da dahil olmak üzere önemli yanlışlık içerip içermediğine dair risk değerlendirmesini de kapsayacak şekilde, mesleki kanaatimize göre yapılmıştır. Bu risk değerlendirmesinde, işletmenin iç kontrol sistemi göz önünde bulundurulmuştur. Ancak, amacımız iç kontrol sisteminin etkinliği hakkında görüş vermek değil, bağımsız denetim tekniklerini koşullara uygun olarak tasarlamak amacıyla, işletme yönetimi tarafından hazırlanan finansal tablolar ile iç kontrol sistemi arasındaki ilişkiyi ortaya koymaktır. Bağımsız denetimimiz, ayrıca işletme yönetimi tarafından benimsenen muhasebe politikaları ile yapılan önemli muhasebe tahminlerinin ve finansal tabloların bir bütün olarak sunumunun uygunluğunun değerlendirilmesini de içermektedir.

Bağımsız denetim sırasında temin ettiğimiz bağımsız denetim kanıtlarının, görüşümüzün oluşturulmasına yeterli ve uygun bir dayanak oluşturduğuna inanıyoruz.

Görüş

Görüşümüze göre ilişikteki mali tablolar Türk Hava Yolları Teknik Anonim Şirketi'nin 31 Aralık 2008 tarihi itibarıyla finansal durumunu ve aynı tarihte sona eren yıla ait finansal performansını, Sermaye Piyasası Kurulu'nca yayımlanan finansal raporlama standartları çerçevesinde doğru ve dürüst bir biçimde yansıtmaktadır.

İstanbul, 18 Mart 2009

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A. Ş.
An independent member of BAKER TILLY INTERNATIONAL


YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ
DENETİM HİZMETLERİ A.Ş.
Dr. Hakkı DEDE
Sorumlu Ortak Baş Denetçi

Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

Annexed footnotes are complementary part of financial statements.

TURKISH AIRLINES TECHNIC INC. BALANCE SHEETS AS OF 31 DECEMBER 2008 AND 31 DECEMBER 2007 (Unless otherwise stated, amounts are indicated in Turkish Liras).

ASSETS	Note	Audited by Independent Auditor 31 December 2008	Audited by Independent Auditor 31 December 2007
Current Assets		408.244.100	377.501.470
Cash and Cash alike	6	46.078.999	38.657.984
Financial Investments	7	-	-
Trade Receivables	10,37	72.299.531	57.956.090
Receivables from Finance Sector Activities	12	-	-
Other Receivables	11,37	6.390.354	2.010.866
Stocks	13	273.318.800	273.381.000
Biological Active	14	-	-
Other Current Assets	26	10.156.416	5.495.530
Tangible Assets		35.810.177	22.879.880
Trade Receivables	10	-	-
Receivables from finance sector activities	12	-	-
Other Receivables	11	-	-
Financial Investments	7	4.236.050	-
Investments Valued according to Equity Management	16	-	-
Biological Assets	14	-	-
Real Estates for Investment Purposes	17	-	-
Tangible Assets	18	30.165.471	19.942.642
Intangible Assets	19	413.310	67.101
Betterment	20	-	-
Deferred Tax Asset	35	767.466	2.544.815
Other Tangible Assets	26	227.880	325.322
TOTAL ASSETS		444.054.277	400.381.350



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

Annexed footnotes are complementary part of financial statements.

TURKISH AIRLINES TECHNIC INC. BALANCE SHEETS AS OF 31 DECEMBER 2008 AND 31 DECEMBER 2007 (Unless otherwise stated, amounts are indicated in Turkish Liras (TL)).

RESOURCES	Note	Audited by Independent Auditor 31 December 2008	Audited by Independent Auditor 31 December 2007
Short Term Liabilities		82.582.609	79.528.404
Financial Liabilities	8	55.649	-
Other Financial Liabilities	9	-	-
Trade Liabilities	10,37	51.554.956	58.032.178
Other Liabilities	11,37	19.088.385	13.488.972
Government Incentives and Supports	21	-	-
Period Profit Tax Obligation	35	4.185.809	2.059.488
Liabilities Provisions	22	97.950	-
Other Short Term Liabilities	26	7.599.860	5.947.766
Liabilities Related With Fixed Assets Kept On Hand For Sales Purposes	34	-	-
Long Term Liabilities		10.964.273	7.274.178
Financial Liabilities	8	23.069	-
Other Financial Liabilities	9	-	-
Trade Liabilities	10	-	-
Other Liabilities	11	-	-
Liabilities from finance sector activities	12	-	-
Government Incentives and Supports	21	-	-
Liabilities Provisions	22	-	-
Provision for Severance Pay	24	10.941.204	7.274.178
Deferred tax obligations	35	-	-
Other Long Term Liabilities	26	-	-
CAPITAL EQUITY			
Capital Equities of the Main Partnership	27	350.507.395	313.578.768
Paid capital		288.324.696	288.324.696
Reciprocal Subsidiary Capital Adjustment (-)		-	-
Sharebond Issue Premiums		-	-
Value Increase Funds		6.957.915	6.957.915
Foreign Currency Conversion Adjustments		-	-
Limited Reserves Allocated from Profit		1.083.311	1.055.200
Past Years Profits/Losses		17.212.846	22.959.960
Net Period Profit /Loss		36.928.627	(5.719.003)
Minority Interests		-	-
TOTAL ASSETS		444.054.277	400.381.350



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

Annexed footnotes are complementary part of financial statements.

TURKISH AIRLINES TECHNIC INC. INCOME STATEMENT OF ACCOUNT PERIOD ENDING ON 31 DECEMBER 2008 and 31 DECEMBER 2007

(Unless otherwise stated, amounts are indicated in Turkish Liras).

CONTINUING OPERATIONS	Note	Audited by Independent Auditor 31 January - December 2008	Audited by Independent Auditor 31 January - December 2007
Sale Income	28	615.219.281	593.130.196
Cost of Sales (-)	28	(530.783.431)	(564.252.815)
Gross Profit/Loss from the Commercial Activities		84.435.850	28.877.381
Interest, Salary, Premium, Commission and Other Income		-	-
Interest, Wage, Premium, Commission and Other Expenses (-)		-	-
Gross Profit / (Loss) from the Financial Activities		-	-
GROSS PROFIT/(LOSS)		84.435.850	28.877.381
Marketing, Sale and Distribution Expenses (-)	29	(3.714.723)	(2.454.779)
General Management Expenses (-)	29	(34.289.693)	(28.341.665)
Research and Development Expenses (-)	29	-	-
Other Operating Income	31	17.899.690	9.004.149
Other Operating Expenses (-)	31	(37.081.214)	(12.443.270)
OPERATING PROFIT/(LOSS)		27.249.910	(5.358.184)
Profit/Loss Share of the Investment that gain Value through Shareholder's Equity Method		-	-
Financial Income	32	77.143.050	29.621.309
Financial Expenses (-)	33	(58.013.299)	(31.369.481)
CONTINUING OPERATIONS PRETAX PROFIT/(LOSS)		46.379.661	(7.106.356)
Tax Income/(Expense) for Continuing Operations		(9.451.034)	1.387.353
Tax Income/(Expense) for the Period		(7.673.685)	(2.583.251)
Deferred Tax Income/(Expense)	35	(1.777.349)	3.970.604
CONTINUING OPERATIONS PROFIT/(LOSS) FOR THE PERIOD		36.928.627	(5.719.003)
PROFIT/(LOSS) FOR THE PERIOD		36.928.627	(5.719.003)
Distribution of the Profit/Loss for the Period		-	-
Minority Interests		-	-
Shares of the Partner Company		36.928.627	(5.719.003)
Earnings per Share (Ykr)	36	11,61	1,80



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

Annexed footnotes are complementary part of financial statements.

TURKISH AIRLINES TECHNIC INC. COMPARATIVE EQUITY CAPITAL CHANGE STATEMENT OF ACCOUNT PERIOD ENDING ON 31 DECEMBER 2008 (Unless otherwise stated, amounts are indicated in Turkish Liras).

	Paid capital	Reciprocal Subsidiary Capital Adjustment (-)	Sharebond Issue Premiums	Value Increase Funds	Foreign Currency Conversion Adjustments	Limited Reserves Allocated from Profit	Past Years Profits/Losses	Net Period Profit	Total Equity Capital
Balance as of 31 December 2006	288.324.696	-	-	6.957.915	-	-	-	24.015.160	319.297.77
Transfer	-	-	-	-	-	-	24.015.160	(24.015.160)	
Reserve Transfer	-	-	-	-	-	1.055.200	(1.055.200)	-	
Capital Increase	-	-	-	-	-	-	-	-	
Current Period Loss	-	-	-	-	-	-	-	(5.719.003)	(5.719.003)
Balance as of 31 December 2007	288.324.696	-	-	6.957.915	-	1.055.200	22.959.960	(5.719.003)	313.578.76
Transfer	-	-	-	-	-	-	(5.719.003)	5.719.003	
Reserve Transfer	-	-	-	-	-	28.111	(28.111)	-	
Capital Increase	-	-	-	-	-	-	-	-	
Current Period	-	-	-	-	-	-	-	36.928.627	36.928.62
Balance as of 31 December 2008	288.324.696	-	-	6.957.915	-	1.083.311	17.212.846	36.928.627	350.507.39



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

CASH FLOW STATEMENT	Audited by Independent Auditor 31 December 2008	Audited by Independent Auditor 31 December 2007
CASH FLOWS ARISEN FROM OPERATIONS		
Net Period Profit	36.928.627	(5.719.003)
Corrections made as to reach cash flow used in the operations:		
Depreciation	82.983.692	102.507.555
Provision for Severance Pay	3.667.026	5.278.700
Interest Income	-	-
Fixed Asset Sales Loss / (Profit)	18.450.789	-
Increase / (Decrease) in provision of value decrease	3.879.210	5.934.820
Interest Expenses	-	-
Rediscount Expense	15.403	-
Exchange Rate Difference Income / (Expense) on the Financial Leasing	-	-
Increase in Provisions for Doubtful Receivables	12.534.540	273.981
Operating Profit Before Change in Business Capital	158.459.287	108.276.053
Decrease (Increase) in Trade Receivables	(26.407.091)	4.023.649
Decrease / (Increase) in Long and Short Term Receivables from relevant parties	(2.154.187)	(12.035.973)
Decrease / (Increase) in Other Long and Short Term Receivables	(4.379.488)	-
Decrease/ (Increase) in Inventories	(99.425.012)	(79.983.208)
Decrease / (Increase) in Other Current Assets	(2.992.991)	(117.638)
Decrease / (Increase) in Other non-current / Fixed Assets	97.443	(325.322)
Decrease (Increase) in Trade Payables	(6.270.410)	2.018.908
Decrease (Increase) in Trade Payables to relevant parties	-	18.782.702
Decrease/ (Increase) in Received Advances	-	336.029
Decrease / (Increase) in Provisions for Short Term Liabilities	2.705.425	(3.274.597)
Decrease / (Increase) in Other Long and Short Term Liabilities	8.340.888	(2.644.499)
Paid Severances	-	-
Paid Interests	-	-
Temporary Tax	-	-
Net Cash Earned from Operations	27.973.864	35.056.104
CASH FLOWS ABOUT INVESTMENT ACTIVITIES		
Cash Earned from Tangible and Intangible Fixed Asset Sales.	-	36.700
Tangible Fixed Asset Purchase	(16.395.517)	(11.190.126)
Increase in Financial Investments	(4.236.050)	-
Net Cash Used in Investment Activities	(20.631.567)	(11.153.426)
CASH FLOWS ABOUT FINANCING ACTIVITIES		
Capital Increase	-	-
Change in Financial Liabilities	78.718	-
Increase / (Decrease) in Other Financial Liabilities	-	-
Net Cash Earned from / (Paid in) Financing Operations	78.718	-
NET INCREASE/ (DECREASE) IN CASH VALUES	7.421.015	23.902.678
CASH AND CASH ALIKES AT THE BEGINNING OF PERIOD	38.657.984	14.755.306
CASH AND CASH ALIKES AT END OF PERIOD	46.078.999	38.657.984



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

1. ORGANIZATION AND SUBJECT OF ACTIVITY OF COMPANY

On 23.05.2006, Turkish Airlines Technic Inc. ("The Company") is established in order to make company an important technical maintenance base in the region in air transportation sector, to support civil aviation sector with maintenance overhaul and any kind of technical and infrastructural assistance regarding aviation sector.

Turkish Airlines Inc. (THY Airlines Inc.) duly decided to incorporate a company under the name Turkish Airlines Technic Inc. of which 100% share owned by THY Airlines Inc. and by way of investing capital that will not exceed the part of 15% of total assets of 31.03.2006 dated last balance sheet based on the registered values in uniform balance sheet dated 31.03.2006 of THY Airlines Inc. by considering successful application samples in global sector.

As of 31 December 2008, personnel number working in the Company is 2.552. (31 December 2007: 2.498)

	31.12.2008	31.12.2007
Administrative Personnel	605	605
Production Personnel	1.947	1.893
Total	2.552	2.498

Average number of personnel worked in company is 2.539. (2007:2.537)

Company registered in Turkey, address of registered office is as follows:
Istanbul Bakırköy-Yeşilköy Atatürk Havalimanı B Kapısı

2. GUIDELINES FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

2.01 Fundamental Principles about Presentation

Company keeps and prepares legal ledgers and financial statements in accordance with accounting principles determined by Turkish Trade Law ("TTL") and tax legislation.

Capital Market Board ("CMB") determines principles, procedures and foundations concerning the financial reports to be arranged by enterprises with Serial: 29 numbered "Declaration of Principles for Financial Reporting in Capital Market", and preparation and submission of them to relevant bodies. This declaration entered into force as to be valid beginning from the first interim financial statements expiring on January 1 of 2008. Pursuant to this communiqué, Enterprises implement International Accounting/financial Reporting Standards (IAS/IFRS) in the form recognized by the European Union and include the statement that financial statements are prepared in accordance with IAS/IFRS in the form agreed by the European Union in footnotes. In this scope, Turkish Accounting/financial Reporting Standards ("TAS/TFRS") not contradicting with the standards adopted and issued by Turkish Accounting Standards Board ("TASB") are based on.

Therefore, financial statements and footnotes were prepared according to CMB Serial: XI, Number: 29 communiqué and submitted in accordance with the formats obliged to be implemented with April 14 of 2008 dated announcement by CMB. Under this scope, some classifications were made in financial statements of previous periods.

Company prepared its financial statements in accordance with XI-29 Communiqué on 31 March 2008 for the first time. Pursuant to IAS1 "Presentation of Financial Statements Standard", transition date to IAS is 1 January 2007 and relevant arrangements were applied on 31 December 2007 dated financial statements and 1 January 2007 dated financial statements which is previous accounting period presented in comparison with 31 December 2008 dated financial statements. The comparison of information of previous financial statement prepared after mentioned arrangements with financial statement information reported according to XI-29 Communiqué is as follows;



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

	Re-reported as to XI-25 Communiqué	Previously arranged as to XI-29 Communiqué
Total Assets as of 31 December 2007	400.905.113	400.381.350
Total Equity Capital as of 31 December 2007	313.578.768	313.578.768
Net Profit as of 31 December 2007	(5.719.003)	(5.719.003)

In the income statement prepared as of 31 December 2008, several classification amendments were made. Important classifications in balance sheet and Income statement are explained as follows.

Issued advances included in the inventories as of year-ends are classified non-current assets, issued deposit and guarantees in other receivables. Rediscount expenses, rediscount income and previous period cancellations, foreign exchange differences, due differences eliminated from sales and purchases included in the incomes and expenses from other activities as of 31 December 2007 are classified in the interest income and expenses, financial income and expenses. Moreover, Advance Paid Taxes appeared in 31 December 2007 is deducted from Period Profit Tax and Legal Liabilities account item.

Information about subsidiaries which did not include in consolidation is as follows:

Participation Name	Participation Ratio	Participation Amount (TL)	Profit / Loss For The Period (31.12.2008)
P&W T.T. Aircraft Maintenance Center Ltd. Co.(*)	49	4.236.050	(938.223)
Total Participation Amount	49	4.236.050	(938.223)

(*)Because P&W T.T. Aircraft Maintenance Center Ltd. Co. has not yet started its operations, not created fund and doesn't effect financial statement significantly, it is set aside of consolidation scope.

2.02 Correction of Financial Statements in High Inflation Periods

Since with a resolution taken on 17 March 2005, CMB announced that inflation accounting application is not required as of 1 January 2005 for the companies which carry out its operations in Turkey and issue financial statements in accordance with CMB Financial Reporting Standards, as from this date application according to International Accounting Standard 29 "Preparation and Presentation of Financial statements according to Financial Reporting in High Inflationary Economies" is terminated.

2.03 Amendments in Accounting Policies

In case of requirement or if the effects of operations and incidents on the financial status, performance or cash flow of company will have a nature that will arise more convenient and reliable presentation of financial statements result, amendments in accounting policies are actualized. If amendments made in accounting policies effect previous periods, mentioned policy is applied in financial statements retrospectively as if it is always in service.

2.04 Changes and Faults in Accounting Estimations



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Accounting estimations are carried out based on reliable information and reasonable estimation methods. However, in case of change in conditions that estimation is made, acquisition of a new information or emergence of additional developments, estimations are reviewed. If the effect of change in accounting estimation is only related with a period, it is reflected in financial statements in the current period in which change is made, if it is related with future periods, it is reflected in either in the period in which change is made or in future periods, prospectively as it will be considered in determination of period profit or loss.

Nature and amount of a change in accounting estimation that has an influence on current period activity result or is expected to have an influence on following periods is explained in financial statement footnotes excluding the situations where estimation concerning future period is impossible.

Economic lifes regarding component and repairable spare parts contained is reviewed again and economic lifes of them as of 01 January 2008 is stated as follows:

Taype	Old Economic Life	New Economic Life
Components	4-5-8-10	7
Repairable Spare Parts (R Material)	2-3	7
Repairable Spare Parts (X Material)	2-3	3

2.05 Summary of Important Accounting Policies

Summary of important accounting policies applied during preparation of financial statements is as follows:

2.05.01 Recording as Income

Incomes are registered on the basis of accrual over true value of the amount that is received or will be received upon possibility of economic benefits related with transaction being flowed to Company and determination of income amount reliably. Net sales are calculated by way of deduction of returns and sales discounts from good and service sales.

Income obtained from good and services sales are arranged under accounting when below conditions were fulfilled:

- Transfer of all important risks and earnings related with ownership by company to buyer,
- Not having continuous administrative commitment of Company related with property and effective control on goods sold as well.
- Measurement of income amount reliably,
- Possibility of economic benefit related with operation flowing to enterprise,
- Measurement of cost that will arise from operation reliably.

Interest income is realized in the relevant period at the effective interest rate reducing estimated cash flow that will be acquired from relevant financial asset regarding principal balance and expected life to the registered value of mentioned asset.

In case of presence of an important financial element within sales, reasonable value is determined with reducing it with hidden interest rate of cash flows that will be occurred in the future appeared in the financial element. Difference is reflected in financial statements according to accrual basis.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Company provides maintenance, repair, technical and infrastructure support service to airline companies operating in air transportation. Incomes are recorded by way of accrual relying on invoices issued following provide of service.

2.05.02 Inventory Valuation

Inventories are evaluated with the lower one from cost or net realizable value. Cost of inventories includes all purchasing costs, conversion costs and other costs suffered to bring stocks in their existing situation and position.

Average cost method is applied in calculation of cost of inventories. Net realizable value is calculated upon decreasing total of estimated completion cost and estimated sale cost required to perform sale from estimated sale price within normal flow of the work.

Component and Repairable materials are subjected to amortization and their economic life is stated as follows;

	<u>Economic Life (year)</u>
- Components	7
- Repairable Spare Parts (R Material)	7
- Repairable Spare Parts (X Material)	3

2.5.03 Tangible Fixed Assets

Tangible fixed assets are shown by net value remained after deducting accumulated amortization from purchase cost on 31 December 2008. Tangible fixed assets are subjected to amortization by using kist amortization method for all categories.

Economic lives of assets are stated herein below:

	<u>Economic Life (year)</u>
- Machine and equipment	3-15
- Flooring and fixtures	4-15
- Vehicles	4-7
- Other tangible fixed assets	4-15
- Special Costs	5

Profit and losses arisen due to sales of fixed values is determined as a result of comparing net book values with sales prices and added to the operating profit.

Maintenance and repair costs are written as expenses on the realized date. If maintenance and repair cost provides an expansion or visible improvement in related assets, it is recorded as assets.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

2.05.04 Intangible Fixed Assets

Intangible fixed assets contains computer softwares and other intangible fixed assets. These are recorded as based on purchase cost on 31 December 2008, other intangible fixed assets are subjected to amortization by using kist amortization method.

2.05.05 Value Lowness in Assets

Registered value of other fixed assets including tangible fixed assets and intangible fixed assets are analyzed as to whether they fall below under recovery amounts or not as a result any event or change. In case recovery amount determined as net sales price and the highest one of the use value remains below the registered value, value lowness that will bring registered value to recovery value is included in financial statements.

2.05.06 Financial Instruments

Estimated fair values of financial instruments are determined by the Company by using current market information and appropriate evaluation method. Yet, market data to determine estimated fair value should be interpreted. That's why; estimates presented here may not be the values which the company can have in current market conditions, if it disposes of its assets.

Some financial assets whose registered values that equal their cost values are assumed to be equal their estimated fair values considering their short-term features.

The essential financial assets, cash and securities, trade receivables, related corporate receivables are available for sale.

The book values of trade receivables and related corporate receivables are supposed to reach their appropriate market values, after considering the amounts which could not be collected, except rediscounting of the receivables.

The book values of trade debts and debts to related companies are presumed to reach appropriate market values except discounting of the debts.

Since the financial expenses are accounted due to accrual basis, they are monitored among other account analysis of expense accruals when they are not paid in due term. Trade and other debts with the debts to related companies are exhibited as the nominal values approximate to their market values .

- Price Risk
- Exchange Rate Risk

Because foreign exchange creditors of the company are more than its foreign exchange liabilities, they may subject to exchange risk within the downward trend of the exchange rate.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

• Interest Risk

The Company is subject to interest risk because of its assets and debts creating interest.

• Market Risk

The Company makes its investments with treasury bill transactions and daily bank deposit placement based on the short-term repurchase agreements. Considering possible fluctuations on capital markets, the company may be affected more easily by changing prices.

(i) Financial assets

Financial investments, except the fair value difference of which is reflected in profit or loss and the financial assets registered with their fair values, are recorded in accounting over the amount remained after deducting expenses which can be directly related with purchase operation over fair market value. Investments, investment instruments are recorded or charged off due to transaction date tied to a contract with the condition that proposes the delivery of investment instruments in accordance with the market oriented term.

Financial assets are classified as “financial assets reflecting the fair value difference to profit and loss”, investments to be held until their termination”, “available for sale financial assets” and “credits and receivables”.

Effective interest method

Effective interest method is the method to evaluate the financial assets with amortized cost and to distribute the related interest income to the term in which it is connected. Effective interest rate is the rate to reduce the estimated total cash to be collected during the expected life of financial instrument or within a shorter period if it is available to net current asset value related financial assets.

Financial assets other than the financial assets reflecting fair value difference to profit or loss and related incomes are calculated by using effective interest method.

a) Financial assets realistic value differences of which reflected to profit or loss

The financial assets whose fair value difference is accounted in income statement are the financial assets held for trade. A financial asset which has been had to be sold in short term is classified in the mentioned category. The mentioned financial assets which constitute the derivative products that are not assigned as an effective security against the financial risk are also sorted as the financial assets reflecting the fair value difference to profit or loss. The assets in this category are classified as current assets.

b) The financial assets to be held until termination

Fixed term debt instruments, as such that there is an intention and possibility to be held until termination by the company and have a fixed or determinable pay plan are sorted as the investments to be held until termination. Investments to be held until termination are registered by deducting the account of impairment out of the cost value amortized due to effective interest method and related incomes are accounted by using effective interest method.

c) Credits and receivables

Trade receivables and others with fixed and determinable payments which are not traded on the market are subsumed in this category. Credits and receivables are exhibited by deducting impairment out of the cost discounted by using effective interest



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Impairment in financial assets

The financial assets or financial asset groups beside the ones reflecting the fair value difference to profit or loss are evaluated to show whether they are devaluated or not on every balance sheet date. Impairment loss occurs due to occurrence of one or more case after the first accounting of the financial assets and if there is an independent indicator showing that the financial assets are devaluated as a result of the negative effect of mentioned event on future cash flows of relevant asset or asset group that can be estimated reliably. Amount of impairment for credit and receivables is the difference between current value of expected estimated cash flows which is calculated over effective interest rate of financial asset and its book value.

Except the trade receivables whose book values are reduced by using a reserve account, in all financial assets, impairment is reduced directly from the registered value of the related financial asset. When the trade receivable is not collected, mentioned amount is reduced and erased from the reserve account. Changes on the reserve account are accounted in the income statement.

Except the trade receivables whose book values are reduced by using a reserve account, in all financial assets, impairment is reduced directly from the registered value of the related financial assets.

Cash and cash securities

Cash and securities are the ones that constitute cash, drawing account and other short-term investments with high liquidity which does not have a value changing risk for significant amount and convertible into cash, and whose terms are 3 months or lesser then the date of purchasing.

(ii) Financial obligations

The financial liabilities and equity instruments of the company are classified due to description principal based on a financial liability and equity and regulations of agreement. Agreement representing the right in the remaining assets after deducting all debts of company is a financial instrument based on equity capital. Accounting policies applied for financial instruments based on certain financial liabilities and equity capital is stated below:

Financial liabilities are classified as financial liabilities which fair value difference reflected in profit or loss or other financial liabilities.

a) Financial liabilities in which fair value differences reflected to profit or loss

Financial liabilities in which fair value differences reflected to profit or loss is recorded with fair values and in every reporting period, they are re-evaluated with fair value on balance sheet date. Change in fair values is recorded in the income statement.

Net profit or losses recorded in income statement covers the paid interest amount for mentioned financial liability.

b) Other financial liabilities

Other financial liabilities are recorded with their fair values cleared off from transaction costs at the beginning.

Other financial liabilities are recorded over cost amount which is amortized by using effective interest method together with interest expense which is calculated over effective interest rate in following periods.

Effective interest method is a method to calculate the amortized cost of financial liability and to distribute the related interest income over the term in which it is related. Effective interest rate is the rate to reduce the estimated payment to be wired in the future during the expected life of financial instrument or if available, in the shorter period, to net value of current financial liability exactly.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

(iii) Derivative financial instruments

In the first registration of derivative financial instruments, its fair value is used and it is evaluated with the fair value in subsequent periods. For minimizing the risks arising from currency debts, Company engages in future or forward transactions from time to time.

2.05.07 Effect of Exchange

Exchange transactions realized within a year are to be converted to Turkish Liras using the exchange rates on transaction dates. Assets and liabilities in foreign currencies in the balance sheet have been converted to Turkish Liras using the exchange rates on the date of the balance sheet. Exchange profits / losses arising from such conversions and from collections / payments of transactions in foreign currencies are indicated in the income statement.

As of relevant dates, exchange rates of US Dollars, in average and at the end of the period are as follows:

	Rate at the end of period	Average exchange rate
31 December 2008	1,5123	1,2976
31 December 2007	1,1647	1,3003
31 December 2006	1,4056	1,4297

İlgili tarihler itibariyle dönem sonu ve ortalama EURO kuru aşağıdaki gibidir:

	Rate at the end of period	Average exchange rate
31 December 2008	2,1408	1,8969
31 December 2007	1,7102	1,7773
31 December 2006	1,8515	1,8032

2.05.08 Profit / loss per share

Profit per share is to be determined by dividing the net profit with weighted mean number of shares available within the relevant period.

2.05.09 Incidents after the date of balance sheet

In case such incidents occurred after the date of balance sheet, the company is to explain such issues in the relevant footnotes.

The Company is to correct the amounts indicated in financial statements according to such new circumstances, in case there occurred incidents after the date of balance sheet, which required to be corrected.

2.05.10 Reserves, Contingent Liabilities and Contingent Assets

In cases that the company has existing liabilities legal or valid as result of past transactions, and that in order to fulfill such liabilities, it would be necessary the transfer of resources outside and a reliable estimation of amount would be made, reserves are to be formed.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Liabilities and assets, which are originated from past incidences, and the existence of which could not be completely under control of the establishment, and which could possibly be affirmed with whether one or more indefinite incidents would occur in the future, are not to be included in the financial statements, and these are assessed as contingent liabilities and assets .

2.05.11 Related Parties

For the purpose of these financial statements, partners, top management and members of Administrative Board, their families and the companies, subsidiaries and partnerships, affiliated or controlled by them, have been considered and stated as related parties. The transactions encountered with related parties due to common activities have been realized according to fair market prices.

2.05.12 Taxes Calculated Over Corporation Profit

Debit of income tax consists of the sum of current tax debit and deferred tax debit (or income).

Current Tax

Tax liability of current year is calculated on the part of the period profit that is taxable. Since taxable profit excludes the items of non-taxable or non-reducible, and the items of income or expense that were taxable or reducible in other years, it shows differences from the profit stated in the income statement. The current tax liability of the company has been calculated using the legalized or substantially legalized tax rate as of the date of balance sheet.

Deferred Tax

Deferred tax liabilities or entries are determined by calculation considering the legislated tax rates for tax effects, according to the method of balancing casual differences between the amounts of assets and liabilities indicated in financial statements and the amounts considered in the calculation of legal tax assessment. While deferred tax liabilities are to be calculated for all taxable casual differences, deferred tax entries consisted of reducible casual differences are to be calculated providing that it is strongly possible to use such differences by obtaining taxable profit in the future. Deferred tax liabilities or entries, regarding casual timing differences unaffacting neither commercial nor financial profit or loss, and occurring due to assets or liabilities indicated in the financial statements for the first time, excluding goodwill or mergers, are not to be calculated.

Deferred tax liabilities, other than the cases where the company is able to control the elimination of casual differences, and in close future, it is less possible such differences to be eliminated, are to be calculated for all investments in subsidiaries and affiliates, and the shares in partnerships and the related taxable casual differences. Deferred tax entries arising from such investments and shares and related taxable casual differences are to be calculated, providing that it is strongly possible to use such differences by obtaining taxable profit in close future and that the elimination of such differences would be possible in the future.

Registered value of deferred tax entries is to be reviewed as of the date of every balance sheet. Registered value of deferred tax entries is to be decreased in such a way that it is not possible to obtain financial profit so that will enable to obtain benefit provided by part or whole of it.

Deferred tax entries and liabilities are to be calculated on the tax rates (tax regulations) legislated or substantially legislated as of the date of balance sheet, expected to be valid for the period in which entries are to be realized or liabilities are to be fulfilled. In the calculation of deferred tax entries and liabilities are to be taken the tax results of the methods that the company has estimated fulfilling the liabilities or recovering book values of the assets as of the date of balance sheet.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras (TL).)

Deferred tax entries and liabilities are to be deducted, in case that there is intention of payment, by clarifying company's current tax entries and liabilities or having a legal right concerning appropriation of current tax entries with current tax liabilities or associating such entries and liabilities with the income tax collected by the same tax authority.

Current and deferred tax of the period

Deferred tax of the period and current tax, other than those originating from the mergers for first time appearance in records and associated with the items accounted as receivables or payables at direct equity (in such a case, deferred tax for related items is also to be accounted at direct equity) are to be accounted as income or expenditure in the income statement. In mergers, in calculation of goodwill or in the determination of the part exceeding that the buyer obtains from the real market value of contingent payables, liabilities and assets of the subsidiary bought, the tax effect is to be considered.

Taxes entered in the financial statements covers the changes in taxes of current period and deferred taxes. The company calculates current and deferred taxes over the results of the period.

Clarification of Tax Entries and Liabilities

The amounts of payable corporation tax are to be clarified because these are related to amounts of advance corporation tax. Assets and liabilities of deferred tax are also to be clarified in the same way.

2.05.13 Reserves for Pension of Retirement and Seniority

Pursuant to current labor acts in Turkey, provisions of retirement and seniority indemnities are to be reserved as provisional in the attached financial statements as they are realized. Liability of seniority indemnity in the attached financial statements is reflected as an amount calculated with the discounting seniority indemnity payable in future years with a suitable interest rate clarified from the inflation rate in calculation of its value as of the date of balance sheet. Interest cost included in the expense of seniority indemnity is to be shown as interest expense in result of activities.

2.05.14

In order to give information on changes of the net assets, financial structure of the company and its ability to direct the amount and timing of cash flows according to changing circumstances, these are reported as indivisible part of other financial statements.

2.05.15.

Government incentives are not to be accounted as long as that the company fulfills the requirements of such incentives, and that there are acceptable reasons for obtaining such an incentive. Such incentives are to be accounted as income in the related period to equalize the costs expected to be covered by them. The income obtained from the incentives provided by the government is to be accounted as reducible from an appropriate expense item. The company has no government incentive and support, used in the current period and the previous one.

2.05.16 Real Estate for Investment Purposes

The company has no real estate for investment purposes.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras (TL)).

2.06 Correlated Information and Correction of Financial Statements from Previous Period

Enabling the determination of financial condition and performance trends, financial statements of the company are to be prepared in correlation with the previous period. In order to provide correlation when the items of financial statements and their classifications are changed, the financial statements of previous period are also to be reclassified accordingly.

2.07 Clarification/Appropriation

Financial assets and liabilities are to be indicated clearly in cases where there are required legal rights, where there is intention of assessment clearly such assets and liabilities, or where the fulfillment of the liabilities for acquiring assets simultaneously.

3. BUSINESS MERGERS

Business mergers are the league of companies for the aim of incorporating single enterprise. Company has an operation that must be evaluated under business merger.

4. BUSINESS PARTNERSHIPS

This second is about accounting of shares in the business partnerships, and reporting of assets, debt, income and expenses in the financial statements of joint ventures and investors. Business partnerships can be in different types and structures. This standard defines three types business partnership. These are, mutually controlled activities, mutually controlled assets and mutually controlled enterprises. The basic issues indicated in this standard is related with whether mutual control presents or not, determination of business partnership type and rational consolidation and application of equity capital method. Company does not have business partnership.

5. REPORTING BY DEPARTMENTS

None. (31 December 2007: None).

6. CASH AND CASH ALIKES

Cash and cash values summary is as follows:

	<u>31 December 2008</u>	<u>31 December 2007</u>
Banks (Deposit Account)	743.281	627.782
Banks (Due Account)	45.335.718	38.030.202
	<u>46.078.999</u>	<u>38.657.984</u>

There is not any blocked deposits. (31 December 2007: None).

Due accounts summary of company is as follows:



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Principal Capital	Currency	Issue Date	Interest Rate	Term	31 December 2008
24.952.534	USD	15/31.12.2008	%2,60 - %6,35	02/19.01.2008	37.735.718
7.600.000	TL	31.12.2008	%18	13.01.2008	7.600.000
					<u>45.335.718</u>

Principal Capital	Currency	Issue Date	Interest Rate	Term	31 December 2007
6.700.000	TL	27/31.12.2007	%18	11.01.2008	6.700.000
26.899.804	USD	03/31.12.2007	%4,20 - %5,80	02/28.01.2007	31.330.202
					<u>38.030.202</u>

7. FINANCIAL INVESTMENTS

	31 December 2008	31 December 2007
P&W T.T. Aircraft Maintenance Center Ltd. Co.	4.236.050 -	-
	<u>4.236.050 -</u>	

8. FINANCIAL LIABILITIES

Summary of financial liabilities is as follows:

	31 December 2008	31 December 2007
Short Term	55.649 -	-
Long Term	23.069 -	-
	<u>78.718 -</u>	

Summary of short term financial liabilities as of 31 December 2008 is as follows:

Bank Name	Due Date	Original Money	Interest Accrual	TL
Garanti Credit Card -		9.150 TL	-	9.150
Garanti Credit Card -		239 USD	-	362
Turkey Technology Development Project	30 Haziran 2009			
	31 Aralık 2009	30.508 USD	-	46.137
Supporting Charity				
				<u>55.649</u>



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Summary of long term financial liabilities as of 31 December 2008 is as follows:

Bank Name	Due Date	Original Money	Interest Accrual	Turkis Liras
Turkey Technology	30 June 2010			
Development Project	31 December 2009	15.254 USD	-	23.069
Supporting Charity				

9. OTHER FINANCIAL LIABILITIES

None (31.12.2007: None).

10. TRADE RECEIVABLE AND LIABILITIES (NET)

Summary of short term trade receivables is as follows :

	31 December 2008	31 December 2007
Trade Receivables	68.769.564	57.841.894
THY Airlines Inc. Trade Receivables	48.633.925	48.036.598
Sun Ekspress	462.268	573.302
Other Trade Receivables	19.673.371	9.231.994
Credit Note Receivables	218.310	114.196
Note Receivables	3.327.060	-
Rediscount on Notes Receivable (-)	(15.403)	-
Doubtful Receivables	12.917.051	382.511
Provisions for Doubtful Receivables (-)	(12.917.051)	(382.511)
	72.299.531	57.956.090

Change in the provisions for doubtful receivable related with the periods ending on 31 December 2008 and 31 December 2007 is as follows:

	31 December 2008	31 December 2007
Provisions allocated at the opening of period	382.511	108.530
Current period expense	12.878.135	273.981
Collected Receivable	(343.595)	-
Deleted Receivable	-	-
Provision allocated as of end of the period	12.917.051	382.511

Company does not have Long Term Trade Receivables as of period ends.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras (TL)).

Guarantees Received For Receivables

The amount of guarantee letter obtained against Trade Receivables of Company is 1.210.000 USD, 115.000 EURO and 40.000 TL.

ACCOUNT NAME	BALANCE	GUARANTEE AMAOUNT
PEGASUS AIRLINES	2.553.151	302.460
AIR ASTANA	740.468	105.861
IZMIR AIRLINES	604.755	98.889
SAGA	569.114	75.615
ACT	444.908	151.230
KUZU AIRLINES	405.340	151.230
MNG AIR	342.109	302.460
CORENDON AIR (TOURISTICAL)	248.634	163.800
ATLAS JET	141.977	151.230
MNG TECHNIC	97.899	75.615
INTER EXPRESS	34.176	120.984
HURKUS	33.707	151.230
PRIMA AIRLINES	8.589	75.615
JAZEERA AIRWAYS	7.707	21.408
AVNI URGANCI	4.882	40.000
TUNCA HAVACILIK (BEST AIR)	1.025	42.816
AIR MEDITERRANEE	3.680	85.632
TOTAL	6.242.121	2.116.075

Summary of short term trade liabilities is as follows:

	31 December 2008	31 December 2007
Sellers	50.947.343	58.008.913
THY Airlines Inc. Trade Liabilities	19.187.273	16.526.582
Other Sellers	31.760.070	41.482.331
Other	607.613	23.265
	51.554.956	58.032.178

Company does not have Long Term Trade Liabilities as of period ends.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

11. OTHER RECEIVABLE AND LIABILITIES

Summary of other short term trade receivables is as follows:

	31 December 2008	31 December 2007
Technical Mat. Foreign Receivables	1.465.399	1.393.353
Tax Receivables	4.911.603	460.132
Staff Receivables	5.987	8.821
THY Inc. Non-Trade Receivables	5.219	141.045
Doubtful Receivables	24.939	21.152
Provisions for Doubtful Receivables (-)	(24.939)	(21.152)
Given Deposits And Guarantees	1.951	1.502
Other receivables	195	6.013
	6.390.354	2.010.866

	31 December 2008	31 December 2007
Provisions allocated at the opening of period	21.152	-
Current period expense	4.148	21.152
Collected Receivable	(361)	-
Deleted Receivable	-	-
Provision allocated as of end of the period	24.939	21.152

Summary of other short term trade liabilities is as follows:

	31 December 2008	31 December 2007
Received Deposits And Guarantees	25.982	3.500
Tax, Charge and Other Deductions Payable	9.227.069	6.085.381
SSK Payables	3.859.598	4.103.205
Staff Payables	134.219	244.800
Received Order Advances	1.035.086	795.966
THY Inc. Non-Trade Liabilities	4.806.431	2.256.120
	19.088.385	13.488.972



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras (TL)).

12. RECEIVABLE AND PAYABLES FROM FINANCIAL ACTIVITIES

None (31.12.2007: None).

13. INVENTORIES (NET)

	31 December 2008	31 December 2007
Technical Material Inventories	85.795.112	88.585.477
BFE Material Inventories	1.370.168	3.338.592
Components and Repairable Spare Parts	366.092.559	327.244.647
Accumulated Amortization of Components and Repairable Spare Parts (-)	(185.009.980)	(153.043.938)
Transit Technical Material Inventories	5.070.941	5.321.034
Scrap Material Inventories	14.724.718	10.845.508
Allowance for Decline in Value Of Inventory (-)	(14.724.718)	(10.845.508)
Other	-	1.935.188
	273.318.800	273.381.000

Stok değer düşüklüğü karşılığı hareket tablosu aşağıdaki gibidir:

	31 December 2008	31 December 2007
Provisions allocated at the opening of period	10.845.508	4.910.688
Provisions allocated in the period	13.078.367	8.516.796
Cancelled Provisions allocated in the period	(9.199.157)	(2.581.976)
Provision allocated as of end of the period	14.724.718	10.845.508



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Activity Statement on Components and Repairable Spare Parts is as follows:

	<u>Component and Repairable Spare Parts</u>
Cost	
Opening Balance, 01 January 2008	327.244.647
Additions	102.489.872
Outputs	(63.641.960)
Closing Balance, 31 December 2008	366.092.559
Accumulated Amortization	
Opening Balance, 01 January 2008	153.043.938
Current period amortization	77.231.045
Outputs	(45.265.003)
Closing Balance, 31 December 2008	185.009.980
31 December 2008 net book value	181.082.579
31 December 2007 net book value	174.200.709

14. BIOLOGICAL ASSETS

None (31.12.2007: None).

15. ASSETS FOR THE ONGOING CONSTRUCTION CONTRACTS

None (31.12.2007: None).

16. INVESTMENTS VALUED BY EQUITY CAPITAL METHOD

None. (31 December 2007: None).

17. REAL ESTATES FOR INVESTMENT PURPOSES

None. (31 December 2007: None).



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras (TL).)

18. TANGIBLE FIXED ASSETS (NET)

	Facility, Machine and Equipments	Vehicles	Fixtures	Other Tangible Fixed Assets	Ongoing investments	Special Costs	Total
Cost							
Opening Balance 01 January 2008	76.098.885	10.755.181	4.363.742	930.054	576.637	1.990.172	94.714.671
Additions	9.122.321	201.774	1.062.790	131.181	4.482.308	988.351	15.988.725
Outputs	(10.064.900)	(3.596.228)	(629.715)	(126.377)	-	-	(14.417.220)
31 December 2008 closing balance	75.156.306	7.360.727	4.796.817	934.858	5.058.945	2.978.523	96.286.176
Accumulated Amortization							
Opening Balance 01 January 2008	61.630.110	10.221.278	2.342.419	475.165	-	103.065	74.772.027
Current period amortization	4.188.920	228.826	681.088	106.230	-	487.001	5.692.065
Outputs	(10.006.901)	(3.596.122)	(624.789)	(115.585)	-	-	(14.343.387)
31 December 2008 closing balance	55.812.129	6.853.982	2.398.718	465.810	-	590.066	66.120.705
31 December 2008 net book value	19.344.177	506.745	2.398.099	469.048	5.058.945	2.388.457	30.165.471
31 December 2007 net book value	14.468.775	533.903	2.021.333	454.887	576.637	1.887.107	19.942.642

	Facility, Machine and Equipments	Vehicles	Fixtures	Other Tangible Fixed Assets	Ongoing investments	Special Costs	Total
Cost							
Opening Balance 01 January 2007	83.516.726	13.661.635	14.746.642	695.262	512.712	-	113.132.977
Additions	6.768.052	276.547	1.294.138	247.057	2.054.096	-	10.639.890
Outputs	(14.185.893)	(3.183.001)	(11.677.038)	(12.265)	-	-	(29.058.197)
Transfer	-	-	-	-	(1.990.171)	1.990.172	1
31 December 2007 closing balance	76.098.885	10.755.181	4.363.742	930.054	576.637	1.990.172	94.714.671
Accumulated Amortization							
Opening Balance 01 January 2007	72.711.721	13.166.693	13.574.091	400.428	-	-	99.852.933
Current period amortization	3.081.538	237.586	431.763	86.641	-	103.065	3.940.593
Outputs	(14.163.149)	(3.183.001)	(11.663.445)	(11.904)	-	-	(29.021.499)
31 December 2007 closing balance	61.630.110	10.221.278	2.342.419	475.165	576.637	103.065	74.772.027
31 December 2007 net book value	14.468.775	533.903	2.021.333	454.887	-	1.887.107	19.942.642
31 December 2006 net book value	10.805.005	494.942	1.172.551	294.833	5.712	-	13.280.043



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras (TL).)

19. TANGIBLE FIXED ASSETS (NET)

	Rights
Cost	
Opening Balance 01 January 2008	198.114
Additions	406.791
Outputs	(12.701)
Closing Balance 31 December 2008	592.204
Accumulated Amortization	
Opening Balance 01 January 2008	131.013
Current Period Amortization	60.582
Outputs	(12.701)
Closing Balance 31 December 2008	178.894
31 December 2008 net book value	413.310
31 December 2007 net book value	67.101

	Rights
Cost	
Opening Balance 01 January 2007	126.430
Additions	72.356
Outputs	(672)
Closing Balance 31 December 2007	198.114
Accumulated Amortization	
Opening Balance 01 January 2007	116.496
Current Period Amortization	15.189
Outputs	(672)
Closing Balance 31 December 2007	131.013
31 December 2007 net book value	67.101
31 December 2006 net book value	9.934



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

20. SPECIAL ASSESSMENT

None. (31 December 2007: None).

21. GOVERNMENT INCENTIVES AND SUPPORTS

None. (31 December 2007: None).

22. PROVISIONS, CONDITIONED ASSETS AND LIABILITIES

i) Provisions

	31 December 2008	31 December 2007
Claim Provision	97.950	-
	97.950	-

Change of other legal liabilities provisions in the periods of 31 December 2008 and 31 December 2007 is as follows:

	31 December 2008	31 December 2007
Provisions allocated in the beginning of period	-	-
Provisions allocated in the current period	97.950	-
Terminated Provisions	-	-
Provision allocated as of end of the period	97.950	-

ii) Contingent Asset and Liabilities:

31.12.2008

There are 2 units Tangible compensation litigation issued against Turkish Airlines Technic Inc. as of 31.12.2008, 97.950 TL provisions is allocated in respect of litigations by company. Mentioned litigation still continues as of 31.12.2008, so it is not possible to express affirmative or negative comment about the result of litigation.

There are 3 litigation proceeded by Turkish Airlines Technic Inc. as of 31.12.2008, all of them are pecuniary compensation lawsuits. Provisions were are allocated to these amounts in related period by company. Mentioned litigations are still in progress as of 31.12.2008, so it is not possible to express affirmative or negative comment about the result of litigation.

31.12.2007

There are 2 litigation proceeded by Turkish Airlines Technic Inc. as of 31.12.2007, all of them are pecuniary compensation lawsuits. Provisions were are allocated to these amounts in related period by company. Mentioned litigations are still in progress as of 31.12.2007, so it is not possible to express affirmative or negative comment about the result of litigations.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

iii) Guarantees not contained in Liabilities;

31.12.2008

NATURE	TL AMOUNT
Issued Guarantee Letter	610.460
TOTAL	610.460

31.12.2007

NATURE	TL AMOUNT
Issued Guarantee Letter	1.869.393
TOTAL	1.869.393

iv) Total mortgage and guarantee established on the asset values;

None. (31 December 2007: None).

v) Total insurance amount of asset values;

31.12.2008

Type of Insured Asset	Amount	Currency
Buildings and Machine Facility Equipment	138.454.678	TL
Vehicles	243.940	TL
Spare Part Insurance	250.000.000	USD
Other	280.000	TL
Total TL	138.978.618	
Total USD	250.000.000	

31.12.2007

Type of Insured Asset	Amount	Currency
Buildings and Machine Facility Equipment	131.435.897	TL
Vehicles	219.688	TL
Spare Part Insurance	250.000.000	USD
Other	648.714	TL
Total TL	132.304.299	
Total USD	250.000.000	



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

23. GUARANTEES

None. (31 December 2007: None).

24. BENEFITS PROVIDED TO STAFF

	<u>31 December 2008</u>	<u>31 December 2007</u>
Provision for Severance Pay	<u>10.941.204</u>	<u>7.274.178</u>

Pursuant to Labor Law provisions, there is a liability of payment of legal severance compensation to employees whose employment agreement terminates in such a way that will entitle him severance pay. Moreover, pursuant to provisions of Article 60 of Social Insurance Law No. 506 which is amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws, there is an obligation of payment of legal severance compensation to employees who entitled to release by receiving severance pay. Severance compensation payable as of 31 December 2008 is subjected monthly 2.173,19 (31 December 2007:2.030,19 TL) floor.

Total severance undertaking of Company as of 31.12.2008 is 10.941.204 TL. While calculating this amount, ceiling number amounted as 2.173,19 TL is considered which is valid as of 31.12.2008. Severance pay ceiling is 2,260,05 TL, which is valid as from 01.01.2009. In case of calculation of severance pay over 2.260,05 ceiling number, total severance pay will be 12.471.969.

Severance pay obligation legally is not subjected any funding.

Severance pay obligation is calculated according to estimation of today value of possible obligation arisen from retirement of company employees. IFS 19 (Benefits Provided to Workers) proposes the development of company obligations by using actuarial valuation methods under defined benefit plans. Accordingly, actuarial assumptions used in the calculation of total obligations are stated as follows;

Main assumption is the rise of maximum obligation for each service year in parallel with inflation. Therefore, the discount rate applied denotes the expected real rate after correction of future inflationary effects. As of 31 December 2008, provisions in annexed financial statement are calculated by estimating today's value of possible future obligation arising from retirement of employees. As of 31 December 2008, provisions is calculated with 6,26% real discount rate according to annual 5,4% inflation rate and 12% discount rate assumption (31 December 2007: 5,71% real discount rate).



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Change in severance pay obligation is as follows:

	31 December 2008	31 December 2007
Provisions allocated in the beginning of period	7.274.178	1.995.478
Current service costs	3.813.532	5.434.531
Interest Cost	455.499	114.027
Payments	(602.005)	(269.858)
Provision allocated as of end of the period	10.941.204	7.274.178

25. PENSION PLANS

There is not any pension guaranteed agreement excluding severance pay provisions explained in liability provisions.

26. OTHER ASSET AND LIABILITIES

Summary of other current assets is as follows:

	31 December 2008	31 December 2007
Expenses for the Following Months	643.475	169.056
Income Accruals	4.281.044	1.117.953
Transferred VAT	275.568	1.735.770
Advance payments	-	2.349
Advances Paid to Staff	36.958	26.757
Given Order Advances	4.640.873	1.961.556
Given Fixed Assets Advances	278.498	482.089
	10.156.416	5.495.530

Details of other short term liabilities are as follows:

	31 December 2008	31 December 2007
Incomes for the Following Months	330.729	150.945
Salary Accruals	6.127.378	5.271.027
Expense Accruals	875.341	394.186
Other Liabilities	266.412	131.608
	7.599.860	5.947.766



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Summary of other non-current assets is as follows:

	31 December 2008	31 December 2007
Expenses for the Following Months	227.879	325.322
	227.879	325.322

27. CAPITAL EQUITY

i) Shares outside Main Partnership / Profit Loss outside Main Partnership

None. (31 December 2007: None).

ii) Capital / Reciprocal Participation Capital Correction

Issued capital of Company as of 31 December 2008 incorporates 318.000.000 shares of which each has 1 TL face value. These shares are registered shares. They are not included in company registered capital system.

Capital structure of company is as follows:

	%	31 December 2008	%	31 December 2007
THY Airlines Inc.	100	318.000.000	100	318.000.000
Unpaid Capital		(29.675.304)		(29.675.304)
		288.324.696		288.324.696

iii) Capital Reserves

None. (31 December 2007: None).

iv) Reserves Restricted from Profit

Reserves restricted from profit are composed of legal reserves.

According to Turkish Commercial Code, legal reserves are divided into two as primary and secondary disposition legal reserves.

According to Turkish Trade Law, primary legal reserves are reserved 5% of legal net profit until it reaches 20% of paid capital of company. Secondary legal reserves is 10% of distributed profit which exceeds 5% of paid capital. According to Turkish Trade Law, as long as legal reserves do not exceed 50% of paid capital, they can only be used for clarifying the losses, apart from this, they are impossible to be used in any way.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

vi) Accumulated Profits

Accumulated Profits/ (Losses) are incorporated with extraordinary reserves and other accumulated losses.

Pursuant to CMB resolution no. 7/242 on 25 February 2005, in case the whole amount of profit distribution calculated according to arrangements of CMB about minimum profit distribution requirement over net distributable profit found as per CMB arrangements can be fulfilled from distributable profit that is registered in legal records, whole of this amount will be distributed, if cannot be fulfilled, whole distributable profit that is registered in legal records will be distributed. If period loss occurs in financial statements issued according to CMB arrangements or any one of the legal records, profit distribution will not be carried out.

Equity capital items of company as of period ends are explained below.

	31 December 2008	31 December 2007
Paid capital	288.324.696	288.324.696
Value Increase Funds	6.957.915	6.957.915
Limited Reserves Allocated from Profit	1.083.311	1.055.200
Extraordinary reserves	20.582.917	20.048.802
Other Previous Year's Profits/(Losses)	(3.370.071)	2.911.158
Net Profit/Loss for the Period	36.928.627	(5.719.003)
	350.507.395	313.578.768

28. SALES AND COST OF SALES

Summary of main operating incomes is as follows:

	01 January - 31 December 2008	01 January - 31 December 2007
Line Maintenance Income	82.728.696	66.496.807
Aircraft Maintenance Income	176.721.385	113.354.407
Engine Maintenance Income	125.767.587	140.983.388
Component Maintenance Income	58.675.067	57.351.506
Pool Incomes	55.728.541	51.475.034
BFE Retrofitting Income	33.531.103	106.570.976
Other	82.066.902	56.898.078
Sales Revenues (Net)	615.219.281	593.130.196
Cost of sales (-)	(530.783.431)	(564.252.815)
Gross Profit/Loss from the Commercial Activities	84.435.850	28.877.381



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Summary of cost of sales is as follows:

	01 January - 31 December 2008	01 January - 31 December 2007
Material Expense	101.032.808	70.182.339
BFE Retrofitting Expense	32.504.256	106.637.762
Staff Expense	180.193.410	172.665.997
Repair Expense	66.534.248	74.265.812
Amortization Expenses	82.010.457	102.507.555
Severance Pay Provision Expenses	3.211.527	5.164.673
Other	65.296.725	32.828.677
	530.783.431	564.252.815

29. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SALES DISTRIBUTION EXPENSES, OVERHEAD ADMINISTRATIVE EXPENSES

Operating Expenses of company as of period ends is as follows:

	01 January - 31 December 2008	01 January - 31 December 2007
Marketing, Sale and Distribution Expenses (-)	3.714.723	2.454.779
Overhead Administrative Expenses (-)	34.289.693	28.341.665
Total Operating Expenses	38.004.416	30.796.444

30. EXPENSES ACCORDING TO CHARACTERISTICS

Summary of operating expenses is as follows:

	01 January - 31 December 2008	01 January - 31 December 2007
Sales Marketing Expenses (-)		
Staff Expenses	2.280.571	1.356.843
Other Expenses	1.434.152	1.097.936
	3.714.723	2.454.779

	01 January - 31 December 2008	01 January - 31 December 2007
Overhead Administrative Expenses (-)		
Material Expense	1.652.455	1.853.246
Staff Expense	24.151.355	18.549.338
Other Expenses	8.485.883	7.939.081
	34.289.693	28.341.665
Total Operating Expenses	38.004.416	30.796.444



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

31. INCOME / EXPENSES FROM OTHER OPERATIONS

Summary of income and profits from other operations:

	01 January - 31 December 2008	01 January - 31 December 2007
Facility Maintenance Income	924.601	873.780
Income and Profits of the Previous Period	5.296.092	1.455.555
Invoiced Incomes	9.216.813	4.712.873
Excess Physical Inventory Incomes	1.155.523	1.195.450
Terminated Provisions	343.957	-
Other Income and Profits	962.704	766.491
Total Other Operating Income	17.899.690	9.004.149

Summary of expenses and losses from other operations:

	01 January - 31 December 2008	01 January - 31 December 2007
Expenses and Losses of the Previous Period	(10.443.607)	(1.138.238)
Commission Expenses	(7.927)	(1.252)
Provisions Expenses for Doubtful Trade Receivables	(12.878.135)	(273.981)
Provisions Expenses for Doubtful Staff Receivables	(4.148)	(21.152)
Provision Expenses for Litigation	(97.950)	-
Expenses to be Invoiced	(9.436.422)	(4.620.236)
Shortfall Physical Inventory Expenses	(69.369)	(55.171)
Allowance for Decline in Value Of Inventory	(3.879.210)	(5.934.820)
Other	(264.446)	(398.420)
Total Other Operating Expenses	(37.081.214)	(12.443.270)

32. FINANCIAL INCOMES

Financial Incomes of company as of period ends is as follows:

	01 January - 31 December 2008	01 January - 31 December 2007
Interest Income	1.645.528	1.253.151
Foreign Exchange Gain	73.545.649	27.849.136
Due Difference Income	1.951.873	519.022
Total Financial Incomes	77.143.050	29.621.309



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

33. FINANCIAL EXPENSES

Financial Expenses of company as of period ends is as follows:

	01 January - 31 December 2008	01 January - 31 December 2007
Foreign Exchange Loss	(57.529.477)	(31.245.488)
Bank Expenses	(12.920)	(9.966)
Cost of Severance Interest	(455.499)	(114.027)
Rediscount Expense	(15.403)	-
Total Financial Expenses	(58.013.299)	(31.369.481)

34. FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (31 December 2007: None).

35. TAX ASSET AND LIABILITIES

Tax expense (or income) of company includes current period corporate tax expense and deferred tax expense (or income).

	01 January - 31 December 2008	01 January - 31 December 2007
Provisions for Period Tax	(7.673.685)	(2.583.251)
Deferred Tax Income/(Expense)	(1.777.349)	3.970.604
	(9.451.034)	1.387.353

Provision for Tax Liability is as follows:

	31 December 2008	31 December 2007
Vergi Karşılığı	7.673.685	2.583.251
Peşin Ödenen Vergiler	(3.487.876)	(523.763)
Dönem Karı Vergi Yükümlülüğü	4.185.809	2.059.488

i) Current Period Legal Tax Provision

Company is subjected to corporate tax valid in Turkey. Necessary provisions are reserved for estimated tax liabilities regarding current period operational results of company, stated in annexed financial statements.

Corporate tax to be accrued over corporate earning subjected to tax is calculated as over the remaining tax basis after firstly adding expenses that cannot be deducted over the tax basis which is written as expense in determination of commercial earning and then deducting dividends received from domestic companies, tax not subjected to tax and utilized investment discounts.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Valid Corporate Tax rates:

According to Corporate Tax Law No. 5520 which became effective upon published in official gazette dated on 21 June 2006, which was also to be applied on earnings of 2006, corporate tax rate is ascertained as 20%.

Losses can be carried maximum 5 years forward as to be deducted from taxable profit to be accrued in future years. However, losses cannot be deducted from profits earned in previous years, retrospectively.

Pursuant to Article 20 of Corporate Tax Law, Corporate Tax is levied on declaration of tax-payer. In Turkey, there is not a strict and absolute consensus procedure regarding tax valuation. Companies prepare tax declarations until 25 April of following year of related accounting period. These declarations and base accounting records can be examined and changed by Tax Office in five years.

Income Withholding Tax:

In addition to corporate tax, companies should also calculate income withholding tax on any dividends and income distributed. Upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006, the rate of withholding tax has been increased from 10% to 15%.

ii) Deferred Tax:

The deferred tax asset and tax liability is based on the temporary differences, which arise between the financial statements prepared according to CMB's Accounting Standards and financial statements basis to tax. These differences are generally due to the tax basis amounts of some revenue and expenses and appearance in different reporting periods of financial statements prepared according to CMB Accounting Standards.

Period differences arise due to differences occurred in income and expenses registered for accounting and tax purposes between years. Period differences are calculated over revaluation of the tangible fixed assets (except land), intangible fixed assets, inventories and the prepaid expenses, rediscount of receivables and liabilities, provision for severance pay, and previous years' loss and etc. Every accounting year, the Company reviews the deferred tax receivables and withdraws the deferred tax receivables that are determined such as that cannot be deducted from taxable incomes in future years. In the deferred tax calculation, corporate tax rate is taken as a basis.

Temporary Period Differences: Deferred Tax Asset

	31 December 2008	31 December 2007
Inventories	(6.373.452)	(460.315)
Fixed Assets	(778.356)	(845.004)
Provisions for Decline in Value Of Inventory	2.944.944	2.169.102
Provision for Severance Pay	2.188.241	1.454.836
Provisions on Doubtful Receivables	2.575.627	41.583
Other	210.462	184.613
	767.466	2.544.815



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

	31 December 2008	31 December 2007
31 December 2007 Deferred Tax Asset	2.544.815	(1.425.789)
Deferred Tax Expense	(1.777.349)	3.970.604
31 December 2008 Deferred Tax Asset	767.466	2.544.815

36. EARNING AS PER SHARE

There is not an equity capital item which has a decreasing effect on profit as per shares (dilutive equity instruments).

Weighted average of total share number as of periods and calculation of profit as per share is as shown below:

	01 January - 31 December 2008	01 January - 31 December 2007
Total share number as of Periods (full number)	318.000.000	318.000.000
Share Number as of Periods (full number)	318.000.000	318.000.000
Weighted average of total share number within period (full number)	318.000.000	318.000.000
Net Period Profit	36.928.627	(5.719.003)
Earning / (Loss) per Share (Ykr)	11,61	(1,80)

37. EXPLANATIONS OF RELATED PARTIES

a) Liability and Receivable Balances with Related Parties:

Summary of short term trade receivables is as follows:

	31 December 2008	31 December 2007
THY Airlines Inc. Trade Receivables	48.633.925	48.036.598
Sun Ekspres	462.268	573.302
	49.096.193	48.609.900

Summary of short term non-trade receivables is as follows:

	31 December 2008	31 December 2007
THY Airlines Inc. Non-Trade Receivables	5.219	141.045
	5.219	141.045

Summary of short term trade liabilities is as follows:

	31 December 2008	31 December 2007
THY Airlines Inc. Trade Liabilities	19.394.085	16.526.582
	19.394.085	16.526.582



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Summary of short term non-trade liabilities is as follows:

	31 December 2008	31 December 2007
THY Airlines Inc. Non-Trade Liabilities	4.806.431	2.256.120
	4.806.431	2.256.120

b) Purchase from and Sales to Related Parties

Operations with related corporations in the period ending on 31 December are as follows:

	31 December 2008	31 December 2007
Goods and Services provided to THY Airlines Inc.	488.230.310	527.728.814
Goods and Services Provided to Sun Express	6.443.943	6.576.006
Pratt&Whitney T.T. Aircraft Maintenance Overhaul Center Ltd. Co.	1.478.608	-
	496.152.861	534.304.820

	31 December 2008	31 December 2007
Goods and Services provided from THY Airlines Inc.	38.155.961	31.601.035
Goods and Services provided from Sun Express	155.476	-
	38.311.437	31.601.035

c) benefits and services provided to top level managers is 765.202 TL. (31 December 2007:194.307 TL)

38. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

ADDITIONAL INFORMATION RELATED WITH FINANCIAL INSTRUMENTS

(a) Capital Risk Management

While on one hand the company tries to sustain its activities under the capital management, on the other hand it provides an efficient liability and equity balance and aims to increase its profit and market value.

Capital structure of company includes capital, profit reserves and equity capital which contains previous years' profits items.

The risks associated with the company's capital cost and each capital class is assessed by the Company's top management. During these reviews top management assesses the capital cost and the risks that may be associated with each capital class and offers those bound to Board of Directors' decision to the evaluation of the Board of Directors. Based on the evaluations of the top management and the Board of Directors the company brings the capital diversification to an optimum level by means of new liability acquirement, return of the present liability and/or capital increase.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

General strategy of company based on borrowing does not show any difference comparing to previous period.

(b) Important Accounting Policies

Important accounting policies of company related with financial instruments are described in footnote no. 2.

(c) Risks

Due to its activities the Company is exposed to financial risks related with the changes in the exchange rate (see article d) and interest rate (see article e). Company is, also, exposed to non-performance of agreement obligations by other party due to having owned financial instruments (article h).

Market risks encountered at the company level is measured according to sensitivity analyses. There is not a change in the market risk which exposed Company or evaluation method of encountered risks or method about the measurement of these risks in the current year, comparing previous year.

(d) Foreign Exchange Risk and Management

Transaction in foreign currency causes the formation of currency risk. Company is subjected to currency risk due to currency conversion rate which is used in conversion of foreign currency assets and liabilities to Turkish Liras. Currency risk arises due to difference in trade operations, difference in recorded assets and liabilities to be occurred in the future.

Since company mainly evaluates its deposits as currency deposits, so has receivables and liabilities in foreign currency, it is subjected to currency risk depending on the change direction of the currencies.

FOREIGN EXCHANGE SENSITIVITY ANALYSIS TABLE				
CURRENT PERIOD				
	Profit / Loos		Equity Capital	
	Foreign Currency Valuation	Foreign Currency Devaluation	Foreign Currency Valuation	Foreign Currency Devaluation
In case of 10 % change in value of US Dollar against TL;				
1- US Dollar Net Asset/ Liability	(7.551.927)	7.551.927	(7.551.927)	7.551.927
2- Part Prevented from US Dollar Risk (-)				
3- US Dollar's Net Effect (1+2)	(7.551.927)	7.551.927	(7.551.927)	7.551.927
In case of 10 % change in value of EURO against TL;				
4- Euro Net Asset/ Liability	300.821	(300.821)	300.821	(300.821)
5- Part Prevented From Euro Risk (-)				
6- Euro's Net Effect (4+5)	300.821	(300.821)	300.821	(300.821)
TOTAL	(7.251.106)	7.251.106	(7.251.106)	7.251.106



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

FOREIGN EXCHANGE SENSITIVITY ANALYSIS TABLE				
PREVIOUS PERIOD				
	Profit / Loos		Equity Capital	
	Foreign Currency Valuation	Foreign Currency Devaluation	Foreign Currency Valuation	Foreign Currency Devaluation
In case of 10 % change in value of US Dollar against TL;				
1- US Dollar Net Asset/ Liability	(4.771.039)	4.771.039	(4.771.039)	4.771.039
2- Part Prevented from US Dollar Risk (-)				
3- US Dollar's Net Effect (1+2)	(4.771.039)	4.771.039	(4.771.039)	4.771.039
In case of 10 % change in value of EURO against TL;				
4- Euro Net Asset/ Liability	266.905	(266.905)	266.905	(266.905)
5- Part Prevented From Euro Risk (-)				
6- Euro's Net Effect (4+5)	266.905	(266.905)	266.905	(266.905)
TOTAL	(4.504.134)	4.504.134	(4.504.134)	4.504.134



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

FOREIGN EXCHANGE POSITION TABLE

	CURRENT PERIOD					PREVIOUS PERIOD				
	TL EQUIVALENT	USD	EURO	GBP	OTHER	TL EQUIVALENT	USD	EURO	GBP	OTHER
1. Trade Receivables	70.086.103	44.539.187	1.258.429	15.840	502	9.141.235	7.509.754	230.748		
2a. Monetary Financial Assets	41.175.766	27.175.907	21.395	14.523		79.268.670	67.519.357	332.624	24.176	3.688
2b. Non-monetary Financial Assets										
3. Other	4.647.802	1.775.248	841.027	61.222	932.453	3.073.478	1.515.866	520.987	8.084	1.680.391
4. Total Current Assets (1+2+3)	115.909.671	73.490.342	2.120.851	91.585	932.955	91.483.383	76.544.977	1.084.359	32.260	1.684.079
5. Trade Receivables						12.835		7.505		
6. Monetary Financial Assets										
6b. Non-monetary Financial Assets										
7. Other										
8. Total Fixed Asset (5+6+7)						12.835		7.505		
9. Total Assets (4+8)	115.909.671	73.490.342	2.120.851	91.585	932.955	91.496.218	76.544.977	1.091.864	32.260	1.684.079
10. Trade Liabilities	(37.103.070)	(19.767.805)	(3.317.129)	(43.822)	(7.832)	(32.158.716)	(25.809.740)	(1.171.708)	(31.290)	(20.908)
11. Financial Liabilities	(46.499)	(30.747)								
12a. Other Monetary Liabilities	(5.820.828)	(3.663.433)	(126.868)		(6.307)	(13.706.913)	(9.432.759)	(1.466.408)	(54.947)	(1.043.914)
12b. Other Non-Monetary Liabilities	(295.155)	(76.406)	(82.035)	(1.818)		(429.033)	(338.802)	(14.411)	(4.207)	
13. Total Short Term Liabilities (10+11+12)	(43.265.552)	(23.538.391)	(3.526.032)	(45.640)	(14.139)	(46.294.662)	(35.581.301)	(2.652.527)	(90.444)	(1.064.822)
14. Trade Liabilities										
15. Financial Liabilities	(23.069)	(15.254)								
15a. Other Monetary Liabilities										
16b. Other Non-Monetary Liabilities										
17. Total Long Term Liabilities (14+15+16)	(23.069)	(15.254)								
18. Total Obligations (13+17)	(43.288.621)	(23.553.645)	(3.526.032)	(45.640)	(14.139)	(46.294.662)	(35.581.301)	(2.652.527)	(90.444)	(1.064.822)
19. Net Asset/(Liability) Position of derivative instruments out of balance sheet (19a-19b)										
19a. Total Asset Amount hedged										
19b. Total Amount of Hedged Liabilities										
20. Net Foreign Currency Asset (liabilities) Position (9-18+19)	72.621.050	49.936.697	(1.405.181)	45.945	918.816	45.201.556	40.963.676	(1.560.663)	(58.184)	619.257
21. Monetary Items Net Foreign Currency Asset / (liability) position (1+2a+5+6a+10-11-12a-14-15-16a)	68.263.403	48.237.855	(2.164.173)	(13.459)	(13.637)	42.557.111	39.786.612	(2.067.239)	(62.061)	(1.061.134)
22. The Fair Value Of The Financial Instruments Used For Foreign Currency Hedge										
22a. The hedged part amount of foreign currency assets										
22b. The Hedged Part Amount Of Foreign Currency Obligations										
23. Export	68.212.060					20.664.391				
24. Import	275.214.591					353.690.696				



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

(f) Interest Rate Risk Management

Company is subjected to interest risk due to financial instruments with floating and fixed interest rate. Liabilities of company concerning financial debts with fixed and floating interest are stated in Note: 8, Assets with fixed and floating (deposit etc.) in Note: 6.

Interest Position Table

	Curred Period	Previous Period
Financial Assets	45.335.718	38.030.202
Financial Liabilities		

If the interest in TL currency unit were 1 base point high/low and if all variables remain fixed, profit before tax and main partnership shares would be 453.357 TL (31.12.2007:380.302 TL) less/more.

(g) Analysis Related with Other Risks

Risks related with financial instruments such as stocks etc.

In the assets of company, there are not stocks and similar financial asset which are sensitive to reasonable value changes.

(h) Liquidity Risk Management

Company is exposed to having owned financial instruments and non-performance of agreement obligations by other party. The collection risk of company, mainly, arises from trade receivables. Trade receivables are evaluated by considering company policies and procedures and are indicated as in net figures in the balance sheet after reserving provisions for doubtful receivable in this direction (Note 10).

Almost all of trade receivables are comprised of receivables from customers. Spread of company sales all over the Turkey decreases the intensification risk.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

CREDIT TYPE BEING EXPOSED BY FINANCIAL INSTRUMENTS TYPE

CURRENT PERIOD	Receivables							Footnote
	Trade Receivables		Other Receivables			Bank Deposit	Footnote	
	Related	Others	Related	Others	Footnote			
Maximum credit risk exposed by reporting date (A+B+C+D+E) (1)	50.764.087	23.218.742	5.219	6.385.135		46.078.999		
- The part of maximum risk assured by guarantee etc..	(1.662.903)				10			
A. Net book value of undue or undervalued financial assets (2)	48.880.101	9.880.835		-	10-11	46.078.999	4	
B. Net book value of financial assets conditions of which have been negotiated which will otherwise be considered undue or undervalued.	1.883.986	11.891.039	5.219	6.385.135	10-11		4	
C. Net book value of undue but undervalued assets (6)		1.446.868						
- Part assured with guarantee etc.		(1.446.868)	-	-	10-11	-	4	
D. Net book values of assets devaluated (4)								
- Overdue (gross book value)		11.080.301			10-11		4	
- Devaluation (-)		(11.080.301)			10-11		4	
- The part of net value assured by guarantee etc..					10-11		4	
- Non- Overdue (gross book value)		1.886.750	-	24.939	10-11		4	
- Devaluation (-)		(1.886.750)		(24.939)	10-11		4	
- The part of net value assured by guarantee etc..					10-11		4	
E- Components bearing credit risk out of the balance sheet								
PREVIOUS PERIOD	Receivables							Footnote
	Trade Receivables		Other Receivables			Bank Deposit	Footnote	
	Related	Others	Related	Others	Footnote			
Maximum credit risk exposed by reporting date (A+B+C+D+E) (1)	48.609.900	9.346.190	141.045	1.989.714		38.657.984		
- The part of maximum risk assured by guarantee etc..		(1.199.041)						
A. Net book value of undue or undervalued financial assets (2)	46.729.874	5.594.812	141.045	1.989.714	10-11	38.657.984	4	
B. Net book value of financial assets conditions of which have been negotiated which will otherwise be considered undue or undervalued.	1.880.026	2.511.040			10-11		4	
C. Net book value of undue but undervalued assets (6)		1.240.339						
- Part assured with guarantee etc.		(1.240.339)	-	-	10-11	-	4	
D. Net book values of assets devaluated (4)								
- Overdue (gross book value)		366.207		21.152	10-11		4	
- Devaluation (-)		(366.207)		(21.152)	10-11		4	
- The part of net value assured by guarantee etc..					10-11		4	
- Non- Overdue (gross book value)					10-11		4	
- Devaluation (-)		16.304			10-11		4	
- The part of net value assured by guarantee etc..		(16.304)			10-11		4	
E- Components bearing credit risk out of the balance sheet								



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Current Period	Receivables			Derivative	
	Trade Receivables	Other Receivables	Bank Deposit	Instruments	Other
	4.142.319	-	-		
1-30 days overdue	4.291.451	-	-	-	-
1-3 months overdue	4.903.955	-	-	-	-
3-12 months overdue	-	-	-	-	-
1-5 years overdue	-	-	-	-	-
Part secured with Guarantee etc.	(1.446.686)	-	-	-	-
5 years overdue				-	-

Previous Period	Receivables			Derivative	
	Trade Receivables	Other Receivables	Bank Deposit	Instruments	Other
1-30 days overdue	2.152.749	-	-	-	-
1-3 months overdue	1.585.068	-	-	-	-
3-12 months overdue	13.562	-	-	-	-
1-5 years overdue	-	-	-	-	-
Part secured with Guarantee etc.	(1.240.339)	-	-	-	-
5 years overdue					

i) Liquidity risk management

The Company is managing the liquidity risk by sustaining the sufficient funds and borrowing reserve by means of following regularly the cash flows and matching the terms of financial assets and liabilities.

Liquidity risk statements

Prudent liquidity risk management means holding cash at an adequate level, the power of maintaining fund resources utilization and closing market positions with adequate number of credit operations.

Funding risk of current or contingent debt necessities is managed by means of sustaining the continuous accessibility of credit providers at an adequate number and high quality.



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

Below table shows maturity distribution, whether having derivative nature or not, of the company's financial liabilities on the TL basis.

31.12.2008						
Expected Terms	Book Value	Total cash outflows according to agreement	Shorter than 3 months	Between 3 to 12 months	1 to 5 years	Longer than 5 years
Non Derivative Financial Liabilities	70.698.990	70.698.990	70.643.341	-	55.649	-
Bank Credits	55.649	55.649	-	-	55.649	-
Issue of Borrowing Notes						
Financial Leasing Liabilities						
Trade Liabilities	51.554.956	51.554.956	51.554.956			
Other Liabilities	19.088.385	19.088.385	19.088.385			
Other						

Expected Terms	Book Value	Total cash outflows according to agreement	Shorter than 3 months	Between 3 to 12 months	1 to 5 years	Longer than 5 years
Derivative Financial Liabilities	-	-	-	-	-	-
Derivative Cash Inflows		-				
Derivative Cash Outflows		-				

31.12.2007						
Expected Terms	Book Value	Total cash outflows according to agreement	Shorter than 3 months	Between 3 to 12 months	1 to 5 years	Longer than 5 years
Non Derivative Financial Liabilities	71.521.150	71.521.150	71.521.150	-	-	-
Bank Credits	-	-	-			
Issue of Borrowing Notes						
Financial Leasing Liabilities						
Trade Liabilities	58.032.178	58.032.178	58.032.178			
Other Liabilities	13.488.972	13.488.972	13.488.972			
Other						

Expected Terms	Book Value	Total cash outflows according to agreement	Shorter than 3 months	Between 3 to 12 months	1 to 5 years	Longer than 5 years
Derivative Financial Liabilities	-	-	-	-	-	-
Derivative Cash Inflows		-				
Derivative Cash Outflows		-				



Turkish Airlines Technic Inc. Financial Statements and Footnotes as of 31 December 2008

(Unless otherwise stated, amounts are indicated in Turkish Liras).

39. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS UNDER PROTECTION OF FINANCIAL RISK ACCOUNTING)

Company does not have risk management model currently applied, yet protection from parity fluctuations strategies works are started, in this respect forward and option products are being evaluated. Apart from this, a model work is executed in Financing Management department in which defined economic and data related with developments in domestic, foreign money, capital and goods markets is regularly monitored, in this respect, it aimed the estimation of direction trend and movements in markets. Within the important financial risks of the company, exchange risk, interest rate risk and liquidity risk take place.

As there is not any defined risk management model the Company manages the risk with the decisions it takes and its applications. The aim is to establish a corporate risk management model and the works to this end are continuing.

40. EVENTS AFTER THE BALANCE SHEET DATE

None (31.12.2007: None).

41. OTHER ISSUES AFFECTING SIGNIFICANTLY THE FINANCIAL TABLES OR TO BE DECLARED FOR THE CLARITY, EASY INTERPRETATION AND UNDERSTANDING OF THE FINANCIAL TABLES.

Under HABOM project, company agreed is with Goodrich Aerostructures, which is subsidiary of Goodrich Corporation for signing a goodwill agreement on 8 November 2008 with the purpose of establishing a joint venture company which will provide Nacelle and Thrust Reverser maintenance and repair service.





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