2018 | ANNUAL REPORT

TURKISH TECHNIC

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CONTENT

MISSION

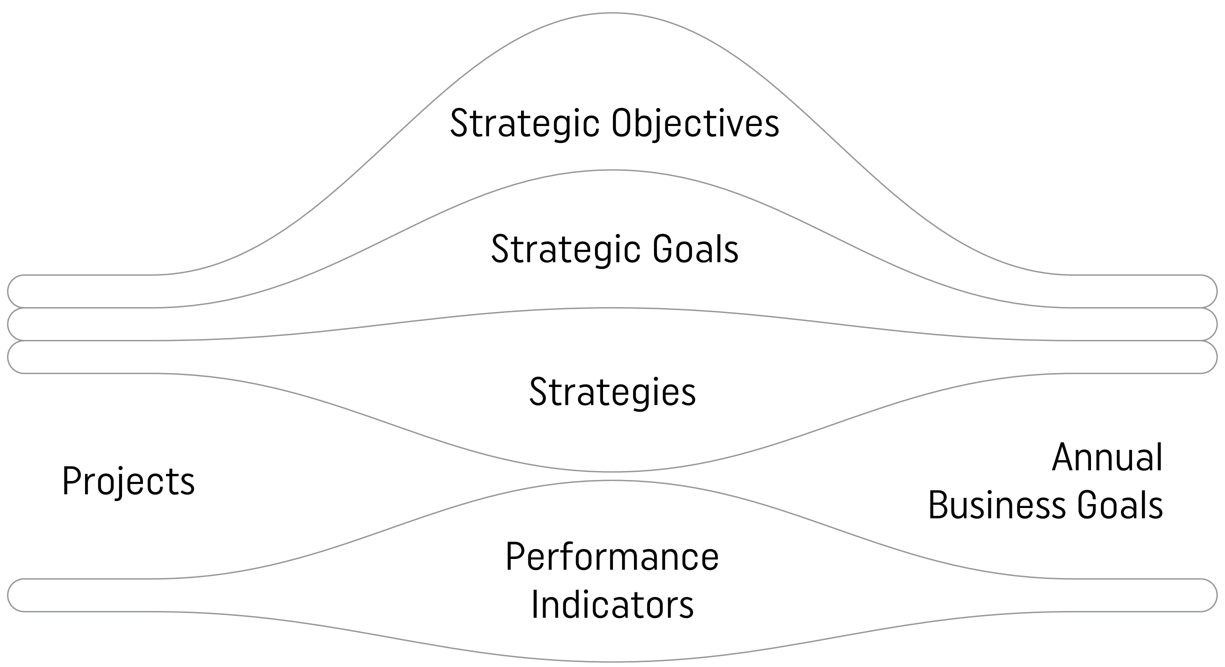
TO DIRECT THE SECTOR BY CONTINUOUSLY IMPROVING COMPETENCY THROUGH PRODUCT VARIETY, SERVICE QUALITY AND COMPETITIVE POSITION IN AVIATION MAINTENANCE REPAIR SECTOR.

VISION

TO BECOME ONE OF THE TOP 3 GLOBAL MAINTENANCE CENTERS BY INTRODUCING INNOVATIVE SOLUTIONS IN THE FIELD OF AVIATION TECHNICAL SERVICES.

Strategies

During 2017, our company's Strategic Plan for 2017-2023 was formed with the collaborative work and contribution of all of our managers. Our Strategic Plan consists of Strategic Objectives, Goals, Strategies and projects that will serve to actualize these Strategies.



The 4 goals designated in our Strategic Plan are as follows:

01 TOP 5 MRO COMPANY IN THE WORLD

02 INNOVATION and INFORMATION TECHNOLOGY ORIENTED

03 CONTINUOUSLY IMPROVING INSTITUTION

04 TO GENERATE VALUE FOR HUMANITY, ENVIRONMENT and COMMUNITY

In order to track Strategic Projects, Strategic Plan Tracking System was created by the collaboration of Strategic Planning and Projects Management and Information Technologies Directorate. Trainings regarding the use of the system have been presented to all senior managers and related managers within the company. With the attendance of senior managers, Objective Revision meetings will take place quarterly with senior managers in attendance to review the current status of projects and reports attained from Strategic Plan Tracking System will be used in the related reviews.

Strategic Plan in Numbers 2018 - 2023

Scope of our Strategic Plan includes 4 goals and 16 strategic objectives tied to these goals, 52 strategies and 150 projects are designated.

QUALITY POLICY

TO DIRECT THE AIRCRAFT MAINTENANCE REPAIR SECTOR THROUGH PRODUCT VARIETY, SERVICE QUALITY AND COMPETITIVE POSITION BY CONTINOUSLY IMPROVING OF COMPETENCY

01
SAFETY

As a result of prioritizing maint enance and flight safety and exercising risk management techniques we always provide trustworthy service and products. We ensure that all per sonnel work accordingly with human factor principles and encourage them to report feedback in subjects per taining to safety.

02
CUSTOMER ORIENTED

In order keep customer satisfaction at a high le vel we provide goods and services meeting customer expectations and encourage them to send their feedback. In case of a customer complaint in order for the problem to be eliminated objectively we act upon principles of trust, transparency, fairness, secrecy, accessability and equalit y to rapidly take precautions providing a viable solution and finally enc ourage employe input during this pr ocess.

03
ACCORDANCE OF STANDARDS AND REGULATIONS

Professional and technical implementations along with suppor t are provided to all employees in consistent with standards and regulations. Moving quality service understanding to the forefront we ensure to embrace occupational health, security, environmental awareness and quality management systems. And by increasing communication, harmony and collaboration amongst all employees with authority and responsibility consciousness we strive to reach effective management principles in the direction of our goals and objectives.

04
CONTINOUS IMPROVEMENT

In order to become a developing organization, by accepting the continuos improvement approach as a principle and keeping team chemistry at an upmost level and finally having planning, information and technology as our foundational approach we constantly revision the system and create improvement oppurtunties.

05
COLLABORATION WITH SHAREHOLDERS

To establish collaboration with shareholders, we ensure that all personnel work in harmony with national and international aviation authorities, customers' quality inspectors and also including suppliers.

MESSAGE FROM THE CHAIRMAN

BY COMPLETING MAINTENANCE OPERATIONS ON 3,636 AIRCRAFT IN 2018, OUR TEAMS HAS REACHED GREAT SUCCESS AVERAGING 10 AIRCRAFT SERVICES A DAY.

Dear Shareholders,

Showing continious growth and improvement as one of the largest MRO companies in the world, we the Turkish Technic family have accomplished great success in 2018. Although the MRO sector as well as the companies involved had a rough year in 2018, Turkish Technic had made great investments and successfully came out of this process stronger than before. I see it as a due upon me to recognize all of our colleagues as the essential architects of this success under banner of Turkish Tecnic which we call family. With their faithful stance and out of the ordinary efforts, we have left the year 2018 behind increasing our revenue and profits.

We have increased our annual revenue by 12% from 1 billion 106 million USD in 2017 to 1 billion 226 million USD in 2018. In relation to this we have increased our profits by 63% from 85.5 million USD in 2017 to 139 million USD in 2018. The year 2018 beared in many aspects important beginings for our and giant steps towards carrying our company to the future. On one of the most important days as October 29th Republic Day, our new home, one of world's largest and modern airport Istanbul Airport's grand opening took place. Istanbul Airport is a colosoul investment project which, when all phases are completed will have a capacity of 200 million passengers annualy. As the moving process will be remembered as The Great Move, with the ongiong concurrent construction of hangars and facilities, the final completion will result in bringing about in our country one of the most modern and technologically advanced aircraft maintenance bases in the world. This investment will carry Istanbul to the center of world of flight aviation as well as place it on the map as an important hub of the MRO sector. Today we have a maintenance capacity to service 10 wide and 30 narrow body aircraft and upon completion of the ungoing construction projects at Istanbul Airport, capacity will increase by twofold.

It has been 12 years since our company attained its independent commercial title back in 2006. Annual revenue in 2006 was 241 million USD, increasing at an average rate of 14.5% per year today we have reached 1 billion 225 million USD in revenue annually

Having completed maintenance work on a total of 3,636 aircraft in 2018, our teams had a great achievement of servicing an average of 10 aircraft per day. We have also continued to expand our portfolio on component pool services in 2018. Thirdy party portfolio compromised of domestic and international customers has incrased to 362 aircraft at the end of the year. Turkish Technic having been selected in 2017 by the Defense Industry Undersecretary to provide long term logistic support services and maintenance process for 4 units of Boeing produced Airborne Early Warning and Control Aircraft found in the Turkish Air Force, has also been selected this year for maintenance and modification work on aircraft TC-CAN found in the fleet of the Presidency of the Turkish Republic. Furthermore, the new addition to the fleet Boeing 747-8 type aircraft is set to be have maintenance, repair and modification operations be executed by Turkish Technic by signing of an agreement restraint with the Presidency. With each passing day our company is increasing its capacity and capability, we take great pride in being our country's national supplier within the sector we operate in.

In recent yaers our company has been accredited by Europena Union Aviation Safety Agency (EASA) and Directorate General of Civil Aviation (SHGM) for training and licensing of aircraft technicians becoming the first and verified institution in Turkey. In 2018 our company continued to contribute to the expansion of our country's civil aviation through training activities by offering courses to 1,139 technicians for basic training and equiped 2,128 technicians with type trainings

Expansion of engineering capabilities and experiene with each passing day bolstered up R&D activities with continuous and sustainable acceleration throughout the year in 2018. Groundwork and design aspects of In-Flight Entertainment systems (IFE) belonging to Turkish Technic were brought to use on 44 aircraft found in the Turkish Airlines fleet in the year 2017. Orders have been received to be completed in the upcoming terms. Through the newly developed test equipments and projects we will not only be a maintenance hub but a company that offers design and production services, confidently moving forward towards becoming a self-sufficient MRO.

2018 was a successful year for our affliates as well. Turkish Engine Center (TEC) operating in the aircraft engine maintenance, repair and restore sector has completed and delivered a total of 774 engine maintenance operations since 2010, and in 2018 this count was 130. 41 out of the 130 engines belong to third party customers. Compared to 2017 TEC has increased its engine maintenance count by %4 and since its foundation TEC has surpassed its own delivery record in 2018. TEC continuously increasing its operation network and capabilities; has been selected as the third largest exporter company in Turkey in the Defense and Aviation Industry sector by Turkish Exporters Council.

Our affiliate Turkish Seat Industires (TSI) operating in the aircraft seat production sector has made an agreement with Turkish Airlines to equip their awaited A350 and B787 model aircraft with economy seats. Through this agreement TSI has become the fifth company in the world to supply seats for the stated models of aircraft. By creating a new production line TSI compared to 2017 quadrupled its facility size. The first delivery of 'Epianka' model seats developed for Airbus A321neo ACF and Boeing 737Max type aircraft was made during 2017, compared to the previous year TSI has increased its annual revenue by %22.

Goodrich Turkish Technic Service Center (GTTSC) is an affiliate that operates in the nacelle maintenance and repair sector. GTTSC has added A320neo and 737Max to its current part capability and increased its annual service by 23%. Compared to the previous year GTTSC has increased its employment by %19 and its sales by %18 and has started works on acquiring part capabilities for Boeing 787 and Airbus A350.

Turkish Cabin Industries (TCI) an affiliate of Turkish Technic operating in galley production services has signed new agreements with airline companies foremost being Turkish Airlines and others such as Donghai Ariways and Jet Airways. With these agreements the total planned deliveries of TCI until 2023 has reached almost 500. TCI signed an agreement with Airbus to be the Catalogue Supplier (for all global customers) for the bar units of A350 and has also signed a global collaboration agreement with STELIA who holds 25% of all business class seats commerce in the industry. Based on this agreement, our company will produce Business Class storage areas in 30 units of B787 and 30 units of A350 type aircraft all belonging to Turkish Airlines fleet. Another agreement has been saigned with STELIA to be the supplier for projects of international airlines such as Vistara and Singapore Airways.

The inspiration acquired from the success of our affliates led us to cocreate with Havelsan a company to operate in the in-flight entertainment system design, production and repair sector named Cornea Aero Systems. Entering the sector at a great paste we believe that CORNEA as in our other affliates will show accelerated success in a short amount of time.

It has been 12 years since our company attained its independent commercial title back in 2006. Annual revenue in 2006 was 241 million USD, increasing at an average rate of 14.5% per year today we have reached 1 billion 225 million USD in revenue annually.

As the Turkish Technic family we have accomplished great success in 2018. Moving forward on this road fueled with the responsibility we hold towards our country and people, I see it as a duty upon me to show gratitude to those who make possible the continuation of our success namely to all of our employees, administrative staff, customers and business partners. I believe with all my hear that 2019 will be a year where our performance will surpass sectoral indicators and a year where all of our goals will be successully reached.

With love and respect,

M. İlker AYCI

Turkish Technic

Chairman of the Board of Directors and the Executive Committee

Members of the Board of Directors

Mehmet İlker Aycı

Chairman of the Board of Directors and the Executive Committee

Mehmet İlker AYCI was born in Istanbul in 1971. Having graduated from Bilkent University's Department of Political Science and Public Administration in 1994, Mr. AYCI undertook research work at the U.K.'s Leeds University in the field of Political Science in 1995. He obtained his Master's Degree from Marmara University's International Relations program in 1997.

Having begun his professional career in 1994, Mr. AYCI held a variety of positions at Kurtsan İlaçları Inc., Universal Dış Ticaret Inc. and İstanbul Metropolitan Municipality. Aycı became General Manager of Başak Sigorta between 2005-2006, General Manager of Güneş Sigorta Inc. bewtween 2006-2011, President of Turkey Investment Support and Publicity Agency, Vice President and President of World Investment Agency Unity between 2013-2015 and finally since April 2005 he has been appointed as Turkish Airlines Head of Board of Directors and Executive Commitee.

During this time Aycı was appointed to positions such as Board of Directors Member and President for institutions like Turkey Insurance and Reassurance Companies Association, DEIK Turkish-Chinese Council, Vakıf Emeklilik Inc., VakıfBank Güneş Insurance Sports Club (2008 European Challege Cup Champions) and Turkish Airlines Sports Club, Mr. Aycı can speak English and Russian.

Ogün Şanlıer

Member of the Boar d and Deputy Chairman

Ogün Şanlıer was born in 1974 and graduated from Marmara University Faculty of Economics and Administrarive Sciences Department of French Public Administration. Between 1999-2001 he served as an export specialist at Anadolu Holding, Anadolu Isuzu Otomotiv San. Tic Inc. and between 2002-2007 he to the position of Regional Manager at Feniş Holding, Feniş Foreign Trade Inc.

Between 2007-2013 he served as Commerce Manager at Istanbul Municipality Aflliates Department of Halk Ekmek Inc. and later Vice President and finally served as Chairman of the Board of Istanbul Media Academy Inc. Ogun Sanlıer knows French, English and German and is married with 2 children.

Prof. Dr. İsmail Demir

Board of Directors Member

İsmail Demir was born in 1960 in Elazığ. In 1982 he graduated from Istanbul Technical University as an Aircraft Engineer. After becoming a research assistant for one year each at Uludağ University and Istanbul Technical University, he moved to the U.S. in 1985 to complete his masters and doctorate degrees. He received his master degrees of Apllied Mechanics from Michigan University and Aircraft Engineering from Purdue University as well as a doctorate degree in Mechanical Engineering from Washington State University. From 1992-2003, Demir served as research associate and lecturer at various universities and research institutions in Saudi Arabia, U.S. and Canada.

In 1997 Demir became an associate professor in Aircraft Personnel and Materials. In 2003 he started working in Turkish Airlines as a Training Director. In 2015 he was assigned as Chief Technical Officer. In May 2016 after establishing its own legal entity, Demir was appointed General Manager of Turkish Technic as well as serving as Deputy President of Board of Directors and Executives. 2013 he attained the title of Professor. He is the Chairman of the Board for Turkish Airlines affliate companies; Turkish Engine Center (TEC), Goodrich Turkish Technic Service Center (GTTSC), Turkish Seat Industries (TSI), Aircraft Engine and Gas Turbine Service Center (TURKBINE). Demir who is a Member of the Board of Turkish Cabin Interior (TCI) has been apponited as Undersecretary for Defense Industries by The Ministry of National Defence as it was declared on official gazette dated 12-04-2014 issue 28970.

In various international magazines and conferences Demir has many articles in subjects of composite materials, crack mechanics, theoratical and numeric elastic modelling and mikro electromechanics. İsmail Demir is married and is a father of four kids.

Mithat Görkem AKSOY

Board of Directors Member

Born in Antalya on 06.06.1977 Aksoy started pilotage training in 1996 at Turkish Aeronautical Association and graduated in 1998 and continued to work for the same institution until 2001. Leaving his position in 2001 he moved to a private airline. Having taking various positions im different airline in 2007 Aksoy transferred to Turkish Airlines. He served with G4, G550, B737 and Airbus A330- A340 type aircraft. In 2016 he was assigned as Operation Director of General Aviation for VIP aircraft and is currently an active pilot within Turkish Airlines.

Murat ŞEKER

Board of Directors Member

Graduated from Marmara University Engineering Department in 2000, Dr. Murat Şeker received his Masters Degree in Economics from Sabanci University in 2002 and his Doctors degree from Minnesota University in Economics in 2008. Between 2008-2011 Şeker worked as an analyst for Entrepreneur Research Department under US World Bank's Financial and Private Sector Development Vice Presidency. During 2011-2013 he worked as an economist in Innovation, Technology and Entrepreneur Department under World Bank's same Vice Presidency.

On September of 2013 in his return to Turkey Dr. Şeker started working in Ziraat Bank as Investment Relations Department Head and in August of 2014 he continued to serve as Financial Institutions and Investment Relations Department Head. During his time Dr. Şeker has also served as a member of Board of Directors for Ziraat Yatirim, Ziraat Hayat ve Emeklilik, Ziraat Sigorta companies. During July of 2016 Dr. Şeker has been appointed as Turkish Airlines Deputy CFA and since 2015 working part time as an instructor at Bogazici University Faculty of Economics and Administrative Sciences.

Mustafa Yılmaz

Board of Directors Member

Mustafa Yılmaz was born in Nizip provice of Gaziantep in 1966. He attended middleschool in Nizip and later on graduated from Istanbul University Faculty of Law between 1984-1988.

In 1989 Yılmaz started working as a freelance lawyer. During the years 1993-2004 he worked in the energy sector as a lawyer.

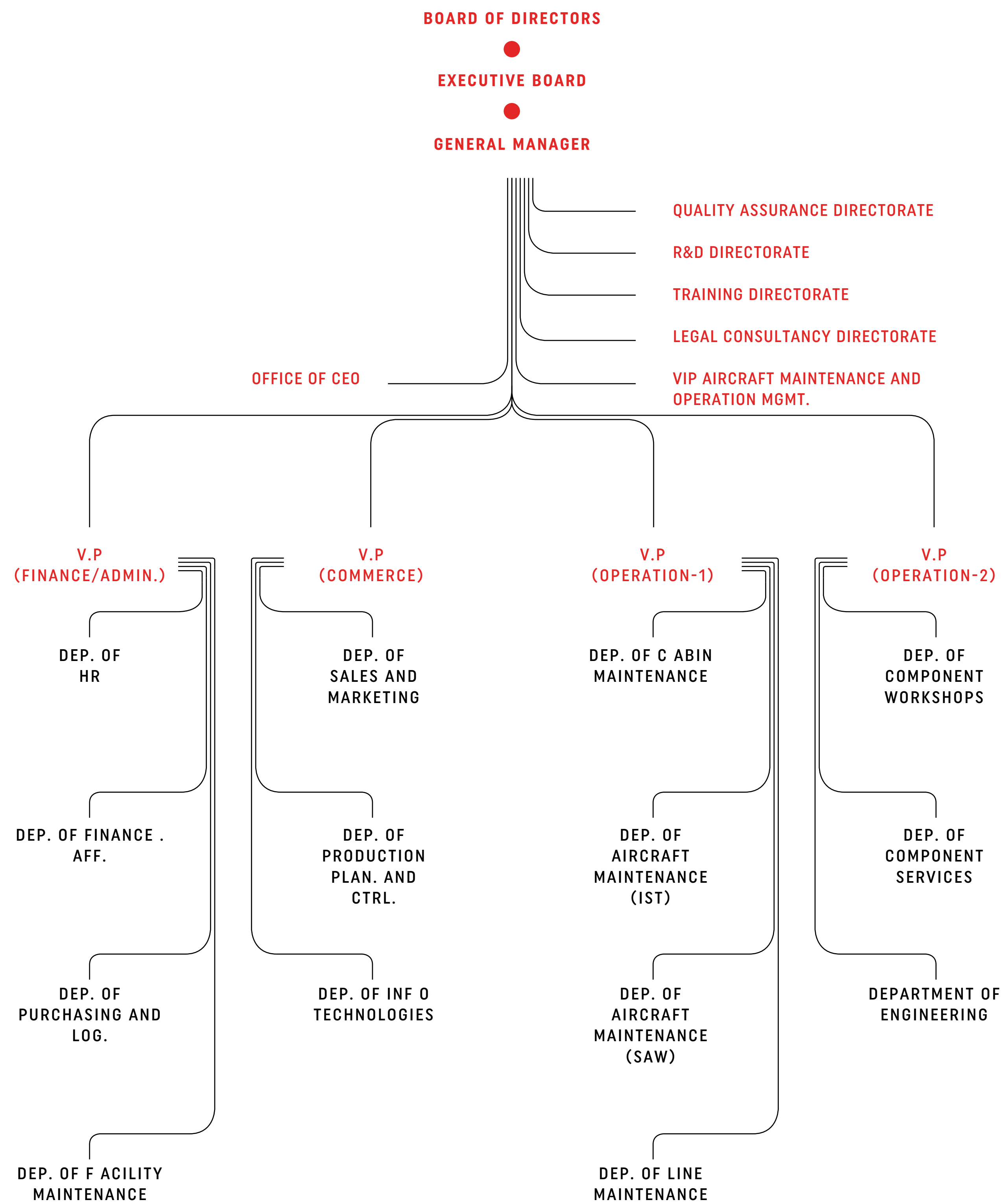
During this period he has contributed to works of various non governmental organizations. Mustafa Yılmaz was appointed to EPDK Board Member by The Council of Ministers Declaration published in Official Gazette on 21 February 2004. On January 2010 he was appointed to EPDK Vice President.

As published in the Official Gazette on February 20, 2014, Yılmaz was apponited President of EPDK through The Council of Ministers Declaration and was appointed for a second term on March 1, 2016.

During Mustafa Yılmaz's presidency, the ongoing efforts of increasing EPDK's effectiveness in international platforms took a giant leap. During the period, EPDK hosted 6th World Forum on Energy Regulation which took place in Istanbul and as an already member of Energy Regulators Regional Association ERRA and Mediterranean Energy Regulators MedReg EPDK became an active member.

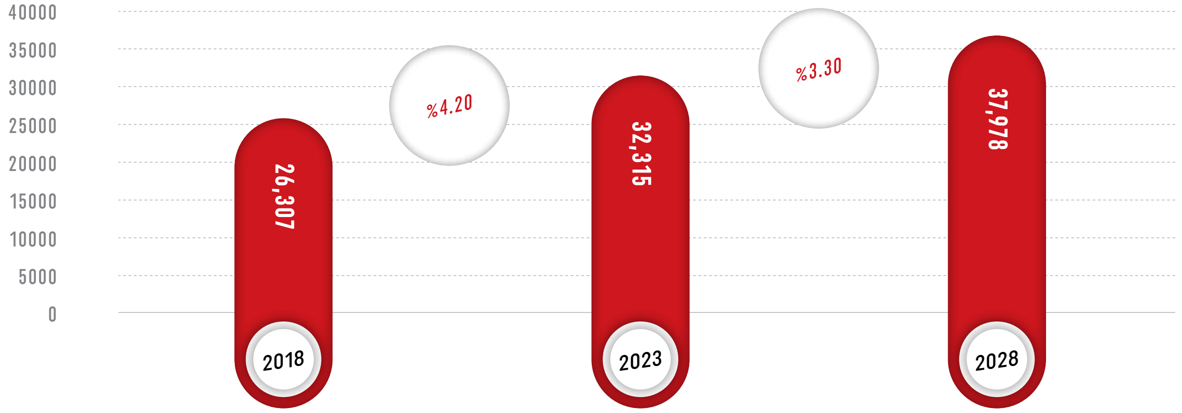
TURKISH TECHNIC

ORGANIZATION CHART



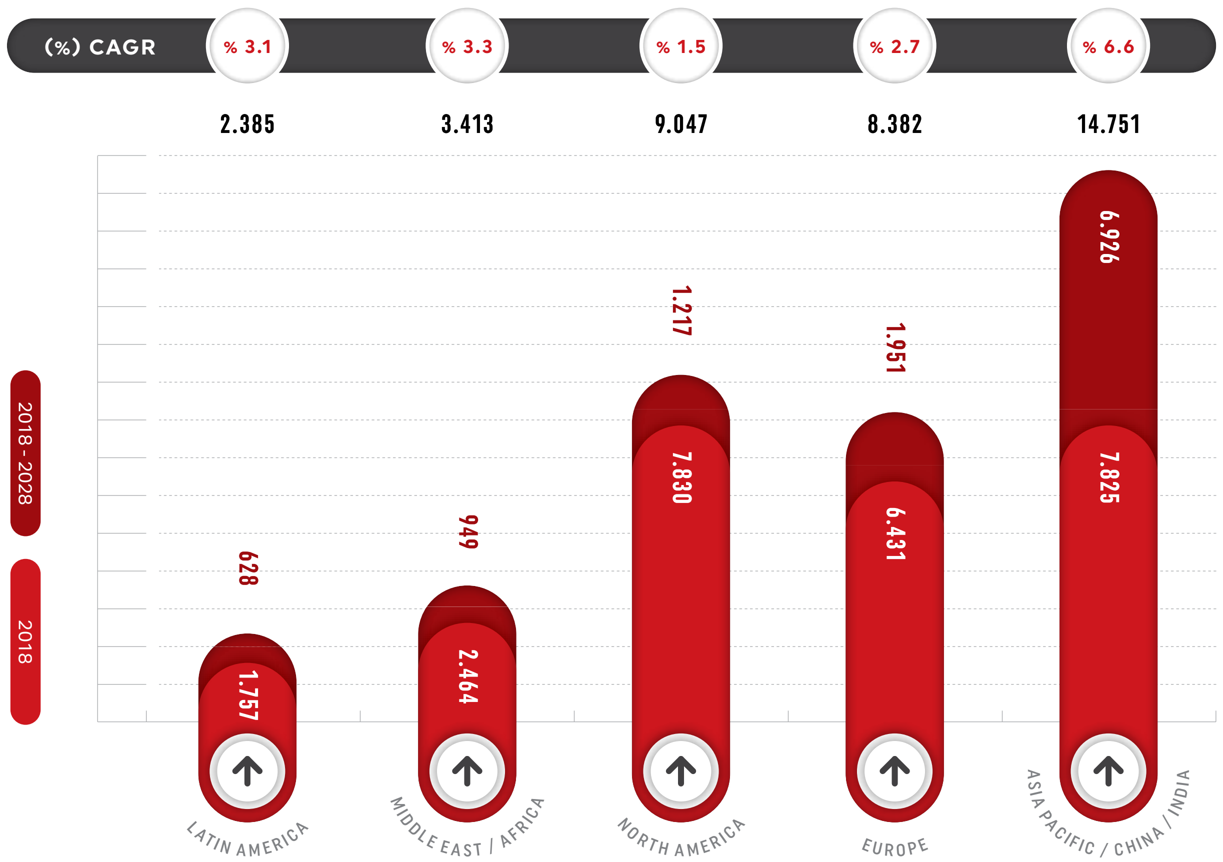
Progress of World Aircraft Fleet

Sectorial reports show the number of aircraft in service globally in 2018 is 26,307. It is expected that the world's commercial airliner fleet will grow by 4.2% annually reaching 32,315 aircraft in the next 5 years, and by 4.2% annually in the subsequent 5 years reaching 37,978 aircraft. In the 2018 - 2028 Global Fleet & MRO Market Forecast' report published by Oliver Wyman consultency firm, it is regionally expected that while the growth rate of North America fleet will be 1.5% in the next decade by 2028, this rate for Asia Pacific / China / India region will be 7.2%, and for Middle East / Africa region it is expected to be 5.4%.



Fleet Development by Regions

Monitoring of world fleet growth reveals North America and Europe as saturated markets. It is foreseen that especially the markets of Asia Pacific, Middle East and Africa regions will see tremendous growth.

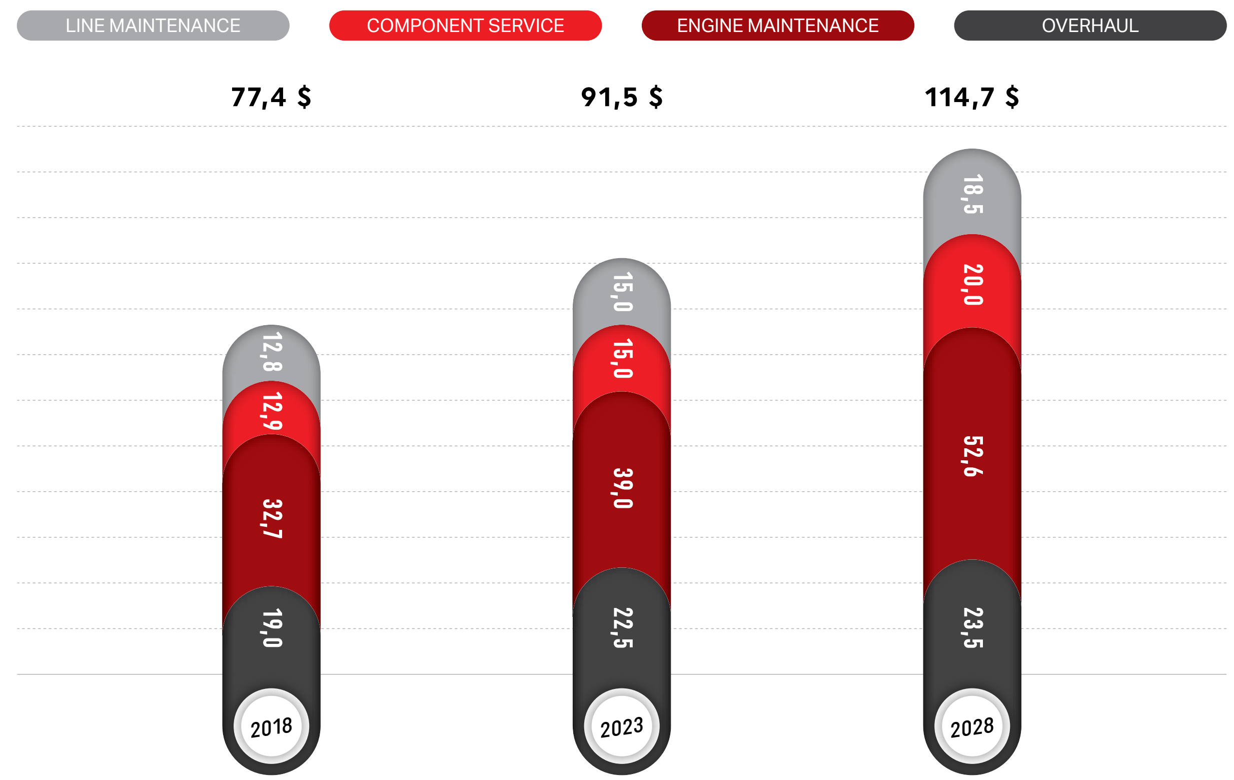


World MRO Market

The global MRO market in 2018 has grown by 2.4% compared to the previous year reaching 77.4 billion USD. In 2023 the MRO market is expected to reach the 92 billion USD mark.

By the year 2028 MRO market size is expected to reach 114.7 billion USD. America being the largest market in 2018 similar to its fleet growth data is expected leave its place to Asia in 2028.

Related to maintenance segment in directly accordance with MRO market's growth data trends prove that Engine Maintenance segment is the largest segment among them all. Sectoral experts state engine maintenance will generate the most revenue in terms of growth speed during 2018-2028.



AVERAGE AGE OF EMPLOYEES

31,47

AVERAGE DURATION OF EMPLOYMENT

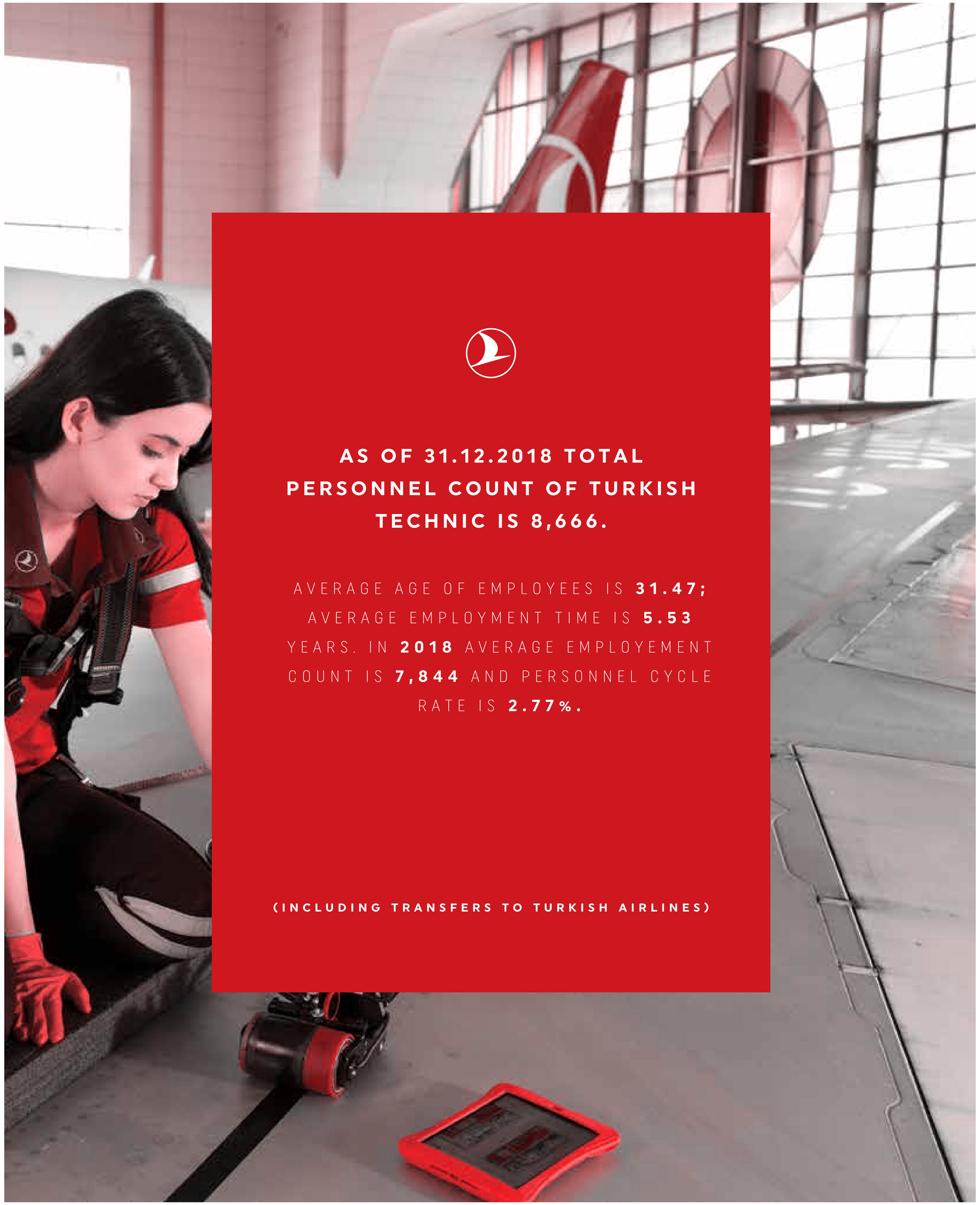
5,53 YIL

2018 AVERAGE PERSONNEL COUNT

7.844

CYCLE RATE IS 2.77%

(INCLUDING TRANSFERS TO TURKISH AIRLINES)



AS OF 31.12.2018 TOTAL PERSONNEL COUNT OF TURKISH TECHNIC IS 8,666.

AVERAGE AGE OF EMPLOYEES IS **31.47;** AVERAGE EMPLOYMENT TIME IS **5.53** YEARS. IN **2018** AVERAGE EMPLOYMENT COUNT IS **7,844** AND PERSONNEL CYCLE RATE IS **2.77%.**

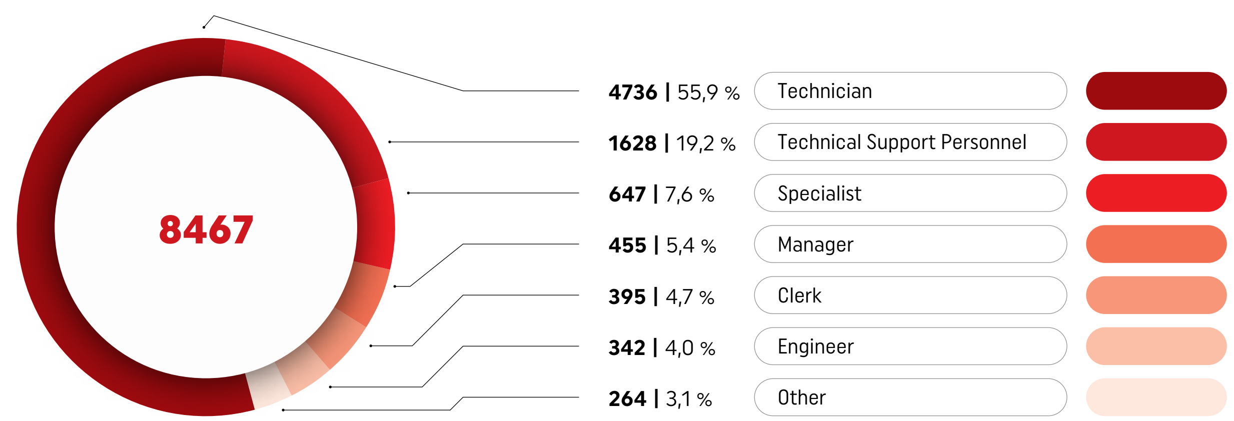
(INCLUDING TRANSFERS TO TURKISH AIRLINES)

Employee Distribution by Title

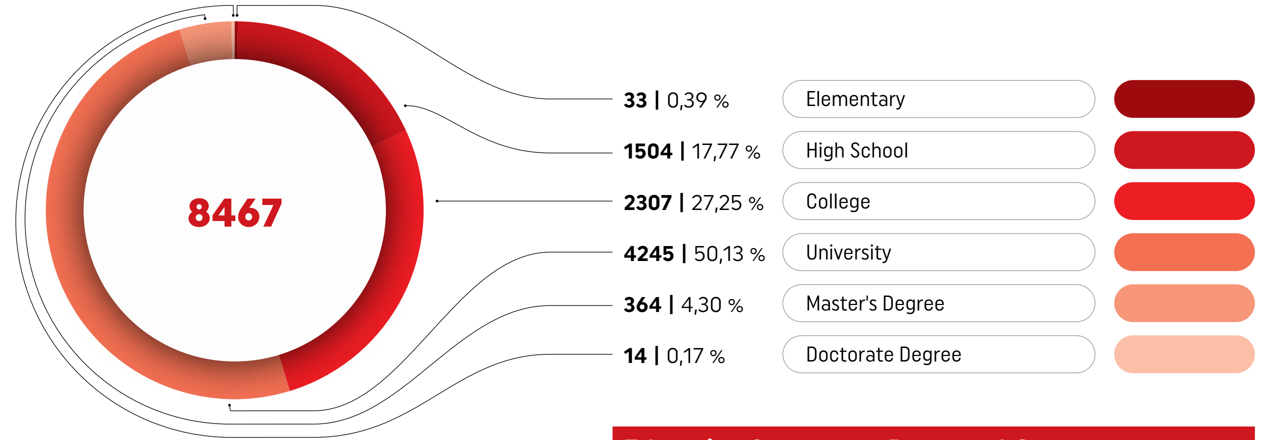
Title Group	Personnel Count	%
Technician	4736	55,9%
Technical Support Pers.	1628	19,2%
Other	264	3,1%
Clerk	395	4,7%
Specialist	647	7,6%
Engineer	342	4,0%
Manager	455	5,4%
Total	**8467**	**100,0%**

Employee Subgroup	Total
General Manager	1
C-Level Manager	4
SVP	19
Manager	91
Coordinator	0
Chief	326
Project Manager (TT)	14
Lawyer	6
Doctor	9
Chief Engineer	19
Project Engineer	8
Senior Engineer	15
Engineer	300
Specialist	587
Teacher	60
Clerk	387
Medical Assistant	8
Laborer	32
Painter	150
Support Personnel	67
Chief Technician	316
Technician	4420
Technical Supprt. Pers.	1628
Total	**8467**

Employee Distribution by Title

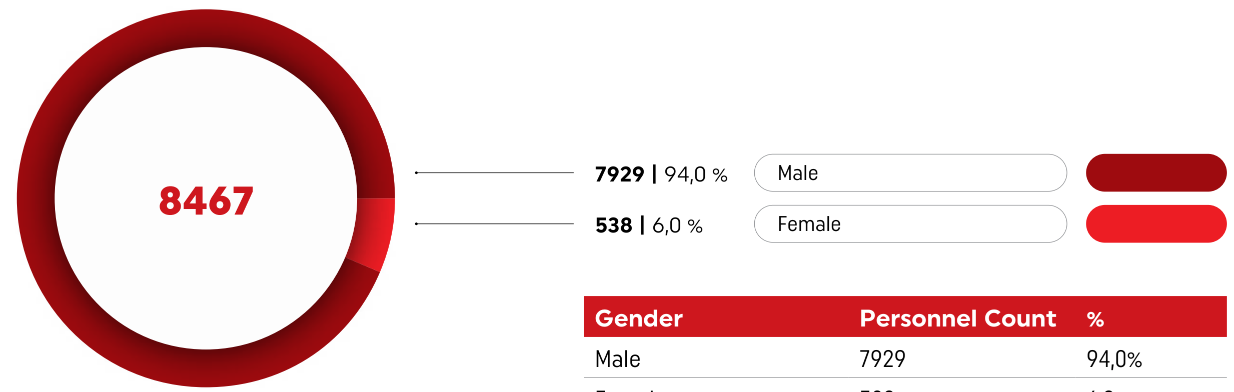


Employee Distribution by Education



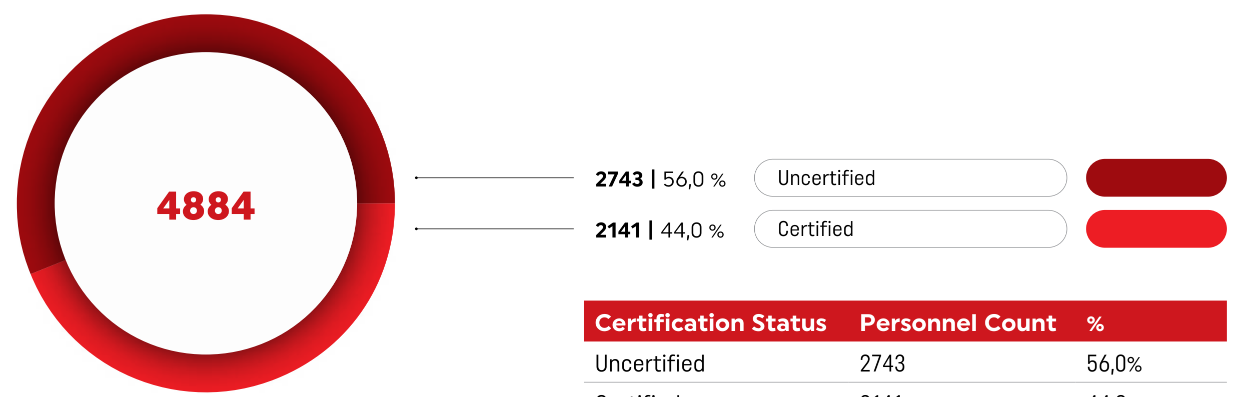
Education Status	Personnel Count	%
Elementary	33	0,39%
High School	1504	17,77%
College	2307	27,25%
University	4245	50,13%
Master's Degree	364	4,30%
Doctoral Degree	14	0,17%
Total	**8467**	**100,00%**

Male / Female Ratio



Gender	Personnel Count	%
Male	7929	94,0%
Female	538	6,0%
Total	**8467**	**100,0%**

Certified Technician/Chief Distribution



Certification Status	Personnel Count	%
Uncertified	2743	56,0%
Certified	2141	44,0%
Total	**4884**	**100,0%**

Quality Documents

AS 9110 Rev.C Aviation Maintenance Organization Quality Management System

Aviation, Space and Defense Organization Quality Management System

Quality Management System

Environmental Management System

Occupational Health and Safety Management System

Calibration Accreditation Certificate

Customer Satisfaction Management System

Information Security Management System

Verified Supplier Institutions Quality Management System

SHGM - EASA - FAA - USA Dot Certificates

SHGM SHY-145 Maintenance Organization
Certificate of Approval (TR.145.001)

EASA Part-145 Maintenance Organization
Certificate of Approval (EASA.145.0276)

SHGM SHY-21 Production Organization
Certificate of Approval (TR.21G.001)

EASA Part 21 Design Organization
Certificate of Approval (EASA.21J.418)

EASA Part 21 Production Organization
Certificate of Approval (EASA.21G.0043)

FAA Approved Maintenance Center Certification (TQKY144F)

DOT Pressure Tube Test Center Document of Approval - IST (RIN D030)

DOT Pressure Tube Test Center Document of Approval - SAW (RIN I789)

CERTIFICATES OF AUTHORITY FROM OTHER COUNTRIES	ARUBA DCA	AZERBAIJAN CAA	UAE GCAA	BAHRAIN DCA
BERMUDA DCA	BOSNIA AND HERZEGOVINA DCA	CAYMAN ISLANDS CAA	CHANNEL ISLANDS (GUERNSEY)	MOROCCO DCA
SOUTH KOREA KOCA	INDIA DGCA	JORDAN	QATAR CAA	KENYA
KUWAIT DGCA	KYRGYZ REPUBLIC	LIBYA	EGYPT	MOLDOVA CAA
NIGERIA CAA	PAKISTAN CAA	RUSSIA CAA	SENEGAL ANACIM	SINGAPORE CAA
SAUDI ARABIA GACA	TAJIKISTAN CAA	TUNISIA OACA	UKRAINE CAA	

Turkish Technic Training Activities

In the year 2018 in compliance with national and international regulations all necessary trainings have been provided to all Turkish Technic (including subcontract employees) personnel. Under the athorities of EASA Part-145 and SHY-145, practical, task and on-the-job and maintenance training for all parts listed within workshop capability list for all aircraft type 's has been conducted.

Within the boundaries of EASA Part-147 and SHY-147 authorizations our company is Turkey's first and only maintenance training institution verified through EASA and SHGM. In 2018 utilizing these authorities Turkish Technic issued Category B1.1 Basic Training programs and has admitted students from outside the company hence creating revenue generating activities. In order to expedite licensing process of our personnel, students are accepted from outside the company for basic training license module tests and category transition tests hence resulting in increased participation. This has drastically contributed to the need of licensed technicians for within and outside the company for the better good of our country.

Likewise with the type training activities being conducted within the scope of EASA Part-147 and SHY-147 authorities; both the training needs of personnel maintaining the aircraft found in our fleet are met as well as adding revenue to our company by marketing these trainings.

Type practical trainings are conducted part in real life circumstances and part through maintenance simulator which became effective in 2018. Through the simulator, expertise has been ensured in identifying malfunctions on the aircraft, system tests and documentation use hence practical trainings becoming more effective and productive.

Training activities conducted in 2018 are summarized in tables below.

TABLE 1: **PART 145 TRAININGS**

Traing Type / Group	Training Count	Participant Count				
		Turkish Technic	Contractor Company	Turkish Airlines	Foreign Customer	Total
Assessment Training	408	997	0	0	0	997
Class Trainings	3.020	31.594	9.305	396	0	41.295
Task Trainings	310	2.887	493	5	0	3.385
Engine Run-up Trainings	29	107	0	0	0	107
Component/Testbench Trainings	80	677	0	0	0	677
OJT Trainings	495	1.698	7	0	0	1.705
Type Theoretical/Practical Trainings	230	1.925	0	4	0	1.929
Total	**4.572**	**39.885**	**9.805**	**405**	**0**	**50.095**
Online Trainings	**47**	**57.017**	**2.930**	**201**	**53**	**60.201**
Trainings Sold	**397**	**0**	**0**	**39**	**3.565**	**3.604**
Trainings Purchased	**240**	**2.827**	**356**	**13**	**0**	**3.196**

TABLE 2: **PART 147 BASIC TRAINING AND MODULE TESTS**

Training Type / Group	Training Count	Participation		
		Intracompany	Outside Organization	Total
B1/B2 Module Trainings	9	933	52	985
Basic Aircraft/Engine Trainings	7	112	0	112
Part 147 Basic Training Course	1	0	21	21
MNE Technical Teacher Education Prog.	1	0	21	21
Total	**18**	**1.045**	**94**	**1.139**
License Module Tests				**4.321**

TABLE 3: **PART 147 TYPE TRAININGS**

Training Type/Group	Training Count	Participation Count		
		Intracompany	Outside Organization	Total
A320 Aircraft Type (Theoric)	27	389	19	408
A330 Aircraft Type (Theoric)	21	317	16	333
B737 Aircraft Type (Theoric)	21	330	23	353
B777 Aircraft Type (Theoric)	5	64	0	64
Gulf Stream (Theoric)	1	8	0	8
A320 Aircraft Type (Practical)	44	241	5	246
A330 Aircraft Type (Practical)	61	298	53	351
B737 Aircraft Type (Practical)	36	204	15	219
B777 Aircraft Type (Practical)	12	46	30	76
A320 Aircraft Type (Theoric + Practical)	7	68	2	70
Total	**235**	**1.965**	**163**	**2.128**

TABLE 4: **PERSONAL DEVELOPMENT TRAININGS**

Personal Development Trainings	Training Count	Participant Count
Personal Development Trainings	119	2.093

HANGARS

ISTANBUL ATATURK AIRPORT

ISTANBUL 1

HANGAR 1

Built on 26.000 m^2 of space.

Total enclosed capacity: 37.000 m^2
Hangar size: 178m length x 55m width x 16m height

HANGAR 2

Built on 23.240 m^2 of space.

Total enclosed capacity: 77.325 m^2
Hangar size: 160m length x 85m width x 26.5m height.

ISTANBUL 2

HANGAR 1

Built on 65.000 m^2 of space.

Total enclosed capacity: 57.200 m^2

HANGAR 1-1 / 1-2

72m length x 73m width x 24m height

HANGAR 1-3

72m length x 84m width x 24m height

HANGAR 1-4

89m length x 84m width x 24m length

BUSINESS JET HANGAR

Built on 1.500 m^2 of space.

Total enclosed capacity: 15.000m^2
Hangar size: 50m length x 30m width x 10m height

ISTANBUL SABIHA GOKCEN AIRPORT

Built on 200.000 m^2 of space.

Total enclosed capacity: 380.000 m^2

HANGAR 1

Total enclosed capacity 57.200 m^2

HANGAR 2

Total enclosed capacity 57.200 m^2

ANKARA ESENBOGA AIRPORT

ESB/HANGAR 1

Built on 5.640 m^2 of space.

Total enclosed capacity 7.670 m^2
Hangar Size: 103.5m length x 54.5m width x 17.40m height

ESB/VIP HANGAR

Built on 21.000 m^2 of space.

(A Hangar: 8019 m^2 + B Hangar 8730 m^2)
Total enclosed capacity: 24.000 m^2
Hangar A: 99m length x 81m width x 33.3m height
Hangar B: 97m length x 90m width x 33.3m height

AYDIN CILDIR AIRPORT

Built on 2.400 m^2 of space.

Total enclosed capacity: 2.400 m^2
Hangar Size: 40m length x 60m width x 10m height

CAPABILITY LIST

Aircraft Manufacturer	Aircraft Type	Base Maintenance	Line Maintenance
Airbus	Airbus A310	✓	✓
	Airbus A318/ A319 / A320 / A321 CEO & NEO	✓	✓
	Airbus A330	✓	✓
	Airbus A340	✓	✓
	Airbus A340	✓	✓
Boeing	Boeing 737 NG & MAX	✓	✓
	Boeing 747	-	-
	Boeing 767	✓	✓
	Boeing 777	✓	✓
	Boeing 787	-	-
Gulfstream	Gulfstream G IV Series	✓	✓
	Gulfstream GV-SP Series	✓	✓
	Gulfstream GIV-X Series	✓	✓
Bombardier	Bombardier CL-600	✓	✓
Cessna	Cessna 560	✓	✓

APU Models	Capability
Honeywell GTCP131-9B	✓
Hamilton Sundstrand APS3200	✓

Landing Gear Capabilities	Capability
Airbus A320 CEO Series	✓
Airbus A330	✓
Airbus A340	✓
Boeing 737 NG Series	✓

Component Maintenance Activities and Maintenance Counts

Every single one of component maintenance - repair and test operations are conducted according to their component group where expertise maintenance takes place through maintenance shops and locations stated below.

In Mechanic, Weld & Thermal Spray, Special Operations and Metal Casting Workshops; CNC Engraving, lathe and levelling operations, precision grinding, electrolyte coating, shotpeeing and glassbead operations are conducted.

In addition, calibration operations of calibration measurement devices used in aircraft and component maintenance are conducted in TÜRKAK accredited Calibration Laboratory.

Workshop	Location of Operation
HARNESS WORKSHOP	SAW
IDG GENERATOR WORKSHOP	SAW
IFE WORKSHOP	SAW
TOOLS WORKSHOP	SAW
ELECTRICAL WORKSHOP	SAW
CALIBRATION LABORATORY	AHL & SAW
BATTERY WORKSHOP	SAW & CII
ATE WORKSHOP	SAW
RADIO WORKSHOP	SAW
GALLEY WORKSHOP	SAW
ENGINE WORKSHOP	AHL
ENGINE TEST CELL	AHL
APU WORKSHOP	SAW
FUEL WORKSHOP	SAW
EMERGENCY EQUIPMENT WORKSHOP	SAW
REGULATOR AND TUBE FILLING WORKSHOP	AHL & SAW
HYDRAULICS WORKSHOP	SAW
PNEUMATICS WORKSHOP	SAW
SANITARY WORKSHOP	SAW
SPECIAL OPERATIONS WORKSHOP	AHL & SAW
MACHINEERY WORKSHOP	AHL & SAW
COATING WORKSHOP	SAW
LANDING GEAR WORKSHOP	SAW
TIRE AND RIM WORKSHOP	AHL & SAW
BRAKE WORKSHOP	AHL & SAW
CONTAINER WORKSHOP	AHL
TROLLEY WORKSHOP	AHL
MECHANICS WORKSHOP	SAW
WELDING AND THERMAL SPRAYING WORKSHOP	AHL & SAW
ELECTROMECHANICS WORKSHOP	SAW

Basic Maintenance Indicators

- In the year 2018 a total of 105.207 counts of Form-1 was printed; conducting 117.958 counts of component maintenance. Total maintenance count has increased by approximately %19.
- A/S production increased by %10 reaching 1.294.522 A/S in total.

Landing Gear - APU - Engine Test - Tire&Rim Maintenance Counts

- 178 counts of landing gear and 40 counts of APU maintenance operations have been conducted.
- 153 counts of engine testing have been onducted.
- 23.061 counts of tire-rim services provided.

Acquired Capability

- 904 PN has been added to capability which posed an annual oversea expense of 8.3 million USD.

Significant Accurances

- Pneumatic & Sanitary Workshops and APU Test Cell department currently operating IST has been moved in 2018 from SAW facilities in accordance with Phase-4 and started operations after having acquired EASA, FAA and SHGM authorization.

International Customers

Continent	Region	Country	Airlines
Europe	CIS	Azerbaijan	Azerbaijan Airlines
Europe	CIS	Kazakhstan	Air Astana
Europe	CIS	Russia	Aeroflot Russian Airlines
Europe	CIS	Russia	I FLY
Europe	CIS	Russia	Nordwind
Europe	CIS	Russia	Oren Air (Orenburg Airlines)
Europe	CIS	Russia	Yakutia Airlines
Europe	CIS	Tajikistan	Somon Air
Europe	CIS	Turkmenistan	Turkmenistan Airlines
Europe	CIS	Ukraine	AtlasJet Ukraine
Europe	CIS	Ukraine	Ukraine Intenational Airlines
Europe	CIS	Ukraine	Windrose
Europe	E.Europe	Bulgaria	Air Bulgaria
Europe	E.Europe	Lithuania	Avion Express
Europe	E.Europe	Romania	Blue Air
Europe	E.Europe	Romania	Tarom
Europe	W.Europe	Belgium	Brussels Airlines
Europe	W.Europe	France	Air France
Europe	W.Europe	Germany	DHL
Europe	W.Europe	Germany	Germanwings
Europe	W.Europe	Germany	Lufthansa
Europe	W.Europe	Germany	SunExpress Deutschland
Europe	W.Europe	Ireland	BBAM
Europe	W.Europe	Italy	Alitalia
Europe	W.Europe	Netherlands	KLM Royal Dutch Airlines
Europe	W.Europe	Portugal	HI FLY
Europe	W.Europe	Spain	Iberia
Europe	W. Europe	Ireland	GECAS
Middle East	Middle East	Bahrain	Gulf Air
Middle East	Middle East	Iraq	Iraqi Airways
Middle East	Middle East	Jordan	Jordan Aviation
Middle East	Middle East	Jordan	Royal Jordanian

Continent	Region	Country	Airlines
Middle East	Middle East	Qatar	Qatar Airways
Middle East	Middle East	Saudi Arabia	Aviation Link
Middle East	Middle East	Saudi Arabia	Fly Nas
Middle East	Middle East	Saudi Arabia	Saudia
Middle East	Middle East	United Arab Emirates	Air Arabia
Middle East	Middle East	United Arab Emirates	Novus Aviation
Middle East	Middle East	United Arab Emirates	Dubai Aerospace Ent.
Middle East	Middle East	United Arab Emirates	Fly Dubai
Middle East	Middle East	United Arab Emirates	Royal Jet
N. America	N. America	USA	Aercap
N. America	N. America	USA	SunCountry
Africa	E.Africa	Ethiopia	Ethiopian Airlines
Africa	E.Africa	Kenya	Kenya Airways
Africa	N.Africa	Libya	Afriqiyah Airways
Africa	N.Africa	Libya	Buraq Air
Africa	N.Africa	Libya	Libyan Airways
Africa	N.Africa	Morocco	Air Arabia Maroc
Africa	N.Africa	Morocco	Royal Air Maroc
Asia	Asia	Japan	Japan Transocean Air
Asia	Asia	Thailand	Lion Air
Asia	Asia	Thailand	NokAir
Asia	E. Asia	Japan	Sojitz Aircraft Leasing
Asia	Indian Sub-Continent	Afghanistan	Ariana Afghan Airlines
Asia	Indian Sub-Continent	India	Air India
Asia	Indian Sub-Continent	India	Go Airlines
Asia	Indian Sub-Continent	India	IndiGo
Asia	Indian Sub-Continent	India	Jet Airways
Asia	Indian Sub-Continent	India	Spice Jet
Asia	Indian Sub-Continent	Indonesia	Citilink Indonesia
Asia	Indian Sub-Continent	Pakistan	Airblue
Asia	Indian Sub-Continent	Pakistan	PIA-Pakistan International Airlines
Asia	Indian Sub-Continent	Pakistan	Serene Air

Domestic Customers

Domestic Customers	ACM HAVACILIK
ATP HAVACILIK	ATLAS GLOBAL
AZUR AIR	CINER HAVACILIK
CORENDON HAVA YOLLARI	FREEBIRD HAVA YOLLARI
MNG KARGO	ONUR HAVA YOLLARI
PEGASUS HAVA YOLLARI	REC HAVACILIK
SUNEXPRESS HAVA YOLLARI	TURK HAVA YOLLARI A.O.
ULS KARGO	ZORLU HAVACILIK

Signed Agreements

Aircraft Paint Agreements

AIR ALBANIA 1 COUNT A319	PEGASUS 2 COUNTS B737 NG	AIR ARABIA 2 COUNTS A320
PT LION MENTARI AIRLINES 2 COUNTS B737 NG	NORDWIND 1 COUNT A330	FLYAIRLEBANON 1 COUNT B767

APU Maintenance

	AZUR AIR(MGA) GTCP 131-9B APU OVERHAUL	YAKUTIA GTCP 131-9B APU OVERHAUL
AZUR AIR(MGA) GTCP 131-9B APU LEASE	ANEX TOUR GTCP 131-9B APU LEASE	SUNEXPRESS GTCP131-9B APU LEASE

Landing Gear Agreements

AIR ARABIA-A320 NLG OVERHAUL	BLUE AIR - B737-800 LDG OVERHAUL	JAZEERA AIRWAYS - A320 LDG LEASE

Signed Agreements

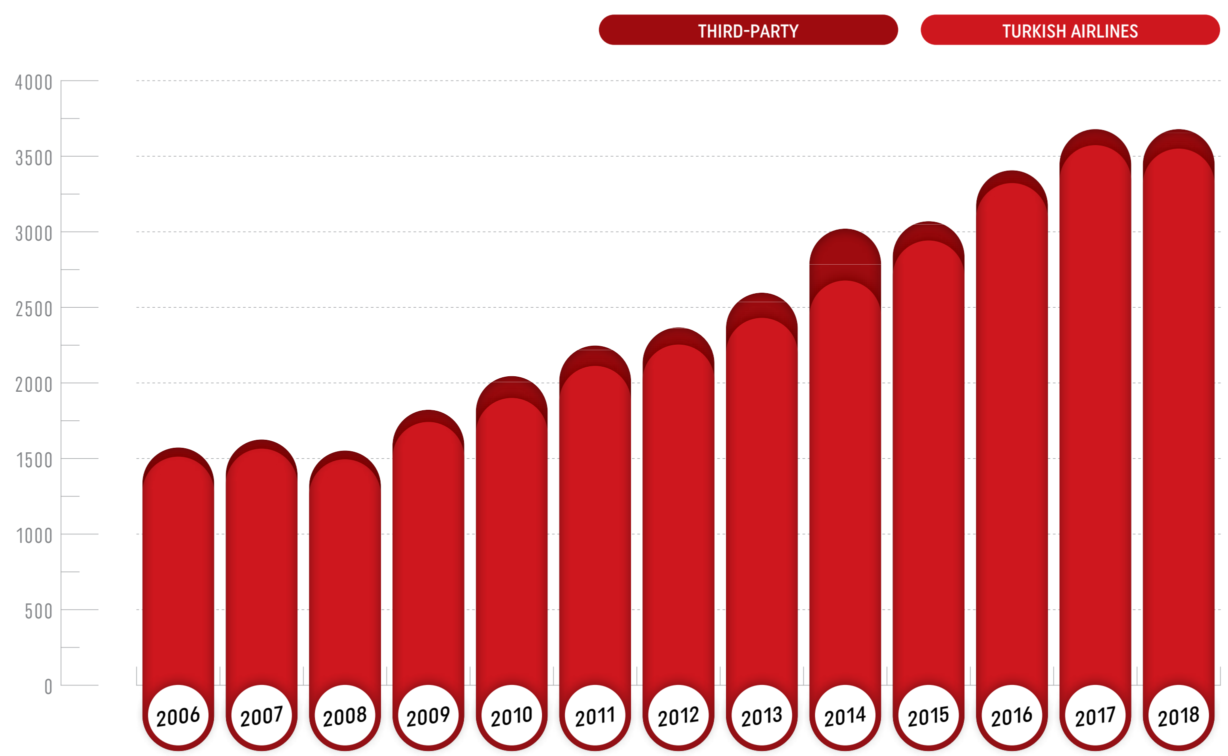
Aircraft Maintenance

			CINER HAVA TASIMACILIGI A.S. 1 count G550 C Check	FLYNAS 1 count A320 12YR 6YR Check	ACM Air Charter Market 1 count Gulfstream IV C Check
		Gecas 1 count B737-900 Redelivery Check	SAUDIA ARABIAN AIRLINES 2 counts B777 C3 Check	Fly Air Lebanon 1 count B767 C Check	Royal Air Maroc 2 count B767
Jazeera Airways 3 counts A320_C Check	SAUDIA ARABIAN AIRLINES 2 counts A330 C1 Check	Iraqi Airways 1 count A330 C Check	SAUDIA ARABIAN AIRLINES 7 counts A330 C Check	Ukraine International Airlines 2 counts B767 C Check	PEGASUS 1 count B737 NG C Check
Ryanair 1 count B737NG - 8 years Check	SASOF III (A14) AIDAC 1 count A330 12YR Check	AirArabia EGYPT 1 count A320 12YR Check	SAUDIA ARABIAN AIRLINES 8 counts A320 Redelivery Check Paint	SAUDIA ARABIAN AIRLINES 1 count B777 C Check	SAUDIA ARABIAN AIRLINES 1 count B777 C Check
Metal 2017-1 Leasing XV Limited 1 count A330 12YR Check	SASOF III (A3) AIDAC 1 count A330 12YR Check	Ryanair 7 counts B737NG 8yrs Check	SAUDIA ARABIAN AIRLINES 7 counts A320 C Check	Royal Jet 1 count B737 NG C Check	IKAR 1 count B767 C CHECK
ATP Havacılık G450 TC-VTN Check	PEGASUS 6 counts B737-800 2 counts A320NEO C Check	ACM Air Charter Market 1 count Gulfstream IV C Check	XL AIRWAYS FRANCE 2 counts A330 C Check	IBERIA 1 count A330 C-Check	NORDWIND 2 counts A330 C CHECK
Jazeera Airways 3 counts A320 750FH-OOP-LDG Check	Gecas 1 count B737 NG B737-900	TRANSAVIA 1 count B737NG check	Royal Jet 1 count B737 NG C Check	NORDWIND 1 count B777 LDG Replacement	AIRBLUE 4 counts A321 C Check
XL AIRWAYS FRANCE 1 count A330 C Check	XL AIRWAYS FRANCE 1 count A330 C Check	HIFLY 1 count A330 LDG Change	AIRBLUE 1 count A321 C Check	SHAHEEN AIR 4 counts A330 C Check	Atlasglobal 5 counts A320 C Check
ONUR HAVA YOLLARI 2 counts A330 C-Check	Ukraine International Airlines 1 count B767 C Check	SAUDIA ARABIAN AIRLINES 1 count B777 Cabin	TRANSAVIA 1 count B737NG C Check	IKAR 1 count B767 C CHECK	ATP Havacılık 1 count G450 C Check

Aircraft Maintenance Count

MAINTENANCE COUNT	TURKISH AIRLINES	THIRD-PARTY
	2018	2018
A + L	3.280	26
B	34	4
C	166	60
D	0	0
S	15	0
PAINT	34	17
Total	**3.529**	**107**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
TURKISH AIRLINES	1.497	1.559	1.483	1.744	1.912	2.083	2.262	2.443	2.677	2.970	3.313	3.525	3.529
Third-party	52	60	53	55	115	110	85	117	353	128	66	115	107
Total	**1.549**	**1.619**	**1.536**	**1.799**	**2.027**	**2.193**	**2.347**	**2.560**	**3.030**	**3.098**	**3.379**	**3.640**	**3.636**



Istanbul Airport

Aircraft Maintenance Hub Project

Turkish Technic has concluded its necessary planning for "Istanbul Airport Project" to increase revenue and exploit business oppurtunities that will arise from the completion of the worlds largest airport after all phases are operational which started operations in 2018 and in the first quater of 2019 Turkish Airlines will have moved all operations from Ataturk Airport.

To serve this purpose, at Istanbul Airport in the area that is reserved MRO services construction of facilities have begun. With the grand opening Line Maintenance operations support has begun but the main transition will take place after Turkish Airlines moves all operation from Ataturk Airport to Istanbul Airport during 2019. After The Great Move, Line Maintenance operations and A Maintenance operations will be moved from Ataturk Airpot to Istanbul Airport. Thereafter following the completion of phases and as the facilities are ready to use all other operations are planned to be moved to Istanbul Airport. Construction of Line Maintenance Hangar, ULD building, support shops building, warehouse, toolshop and offices have already started and are planned to be operational after all operation is transfered. It is planned that all phases will be completed within the year 2022.

AFFILIATES

TURKISH ENGINE CENTER

Created in partner with Pratt&Whitney, Turkish Engine Center (TEC) had a very productive year in 2018. During the year a total of 130 engines has been successfully delivered reaching an all time high since its creation. Out of the 130 engines 41 of them belongs to third-party customers. With these numbers added in 9 years since 2010 TEC serviced a total of 774 units of engine maintenance and delivered to customers.

Assessment of 2017 exportation numbers show TEC became Turkey's third largest exporter in Defense and Aviation Industry sector and was awarded in 2018 by Turkey Exporters Council.

GOODRICH TURKISH TECHNIC SERVICE CENTER

Created in partner with Collins Aerospace, Goodrich Turkish Technic Service Center in 2018 has increased its employee number by 19% and completed 271 units of maintenance (209 of them being main components) and increased its service percent by 23%. During 2018 company has increased its revenue by 18% and sales towards fleets other than that of Turkish Airlines to 25%.

TURKISH CABIN INTERIOR

Created in partner with TAI, Turkish Cabin Interior (TCI) besides carrying the title of the first domestic aircraft cabin design and production company has also been verified as "Global Offerable" for new generation aircraft galleys found on one of the 2 most common aircraft types in use today that is Boeing 737 and successfully found its place on the catalogue amongst one of the 4 manufacturing companies.

TSI AVIATION SEATS

Created in partner with Assan Hanil, TSI AVIATION SEATS is the first and only aircraft seat manufacturer in Turkey and works with domestic suppliers in production and %80 materials used are procured domestically.

The first delivery of "Epianka" model seats have been through rigorous tests and controls by authorities prevailing with zero errors proving a superior success. These seats have been produced for Airbus A321 neo series, the first aircraft of "Cabin Flex" series of A321neo ACF model aircraft that can increase its seat capacity of a single class up to 240 and Boeing's production of B737MAX aircraft.

Having made an agreement to supply Turkish Airlines with economy seats for its soon to be acquired A350 and B787 model aircraft and became one of 5 companies in the world to supply seats to these aircraft models.

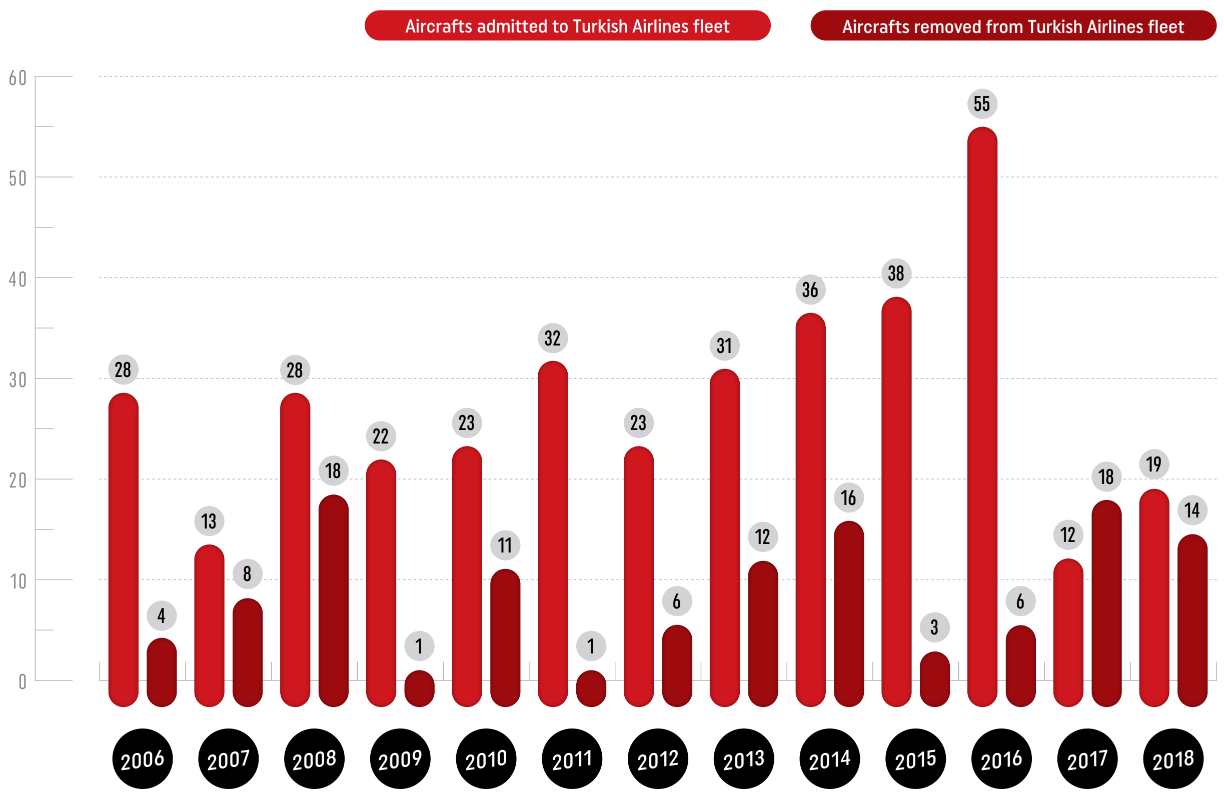
TSI AVIATION SEATS in 2018 has increased its sales by 22% compared to the previous year.

CORNEA AERO SYSTEMS

Cornea Aviation Systems Industry and Trade Inc. is a joint venture founded in October of 2018 by Turkish Technic and Havelsan producing entertainment and internet service systems for use in maritime, rail systems and air travels. Cornea offer customers fast and quality service for other software subsystems (including spare parts) within civil aviation field in matters of design, production, repair, maintenance, marketing, sales and after purchase services.

Engineering Activities

Aircrafts admitted to Turkish Airlines fleet (Phase-In) and removed from fleet (Phase-Out) under the coordination of Engineering Directorate are shown below with respect to years.



Sigificant projects completed and coordinated by Engineering Directorate;

- New generation A321neo and B727MAX airctaft's Engine and Motor Entry Into Service (EIS) works have been coordinated by Engineering Directorate.
- All cabin, seat, galley, IFE design stages and aircraft configuration works have been completed and deliveries have begun for the accepted and soon to be accepted 92 A321neo and 75 B737MAX type aircraft to Turkish Airlines fleet between 2018-2023.
- All cabin, seat, galley, IFE design stages and aircraft configuration works have been completed and deliveries are on its final stage for the soon to be accepted 25 B787-9 and 25 A350-900 type aircraft to Turkish Airlines fleet between 2019-2024.
- During 2018, 8 major (STC) and 40 minor Cabin&IFE&Avionic Modification projects have been implemented on aircraft found in Turkish Airlines fleet under the coordination of Enginnering Directorate.
- GCS Connectivity (Internet + GSM) systems have been mounted on A319VIP aircraft found in Turkish Airlines fleet, in order to increase internet speed and performance on A330 and B777 aircraft equipped with eX2 and eX3 IFE system Broadband Controlled boost have been implemented and eXPhone feature has been added to GCS Connectivity system found on aircraft of A330 fleet and modification applications have been coordinated and started.
- Retrofit works has been coordinated and related parts have been mounted on aircraft for placedment of LF-ULD (8.8 kHz) which determines the location of aircraft found on Turkish Airlines fleet.
- In order to continue communication through satellite when VHF communication is disturbed (i.e Africa region) works for placement of SATCOM system has begun on B737-900 aircraft.
- The process of replacing interior lighting on Turkish Airlines B737-800 fleet to LED's has begun by coordinatin design works and the stage of implementing these related designs on aircraft has been reached.
- LSAP Server system has been planted and have been in use on B737MAX aircraft recently admitted to fleet in order to install wireless software on new generation aircraft, ACMS report and QAR data download.
- As required by EASA laws a special analysis program with the purpose to ensure control of FDR mandatory parameters' development within our company has been coordinated and the pilot implementation on B737NG fleet is completed and in use.
- Engineering Department completed, in only a span of 4 months has the control of 5.400 units of Fan Blade's with Ultrasonic Inspection method to prevent Uncontained Fan Blade Failure in CFM56-7B engines.
- Under the coordination of Engineering department the transition to High Thermal Stability Class (HTS) Eastman TO 2197 oil in Engine/APU/IDG's, and in hydraulic systems the transition to Skydrol PE-5 hydraulics has been completed on aircraft found in Turkish Airlines fleet.
- Engineering department has joined and provided technical support and partnered the project of "Bio Jet Fuel Project" developed by Turkish Airlines, Bogazici University and Turkish Opet.
- Engineering Exchange Program has been started with Rolls-Royce commencing trade in areas of "Production Engineering Component Repair and Module Engine Assembly", "Overhaul Engineering & Technical Data" and Project Engineering (NPI).
- Consultancy services have been provided to Lion Air and Saudi Airlines for their rent termination returns.
- Within the scope of CAMO authority return (export C of A) inspections have been implemented on various Turkish Airlines aircraft.
- Under the patronage of Presidency of Defense Industries, consultancy services for rent terminiation return took place for 5 Beechcraft aircraft belonging to Turkish Air Force.

2018 R&D ACTIVITIES

COMPLETED PROJECTS

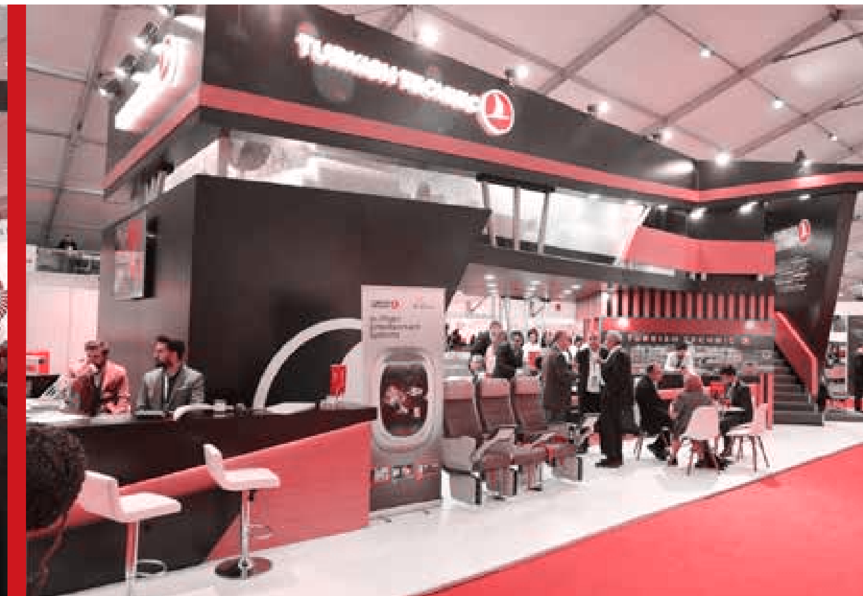
- Tray (4MCU LRU) Project
- Oil Clogging Indicator
- A321(JML) Cabin Renewal Project
- A320(JUK) Cabin Renewal Project
- A330/340 Main Landing Gear Removal/Mount Equipment Project
- Firing Circuit Test Tool
- B737 Aircraft Cabib Renewal Project
- A320(JUE-JUF) Cabin Renewal Project
- B737 Cabin Retrofit

CURRENT PROJECTS

- Aircraft wellness and tracing project
- Power drive unit test system project
- Integrated power sources rotor test system project
- Multi-purpose process controller project
- Floor disconnection box project
- Seat electronic box project
- Smart display unit project
- Business class smart unit project
- Passenger control unit project
- Wireless access point project
- Workshops chemical RFID project
- Conduction Cooled ATR box project
- Structural damage detection via drone project
- First aid kit box project
- Variable stator actuator maintenance tool
- Engine positioner v2500
- Fuel quantity indicator tester
- Arin429 mobile
- Stretcher design and manufacture
- Crew mast test system modification project
- Vacuum toilet test stand modification project
- Water quantity transmitter
- Pw1100 engine R/I tool set (A320neo)
- Stamp rating
- V2500 Fan blade container
- V2500 starter lower duct cover
- Integrated processing unit (IPU-integrated processor unit) technology development project
- TC-CAN meeting room modification
- IFE server
- Seat-back IFE (narrow body)
- Data loader
- Tappling unit
- VCC panel overhead monitor

Trade Shows

Event	Date	Location
MRO Middle East	23-24 January	Dubai World Trade Center Dubai, UAE
MRO Russia	1-2 March	World Trade Center Moscow, Russia
WINGS INDIA 2018	8-11 March	Begumpet Airport, Hyderabad, INDIA
MRO Africa	18-20 March	Cairo, Egypt
IATP 117th	10-14 March	Riga, Latvia
MRO Americas	10-12 April	Orange County Convention Center Orlando, USA
Aircraft Interiors Expo	10-12 April	Hamburg Messe, Germany
Aviation Africa 2018	17-18 April	Cairo, Egypt
Eurasia Airshow	25-29 April	Antalya, Turkey
Aviation Week AP&M Europe	29-31 May	London, UK
MRO Beer	06-07 June	Baltics, Eastern Europe & Russia
SAHA EXPO	13-15 September	Istanbul, Turkey
AIREX Istanbul Airshow	27-30 September	Istanbul, Turkey
AMROI 2018	03-04 October	Jakarta, Indonesia
IATP 118th	06-10 October	Yogyakarta, Indonesia
MRO Europe	16-18 October	Amsterdam, Netherlands
3. R&D Innovation Summit and Expo	17-18 October	Istanbul, Turkey
MRO Asia-Pacific	13-15 November	Singapore


Independent Auditor's Report

To the Board of Directors of Turkish Technic Inc.,

A) Independent Auditing of Financial Tables

Opinion

We have audited the accompanying financial statements of Turkish Technic Inc. (the "Company") and related partners (will be jointly referred to as "Group" which comprise

the balance sheet as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all important material respects and authenticity, the financial position of the Group as at 31 December 2016, and its financial performance and its cash flows for the year then ended, in accordance with Turkish Financial Reporting Standards (TFRS).

Basis for Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Turkish Standards on Auditing published by Public Oversight, Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Auditing Matters

Key auditing matters, in our professional opinion are the most important aspect of the fiscal year's consolidated financial tables in the independent audit. Key auditing matters, in the context of consolidated financial tables as a whole within independent auditing and are held as a composition of our view in regards to consolidated financial tables, we are not proposing a seperate opinion other than of.

Revenue Regnition

Accounting politics and important accounting estimation and assumpition details regarding revenue recognition see Note 2.3, Note 2.5.1 and Note 20.

Key Auditing Matter

Group's considerable amount of profits are derived from aircraft maintenance and as the performance obligations are met the revenue is included in the consolidated financial tables within the accounting process. The Group also increases revenue from part sales. Group, after transferring the part sold to the customer hence performing its obliagtionsthe revenue is added to financial tables.

Given the Group's large operation and the nature of the busineess, there's a risk of recording the revenue gained from services given and parts sold but not invoiced yet onto the next fiscal year. The reason why the revenue is added to consolidated financial tables is because it requires great amount of managerial appraisement hence it is designated as a key auditing matter.

Auditing Procedure

Below are the implemented auditing procedures:

- In regards to the revenues being processed for accounting, Group managements' accounting policy is assessed if applicable with TFRS.
- Group's sales agreements made with customers has been overseen.
- Group's revenue process has been understood, efficiency of operation and design implementation of controls during revenue process has also been tested.
- Monetary verification tests performed towards revenue and controls of invoiced materials is assessed whether the transfer to the customer has occured.
- For a sample selection of customers, directly acquired external confirmations and commercial receivables assets and the precision of balances have been tested.

Related party transactions

For accounting process of related party transactions see Note 7.

Key Auditing Matter

A large portion of revenue in consolidated financial tables are composed of related companies aircraft maintenance income and material sales. Sales of mentioned products comprise approximately 85% of total revenue.

For the reason being the Group's acquired revenue amount from related parties is at a considerable value and because of the immense transaction amount, transactions made with related companies is designated as a key auditing matter.

Auditing approach of the subject

The procedures of our auditing implementations can be includes the following:

- Group's transactions with related parties are examined, explanations are gathered regarding the qualifications of these transactions.
- Within the period, revenue samples method gathered from related parties went through detailed audit tests including related documents and other supportive documents. Group's pricing on transactions are concordant with its precedents.
- Explanations within the notes regarding Group's material and service acquisition procedures with related parties have been evaluated.
- Accuracy of related party balances have been tested.

Responsibilities of Related Management and Upper Management Towards Consolidated Financial Tables

Group management: from appropraite preperation of consolidated tables in respects to TFRSs, to presentations that represents the reality and is responsible for necessary internal controls so that it is not prepared with immense errors such as mistakes or pretense.

When preparing consolidated tables the management; from assesing the Group's capability to long last its continuity, and to explain situations of issues regarding continuation and has the responsibility to withold the company's continuity as a fundemental aspect as long as there is no intention or an effort to terminate all commercial activities and dissolve the Group.

Accountable upper management is responsible for overseeing Group's financial reporting process.

Independent Auditor's Responsibility of Independent Auditing Towards Consolidated Financial Tables

In an independent auditing, us auditors responsibility is as follows:

Our purpose is to consider the consolidated financial tables as a whole and to asses whether it contains any important fraud or error within reason and to prepare an independent audit containing our opinion. A considerable level of reasonable assurance is given at the conclusion of the independent auditing process performed in accordance with BDS's but it is not guarenteed that an existing error will be exposed. Mistakes might be the result of fraud or error. Mistakes whether by itself or as a whole are considered important if financial decisions taken by users of these financial tables are effected in a resaonable degree.

As a necessity of an independent audit in accordance with BDS's, we have exercised our professional judgement and professional suspicion throughout the audit process. Additionally, in our opinion:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the (consolidated) financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Responsibilities Resulting From Legislation

1) According to Article 442 clause 4 of the Turkish Commerce Law 6102 ("TCL"); No particular discovery has been found in ledger layout preperation and consolidated table's TCL and Company's primary agreement's provisions towards financial reportings are credible in regards to the Company's annual accounting between 1 January - 31 December 2018.

2) According to TCL'S Article 442 clause 4 of the Turkish Commerce Law; Board of Directors have made the necessary statements and delivered documents that was required within the scope of auditing process.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Gökhan Atılgan, SMMM Sorumlu Denetçi
4 Mart 2019 İstanbul, Türkiye

Turkish Technic Inc. And Its Subsidiaries

Consolidated Balance Sheet As At 31 December 2018
(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

ASSETS	Notes	31 December 2018	31 December 2017
Current Assets			
Cash and Cash Equivalents	4	35.019.019	11.410.411
Trade Receivables		1.694.778.477	1.282.615.818
Trade Receivables from Related Parties	7	1.423.845.662	1.143.125.609
Trade Receivables from Third Parties	8	270.932.815	139.490.209
Other Receivables		1.695.277	1.802.756
Other Receivables from Related Parties	7	-	1.341.909
Other Receivables from Third Parties	10	1.695.277	460.847
Inventories	11	2.422.130.184	1.689.692.781
Prepaid Expenses	12	135.896.482	44.733.022
Current Income Tax Assets	27	103.056.134	-
Other Current Assets		180.665	35.400
TOTAL CURRENT ASSETS		**4.392.756.238**	**3.030.290.188**
Fixed Assets			
Financial Investments	5	1.485.025	1.485.025
Investments Accounted by Using Equity Method	3	343.671.970	220.562.603
Tangible Assets	13	2.340.370.229	1.499.185.819
Intangible Assets		28.017.659	14.409.324
Other Intangible Assets	14	28.017.659	14.409.324
Prepaid Expenses	12	14.436.959	12.904.891
TOTAL NON-CURRENT ASSETS		**2.727.981.842**	**1.748.547.662**
TOTAL ASSETS		**7.120.738.080**	**4.778.837.850**

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

Turkish Technic Inc. And Its Subsidiaries

Consolidated Balance Sheet As At 31 December 2018
(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

LIABILITIES	Notes	31 December 2018	31 December 2017
Short Term Liabilities			
Other Financial Liabilities	6	25.052.709	240.946
Trade Payables		529.284.510	367.807.757
Trade Payable to Related Parties	7	82.239.240	58.781.800
Trade Payable to Third Parties	8	447.045.270	309.025.957
Payables Related to Employee Benefits	9	188.346.214	151.894.550
Other Payables		209.912.451	258.076.242
-Related Parties	7	73.321.784	94.400.926
-Third Parties	10	136.590.667	163.675.316
Deferred Income	12	743.635.681	445.256.585
Current Tax Provision	27	-	46.757.729
Short-Term Provisions		55.377.965	48.066.614
-Provisions for Employee Benefits	15	25.264.433	19.816.701
-Other Provisions	15	30.113.532	28.249.913
Other Current Liabilities		2.158.017	2.117.553
TOTAL CURRENT LIABILITIES		**1.753.767.547**	**1.320.217.976**
Non- Current Liabilities			
Other Payables		-	174.087.689
-Related Parties	7	-	174.087.689
Long-Term Provisions		142.257.378	107.328.996
-Provisions for Employee Benefits	17	142.257.378	107.328.996
Deferred Tax Liability	27	265.749.367	130.212.045
TOTAL NON-CURRENT LIABILITIES		**408.006.745**	**411.628.730**
Equity			
Share Capital	19	960.850.000	960.850.000
Capital Readjustment Differences	19	84.081	84.081
Items That Will Not Be Reclassified to Profit or Loss		(525.242)	15.143.884
Fair Value Gains on Hedging Instruments	19	(525.242)	15.143.884
Items That Are or May Be Reclassified to Profit or Loss		2.620.459.102	1.350.230.063
- Foreign Currency Translation Differences	19	2.620.459.102	1.350.230.063
Restricted Profit Reserves	19	64.258.023	27.152.358
Previous Years Profit	19	649.444.524	390.002.053
Net Profit for the Year	19	661.857.133	303.528.705
Equity of the Parent		**4.956.427.621**	**3.046.991.144**
Non-Controlling Interests	**19**	**2.536.167**	**-**
TOTAL EQUITY		**4.958.963.788**	**3.046.991.144**
TOTAL LIABILITIES AND EQUITY		**7.120.738.080**	**4.778.837.850**

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

Turkish Technic Inc. And Its Subsidiaries

Consolidated Balance Sheet As At 31 December 2018
(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

	Notes	31 December 2018	31 December 2018
Revenue	20	5.930.090.806	4.040.510.743
Cost of Sales (-)	20	(4.699.790.524)	(3.338.358.776)
GROSS PROFIT		**1.230.300.282**	**702.151.967**
General Administrative Expenses (-)	21	(396.140.373)	(314.016.203)
Marketing and Sales Expenses (-)	21	(41.311.418)	(19.764.960)
Research and Development Expenses (-)	21	(17.604.918)	(12.851.307)
Value Loss Profits for Commercial and Other Payables		(4.306.828)	16.962.983
Other Operating Income	22	31.497.315	29.705.340
Other Operating Expenses (-)	22	(39.483.220)	(34.308.626)
OPERATING PROFIT		**762.950.840**	**367.879.194**
Income from Investment Activities	23	(33.765)	(236.743)
Expenses from Investment Activities	3	55.115.241	45.370.888
OPERATING PROFIT		**818.032.316**	**413.013.339**
Financial Income	25	117.660.359	22.237.769
Financial Expenses (-)	25	(21.348.449)	(39.915.165)
PROFIT BEFORE TAX		**914.344.226**	**395.335.943**
Tax Expense		**(252.379.326)**	**(91.807.238)**
Current Tax Expense	27	(181.245.875)	(178.584.404)
Deferred Tax Expense	27	(71.133.451)	86.777.166
NET PROFIT FOR THE YEAR		**661.964.900**	**303.528.705**
Fiscal Profit Distribution			
Shares Without Managerial Control		107.767	-
Main Shareholder's Share		661.857.133	303.528.705
		661.964.900	**303.528.705**
OTHER COMPREHENSIVE INCOME			
Items That Will Not Be Reclassified Subsequently To Profit or Loss	**26**	**(15.669.126)**	**9.762.848**
Actuarial Gains on Retirement Pay Obligation	17	(20.088.643)	12.516.471
Related Tax of Other Comprehensive Income	27	4.419.517	(2.753.623)
Items That May Be Reclassified Subsequently To Profit or Loss	**26**	**1.270.229.039**	**201.251.203**
Currency Exchange Adjustment		1.071.954.667	172.045.866
Fair Value Gains / (Losses) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges		198.274.372	29.205.337
OTHER COMPREHENSIVE INCOME		**1.254.559.913**	**211.014.051**
TOTAL COMPREHENSIVE INCOME		**1.916.524.813**	**514.542.756**
DISTRIBUTION of TOTAL COMPREHENSIVE INCOME			
Shares Without Managerial Control		**107.767**	**-**
Main Partner Shares		**1.916.417.046**	**514.542.756**
		1.916.524.813	**514.542.756**

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

Turkish Technic Inc.

Consolidated Balance Sheet As At 31 December 2018

(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

	Share Capital	Capital Adjustment Differences	Items That Will Not Be Reclassified Subsequently To Profit or Loss: Actuarial (Losses) Retirement Pay Obligation	Items That May Be Reclassified Subsequently To Profit or Loss: Foreign Currency Exchange Differences	Retained Earnings: Restricted Profit Reserves	Retained Earnings: Previous Years Profit	Retained Earnings: Net Profit for The Year	Noncontrolling Interests	Noncontrolling Interests	Total Equity
As of 1 January 2017	**960.850.000**	**84.081**	**5.381.036**	**1.148.978.860**	**13.084.833**	**119.764.698**	**284.304.880**	**2.532.448.388**	**-**	**2.532.448.388**
Transfers	-	-	-	-	14.067.525	270.237.355	(284.304.880)	-	-	-
Total comprehensive income	-	-	9.762.848	201.251.203	-	-	303.528.705	514.542.756	-	514.542.756
As of 31 December 2017	**960.850.000**	**84.081**	**15.143.884**	**1.350.230.063**	**27.152.358**	**390.002.053**	**303.528.705**	**3.046.991.144**	**-**	**3.046.991.144**
As of 1 January 2018	**960.850.000**	**84.081**	**15.143.884**	**1.350.230.063**	**27.152.358**	**390.002.053**	**303.528.705**	**3.046.991.144**		**3.046.991.144**
Adjustment on initial application of IFRS 9	-	-	-	-	-	(6.980.569)	-	(6.980.569)	-	(6.980.569)
Restated As of 1 January 2018	**960.850.000**	**84.081**	**15.143.884**	**1.350.230.063**	**27.152.358**	**383.021.484**	**303.528.705**	**3.040.010.575**	**-**	**3.040.010.575**
Transfers	-	-	-	-	37.105.665	266.423.040	(303.528.705)	-	2.428.400	2.428.400
Total comprehensive income	-	-	(15.669.126)	1.270.229.039	-	-	661.857.133	1.916.417.046	107.767	1.916.524.813
As of 31 December 2018	**960.850.000**	**84.081**	**(525.242)**	**2.620.459.102**	**64.258.023**	**649.444.524**	**661.857.133**	**4.956.427.621**	**2.536.167**	**4.958.963.788**

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

Turkish Technic Inc. And Its Subsidiaries

Consolidated Balance Sheet As At 31 December 2018

(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

	Notes	31 December 2018	31 December 2017
Net Profit for the year		**661.964.900**	**303.528.705**
Adjustments to Reconcile Profit / (Loss)			
Adjustments for Depreciation and Amortisation Expense	11, 13, 14	513.610.485	546.015.420
Adjustments for Provisions for Payables	15	5.267.823	20.404.652
Adjustments for Inventory	11	(13.884.591)	22.006.001
Adjustments for Provisions Related with Employee Benefits	17	25.645.970	34.326.836
Adjustments for Provisions for Payables	10, 31	(4.351.063)	(17.000.098)
Adjustments for Reversal of Probable Risks	31	8.657.891	-
Adjustments for Interest Income and Loss	25	19.878.505	39.789.520
Adjustments for rediscount revenue and expense		519.190	(48.622)
Adjustments For Unrealised Foreign Exchange Losses		712.263.808	95.102.703
Adjustments for Gains Arised From Sale of Tangible Assets	23	33.765	236.743
Adjustments for Fair Value (Gains) / Losses on Derivative Financial Instruments	3	(55.115.241)	(45.370.888)
Adjustments for Deferred Tax Income / Expense	27	71.133.451	(86.777.166)
Adjustments for Tax Expense	27	181.245.875	178.584.404
Operating Profit Before Changes in Working Capital		**2.126.870.768**	**1.090.798.210**
Adjustments for Increase in Inventories		(1.004.574.471)	(189.901.622)
Increase in Trade Receivables from Non Related Parties		(408.330.786)	(332.739.234)
Increase in Other Non-Related Party Receivables		107.479	825.007
Increase/Decrease Adjustment for other non current assets		(145.265)	54.872
Adjustments for Increase in Payables towards Commercial and related parties		161.476.753	80.395.889
Adjustments for Increase in Other Payables Towards third parties		(27.084.649)	72.547.286
Adjustments for profit/ loss from Prepaid Expenses		(92.695.528)	(26.886.737)
Adjustments of Profit/Loss from Delayed income		298.379.096	44.427.339
Adjustments for Provisions Related with Employee Benefits		36.451.664	67.766.766
Adjustments of Profit/Loss from Other short term liabilities		40.464	156.519
Cash Flows From Operations		**1.090.495.525**	**807.444.295**
Income Interest	25	1.469.944	125.645
Tax Payments		(359.832.341)	(146.855.172)
Payments for Provisions Related with Employee Benefits	17	(10.806.231)	(12.598.680)
Net Cash From Operating Activities		**721.326.897**	**648.116.088**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Cash Receipts Proceed From Sales of Property, Plant and Equipment		553.246	82.183
Cash Payments From Purchasing of Property, Plant and Equipment	13	(517.192.476)	(173.838.214)
Cash Payments From Purchasing of Other Long-term Assets	14	(18.517.633)	(8.562.239)
Net Cash Flows / (Used In) Investing Activities		**(535.156.863)**	**(182.318.270)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Cash flow of shares or equity increase from affliates and business partners		(12.142.000)	-
Interest Paid	25	(8.329.956)	(28.527.585)
Adjustments for decrease in other payables towards Related parties		(195.166.831)	(431.755.236)
Cash Flows Without Borrowing		24.811.763	138.693
Other (Outflows) / Inflows of Cash		28.265.598	-
Net Cash Used in Financing Activities		**(162.561.426)**	**(460.144.128)**
Net Change in Cash and Cash Equivalents		**23.608.608**	**5.653.690**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4	**11.410.411**	**5.756.721**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	**35.019.019**	**11.410.411**

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

Turkish Technic Inc. And Its Subsidiaries

Consolidated Balance Sheet As At 31 December 2018
(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

1. GROUP ORGANIZATION AND ITS OPERATIONS

Turkish Technic Inc. ("the Company") was incorporated on 23 May 2006 with the purpose to bring the Company to an important technical maintenance base in the area in air transport sector and to provide maintenance and repair services to civil aviation sector and every kind of technical and infrastructural assistance related with the airlines sector.

In terms of consolidated financial tables, Company and partnership of Cornea Aviation Systems (Cornea) will be named as "Group"

Avarage number of employees working for the company as at 31 December 2018 is 7.844 (31 December 2017: 6.799).

	31 December 2018	31 December 2017
Administrative Personnel	2.262	1.928
Production Personnel	6.204	5.507
Total	**8.466**	**7.435**

The company is registered in Turkey and its head office address is as follows:
Sanayi Mh.Havaalanı İçyolu Cd. Sabiha Gökçen Havalimanı E Kapısı No:3 Pendik/İSTANBUL

(a) Partnership

As at 31 December 2018 and 31 December 2017, affiliates accounted for are as follows:

		Affliation Rate		
Company Name	**Area of Activity**	**31 December 2018**	**31 December 2017**	**Country of Registration**
Cornea	In flight Entertainment Systems	%80	-	Turkey

Cornea Aviation Systems Industry and Trade Inc. founded on October 11 2018 producing entertainment and internet service systems for use in maritime, rail systems and air travels. Cornea offer customers fast and quality service for other software subsystems (including spare parts) within civil aviation field in matters of design, production, repair, maintenance, marketing, sales and after purchase services.

(b) Affliates

As at 31 December 2018 and 31 December 2017, affliates accounted by using equity method and participation are as follows:

		Affliation Rate		
Company Name	**Area of Activity**	**31 December 2018**	**31 December 2017**	**Country of Registration**
Turkish Engine Center	Technical Maintenance	%49	%49	Turkey
Goodrich Turkish Technic Service Center	Technical Maintenance	%40	%40	Turkey
Turkish Cabin Interior	In flight Entertainment Systems	%20	%20	Turkey

Turkish Technic Inc. And Its Subsidiaries

Consolidated Balance Sheet As At 31 December 2018
(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

Basis of Preparation of Consolidated Financial Tables
The accompanying financial statements have been prepared in accordance with Turkish Accounting Standards ("TAS") which is issued by Public Oversight, Accounting and Auditing Standards Authority ("POA"). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS"), appendices and interpretations.

Board of Directors has approved the consolidated financial statements on 4 March 2019. General Assembly and the related regulatory bodies have the authority to modify the statutory financial statements.

Consolidated financial tables are the first consolidateed financial tables where TFRS 15 and TFRS) is implemented. Important changes in accounting policies are explained in note 2.3.

Adjustment of Financial Statements in Hyperinflationary Periods
As per the resolution dated 17 March 2005, 11/367 numbered decree of CMB, companies engaged in Turkey and those of which prepare their financial statements in accordance with the CMB Accounting Standards (including IAS/IFRS exercisers), use of inflationary accounting standards have been discontinued effective from 1 January 2005. Accordingly, "Financial Reporting Standards in Hyperinflationary Economies", ("IAS 29") was no longer applied henceforward.

Basis of Measurements
All financial statements have been prepared on cost basis principal. Methods used for fair value measurement are given in Note: 2.5.7.

Functional and Reporting Currency
Although the currency of the country in which the Group is domiciled is Turkish Lira (TL), the Group's functional currency is determined as US Dollar. US Dollar is used to a significant extent in, and has a significant impact on the operations of the Group and reflects the economic substance of the underlying events and circumstances relevant to the Group. Therefore, the Group uses the US Dollar in measuring items in its financial statements and as the functional currency. All currencies other than the currency selected for measuring items in the consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in US Dollar have been remeasured in US Dollar in accordance with the relevant provisions of IAS 21 the Effects of Changes in Foreign Exchange Rates.

Turkish Technic Inc. And Its Subsidiaries

Consolidated Balance Sheet As At 31 December 2018
(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

Functional and Reporting Currency (continued)

Exchange to presentation currency
The Company's presentation currency is TL. The US Dollar financial statements of the Company are translated into TL as the following methods under TAS 21 ("The Effects of Foreign Exchange Rates"):

(a) Assets and liabilities in the balance sheet are translated into TL at the prevailing US Dollar buying exchange rates of the Central Bank of Turkish Republic;
(b) The statement of profit or loss and other comprehensive income is translated into TL by using the monthly average US Dollar exchange rates; and;
(c) All differences are recognized as a separate equity item under exchange differences.

Basis of Consolidation

(a) Subsidiaries

Subsidiaries, are business that are controlled by the Group. The Group controls the business being invested in when the business being invested is exposed to varying income or having authority over these varying income and influecing these incomes over the business being ivested in. Subsidiaries are included from the begining date of the financial tables control until the end of the controls and are included in the consolidated financial tables.

(b) Non-controlling Shares

Non-controlling shares are measured by their related net book value's proportional rate at their purchasing date by the related partnership. Changes that do not result in deficit in Group's shares tied to partnerships are calculated within equity and included in the accounting process.

(c) Loss of control

In case of Group's loss of control on related partnerships, it will from the records the tied partnership's assets and liabilities, shares without a control and other equity amounts tied to the partnership. Revenue or loss from this are accounted for as profit or deficit. Values of shares found previous in partnerships are calculated in real from the date the control is lost.

(d) Shares in investments valued by equity method

Shares in investments accounted by equity method include shares in associates and joint ventures. Subsidiaries of the Group Although it does not have sole or joint control over financial and operating policies, businesses that have an impact. Associates are accounted for using the equity method. Foremost, the investment cost is added to the transaction costs and recorded as such. Consolidated financial statements in the period following initial recognition, until the end of the significant impact, the Group's equity method of investments or profit and loss and other comprehensive income are included.

(e) Elimination procedures in consolidation

In the preparation of consolidated financial statements, balances arising from intra-group balances, transactions and intra group transactions resulting from unrealized incomes and expenses are mutually deleted. Investments made with equity method and unrealized income arising from the transactions are eliminated from the investment in proportion to the Group's share in the investment. If there are no impairments, unrealized losses are regarded the same as in unrealized income and is deleted as such.

Turkish Technic Inc. And Its Subsidiaries

Consolidated Balance Sheet As At 31 December 2018
(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Changes in Significant Accounting Policies

Except for the accounting policies set out below, the accounting policies applied in these consolidated financial statements is the same accounting policies applied in the consolidated financial statements as of 2017 and for the year ended.

As of 1 January 2018, the Group has recognized TFRS 9 Financial Instruments and TFRS 15 Revenue from Customer Agreements for the first time it is applied. As of 1 January 2018, there are other standards that are effective but has no material impact on the consolidated financial statements.

TFRS 15 Revenue from Customer Contracts

TFRS 15 provides a comprehensive framework for determining when and in what amount revenue is recognized. TMS 18 Revenue replaces TAS 11 Construction Contracts and related interpretations.

General model for revenue recognition

Under IFRS 15, a five-step approach is used to recognize revenue for all contracts with customers.

Stage 1: Definition of contract

A contract can only be legally enforceable, collectible, rights and payment for goods and services when the terms of the contract are identifiable, the contract has a commercial nature, the contract is approved by in the event that all of the conditions under which the commitment to within the scope of TFRS 15.

When contracts are negotiated as a single business package or in a contract with other contracts, the goods or services (or part of the goods or services), if there is a single obligation under the contracts, The Group considers such contracts as a single contract.

Stage 2: Defining performance obligations

The Group defines the obligation of performance as a unit of accounting when for the recognition of revenue. Group measures the goods or services it undertakes in the contract made with a customer and determines each commitment as a performance obligation:

(a) a different good or service (or a package of goods or services); or
(b) a different series of goods or services that are substantially similar and whose transfer to the customer is the same.

The Group may identify a good or service contained in the contract separately from other commitments in the contract and the customer's use of the goods or services alone or in combination with other available resources if it provides a different goods or services. A contract can provide and offer a set of different goods or services that are essentially the same. At the beginning of the contract, a business determines whether a single performance obligation of a series of goods or services.

Turkish Technic Inc. And Its Subsidiaries

Consolidated Balance Sheet As At 31 December 2018
(All Amounts Are Expressed In Million Us Dollars (Usd) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.3 Changes in Significant Accounting Policies (continued)
TFRS 15 Revenue from Customer Contracts (continued)
General model for revenue recognition (continued)

Step 3: Determination of transaction price

After the Group has fulfilled its obligation under the contract to determine the transaction price, it evaluates what it expects to achieve. When making the assessment, it is taken into consideration whether the contract contains variable elements and an important financing component.

Important financing component

The Group compares the amount that reflects the cash selling price of the committed good or service with the commitment amount whether there is an effect of a significant financing component with the amount promised. As a practical application, the Company will, if the period between the transfer of goods or services is expected to be one year or less, does not correct the transaction price for the effects of the component. The Group's liabilities and advances received during the period. and where the payment plan is broadly aligned, the Group's responsibility and payment will be never surpass 12 months.

Variable price

Group identifies within the customer agreement for possible price concessions, incentives, performance premiums, early completion premiums, price adjustment clauses, penalties, discounts or similar variable prices.

Step 4: Distribution of transaction price to performance obligations

If different goods or services are delivered under a single contract, (different performance obligations) are distributed based on relative sales prices alone. If direct observable stand-alone sales prices are not available, the total price in contracts is distributed on the basis of expected cost plus profit margin.

Step 5: Recognition of revenue

The Group recognizes as revenue when any of the following conditions are fulfilled:

- Customer simultaneously, to take advantage of the benefits of a business case and consume these benefits;
- When the business builds or has developed asset, or when the control of ongoing build or being developed asset transfers over to the customer at the same time or
- The fulfilled obligations of the Group, not establishing a presence as an alternative use and in the case where there is a lawful enforcement for the payment to the Group's fulfilled obligations to that date.

For every obligation that is performed in time, Group chooses a single progress method that portrays the transfering of controls of goods or services to the customer. The Group uses a method that measures reliably the work performed. A collection of rights that can be exercised over the payments to be made legally completed until the day that corresponds to the obligations if available. For each performance obligation is fulfilled in that time, the group control of the goods or services to the customer one showing the transfer progress selects the measure. Group, where input method is used, uses costs of the project to measure the progress made towards completion and where output method is used, uses units that are transferred to measure the progression of the method used to complete the project.

If a performance obligation is not fulfilled within the time, then, the Group recognizes revenue when transfers the control of the goods or services to the customer.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.3 Changes in Significant Accounting Policies (continued)
TFRS 15 Revenue from Customer Contracts (continued)

General model for revenue recognition (continued)
The cost that must be incurred by the Group in fulfilling its obligations under the contract, in situations where the necessary amount of suspected economic benefits are surpassed in the related contract then the standard of TMS 37 "Provisions, Contingent Liabilities" and Contingent Assets" is applied.

Contract amendments

If the Group pledges to provide additional goods or services, the Group accepts the amendment of the contract as a separate contract. In case of termination of the existing contract and creation of a new contract, if the goods or services provided are different, related differences are added to the accounting process. If the change in the contract does not create separate goods or services, the entity shall together, additional goods or services are consolidated as if they were part of the initial contract.

Details of the new significant accounting policies and the previous accounting policies of the Group's various goods and services, the characteristics of the changes are as follows:

Product / Service type	The characteristic, performance obligations fulfillment time, importantance, terms of payment	Recognition of revenue according to TFRS 15 (As of January 1 2018)	Recognition of revenue according to TMS 18 (As of January 1 2018)
Revenue from Material Sales	The Group generates revenue from material sales. Revenue is recognized when the Group has transferred significant risks and rewards of ownership of the sold products to the customer. The collection is carried out in less than one year after delivery of the goods.	Arising from the application of TFRS 15 accounting policies, there has been no significant change in the consolidated financial statements due to product sales.	Proceeds from contracts under TAS 18 are recognized when a reasonable estimate of return is possible, provided that all other criteria for the recognition of revenue are met.
Revenue from Aircraft Maintenance	The Group provides maintenance, technical and infrastructure support services to airlines operating in the air transport sector. Revenue is recognized over a period of time when the service is rendered.	There has not been any significant change in the consolidated financial statements for service income due to the application of TFRS 15 accounting policies.	Revenue from aircraft maintenance under TAS 18 is recognized over a period of time when these services are provided.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.3 Changes in Significant Accounting Policies (continued)

TFRS 9 Financial Instruments
TFRS 9 regulates the accounting and measurement of financial assets and financial liabilities. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

The table below shows the effect of the transition to TFRS 9 on opening balances in yesteryear on retained earnings after deducting taxes summarizing the remaining accural amounts.

	Effect of implementing TFRS 9 on opening balances
Previous Year Profits	
Recognition of expected credit losses in accordance with TFRS 9	8.949.448
Tax	(1.968.879)
Impact as of January 1, 2018	**6.980.569**

Details of significant new accounting policies and impact of changes in previous accounting policies and its nature is as follows.

Classification and Measurement of Financial Assets and Financial Liabilities
TFRS 9 largely retains the current provisions of TAS 39 for the classification and measurement of financial liabilities. However, the previous TAS 39 classification categories have been removed for held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The adoption of TFRS 9 had no material impact on the Group's accounting policies with respect to its financial liabilities. TFRS 9 has an impact on the classification and measurement of financial assets as shown below.

According to TFRS 9, when a financial asset is included in the consolidated financial statements for the first time; measured at amortized cost; "debt instruments measured at fair value (GUD) difference in other comprehensive income; equity instruments are measured at fair value in other comprehensive income". The classification of financial assets under TFRS 9 is generally based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. Under the standard, the obligation of separating derivatives from the financial asset is eliminated and how a hybrid contract is to be classified as a whole should be considered.,

A financial asset is measured at amortized cost if both of the following conditions are met and the GUD difference is not classified as measured at profit or loss:

- The retention of a financial asset in the context of a business model aimed at collecting contractual cash flows and the contractual terms of a financial asset result in cash flows that include only payments of principal and interest on the principal at certain dates.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.3 Changes in Significant Accounting Policies (continued)

TFRS 9 Financial Instruments (continued)
A debt instrument is measured in the case that the GUD difference is not classified as measured at profit or loss and the following two conditions are met:

- The retention of financial assets under a business model aimed at collecting contractual cash flows and selling financial assets; and
- The contractual terms of a financial asset result in cash flows that include only payments of initial capital and interest on the initial capital at certain dates.

An irrevocable preference may be made for the initial recognition of investments in equity instruments that are not held for trading purposes, for the subsequent presentation of changes in fair value in other comprehensive income. The choice of this option can be made on the basis of each investment.

All financial assets that are not measured at amortized cost or the GUD difference in other comprehensive income are measured at fair value through profit or loss. These include all derivative financial assets. During the first time financial assets are included in the consolidated financial statements, resulting from differently measured financial assets and the gain or loss related to these are included in the consolidated financial statements in a different manner the fair value of a financial asset is measured at fair value through profit or loss provided that it eliminates or substantially reduces an accounting mismatch. Financial assets other than those at fair value through profit or loss (except for trade receivables which are measured at transaction value when they are included in the consolidated financial statements for the first time and do not have a significant financial component), in the first measurement transaction costs directly attributable to their acquisition or export are also measured at fair value. The following accounting policies apply to subsequent measurements of financial assets.

Financial assets measured at fair value through profit or loss	These assets are measured at their fair values in subsequent measurements. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets measured at amortized cost	These assets are measured at amortized cost using the effective interest method in subsequent measurement. Redeemed costs, if any, are reduced by the amount of impairment losses (see (ii) below). Interest income, foreign currency gains and losses and impairment are recognized in profit or loss. Gains or losses arising from the derecognition of these financial statements are recognized in profit or loss.
Debt instruments measured by difference of GUD reflected on other comprehensive income	These assets are subsequently measured at fair value. Interest income, foreign currency gains and losses and impairment losses calculated using the effective interest method are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income. When financial assets are excluded from the statement of financial position, the total gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.
Equity instrument where GUD difference is reflected on other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized in profit or loss unless it is expressly in the nature of recovering part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss.

The effect of the application of TFRS 9 on 1 January 2018 to the carrying values of financial assets is resulted from the new impairment provisions only, as explained in more detail below.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.3 Changes in Significant Accounting Policies (continued)

TFRS 9 Financial Instruments (continued)
The following table and the accompanying notes describe the original measurement categories in accordance with TAS 39 and the new measurement categories made in accordance with TFRS 9 for each class of the Group's financial assets as of 1 January 2018.

Financial assets	Original classification according to TAS 39	New classification according to TFRS 9	Original book value according to TAS 39	Original book value according to TFRS 9
Trade and other receivables	Loans and receivables	Amortized cost	152.798.416	143.848.968
Cash and cash equivalents	Loans and receivables	Amortized cost	11.410.411	11.410.411
Total financial assets			**164.208.827**	**155.259.379**

Trade and other receivables classified according to TMS 39 as loans and receivables are now classified at amortized cost. An increase of TL 8.949.448 in the impairment provision for these receivables was recognized in retained earnings in the transition to TFRS 9 on 1 January 2018.

Impairment of Financial Assets
With the application of TFRS 9, the "Expected Credit Loss" (BKZ) model replaces the "Realized Loss" model model in TAS 39. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt instruments measured at amortized cost and reflected to other comprehensive income, but not to investments in equity instruments. In accordance with TFRS 9, credit losses are recognized earlier than TAS 39. Financial assets measured at amortized cost consist of trade receivables and cash and cash equivalents.

Under TFRS 9, provision for losses is measured by any of the following:

- 12 months BKZs: the portion representing the expected credit losses arising from the possible default situations related to the financial instrument within 12 months after the reporting date and
- Lifetime BKZs are expected credit losses arising from all default situations that may occur during the expected life of the financial instrument.

The Group measures the provision for losses on the amount that is equal to the lifetime BKZs except for the following measured 12-month BKZs:

- Borrowing instruments determined to have low credit risk at the reporting date and
- Other borrowing instruments and bank balances where credit risk (ie default risk that arises during the expected life of the financial instrument) has not increased significantly since the initial recognition. The Group has selected lifelong BKZs in the calculation of impairment for trade receivables and contract assets.

In determining whether a financial asset has increased significantly since the initial recognition of the credit risk and in the estimation of the BKZs, the Group considers reasonable and supportable information that can be obtained without incurring excessive costs or effort, relating to the estimation of expected credit losses, including the effects of expected early payments. This information includes quantitative and qualitative information and analysis based on the Group's past credit loss experience and includes prospective information. The Company assumes that the credit risk on a financial asset increases considerably if the maturity is over 360 days.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.3 Changes in Significant Accounting Policies (continued)
TFRS 9 Financial Instruments (continued)

Impairment of Financial Assets (continued)
The Group considers a financial asset as defaulted in the following cases::

- The borrower does not fully fulfill its loan obligation without resorting to transactions such as the use of collateral (if any) by the Group.

To determine whether a financial instrument has low credit risk, an entity may use internal credit risk ratings or other methodologies that take into account the type and risks of financial instruments that are consistent with a globally accepted definition of low credit risk.,.

The maximum period during which the BKZs are measured is the maximum contract period during which the Group is exposed to credit risk.

Measurement of BKZ's
BKZs are an estimate weighted by the probability of credit losses over the expected life of the financial instrument. In other words, credit losses are measured at the present value of all cash deficits (for example, it is the difference between cash inflows to the entity under the contract and the cash flows that the entity expects to collect).

BKZs are discounted at the effective interest rate of the financial asset.

Financial assets decreased in credit value
At the end of each reporting period, the Group evaluates whether the financial assets measured at amortized cost and the GUD differences reflected to other comprehensive income are impaired. When one or more events occur that adversely affect the estimated future cash flows of a financial asset, the financial asset is impaired.

Proof that a financial asset has decreased in credit value includes the following observable data:

- the borrower or expelled falls into significant financial difficulty;
- breach of contract, such as the default of the debtor or the expiry of the financial instrument 90 days;
- Restructuring of a loan or advance, subject to circumstances beyond which the Group may not otherwise consider
- the debtor is likely to go bankrupt or financial restructuring, or
- the disappearance of the active market of a securities due to financial difficulties.

Presentation of Impairment
The provision for losses on financial assets measured at amortized cost is deducted from the gross carrying amount of the assets. The loss provision for the debt instruments measured at fair value through other comprehensive income is reflected to other comprehensive income instead of decreasing the book value of the financial asset in the statement of financial position.

Impairment losses on trade and other receivables, including contract assets, are presented separately in profit or loss and other comprehensive income. Consequently, in accordance with TAS 39, the Group recognized an impairment loss of TL 16.962.983 from "Other Expenses / Income from Main Operations" for the year ended 31 December 2017, the Company has reclassified it as "Impairment Loss from Trade and Other Receivables in the statement of profit or loss and other comprehensive income.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.3 Changes in Significant Accounting Policies (continued)
TFRS 9 Financial Instruments (continued)
Presentation of Impairment (continued)

Effects of new impairment model
For assets covered by the TFRS 9 impairment model, impairment losses are expected to increase in general and become more volatile. As of January 1, 2018, the Group has determined that the application of the provisions of TFRS 9 related to impairment has resulted in an additional impairment provision as follows.

As of 31 December 2017 provision for loss according to TMS 39	103.820.029
Additional impairment loss recognized on 1 January 2018:	
Trade and other receivables as of 31 December 2017	8.949.448
Provision for loss according to TFRS 9 on 1 January 2018	**112.769.477**

Trade Receivables and Contract Assets
The following analysis calculates the GDSs for trade receivables and contract assets with the adoption of TFRS 9 provides more detailed information about. The Group considers the model used and some of the assumptions used in the calculation of these RDAs as the main sources of estimation uncertainty.

GDSs are calculated based on the experience of credit losses in the last three years. BKZ has made the rate calculations separately for the wholesale customers and other customers.

Risks in each group are based on common credit risk such as geographical region and sector for customers who are wholesaling based on credit risk rating characteristics; for the other customers, they are grouped according to their default status, geographical region, customer rating and product type.

The following table provides information on trade receivables and contractual exposure to credit risk and exposure to GVCs for wholesale customers as of 1 January 2018..

	Weighted average loss rate %	Gross book value	Loss provision
Current (not overdue)	2,85	78.339.480	2.234.387
1-30 days past due	4,88	36.943.901	1.804.323
31-90 days due	7,78	22.695.371	1.764.585
91-180 days past due	16,25	10.612.783	1.725.031
180 + days past due	33,78	4.206.881	1.421.122
Total financial assets		**152.798.416**	**8.949.448**

Transition
The Group used the exception of not restoring comparative information for prior periods in terms of classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities that arise from the application of TFRS 9 are accounted for as retained earnings as of 1 January 2018. Accordingly, the information presented for 2017 is generally prepared in accordance with TMS 39, not TFRS 9.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.4 Changes in accounting estimates and errors
If the changes in accounting estimates are related to only one period, they are applied in the current period when the change is made, and if they are related to future periods, they are applied prospectively both in the period in which the change is made and in the future periods.

Significant accounting errors are applied retrospectively and prior period financial statements are restated.

In preparing the consolidated financial statements as of 31 December 2018, the same estimates and assumptions applied in the financial statements for the year ended 31 December 2017 have been applied except for the first applications of TFRS 15 and TFRS 9 as explained in Note 2.3.

2.5 Summary of Significant Accounting Policies

2.5.1 TFRS 15 Revenue from Customer Contracts
TFRS 15 provides a comprehensive framework for determining when and in what amount revenue is recognized. See footnote 2.3.

2.5.2 Inventories
Inventories are valued at the lower of cost or net realizable value. Cost of inventories; all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and condition. Average cost method is used in the calculation of the cost of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Component and repairable spare parts materials are subject to depreciation and economic life is as follows:

	Economic Life (years)
Components	7
Repairable spare parts (Material R)	7
Repairable spare parts (Material V)	7

2.5.3 Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as the leased assets and property, plant and equipment.

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

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

2.5.3 Property, Plant and Equipment (continued)
The economic life of the assets is as follows:

	Economic Life (years)
Plant, machinery and equipment	3-15
Fixtures	3-15
Vehicles	4-7
Other tangible assets	4-15
Special costs	4-16

2.5.4 Intangible Assets
Intangible assets include computer software and other intangible assets. They are recorded at acquisition cost and other intangible assets are depreciated using the pro-rata depreciation method.

2.5.5 Impairment of Assets
Non-derivative financial assets
Accounting policy effective from 1 January 2018

Financial instruments and contract assets
The Group recognizes provision for losses for expected credit losses for:

- financial assets measured at amortized cost;
- Debt instruments measured by reflecting the GUD difference to other comprehensive income.

For the Group's accounting policies for impairment of assets, see Note 2.3.

Falling off the record
If there is no reasonable expectation that the fair value of a financial asset will be recovered in whole or in part, the entity directly decreases the gross carrying amount of the financial asset.

For individual customers, the Group has a policy of write-offs over the gross carrying amount of a financial asset in the event that the maturity of the financial asset is over180 days, based on its historical experience with the recovery of similar assets. For corporate customers, the Group makes an assessment of the amount to be deducted from the timing and record, based on whether there is a reasonable expectation of individual recovery. The Group does not expect significant recovery from the amount deducted.

However, unrecognized financial assets may still be subject to application activities in order to comply with the Group's procedures for the recovery of overdue amounts.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)
2.5.5 Impairment of Assets (continued)
Accounting policy prior to January 1 2018

Non-derivative financial assets
A financial asset whose GUD difference is not reflected in profit or loss is evaluated with objective evidence that there is an impairment at each reporting date.

- the debtor's default or inability to fulfill his obligation,
- Restructuring an amount based on circumstances that the Group cannot otherwise consider;
- the borrower has indications of bankruptcy;
- the occurrence of adverse situations in the case of payment of the debtor or exporter;
- the disappearance of the active market of a security or
- occurrence of observable information indicating a measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost
The Group evaluates impairment indicators for these assets both at the asset level and collectively. All significant assets are assessed for significant impairment. Assets that do not have significant impairment as a separate asset are subject to aggregate impairment test for actual but not yet determined impairment. Non-significant assets are grouped as assets with similar risk characteristics and subjected to aggregate impairment test.

The Group assesses the impairment in its entirety by taking into consideration the past trends of the recovery timing and the amount of losses incurred. In making this assessment, the Group management takes into consideration the current economic situation and credit conditions and makes adjustments if necessary, considering that the losses incurred should be more or less than the provision for impairment.

An impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognized in profit or loss and accounted for using the allowance account. When the Group has no realistic expectations of the asset recovery, the relevant amounts are deducted. If an event that occurs after an impairment loss is recognized leads to a decrease in impairment, the decrease is recognized in profit or loss and reversed from the previously recognized impairment loss.

Non-financial assets
The Group assesses at each reporting date whether there is an indication of impairment for non-financial assets other than inventories and deferred tax assets. If any such indication exists, the recoverable amount of that asset is estimated.

For the purpose of impairment testing, assets that cannot be tested separately are grouped into the smallest units or cash-generating units (CGU) that generate cash inflows from sustainable activities, independent of other assets and groups of assets.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. Value in use is determined by discounting future cash flows to their present value using a pre-tax discount rate to reflect current market assessments that reflect the specific risks and time value of money in the asset or CGU.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)
2.5.5 Impairment of Assets (continued)
Accounting policy prior to January 1 2018 (continued)

Non-financial assets (continued)
An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. The impairment loss recognized and recognized as a result of CGUs is deducted from the carrying amount of other assets in the CGUs on a proportional basis.

2.5.6 Borrowing Costs
In the case of assets that require significant time to be ready for use and sale, interest expenses that can be directly related to the acquisition, construction or production are included in the cost until the asset is ready for use or sale. Financial investment income, which is obtained by evaluating the portion of the investment loan, which has not yet been spent in financial investments, is deducted from the borrowing costs eligible for capitalization.

All other financial expenses are recognized in profit or loss in the period in which they are incurred. The Group has no capitalized financial expenses in the period of 31 December 2018 and 2017.

2.5.7 Financial Instruments

Recognition and initial measurement
The Group records trade receivables and debt instruments on the date that they are originated. The Group recognizes all other financial assets and liabilities only and only on the date of the transaction at which it is a party to the contractual provisions of the instrument.

In the initial measurement of financial assets other than those carried at fair value through profit or loss (except for trade receivables that do not have a significant finance component) and financial liabilities, transaction costs that are directly attributable to the acquisition or export of these financial assets are measured at fair value.

Classification and subsequent measurement

Financial instruments - accounting policy effective from 1 January 2018
The Group's accounting policies for the classification and subsequent measurement of financial instruments effective from 1 January 2018, see Note 2.3.

Financial assets - accounting policy effective 1 January 2018
The Group classifies financial assets into the following categories:

- loans and receivables;
- GUD difference is reflected in profit or loss under financial assets:

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (continued)

2.5 Summary of Significant Accounting Policies (continued)
2.5.7 Financial Instruments (continued)

Financial assets - Subsequent measurement and gains or losses: accounting policy effective before 1 January 2018

Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss are measured at fair value and changes in fair value, including dividend income, are recognized in profit or loss. For derivatives identified as hedging instruments, see (v) below.
Held-to-maturity financial assets;	Future principal and interest cash flows are measured at amortized cost using the effective interest method, less any impairment losses.
Loans and receivables	Future principal and interest cash flows are measured at amortized cost using the effective interest method, less any impairment losses.
Available-for-sale financial assets	Available-for-sale financial assets are measured at fair value. Changes in the fair value except for impairment and changes in foreign exchange differences on available-for-sale debt securities and interest income are recognized in other comprehensive income and accumulated in the fair value reserve item under equity. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost and the difference in GUD is reflected in profit or loss.

If a financial liability meets the definition held for trading, the GUD difference is classified as profit or loss. A financial liability is classified as a financial liability held for trading in the event that it is a derivative instrument or is identified as such at the time of initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including interest income, are recognized in profit or loss. Other financial liabilities are measured initially at amortized cost using the effective interest method less any impairment losses. Interest expenses and exchange rates are recognized in profit or loss.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (continued)

2.5 Summary of Significant Accounting Policies (continued)
2.5.7 Financial Instruments (continued)
Exclusion of financial statements

Financial assets
When the contractual rights to cash flows related to financial assets have expired or if the Group has substantially transferred ownership of all risks and rewards of ownership of that financial asset, or has neither transferred or substantially retained all risks and benefits of ownership of that financial asset, discontinues the related financial asset if it does not continue to have control over it.

In the event that the Group continues to retain substantially all the risks and rewards of ownership of a financial asset, the Group continues to recognize that financial asset in the statement of financial position.

Financial liabilities
The Group derecognizes a financial liability only when the liability for the relevant obligation is discharged or canceled. In addition, the Group derecognizes a financial liability when there is a material change in the circumstances or cash flows of an existing financial liability. Instead, it requires the recognition of a new financial liability at fair value based on modified terms.

When the financial liability is derecognised, the difference between its carrying amount and the amount paid (including any non-cash assets transferred or any liabilities assumed) is recognized in profit or loss in the consolidated financial statements.

Offsetting financial assets and liabilities
The Group netting off its financial assets and liabilities only when there is a legal right to netting and if it intends to carry out the transaction on a net basis or to conclude the fulfillment of the obligation with the realization of the asset and shows the net amount in the consolidated financial statements.

2.5.8 Effects of Changes in Exchange Rates
Foreign currency transactions during the year are translated into US Dollars using the exchange rates on the transaction date. The assets and liabilities denominated in foreign currencies have been translated into USD at the exchange rates prevailing at the balance sheet date. Exchange gains / losses arising from the settlement and exchange of foreign currency items are included in the income statement.

At the end of the period and on average as of related dates, the TL exchange rate in USD is as follows:

	End of Term Rate	Average Exchange Rate
December 31, 2018	5,2609	4,8301
December 31, 2017	3,7719	3,6445

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (continued)

2.5 Summary of Significant Accounting Policies (continued)

2.5.9 Earnings Per Share
Earnings / (loss) per share disclosed in the income statement are calculated by dividing net profit / (loss) by the weighted average number of shares that have been outstanding during the year concerned. Companies in Turkey, their capital, retained earnings to its shareholders by distributing "bonus shares" can increase path. In the calculation of earnings / (loss) per share, such "bonus shares" are treated as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.5.10 Subsequent Events
Events after the balance sheet date; Covers all events between the balance sheet date and the date when the balance sheet is authorized to issue the balance sheet, even if they have arisen after any public announcement of profit or other selected financial information.

The Group adjusts the amounts recognized in its consolidated financial statements to reflect the adjusting events after the balance sheet date.

2.5.11 Provisions, Contingent Liabilities and Contingent Assets
Provisions are recognized in the consolidated financial statements when there is a present obligation arising from past events, when it is probable that the obligation will be settled and the amount can be reliably estimated.

The amount provided as provision is calculated by estimating the expenditure to be fulfilled as of the balance sheet date, taking into account the risks and uncertainties related to the obligation.

If the provision is measured using the estimated cash flows required to settle the present obligation, the carrying amount of the provision is equal to the present value of the related cash flows. In cases where it is expected that some or all of the economic benefit required for the payment of the provision will be met by third parties, the amount to be collected is recognized as an asset if the related amount is almost certain to be collected and measured reliably.

2.5.12 Related Parties
For the purpose of these consolidated financial statements, shareholders, senior executives and members of the Board of Directors, their families and companies controlled by or affiliated with them, affiliates and partnerships are considered and referred to as related parties.

Transactions entered into with related parties due to ordinary operations are carried out at prices in accordance with market conditions.

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

Current tax

Current year tax liability is calculated over the taxable portion of the period profit. The taxable profit differs from the profit stated in the income statement as it excludes items of income or expense that can be taxed or deducted in other years and items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (continued)

2.5 Summary of Significant Accounting Policies (continued)
2.5.13 Taxes on Income (continued)

Deferred tax
Deferred tax liability or asset is determined by calculating the tax effects of the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts considered in the calculation of the legal tax base. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities or assets arising from temporary differences that arise from the initial recognition of assets or liabilities other than goodwill or business combinations that do not affect both commercial and financial profit or loss are not calculated.

Deferred tax liabilities are recognized for all taxable temporary differences that are associated with interests in investments in associates and subsidiaries and joint ventures, except to the extent that it is probable that the Group will be able to control the disappearance of the temporary differences and the probability of the discrepancy in the near future will be eliminated. Deferred tax assets resulting from taxable temporary differences that are associated with such investments and shares are calculated with the condition that it is highly probable that these differences will be benefited by making sufficient taxable profit in the near future and that these differences will be eliminated in the future.

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

Deferred tax assets and liabilities are calculated at the enacted or substantially enacted tax rates (tax arrangements) which are expected to be valid in the period in which the assets will be realized or the liabilities are fulfilled. In the calculation of deferred tax assets and liabilities, the tax results of the methods estimated by the Group to recover the carrying value of the assets or fulfill their liabilities as of the balance sheet date are taken into consideration.

Deferred tax assets and liabilities are subject to a legal right to offset current tax assets and current tax liabilities, or are associated with the income tax collected by the same tax authority, or the Group intends to pay by netting off current tax assets and liabilities are deducted.

Current and deferred tax for the period
Current tax and deferred tax are recognized in the income statement as expense or income, except for items that are recognized in equity or credited directly in equity (in which case deferred tax is also recognized directly in equity) or arising from the initial recognition of a business combination. In business combinations, the tax effect is taken into consideration in calculating goodwill or in determining the portion of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary. Taxes on financial statements include changes in current and deferred taxes. The Group calculates current and deferred tax over the period results.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (continued)

2.5 Summary of Significant Accounting Policies (continued)

2.5.14 Employee Benefits / Severance Pay
Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. Such payments are considered as being part of defined retirement benefit plan as per TMS 19 Employee Benefits ("TMS 19"). The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees and reflected in the financial statements. All actuarial gains and losses are recognized as other comprehensive income.

2.5.15 Cash Flow Statement
Cash flows from operating activities reflect cash flows generated from sales activities of the Group.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows related to financing activities represent the resources that the Group uses in its financing activities and repayments of these resources.

Cash and cash equivalents are cash, demand deposits and other short-term highly liquid investments with maturities less than 3 months or 3 months from the date of purchase, which can be immediately converted to cash and not subject to significant risk of value change.

2.5.16 Capital and Dividends
Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

2.6 Significant Accounting Estimates and Assumptions

2.6.1 Economic Life of Inventories
Component and repairable materials are subject to wear and tear calculation and their economic life is stated in Note 2.5.2.

2.6.2 Provision for Doubtful Trade Receivables
For the doubtful trade receivables, the Group also evaluates the collaterals obtained for the related receivable and makes provision for past due and uncollected receivables. As explained in Note 8, the Group has recorded provision for doubtful trade receivables amounting to TL 136.583.078 as of 31 December 2018 (31 December 2017: TL 103.820.029).

2.6.3 Deferred Tax
The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. The recoverable amount of deferred tax assets in whole or in part is estimated under current conditions. During the assessment, future profit projections, current period losses, expiration dates of unused losses and other tax assets and tax planning strategies that can be used when necessary are considered. In the light of the data obtained, if the Group's future taxable profit is not sufficient to cover all of its deferred tax assets, provision is set aside for all and part of deferred tax asset.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (continued)

2.7 Standards published but not yet in force and not implemented early

Amendments published but not enacted and not implemented early

Some new standards, interpretations and amendments that have been issued as of the reporting date but have not yet entered into force and are permitted to be applied early but are not implemented early by the Group are as follows.

TFRS 16 Leases

TFRS 16 Leases Standard was issued by KGK on April 16, 2018. This Standard replaces the existing TMS 17 "Leases Standard" in which the accounting of leases is regulated, TFRS Comment 4 "Determination of whether an Agreement contains Leases" and TMS Comment 15 "Operating Leases" Incentives" are replaced by the TMS 40 "Investment Property Standard." TFRS 16 eliminates the dual accounting model for the lessee, which is the current practice for tenants, in the balance sheet and off-balance sheet liabilities. Instead, a single balance sheet-based accounting model is introduced for all leases similar to existing leasing accounting. For lessees, recognition continues in a similar way to existing practices. TFRS 16 is effective for annual periods beginning on or after 1 January 2019, but early application is permitted.

The Group is in the process of assessing the potential impact of the application of TFRS 16 on its consolidated financial statements.

TFRS Comment 23 Uncertainties Regarding Income Tax Applications

In order to determine how uncertainties regarding the calculation of income taxes will be reflected in the financial statements by the KGK on 24 May 2018, TFRS Comment 23 "Uncertainties Regarding Income Tax Applications" comment was published. There may be uncertainty about how to apply tax regulations to a particular transaction or situation, or whether the tax authority will accept a company's tax transactions. TMS 12 Income Taxes clarifies how current and deferred tax is calculated, but does not provide guidance on how to reflect the effects of uncertainties on the financial statements. TFRS Comment 23 introduces additional requirements to TMS 12 by clarifying how the effects of the uncertainty regarding income taxes in the recognition of income taxes will be reflected in the financial statements. This interpretation is effective for annual periods beginning on or after 1 January 2019, with early application permitted. The Group is in the process of assessing the potential impact of the adoption of TFRS Comment 23 on its consolidated financial statements.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (continued)

2.7 Standards published but not yet in force and not implemented early (continued)
Amendments published but not enacted and not implemented early (continued)

Amendments to TFRS 9 - Early Payments Leading to Negative Compensation

In December 2017, the KGK amended the requirements of TFRS 9 to clarify the accounting for financial instruments. Financial assets that cause negative indemnity when paid early can be measured at amortized cost or if fair value differences are reflected to other comprehensive income if they meet other relevant requirements of TFRS 9. In accordance with TFRS 9, when the contract is terminated prematurely, financial assets that contain an option to pay early require a payment of a reasonable additional amount, which largely reflects the outstanding principal and interest amount.

The amendment is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group is in the process of assessing the impact of the amendment to TFRS 9 on its consolidated financial statements.

Amendments to TMS 28 - Long Term Investments in Associates and Joint Ventures

In December 2017, the KGK amended TMS 28 to clarify that TFRS 9 should be applied to the measurement of other financial instruments for which equity method is not applied from investments in associates and joint ventures. In essence, these investments are long-term holdings that form part of the entity's net investment in associates or joint ventures. An entity applies TFRS 9 to measure such long-term investments before applying the relevant paragraphs of TMS 28. When TFRS 9 is applied, there is no adjustment to the carrying amount of long-term investments arising from the application of TMS 28. The amendment is effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Group is in the process of assessing the impact of the amendment to TMS 28 on its consolidated financial statements.

Conceptual Framework (updated)

The updated Conceptual Framework was published by the KGK on 27 October 2018. Conceptual Framework; It sets out the basic framework that will guide the financial reporting of the KGK in developing new TFRSs. Conceptual Framework; it helps ensure that standards are conceptually consistent and that similar transactions are treated in the same way, thus providing useful information for investors, lenders and other lenders. The Conceptual Framework helps companies develop accounting policies and, where applicable, stakeholders understand and interpret these standards, where no TFRS is applicable to a particular transaction. The updated Conceptual Framework, on the other hand, is more comprehensive than its previous version and aims to provide the UPS with all the tools necessary to establish standards. The updated Conceptual Framework covers all aspects of the standard setting from the purpose of financial reporting to presentations and disclosures. The updated Conceptual Framework will be effective for annual periods beginning on or after 1 January 2020, although early application is permitted for companies that use the Conceptual Framework to develop accounting policies where no TFRS is applicable to a particular transaction.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (continued)

2.7 Standards published but not yet in force and not implemented early (continued)
Amendments published but not enacted and not implemented early (continued)

New and amended standards and interpretations issued by the International Accounting Standards Board (IASB) but not yet published by the KGK
The new standards, interpretations and amendments to existing International Financial Reporting Standards (IFRS) listed below have been published by the International Accounting Standards Board ("IASB"), but these new standards, interpretations and amendments have not yet been adopted / issued by the KGK to TFRS therefore, they do not form a part of TFRS. Accordingly, standards issued by IASB but not yet issued by KGK are referred to as IFRS or UMS. The Group will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual improvements: 2015-2017 Period
Improvements to IFRS

"Annual Improvements to IFRS for Period 2015-2017" issued for the standards currently in force are presented below. The amendments are effective as of 1 January 2019 and early adoption is permitted. The adoption of these amendments to IFRSs is not expected to have a significant impact on the Group's consolidated financial statements.

IFRS 3 Business Ventures and IFRS 11 Joint Agreements

IFRS 3 and IFRS 11 have been amended to clarify how it would recognize an increase in shares held in a joint operation that meets the definition of an entity. When a joint party obtains control, this transaction will be considered as a progressive business combination and the buyer will have to re-measure the previously owned share at fair value. When the joint control of one of the parties continues (or acquires joint control), the previously owned share does not need to be remeasured.

IAS 12 Income Taxes

IAS 12 has been amended to clarify the recognition of income taxes arising from dividends (including payments to financial instruments classified as equity) consistent with the transactions that comprise the entity's distributable profit (for example, in profit or loss, in other comprehensive income items or in equity).

IAS 23 Borrowing Costs

IAS 23 was amended to clarify that the amounts borrowed directly for the financing of qualifying assets currently under development or under construction are not included in the general purpose borrowing pool, which is used to calculate capitalizable borrowing costs when financing activities are conducted from a single center. Amounts borrowed directly for the financing of qualifying assets available for sale or use - or any asset not covered by the qualifying asset - should be included in the general purpose borrowing pool.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

2. Basis of Presentation of Financial Statements (continued)

2.7 Standards published but not yet in force and not implemented early (continued)

Amendments to IAS 19 - Amendment, Downsizing, or Fulfillment of Obligations
On 7 February 2018, the IASB issued an amendment to the Plan, namely the Amendment, Downsizing, or Fulfillment of Liabilities (Amendments to IAS 19). The amendment clarifies the accounting for a change or reduction in the plan as well as the fulfillment of obligations. A company will then use the updated current actuarial assumptions to determine the service cost and net interest cost of the period and will not take into account the effect of the asset ceiling on the calculation of the gains or losses arising from the fulfillment of any obligation related to the plan, and the effects of this situation will be considered separately in other comprehensive income. The amendment is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group is in the process of assessing the impact of the amendment to IAS 19 on its consolidated financial statements.

Amendments to IAS 1 and IAS 8 - Materiality Definition,
In October 2018, the IASB issued the "materiality definition" amendment (Amendments to IAS 1 and IAS 8). The amendments provide guidance to help improve consistency in clarifying the "materiality" definition, in determining the materiality threshold and in applying the materiality concept to IFRSs. Amendments to IAS 1 and IAS 8 are effective for annual periods beginning on or after 1 January 2020, but are permitted for early adoption.

The Group is in the process of assessing the potential impact of the application of IAS 1 and IAS 8 on the consolidated financial statements.

3. Shares in Other Businesses

As of 31 December, the shares in the other enterprises are as follows:

	December 31, 2018	December 31, 2017
TEC	327.101.170	210.445.886
Goodrich	10.292.560	5.722.120
TCI	6.278.240	4.394.597
	343.671.970	**220.562.603**

TEC's financial information as of 31 December is as follows:

	December 31, 2018	December 31, 2017
Current assets	831.847.805	488.370.193
Fixed assets	162.739.208	125.120.121
Short term liabilities	196.696.517	98.490.888
Long-term liabilities	130.337.088	85.518.026
Equity	667.553.408	429.481.400
Group's share in equity (% 49)	**327.101.170**	**210.445.886**

After the amounts required to be separated from the TEC profit for the 2017 fiscal year and before, in accordance with the relevant legislation and the articles of association, the amount of the profit expressed in the remaining US Dollars as the ratio of the profit to the Group's share is equal to the Turkish Lira equivalent of the Turkish Lira converted into the Turkish Lira at the rate of 28.265.598 TL was paid to the Group in November 2018.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

3. Shares in Other Businesses (Continued)

	January 1 - December 31, 2018	January 1 - December 31, 2017
Revenues	2.617.386.309	1.917.544.276
Profit for the period	107.633.776	89.876.777
Group's share in the period profit (% 49)	**52.740.550**	**44.039.621**

Goodrich's financial information for the year ended 31 December is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Current assets	50.407.321	25.063.720
Fixed assets	4.569.352	3.002.449
Short term liabilities	28.323.805	13.267.029
Long-term liabilities	921.467	493.840
Equity	25.731.401	14.305.300
Group's share in equity (% 49)	**10.292.560**	**5.722.120**

	January 1 - December 31, 2018	January 1 - December 31, 2017
Revenues	85.475.439	54.582.444
Profit for the period	5.593.974	2.972.542
Group's share in the period profit (% 49)	**2.237.589**	**1.189.017**

TCI's financial information as of 31 December is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Current assets	68.849.493	27.541.207
Fixed assets	19.213.254	8.885.272
Short term liabilities	55.794.044	14.453.495
Long-term liabilities	877.502	-
Equity	31.391.201	21.972.985
Group's share in equity (% 49)	**6.278.240**	**4.394.597**

	January 1 - December 31, 2018	January 1 - December 31, 2017
Revenues	42.040.886	25.250.475
Profit for the period	685.522	711.251
Group's share in the period profit (% 49)	**137.103**	**142.250**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

3. Shares in Other Businesses (Continued)

The shares in other companies' profits are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
TEC	52.740.550	44.039.621
Goodrich	137.103	142.250
TCI	2.237.588	1.189.017
	55.115.241	**45.370.888**

4. Cash and Cash Equivalents

As of 31 December, cash and cash equivalents are as follows:

	December 31, 2018	December 31, 2017
Banks (demand deposits)	184.615	1.604.137
Banks (time deposits)	34.834.404	9.806.274
	35.019.019	**11.410.411**

Information on time deposits as of 31 December is as follows:

Capital	Currency	Opening date	Interest Rate	Maturity	December 31, 2018
1.292.000	TL	December 31, 2018	%25,17	January 2, 2019	1.292.000
1.084.000	Euro	December 31, 2018	%0,10	January 2, 2019	6.534.352
2.737.000	USD	December 31, 2018	%0,50	January 2, 2019	14.399.083
12.608.969	TL	December 28, 2018	%22,00	January 2, 2019	12.608.969
					34.834.404

Capital	Currency	Opening date	Interest Rate	Maturity	December 31, 2017
4.232.000	TL	December 29, 2017	%13,42	January 2, 2018	4.232.000
405.000	Euro	December 29, 2017	%0,25	January 2, 2018	1.828.778
993.000	USD	December 29, 2017	%0,50	January 2, 2018	3.745.496
					9.806.274

5. Financial Investments

The details of financial investments as of 31 December are as follows:

	December 31, 2018	Share %	December 31, 2017	Share %
Aircraft Seat Production Company ("Aircraft Seat")	1.485.005	10	1.485.005	10
Turkish Airlines Opet Aviation Fuels Joint Stock Company ("THY Opet")	20	<1	20	<1
	1.485.025		**1.485.025**	

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

6. Other Financial Liabilities

The details of other financial liabilities as of 31 December are as follows:

	December 31, 2018	December 31, 2017
Payables to the Bank	25.052.709	240.946
	25.052.709	**240.946**

The details of other financial liabilities as of 31 December are as follows:

31 December 2018 Name of the Bank	Maturity Date	Initial Money	Currency	Amount
T. C. Ziraat Bank A.Ş. ("Ziraat Bank")	January 3, 2019	25.040.519	TL	25.040.519
QNB Finansbank A.Ş. ("Finansbank")	January 2, 2019	12.190	TL	12.190
				25.052.709

31 December 2017 Name of the Bank	Maturity Date	Initial Money	Currency	Amount
Finansbank	January 2, 2018	218.330	TL	218.330
Finansbank	January 3, 2018	22.616	TL	22.616
				240.946

Payables to the Bank are a one-day financing source provided for social security institutions and invoice payments and interest is not applied.

7. Related Party Disclosures

Transactions between the Company and its subsidiary, one of the related parties of the Company, are eliminated during consolidation and are not disclosed in this note.

The details of short term trade receivables from related parties as of 31 December are as follows:

	December 31, 2018	December 31, 2017
Türk Hava Yolları Anonim Ortaklığı ("THY A.O.")	1.379.659.622	1.125.361.065
Güneş Express Havacılık A.Ş. ("Sun Ekspress")	26.709.936	10.086.667
TEC	7.987.309	6.367.710
THY Aydın Çıldır	4.954.240	10.448
TCI	2.366.714	76.949
Goodrich	1.184.352	115.717
Air Albenia SHPK	492.190	-
TGS Yer Hizmetleri A.Ş. ("TGS")	446.699	1.099.134
Other	44.600	7.919
	1.423.845.662	**1.143.125.609**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

7. Related Party Disclosures (Continued)

As of December 31, the details of other short-term receivables from related parties are as follows:

	December 31, 2018	December 31, 2017
THY A.O.	-	1.341.909
	-	**1.341.909**

As of December 31, the details of other short-term commercial receivables from related parties are as follows:

	December 31, 2018	December 31, 2017
THY A.O.	64.488.125	42.840.034
Goodrich	11.908.315	3.936.939
TGS	2.503.219	1.584.531
Aircraft Seat	2.495.749	4.528.206
THY Aydın Çıldır	443.116	4.662
THY Opet	200.809	114.557
TEC	188.590	26.268
Other	11.317	10.627
TCI	-	5.735.976
	82.239.240	**58.781.800**

The details of other short term payables to related parties as of 31 December are as follows:

	December 31, 2018	December 31, 2017
THY A.O.	73.321.784	94.400.926
	73.321.784	**94.400.926**

The details of other long term payables to related parties as of 31 December are as follows:

	December 31, 2018	December 31, 2017
THY A.O.	-	174.087.689
	-	**174.087.689**

As of 31 December, the details of advances received from related parties are as follows:

	December 31, 2018	December 31, 2017
THY A.O.	591.248.041	396.199.062
	591.248.041	**396.199.062**

Transactions with related parties for the period ended at 31 December are as follows:

Sales	January 1 - December 31, 2018	January 1 - December 31, 2017
THY A.O.	4.816.842.163	3.405.375.559
Sun Express	133.406.097	97.546.805
TEC	58.041.219	36.275.565
Aydın Çıldır	14.505.977	149.301
Goodrich	3.177.996	1.568.922
TCI	2.799.784	1.131.700
Aircraft Seat	1.660.082	1.089.548
Air Albenia SHPK	451.885	-
TGS	234.962	988.393
Other	50.785	43.376
	5.031.170.950	**3.544.169.169**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

7. Related Party Disclosures (Continued)

Purchases	January 1 - December 31, 2018	January 1 - December 31, 2017
THY A.O.	221.890.802	188.367.861
Goodrich	82.203.324	41.890.995
Aircraft Seat	23.331.524	36.430.793
TGS	20.279.849	19.198.691
TCI	16.906.363	17.226.609
THY Opet	2.537.606	1.475.766
THY Aydın Çıldır	432.033	773.803
TEC	361.082	200.482
Sun Express	654.345	140.290
Havaalanları Yer Hizmetleri A.Ş.	216.108	138.479
	368.813.036	**305.843.769**

Interest Income	December 31, 2018	December 31, 2017
THY A.O.	8.319.362	28.375.080
	8.319.362	**28.375.080**

For the period ended at 31 December 2018, the amount of benefits and services provided to top executives 4,929,134 TL (31 December 2017: TL 4.134.486).

8. Trade Receivables and Payables

As of December 31, the details of trade receivables from unrelated parties are as follows:

	December 31, 2018	December 31, 2017
Commercial debts	379.353.436	221.228.422
Notes receivable	29.987.130	22.204.014
Rediscount on receivables	(1.824.673)	(122.198)
Provision for doubtful receivables (*)	(136.583.078)	(103.820.029)
	270.932.815	**139.490.209**

(*) Provision for doubtful receivables is based on past experience of non-collection. The details of credit risk, foreign currency risk and impairment of trade receivables are explained in Note 31.

The details of trade payables from unrelated parties as of 31 December are as follows:

	December 31, 2018	December 31, 2017
Trade payables	358.233.603	277.696.690
Expense accruals	88.811.667	31.329.267
	447.045.270	**309.025.957**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

9. Payables to Employee Benefits

The payables to employees as of 31 December are as follows:

	December 31, 2018	December 31, 2017
Salary accruals (*)	89.166.907	62.505.007
Personnel premiums (**)	62.071.424	43.617.919
Social Security premiums payables	37.067.337	45.713.067
Personnel credit card debts	40.546	58.557
	188.346.214	**151.894.550**

(*) Salary accruals consist of personnel's expenses for December.
(**) Employee premiums consist of annual premiums payable to Group employees. The amount related to 2018 has been paid in February 2019.

10. Other Receivables and Payables

As at 31 December other short term receivables for non-related parties are shown below:

	December 31, 2018	December 31, 2017
Deposit and guarantees given	622.512	230.045
Other receivables	962.700	142.244
Receivables from staff	110.065	88.558
Doubtful receivables	51.766	37.115
Provision for doubtful receivables (-)	(51.766)	(37.115)
	1.695.277	**460.847**

The change in the provision for doubtful receivables for the periods ended at 31 December is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Reserved provision per period	37.115	-
Reserved provision per period	-	37.115
Foreign currency exchange difference	14.651	-
Provision at the end of the period	**51.766**	**37.115**

The change in the provision for doubtful receivables for the periods ended at 31 December is as follows:

	December 31, 2018	December 31, 2017
Taxes, fees and other deductions to be paid	129.006.894	94.412.729
Other debts	6.281.288	58.300.082
Deposit and guarantees received	1.302.485	10.962.505
	136.590.667	**163.675.316**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

11. Inventories

As of 31 December, details of inventories are as follows:

	December 31, 2018	December 31, 2017
Components and repairable spare parts	2.988.145.641	1.975.288.095
Technical material stocks	999.877.454	689.446.523
Scrap material stocks	117.644.622	94.234.469
Technical material stocks on the way	70.102.854	100.895.629
Components and repairable spare parts accumulated depreciation (-)	(1.635.995.765)	(1.075.937.466)
Provision for impairment of inventory (-)	(117.644.622)	(94.234.469)
	2.422.130.184	**1.689.692.781**

As of 31 December 2018, the insurance amount on the inventories is TL 1.561.263.318 (31 December 2017: TL 942.975.000).
For the periods ended at 31 December, provision for impairment of inventories is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Reserved provision per period	94.234.469	67.790.879
Foreign currency exchange differences	37.294.744	4.437.589
Provision during the period	(13.884.591)	22.006.001
Provision at the end of the period	**117.644.622**	**94.234.469**

Movement of components and repairable spare parts for the year ended 31 December 2018 are as follows:

Cost	Component and Repairable Spare Parts
Opening balance January 1, 2018	1.975.288.095
Foreign currency exchange difference	779.767.218
Additions	531.937.678
Outputs	(298.847.350)
December 31, 2018 closing balance	**2.988.145.641**
Accumulated Depreciation	
Opening balance January 1, 2018	1.075.937.466
Foreign currency translation difference	435.818.615
Current period depreciation	258.252.477
Outputs	(134.012.793)
December 31, 2018 closing balance	**1.635.995.765**
December 31, 2018 net book value	**1.352.149.876**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

11. Inventories (Continued)

The chart of the components and repairable spare parts for the accounting period ending on December 31, 2017 is as follows:

Cost	Component and Repairable Spare Parts
Opening balance January 1, 2017	1.764.194.845
Foreign currency exchange difference	126.679.935
Additions	270.365.318
Outputs	(185.952.003)
December 31, 2017 closing balance	**1.975.288.095**
Accumulated Depreciation	
Opening balance January 1, 2017	714.430.667
Foreign currency exchange difference	61.781.249
Current period depreciation	364.901.825
Outputs	(65.176.275)
December 31, 2017 closing balance	**1.075.937.466**
December 31, 2017 net book value	**899.350.629**

12. Prepaid Expenses and Deferred Income

The details of short term prepaid expenses as of 31 December are as follows:

	December 31, 2018	December 31, 2017
Order advances given (*)	95.086.474	29.833.497
Expenses for the following months (**)	40.810.008	14.899.525
	135.896.482	**44.733.022**

(*) Advances given are composed of advances given for the purchase of components, merchandise and consumables.
As of December 31, the details of long-term prepaid expenses are as follows:

	December 31, 2018	December 31, 2017
Expenses for the following years (**)	14.436.959	12.904.891
	14.436.959	**12.904.891**

(**) TL 17.501.390 of expenses for the following months and years consists of the costs incurred on behalf of General Directorate of Coastal Safety ("KEGM") for the purpose of renting the land of the General Directorate of State Airports Authority ("DHMİ") (31 December 2017: 14.910). $ 481).

As of December 31, the details of short-term deferred income are as follows:

	December 31, 2018	December 31, 2017
Advance of order received (*)	607.250.552	406.871.440
Income for the coming years	136.385.129	38.385.145
	743.635.681	**445.256.585**

(*) TL 591,248,041 of the advance payment received was from THY A.O. (31 December 2017: TL 396.199.062) (Note 7).

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

13. Tangible Fixed Assets

The movement of tangible assets in the year ended 31 December 2018 is as follows:

	Plant Machinery and Devices	Vehicles	Fixtures	"Other Tangible Fixed Assets"	"Ongoing investments"	Special Costs	Total
Cost							
Opening balance January 1, 2018	539.523.714	30.512.552	115.621.323	12.576.336	56.874.146	1.625.894.573	2.381.002.644
Foreign currency exchange differences	212.983.062	12.045.174	45.642.819	4.964.650	22.451.709	641.840.182	939.927.596
Additions	202.276.814	20.478.726	27.289.060	5.380.153	254.052.533	7.715.190	517.192.476
Outputs	(1.390.620)	(1.375.363)	(1.114.292)	(3.319)	-	-	(3.883.594)
Transfers	3.022.721	-	1.274	37.672	(78.793.648)	75.099.347	(632.634)
Closing December 31, 2018 balance	**956.415.691**	**61.661.089**	**187.440.184**	**22.955.492**	**254.584.740**	**2.350.549.292**	**3.833.606.488**
Accumulated Depreciation							
Opening balance January 1, 2018	330.609.586	23.233.630	77.655.640	7.078.371	-	443.239.598	881.816.825
Foreign currency exchange differences	137.770.884	9.485.460	32.246.667	2.956.322	-	187.209.675	369.669.008
Current period depreciation	82.740.042	4.705.484	18.707.192	1.819.686	-	137.187.544	245.159.948
Outputs	(1.239.362)	(1.188.047)	(866.442)	(2.732)	-	-	(3.296.583)
Transfers	(112.939)	-	-	-	-	-	(112.939)
Closing December 31, 2018 balance	**549.768.211**	**36.236.527**	**127.743.057**	**11.851.647**	**-**	**767.636.817**	**1.493.236.259**
Net book value of 1 January 2018	**208.914.128**	**7.278.922**	**37.965.683**	**5.497.965**	**56.874.146**	**1.182.654.975**	**1.499.185.819**
December 31, 2018 net book value	**406.647.480**	**25.424.562**	**59.697.127**	**11.103.845**	**254.584.740**	**1.582.912.475**	**2.340.370.229**

(*) As of 31 December 2018, construction in progress amounting to TL 632.634 has been transferred to intangible assets.

As of 31 December 2018, property, plant and equipment of the Group is insured against earthquake, fire, flood and similar disasters amounting to TL 363.005.309 (31 December 2017: TL 330.568.430).

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

13. Tangible Fixed Assets (Continued)

The movement table of tangible assets in the year ended 31 December 2017 is as follows:

	Plant Machinery and Devices	Vehicles	Fixtures	"Other Tangible Fixed Assets"	"Ongoing investments"	Special Costs	Total
Cost							
Opening balance January 1, 2018	464.924.415	26.500.898	99.815.353	10.380.743	8.141.031	1.452.128.089	2.061.890.529
Foreign currency exchange differences	33.384.406	1.902.927	7.167.351	745.400	584.576	104.271.644	148.056.304
Additions	38.921.534	2.225.945	10.094.727	1.651.363	51.504.156	69.440.489	173.838.214
Outputs	(315.467)	(418.110)	(1.461.168)	-	-	-	(2.194.745)
Transfers	2.608.826	300.892	5.060	(201.170)	(3.355.617)	54.351	(587.658)
December 31, 2017 closing balance	**539.523.714**	**30.512.552**	**115.621.323**	**12.576.336**	**56.874.146**	**1.625.894.573**	**2.381.002.644**
Accumulated Depreciation							
Opening balance January 1, 2018	262.245.979	18.746.923	61.839.277	5.101.138	-	320.196.763	668.130.080
Foreign currency exchange differences	20.504.398	1.452.252	4.824.789	420.720	-	26.372.441	53.574.597
Current period depreciation	48.094.383	3.372.681	12.289.151	1.561.358	-	96.670.394	161.987.967
Outputs	(235.174)	(343.071)	(1.297.574)	-	-	-	(1.875.819)
Transfers	-	4.845	-	(4.845)	-	-	-
Closing December 31, 2018 balance	**330.609.586**	**23.233.630**	**77.655.640**	**7.078.371**	**-**	**443.239.598**	**881.816.825**
Net book value of 1 January 2018	**202.678.436**	**7.753.975**	**37.976.076**	**5.279.605**	**8.141.031**	**1.131.931.326**	**1.393.760.449**
December 31, 2018 net book value	**208.914.130**	**7.278.922**	**37.965.683**	**5.497.965**	**56.874.146**	**1.182.654.975**	**1.499.185.819**

(*) As of 31 December 2017, construction in progress amounting to TL 587.658 has been transferred to intangible assets.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

14. Intangible Assets

The movement table of intangible assets for the year ended 31 December 2018 is as follows:

Cost	Rights
Opening balance January 1	95.604.723
Foreign currency exchange differences	37.741.040
Additions	18.517.633
Transfers	632.634
December 31 closing balance	**152.496.030**
Accumulated redemption	
Opening balance January 11	81.195.399
Foreign currency exchange differences	32.971.973
Current period amortization	10.198.060
Transfers	112.939
December 31 closing balance	**124.478.371**
Net book value of 1 January 2018	**14.409.324**
Net book value of December 31	**28.017.659**

The movement table of intangible assets for the year ended 31 December 2017 is as follows:

Cost	Rights
Opening balance January 1	80.662.749
Foreign currency exchange differences	5.792.077
Additions	8.562.239
Transfers	587.658
December 31 closing balance	**95.604.723**
Accumulated redemption	
Opening balance January 1	57.287.403
Foreign currency exchange differences	4.782.368
Current period amortization	19.125.628
December 31 closing balance	**81.195.399**
Net book value of 1 January 2018	**23.375.346**
Net book value of December 31	**14.409.324**

15. Provisions, Contingent Assets and Liabilities

As of 31 December, details of short term provisions are as follows:

(a) Short-term provisions for employee benefits

	December 31, 2018	December 31, 2017
Unused permission provision	25.264.433	19.816.701
	25.264.433	**19.816.701**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

15. Provisions, Contingent Assets and Liabilities (Continued)

a) Short-term provisions for employee benefits (Continued)

Details of unused vacation allowance for the periods ended at 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Reserved provision per period	19.816.701	18.746.312
Foreign currency exchange difference	1.077.443	2.288.996
Current period expense	5.895.454	1.080.920
Provisions	(1.525.165)	(2.299.527)
Provision at the end of the period	**25.264.433**	**19.816.701**

(b) Other short-term provisions

	January 1 - December 31, 2018	January 1 - December 31, 2017
Provision for litigation	29.403.310	28.249.913
Provisions for other liabilities and expenses (*)	710.222	-
	30.113.532	**28.249.913**

(*) In 2018, the Group applied TFRS 15. According to TFRS 15, it consists of the amount calculated for the contractual penalty expenses and reductions to be paid in 2018.
Details of other provisions for liabilities and expenses for the year ended 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Reserved provision per period	-	-
Current period expense	715.095	-
Foreign currency exchange difference	(4.873)	-
Provision at the end of the period	**710.222**	**-**

Details of provision for litigations for the periods ended at 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Reserved provision per period	28.249.913	12.479.422
Foreign currency exchange difference	970.958	726.420
Current period expense (Note 22)	4.168.327	18.601.089
Provisions	(3.985.888)	(3.557.018)
Provision at the end of the period (*)	**29.403.310**	**28.249.913**

(*) As of 31 December 2018, TL 21.589.490 of provision for lawsuits consists of reemployment lawsuits
(31 December 2017: TL 17.735.274).

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

16. Commitments and Obligations

Group in case of tenant
Rental agreements:
The lease contracts are 20 years regarding the hangar land.
For the year ended 31 December 2018, the payment amounting to TL 16.119.696 has been accounted for as expense in the income statement (31 December 2017: TL 13.521.757).:

Commitments for non-cancellable operating leases	January 1 - December 31, 2018	January 1 - December 31, 2017
In a year	21.541.602	16.697.583
Between one and five years	106.120.052	76.497.324
After five years	87.211.829	85.579.317
Provision at the end of the period	**214.873.483**	**178.774.224**

17. Employee Benefits

As of December 31, the details of long-term provisions are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Provision for severance pay	142.257.378	107.328.996
	142.257.378	**107.328.996**

Provision for employment termination benefits is provided under the following explanations:

Pursuant to the provisions of the Labor Law in force, the employees are obliged to pay the severance indemnities to which the employment contract is terminated in order to be entitled to severance pay. In addition, with the Social Security Law no. 506, which is still in force, is dated March 6, 1981 and no. 2422 dated August 25, 1999 ruling suggests and those who are entitled to leave by taking severance pay are also obliged to be paid the severance pay. Some transitional provisions relating to pre-retirement terms of service have been removed from the Law upon the amendment of the relevant law on 23 May 2002.

As of 1 January 2019, the retirement pay liability ceiling is TL 6.017 (1 January 2018: TL 5.002).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The main assumption is that the maximum liability for each year of service will increase in line with inflation. Accordingly, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. Based on the assumptions of provisions, annual inflation rate of 7,00% (31 December 2017: 7,00%) and interest rate of 12% (31 December 2017: 11,00%), the real discount rate of approximately 4,67% is used. (31 December 2017: 3,74%). Estimated rate of severance pay that will not be paid as a result of voluntary termination and left to the Group is also taken into consideration. As the maximum liability is revised semi-annually, the maximum amount of TL 6.017 effective from 1 January 2019 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

17. Employee Benefits (Continued)

The change in the retirement pay liability in the accounting periods ending on 31 December is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Reserved provision per period	107.328.996	98.117.311
Current service costs	12.766.438	23.163.671
Interest cost	12.879.532	11.163.165
Payments	(10.806.231)	(12.598.680)
Actuarial gain	20.088.643	(12.516.471)
Provision at the end of the period	**142.257.378**	**107.328.996**

18. Government Incentives and Aids

The letter applied by the Group to the Republic of Turkey Minister of Industry and Tehnology (formerly: Minister of Commerce) General Directorate of Incentive Implementation and Foreign Capital on 1 March 2018 was approved by the Group with the application numbered 51664236-401.01-E.66875 dated 28.06.2018 and numbered 138160 dated 29.06.2018. Istanbul Investment Incentive certificate amounting to TL 600.000.000 has been issued.

With this incentive certificate, the scope of "regional incentive" was included, VAT exemption, Customs Duty Reduction, Tax Reduction and Insurance Premium were entitled to benefit from Employer Share Support, the tax deduction was fixed as 50% and investment contribution rate was determined as 15%. These subsidies were doubled by the Ministry until 2018, and the tax deduction was 100% and the investment contribution rate was 30%.

Since the former Istanbul Incentive Certificate of the Group is a "General Incentive", no tax deduction was applied. In 2018, the investment contribution rate was applied as 107.354.363 TL.

19. Capital, Reserves and Other Equity Items

(a) Issued capital and capital adjustment differences
As of December 31, 2018, the Group's paid-in capital is divided into 960.850.000 shares with a nominal value of TL 1, each of which is 960.850.000 (31 December 2017: 960.850.000) 960.850.000 shares in total).

As of 31 December 2018 and 2017, the Group's shareholding structure is as follows:

		December 31, 2018		December 31, 2017	
	Share type	Nominal value	%	Nominal value	%
THY AO	Group A	960.850.000	100	960.850.000	100
Total		**960.850.000**	**100**	**960.850.000**	**100**
Capital adjustment differences		84.081		84.081	
Adjusted Capital	**152.496.030**	**960.934.081**		**960.934.081**	

960.850.000 (A) group shares with a nominal value of 960.850.000 TL have privilege in nominating the members of the board of directors and voting rights.

As of 31 December 2018, capital adjustment differences amounting to TL 84.081 consist of the capital adjustment differences arising from the restatement of the paid-in capital amount of the Group and not deducted from previous years' loss or added to capital (31 December 2017: TL 84.081).

As of 31 December 2018 and 2017, the Group has no outstanding capital committed by its partners.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

19. Capital, Reserves and Other Equity Items (Continued)

(b) Restricted reserves allocated from profit

Reserves from previous periods' profits due to legal or contractual obligations or for certain purposes other than profit distribution. These reserves are presented over the amounts in the legal records of the Group and the differences arising in the preparation of the consolidated financial statements in accordance with TFRS are attributable to the retained earnings.

The details of the Group's restricted reserves as of 31 December are as follows:

	December 31, 2018	December 31, 2017
First legal reserve	64.258.023	27.152.358
Total	**64.258.023**	**27.152.358**

Pursuant to Article 519 of the TTK, the first legal reserve is appropriated until the first legal reserve is appropriated out of the statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. 10% of the total amount to be distributed to the persons who will receive dividends after the payment of 5% dividend to shareholders is allocated as second legal reserve.

As of 31 December 2018, the Group's first legal reserve is 6,69% of its paid-in share capital and there is no limit for the second legal reserve. As long as these reserves do not exceed half of the Group's paid-in / issued capital, they may only be used to take action in order to close the losses, to continue the business when things are not going well, or to prevent unemployment and mitigate the consequences.

As of 31 December 2018, the Group does not have any repurchased shares (31 December 2017: None).

(c) accumulated other comprehensive income or expenses that will not be reclassified to profit or loss

Defined benefit plans re-measurement gains / losses:

As of 31 December 2018, the amount consists of actuarial gains or losses which are accounted for as other comprehensive income related to severance payment reserve amounting to TL (525.242) (31 December 2017: TL 15.143.884).

(d) accumulated other comprehensive income or expenses reclassified to profit or loss

Foreign currency exchange differences

As of 31 December 2018, the Group has foreign currency translation differences amounting to TL 2.620.459.102 (31 December 2017: TL 1.350.230.063) in the consolidated financial statements.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

19. Capital, Reserves and Other Equity Items (Continued)

Retained earnings

Retained earnings other than net profit for the period are netted off in this item. Extraordinary reserves which are in essence of accumulated profit are also considered as accumulated profit and are shown in this item. Distribution of retained earnings in the Group's consolidated financial statements is as follows:

	December 31, 2018	December 31, 2017
Retained earnings	649.444.524	390.002.053
Total	**649.444.524**	**390.002.053**

Net profit / loss for the period

As of 31 December 2018, the Group has a net profit of TL 661.857.133 (2017: TL 303.528.705). As of December 31, 2018, the Group's net profit for the period in the statutory books held in accordance with the Tax Procedure Law is TRY 1.417.167.520 (December 31, 2017: TRY 927.684.203).

Non-controlling interests

The parts of the subsidiary's net assets that are not subject to the direct and / or indirect control of the parent company are classified as "non-controlling interests in the Group's consolidated financial statements.

Movements of non-controlling interests in the years ended 31 December are as follows:

	2018	2017
Balance at the beginning of the period	-	-
Changes in non-controlling interests of the consolidated subsidiary	2.428.400	-
Part of period profit attributed to non-controlling interests	107.767	-
End of year balance	**2.536.167**	**-**

20. Revenue and Cost of Sales

The effect of TFRS 15 on the Group's revenue from customer contracts is explained in Note 2.3. Revenue details for the periods ended at 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Aircraft maintenance revenues	2.433.733.422	1.466.339.056
Pool revenues	1.145.833.485	766.566.196
Component maintenance revenue	990.558.841	693.457.366
Line maintenance income	847.775.425	645.324.323
Engine maintenance income	197.720.372	156.627.239
Material sales revenue	179.043.657	202.856.511
Other	135.425.604	109.340.052
Revenue	**5.930.090.806**	**4.040.510.743**
Cost of sales (-)	(4.699.790.524)	(3.338.358.776)
Gross profit	**1.230.300.282**	**702.151.967**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

20. Revenue and Cost of Sales (Continued)

The cost of sales for the periods ending on 31 December is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Material cost	1.624.257.338	1.086.779.843
Personnel expense	1.269.421.892	925.500.949
Repair expense	698.947.188	411.545.660
Service expenses	428.350.477	316.707.333
Depreciation expense	426.925.754	462.756.607
Shipping costs	151.977.458	83.765.759
Rent expenses	24.774.177	17.606.649
Customs brokerage expenses	21.656.212	12.706.754
Lighting, heating and water costs	20.659.511	10.410.692
Equipment rental expenses	13.478.006	1.687.944
Other	19.342.511	8.890.586
	4.699.790.524	**3.338.358.776**

21. Research and Development Expenses, Marketing Sales Distribution Expenses and General Management Expenses

The details of general administrative expenses for the period ended at 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Personnel expense	175.302.973	122.136.724
Depreciation expense	79.321.766	82.336.115
Service expenses	58.046.844	38.981.667
Material cost	14.358.877	12.829.827
Rent expenses	8.757.190	9.031.024
Lighting, heating and water costs	8.532.794	7.927.512
Other	51.819.929	40.773.334
	396.140.373	**314.016.203**

The details of marketing, sales and distribution expenses for the fiscal year ended 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Personnel expense	14.486.847	9.286.239
Advertisement and promotion costs	9.262.046	3.840.700
Service expenses	4.195.137	3.224.412
Depreciation expense	6.888.310	635.432
Material cost	1.579.844	545.768
Other	4.899.234	2.232.409
	41.311.418	**19.764.960**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

21. Research and Development Expenses, Marketing Sales Distribution Expenses and General Management Expenses (Continued)

Details of research and development expenses for the year ended 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Personnel expense	14.755.973	9.693.647
Service expenses	1.885.450	1.889.134
Depreciation expense	474.655	287.266
Other	488.840	981.260
	17.604.918	**12.851.307**

22. Other Income / Expenses from Main Operations

Details of other operating income for the periods ended at 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Insurance, compensation and penalty income	5.676.135	2.238.827
Facility maintenance income	4.724.765	3.377.708
Foreign exchange gains from commercial activities, net	4.480.843	1.151.278
Provisions for non-current litigation (Note 15)	3.985.888	3.557.018
Maturity difference income from trade receivables	2.348.648	11.511.413
Other	10.281.036	7.869.096
	31.497.315	**29.705.340**

Details of other operating expenses for the periods ended at 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Contractual penalty expenses (*)	26.945.923	8.151.874
Provision for litigation (Note 15)	4.168.327	18.601.089
Non-start-up (job security) compensation costs	2.795.829	387.992
Other	5.573.141	7.167.671
	39.483.220	**34.308.626**

(*) The Group has applied TFRS 15 on 1 January 2018. According to TFRS 15, the contractual penalty expenses to be paid in 2018 calculated amount.

23. Income and Expenses from Investment Activities

The details of expenses from investment activities for the year ended 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Fixed asset sales losses	33.765	236.743
	33.765	**236.743**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

24. Expenses Classified by Type

Expenses related to the accounting periods ending on 31 December are shown on a function basis and the details are given in Note 20 and 21.

25. Finance Income and Expenses

The details of the financial income for the accounting periods ending on 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Exchange difference income	116.190.415	22.112.124
Interest income	1.469.944	125.645
	117.660.359	**22.237.769**

The details of the financial expenses for the accounting periods ending on 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Severance payment interest cost (Note 17)	12.879.532	11.163.165
Credit interest expenses	8.329.956	28.527.585
Bank charges	138.961	224.415
	21.348.449	**39.915.165**

26. Analysis of Other Comprehensive Income Elements

For the period ended at 31 December 2018, the Group's other comprehensive income which is not reclassified from profit or loss amounting to TL 15.669.126 (31 December 2017: income amounting to TL 9.762.848) and other comprehensive income to be reclassified as profit or loss. Incomes of the Company is amounted to TL 1.270.229.039 (31 December 2017: TL 201.251.203).

27. Tax Assets and Liabilities

As of 31 December, the current tax assets are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Corporation tax provision	210.018.478	185.570.906
Prepaid taxes	(313.074.612)	(138.813.177)
Current period tax asset / (obligation)	**(103.056.134)**	**46.757.729**

Tax expense details for the periods ended at 31 December are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Current period corporate tax expense	(181.245.875)	(178.584.404)
Deferred tax (expense) / income	(71.133.451)	86.777.166
Tax expense for continuing operations	**(252.379.326)**	**(91.807.238)**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

27. Tax Assets and Liabilities (Continues)

Corporation Tax

The Group is subject to corporate taxes in Turkey. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group's results for the period.

Corporate tax rate to be accrued on the taxable corporate income is determined by adding the expenses that cannot be deducted from the tax base in the determination of the commercial income and deducting gains from the tax, non-taxable income and other discounts (if any, previous year losses and investment discounts used, if preferred) it is calculated.

Corporate tax rate for the years 2018, 2019 and 2020 has been increased from 20 percent to 22 percent within the scope of the Law Amending "Certain Tax Laws and Certain Other Laws" numbered 7061 which was published in the Official Gazette dated 5 December 2017.

As of 31 December 2018, 22 percent (2017: 20 percent) advance tax is calculated and paid based on earnings generated for each quarter in accordance with the tax legislation.

No procedure for a final and definitive agreement on tax assessments in Turkey. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. These declarations and the accounting records that are the basis of these declarations can be examined and changed by the Tax Office within 5 years.

Deferred Tax Assets and Liabilities

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

In the scope of the law numbered 7061 published in the Official Gazette dated 5 December 2017, deferred tax assets and liabilities in the consolidated financial statements dated 31 December 2018 and 2017, with a tax rate of 22 percent for the portion of temporary differences that will create tax effect in 2018, 2019 and 2020, for the temporary differences that will create tax impact in 2021 and subsequent periods, it is calculated with 20 percent rate.

Deferred tax assets / (liabilities) calculated as of 31 December are as follows:

	December 31, 2018	December 31, 2017
Fixed assets	(232.863.942)	(132.849.183)
Stocks	(127.405.311)	(42.439.496)
Provision for severance pay	31.296.623	23.612.379
Provision for doubtful trade receivables	12.253.712	7.072.697
Provisions for litigation	6.468.728	6.214.981
Allowance pay	5.558.175	4.359.674
Other	13.060.831	3.816.903
	(265.749.367)	**(130.212.045)**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

27. Tax Assets and Liabilities (Continued)

Deferred Tax Assets and Liabilities (continued)
The movement of deferred tax liabilities calculated as of 31 December is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Deferred tax liability at the beginning of the period	130.212.045	203.089.390
Foreign currency translation differences	66.854.509	11.146.198
Correction regarding the first application of TFRS 9 (*)	1.968.879	-
Deferred tax expense / (income)	71.133.451	(86.777.166)
Tax (income) / expense of actuarial losses on defined pension shares	(4.419.517)	2.753.623
Deferred tax liability at the end of the period	**265.749.367**	**130.212.045**

(*) The Group applied TFRS 9 on 1 January 2018, comparative balances have not been restated according to the transition method selected.

For the periods ended at 31 December, tax reconciliation is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Reconciliation of tax provision:		
Profit before tax from operations	914.344.226	395.335.943
Tax calculated with a tax rate of 22%	(201.155.730)	(79.067.189)
Tax effects:		
- currency conversion differences	(165.107.325)	(21.780.162)
- discounts	22.454.444	10.335.165
- investment incentives	107.354.363	-
- Disallowable expenses	(28.050.431)	(10.369.230)
- accounting for equity shares	12.125.353	9.074.178
	(252.379.326)	**(91.807.238)**

28. Earnings Per Share

There is no equity item with dilutive equity instruments per share.

The weighted average of the total number of shares and the calculation of the earnings per share are as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Total shares as of January 1 (full amount)	960.850.000	960.850.000
Number of new shares issued (full amount)	-	-
Number of shares as of 31 December (full amount)	960.850.000	960.850.000
Weighted average of total number of shares during the period (full amount)	960.850.000	960.850.000
Net profit for the period	661.857.133	303.528.705
Profit per share (Kr)	**68,88**	**31,59**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

29. Effects of Exchange Rate Changes

An analysis of the effects of changes in foreign exchange rates for the years ended 31 December 2018 and 2017 is presented in Note 31.

30. Reporting in a High Inflation Economy

In accordance with the CMB's decision dated 17 March 2005, the Group terminated inflation accounting application effective from 1 January 2005.

31. Nature and Level of Risks Arising from Financial Instruments

(a) Capital risk management

The Group aims to increase the profit by using the balance of debt and equity in the most efficient way while trying to ensure the continuity of its activities in capital management. The capital structure of the Group consists of payables including the financial liabilities disclosed and cash and cash equivalents, paid-in capital, reserves and equity including retained earnings.

(b) Financial risk factors

The Group's activities expose it to market risk (foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

31. Nature and Level of Risks Arising from Financial Instruments (Continued)

(b) Financial Risk Factors (continued)

	Assets				
	Commercial Debts		Other Receivables		
December 31, 2018	Related Party	Other side	Related Party	Other side	Deposit in Banks
Exposed as of reporting date maximum credit risk (*)	1.423.845.662	270.932.815	-	1.695.277	35.019.019
- Maximum risk of collateral, and with assurance undercover	-	13.712.912	-	-	-
A. Unexpired or unimpaired net book value of uncompleted financial assets	1.423.845.662	106.796.867	-	1.695.277	35.019.019
B. The carrying amount of financial assets for which the terms have been renegotiated, otherwise considered to be overdue or impaired	-	-	-	-	-
C. Net book value of overdue but not impaired assets	-	164.135.948	-	-	-
- part secured by collateral, etc.	-	13.712.912	-	-	-
D. Net book values of assets that are impaired - Overdue (gross book value)	-	136.583.078	-	(51.766)	-
Impairment (-)	-	(136.583.078)	-	51.766	-
- Assurance of net worth with collateral, etc. undercover	-	-	-	-	-
Not Overdue (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
- Assurance of net worth with collateral, etc. undercover	-	-	-	-	-
Elements with non-balance sheet credit risk	-	-	-	-	-

(*) The factors that increase credit reliability such as collaterals received are not taken into consideration in determining the amount.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

31. Nature and Level of Risks Arising from Financial Instruments (Continued)

(b) Financial Risk Factors (continued)

	Assets				
	Commercial Debts		Other Receivables		
December 31, 2017	Related Party	Other side	Related Party	Other side	Deposit in Banks
Exposed as of reporting date maximum credit risk (*)	1.143.125.609	139.490.209	1.341.909	460.847	11.410.411
- Maximum risk of collateral, and with assurance undercover	-	4.917.184	-	-	-
A. Unexpired or unimpaired net book value of uncompleted financial assets	1.143.125.609	46.528.472	1.341.909	460.847	11.410.411
B. The carrying amount of financial assets for which the terms have been renegotiated, otherwise considered to be overdue or impaired	-	-	-	-	-
C. Net book value of overdue but not impaired assets	-	92.961.737	-	-	-
- part secured by collateral, etc.	-	4.917.184	-	-	-
D. Net book values of assets that are impaired - Overdue (gross book value)	-	103.820.029	-	(37.115)	-
Impairment (-)	-	(103.820.029)	-	37.115	-
- Assurance of net worth with collateral, etc. undercover	-	-	-	-	-
Not Overdue (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
- Assurance of net worth with collateral, etc. undercover	-	-	-	-	-
Elements with non-balance sheet credit risk	-	-	-	-	-

(*) The factors that increase credit reliability such as collaterals received are not taken into consideration in determining the amount.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

31. Nature and Level of Risks Arising from Financial Instruments (Continued)

(b) Financial Risk Factors (continued)

Credit risk management

The risk of a financial loss to the Group due to the failure of one of the parties to fulfill the contractual obligations is defined as credit risk.

The Group's credit risk is mainly related to its trade receivables. The amount shown in the balance sheet is the net amount after deducting the doubtful receivables estimated by the Group management based on previous experiences and current economic conditions. The Group's credit risk is dispersed due to the fact that it operates with a large number of customers and there is no significant credit risk concentration.

As of the balance sheet date, the Group's cash collaterals and letters of guarantee for overdue trade receivables amounting to TL 13.712.912 (31 December 2017: TL 4.917.184).

As of the balance sheet date, there are no collaterals received for overdue trade receivables.

	Weighted average loss rate %	Gross book value	Loss provision
Current (not overdue)	2,15	88.386.836	1.853.074
1-30 days past due	3,51	85.911.484	3.012.950
31-90 days past due	5,81	94.711.517	5.500.813
91-180 days past due	13,45	25.233.040	3.393.047
180+ days past due	29,70	12.953.168	3.847.455
		307.196.045	**17.607.339**

Impairment

The provision for doubtful receivables consists of provisions for trade receivables and provisions calculated based on past experience of uncollectibility. As of 31 December 2018 and 2017, the Group's change in allowance for doubtful receivables is as follows:

	January 1 - December 31, 2018	January 1 - December 31, 2017
Reserved provision per period	103.820.029	112.855.047
Correction regarding the first application of TFRS 9 (*)	8.949.448	-
Foreign currency exchange difference	19.506.773	7.927.965
TFRS 9 current period expense	8.657.891	-
Current period expense	4.534.981	8.556.117
Collected receivable	(8.886.044)	(25.519.100)
Balance at end of period	**136.583.078**	**103.820.029**

(*) The Group applied TFRS 9 on 1 January 2018, comparative balances have not been restated according to the selected transition period.

Liquidity risk management

The main responsibility for liquidity risk management belongs to the board of directors. The Board of Directors has established an appropriate liquidity risk management for the Group's short, medium and long term funding and liquidity requirements. The Group manages its liquidity risk by monitoring its estimated and actual cash flows on a regular basis and maintaining sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities.

Turkish Technic Inc.

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

31. Nature and Level of Risks Arising from Financial Instruments (Continued)

(b) Financial Risk Factors (continued)

Credit risk management (continued)

The following table details the Group's expected maturity for its non derivative financial liabilities. The following tables are prepared without discounting the Group's liabilities and based on the earliest dates due. The interests to be paid over these liabilities are included in the table below.

The Group manages liquidity risk by regularly monitoring forecast and actual cash flows and maintaining adequate funds and borrowing reserves by matching the maturities of financial assets and liabilities.

Liquidity risk tables

December 31, 2018

Expected Maturities	Book Value	Total of Cash Outs in Accordance with Contract	Less than 3 Months	3-12 adjust-ment	1-5 years	More than 5 years
Non-Derivative Financial Liabilities						
Financial liabilities	25.052.709	25.052.709	25.052.709	-	-	-
Trade payables	529.284.510	530.482.980	530.482.980	-	-	-
Other payables	209.912.451	209.912.451	209.912.451	-	-	
Total	**764.249.670**	**765.448.140**	**765.448.140**	**-**	**-**	**-**

December 31, 2017

Expected Maturities	Book Value	Total of Cash Outs in Accordance with Contract	Less than 3 Months	3-12 adjustment	1-5 years	More than 5 years
Non-Derivative Financial Liabilities						
Financial liabilities	240.946	240.946	240.946	-	-	-
Trade payables	367.807.757	368.054.849	368.054.849	-	-	-
Other payables	432.163.931	432.163.931	171.032.393	87.043.849	174.087.689	
Total	**800.212.634**	**539.328.188**	**539.328.188**	**87.043.849**	**174.087.689**	**-**

31. Nature and Level of Risks Arising from Financial Instruments (Continued)

(b) Financial Risk Factors (continued)

Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates, as detailed below. Market risks are also evaluated by sensitivity analysis. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk management

Foreign currency transactions cause exchange risk. The Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities as of the balance sheet date are as follows:

Turkish Technic Inc.

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

31. Nature and Level of Risks Arising from Financial Instruments (Continued)

(b) Financial Risk Factors (continued)
Currency risk management

As of 31 December 2018 and 31 December 2017, the Group's foreign currency position is as follows:

	December 31, 2018					December 31, 2017				
	TL equivalent	TL	Euro	GBP	Other	TL equivalent	TL	Euro	GBP	Other
1. Trade Receivables	128.368.522	40.354.558	86.204.553	6.919	1.802.492	47.670.674	24.224.355	23.379.872	19.998	46.449
2 a. Monetary Financial Assets	20.616.157	14.065.393	6.539.874	10.891	-	6.409.878	4.450.585	1.841.074	118.220	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	24.591.610	8.634.291	15.827.623	129.696	-	16.899.489	2.833.407	12.891.611	1.174.472	-
4. Have Rotating. Total (1 + 2 + 3)	**173.576.290**	**63.054.242**	**108.572.050**	**147.506**	**1.802.492**	**70.980.041**	**31.508.347**	**38.112.557**	**1.312.690**	**46.449**
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6A. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Total Assets (5)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4 + 6)	**173.576.290**	**63.054.242**	**108.572.050**	**147.506**	**1.802.492**	**70.980.041**	**31.508.347**	**38.112.557**	**1.312.689**	**46.449**
10. Trade Payables	166.123.457	103.580.635	52.971.882	4.764.143	4.806.797	79.957.822	50.273.923	25.092.318	3.366.439	1.225.142
11. Financial Liabilities	25.052.709	25.052.709	-	-	-	240.946	240.946	-	-	-
12A. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other non-monetary liabilities	321.936.108	306.832.775	14.755.561	36.783	310.988	336.789.408	333.155.571	3.347.986	7.866	277.985
13. Short Term Load. Total (10 + 11 + 12)	**513.112.273**	**435.466.119**	**67.727.443**	**4.800.927**	**5.117.785**	**416.988.176**	**383.670.440**	**28.440.304**	**3.374.305**	**1.503.127**
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-	-	-
16A. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	142.257.363	142.257.363	-	-	-	107.328.996	107.328.996	-	-	-
17. Long Term Load. Total (14 + 15 + 16)	**142.257.363**	**142.257.363**	**-**	**-**	**-**	**107.328.996**	**107.328.996**	**-**	**-**	**-**
18. Total Liabilities (13 + 17)	**655.369.636**	**577.723.482**	**67.727.443**	**4.800.927**	**5.117.785**	**524.317.172**	**490.999.436**	**28.440.304**	**3.374.305**	**1.503.127**
19. Net Foreign Currency Asset / (Liability) Position (9-13-17)	**(481.793.346)**	**(514.669.240)**	**40.844.607**	**(4.653.421)**	**(3.315.293)**	**(453.337.131)**	**(459.491.089)**	**9.672.253**	**(2.061.616)**	**(1.456.678)**
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1 + 2-8-9-10)	**(42.191.486)**	**(74.213.393)**	**39.772.545**	**(4.746.334)**	**(3.004.305)**	**(26.118.216)**	**(21.839.929)**	**128.627**	**(3.228.221)**	**(1.178.693)**

(*) As of 31 December 2017, construction in progress amounting to TL 587.658 has been transferred to intangible assets.

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

31. Nature and Level of Risks Arising from Financial Instruments (Continued)

(b) Financial Risk Factors (continued)
Currency risk management (continued)

Sensitivity to currency risk

The Group is mainly exposed to foreign currency risk in TL, Euro and British Pounds ("GBP") (2017: TL, Euro and GBP). The following table details the Group's sensitivity to a 10% increase and decrease in TL, Euro and GBP (2017: TL, Euro and GBP). 10% is the rate used to report the exchange rate risk within the Group to senior executives and this rate indicates the possible changes expected by the management in exchange rates. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive value indicates an increase in profit or loss and other equity items.

	31 December 2018 Profit / (Loss) Before Taxes	
	10% appreciation of foreign currency	10% depreciation of foreign currency
1- TL net assets / liabilities	(7.421.339)	7.421.339
2- TL hedged portion (-)	-	-
3- TL net effect (1 + 2)	(7.421.339)	7.421.339
4- Euro net assets / liabilities	3.977.255	(3.977.255)
5- Part protected from Euro risk (-)	-	-
6- Euro net effect (4 + 5)	3.977.255	(3.977.255)
7- GBP net assets / liabilities	(474.633)	474.633
8- Part protected from GBP risk (-)	-	-
9- GBP net effect (7 + 8)	(474.633)	474.633
10- Other net assets / liabilities	(300.430)	300.430
11- Part protected from other risk (-)	-	-
12- Other net effect (10 + 11)	(300.430)	300.430
Total (3+6+9+12)	**(4.219.149)**	**4.219.149**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

31. Nature and Level of Risks Arising from Financial Instruments (Continued)

(b) Financial Risk Factors (continued)
Currency risk management (continued)
Sensitivity to currency risk (continued)

	December 31, 2017 Vergi Öncesi Kar / (Zarar)	
	10% Foreign currency accumulation	10% Foreign currency depreciation
1- TL net assets / liabilities	(2.183.993)	2.183.993
2- TL hedged portion (-)	-	-
3- TL net effect (1 + 2)	(2.184.493)	2.184.493
4- Euro net assets / liabilities	12.863	(12.863)
5- Part protected from Euro risk (-)	-	-
6- Euro net effect (4 + 5)	12.863	(12.863)
7- GBP net assets / liabilities	(322.822)	322.822
8- Part protected from GBP risk (-)	-	-
9- GBP net effect (7 + 8)	(322.822)	322.822
10- Other net assets / liabilities	(117.869)	117.869
11- Part protected from other risk (-)	-	-
12- Other net effect (10 + 11)	(117.869)	117.869
Total (3+6+9+12)	**(2.611.822)**	**2.611.822**

Turkish Technic Inc. And its Subsidiaries

Consolidated Balance Sheet as at 31 December 2018
(All Amounts are Expressed in Million us Dollars (USD) Unless Otherwise Stated.)

32. Financial Instruments

Fair Value of Financial Instruments

31 December 2018	Financial assets carried at amortized cost	Financial liabilities at amortized cost	Saved value	Saved value
Financial assets				
Cash and cash equivalents	35.019.019	-	35.019.019	4
Commercial debts	1.694.778.477	-	1.694.778.477	7, 8
Other receivables	1.695.277	-	1.695.277	7, 10
Financial liabilities				
Financial debts	-	25.052.709	25.052.709	6
Trade payables	-	529.284.510	529.284.510	7, 8
Other debts	-	209.912.451	209.912.451	7,10

31 December 2017	Financial assets carried at amortized cost	Financial liabilities at amortized cost	Saved value	Saved value
Financial assets				
Cash and cash equivalents	11.410.411	-	11.410.411	4
Commercial debts	1.282.615.818	-	1.282.615.818	7, 8
Other receivables	1.802.756	-	1.802.756	7, 10
Financial assets				
Financial debts	-	240.946	240.946	6
Trade payables	-	367.807.757	367.807.757	7, 8
Other debts	-	432.163.931	432.163.931	7, 10

33. Events After The Balance Sheet Date

None.

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