

CONVENIENCE TRANSLATION OF REPORT AND
FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH

TÜRK HAVA YOLLARI TEKNİK A.Ş.

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009 AND
INDEPENDENT AUDITOR'S REVIEW REPORT

Convenience Translation of Review Report And Financial Statements Originally Issued in Turkish

REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

To The Board of Directors of
Türk Hava Yolları Teknik A.Ş.

Introduction

We have reviewed the accompanying balance sheet of Türk Hava Yolları Teknik A.Ş. ("the Company") as of 30 June 2009 and the related statements of comprehensive income, changes in equity and cash flows for the six month interim period then ended. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the financial reporting standards issued by the Capital Markets Board. Our responsibility is to express a conclusion on these interim financial statements based on our review. The Company's financial statements for the six month interim period as of 30 June 2008 and for the period ended 31 December 2008 were reviewed and audited by another independent audit firm. In the review report dated 28 August 2008, the audit firm stated that nothing has come to their attention that the financial information was not in accordance with the financial reporting standards issued by the Capital Markets Board and the audit firm expressed an unqualified opinion in the independent auditors' report dated 19 March 2009,

Scope of Review

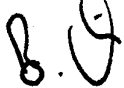
We conducted our review in accordance with auditing standards published by the Capital Markets Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Company as of 30 June 2009 and its financial performance and cash flows for the six months period then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

Istanbul, 24 August 2009

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU



Berkman Özata
Partner

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TÜRK HAVA YOLLARI TEKNİK A.Ş.
BALANCE SHEET AS OF 30 JUNE 2009
(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

ASSETS	Note	Current Period 30 June 2009	Restated Prior Period 31 December 2008	Restated Prior Period 31 December 2007
Current Assets		451.293.905	407.965.602	377.501.471
Cash and Cash Equivalents	6	30.280.920	46.078.999	38.657.984
Trade Receivables	10,37	99.676.061	72.299.531	57.956.090
<i>Trade receivables from related parties</i>		<i>58.774.044</i>	<i>49.096.193</i>	<i>48.609.900</i>
<i>Other trade receivables</i>		<i>40.902.017</i>	<i>23.203.338</i>	<i>9.346.190</i>
Other Receivables	11,37	6.701.667	6.390.354	2.010.866
Inventories	13	308.840.558	273.318.800	273.381.000
Other Current Assets	26	5.794.699	9.877.918	5.495.531
Non-Current Assets		68.230.071	36.837.046	23.528.218
Investments Accounted for Equity Method	16	23.808.162	3.765.565	-
Tangible Assets	18	40.911.812	30.165.471	19.942.642
Intangible Assets	19	468.091	413.310	67.100
Deferred Tax Assets	35	-	1.986.322	3.193.154
Other Non-Current Assets	26	3.042.006	506.378	325.322
TOTAL ASSETS		<u>519.523.976</u>	<u>444.802.648</u>	<u>401.029.689</u>

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

(Convenience Translation of Report And Financial Statements Originally Issued in Turkish)

TÜRK HAVA YOLLARI TEKNİK A.Ş.

BALANCE SHEET AS OF 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Note	Current Period 30 June 2009	Restated Prior Period 31 December 2008	Restated Prior Period 31 December 2007
LIABILITIES				
Current Liabilities		84.708.196	85.741.932	82.770.102
Financial Debt	8	38.884	55.649	-
Trade Payables	10,37	48.663.599	51.554.956	58.032.178
<i>Trade payables to related parties</i>		<i>11.944.345</i>	<i>19.187.273</i>	<i>16.526.582</i>
<i>Other trade payables</i>		<i>36.719.254</i>	<i>32.367.683</i>	<i>41.505.596</i>
Other Liabilities	11,37	19.957.964	19.088.385	13.488.972
Current Tax Liabilities	35	2.070.495	4.185.809	2.059.488
Provisions	22	90.000	97.950	394.186
Employee Benefits	24	10.704.418	9.286.701	3.241.698
Other Short Term Liabilities	26	3.182.836	1.472.482	5.553.580
Non-Current Liabilities		18.728.823	13.899.236	7.274.178
Financial Debt	8	23.340	23.069	-
Retirement Pay Liability	24	16.611.156	13.876.167	7.274.178
Deferred Tax Liabilities	35	2.094.327	-	-
EQUITY				
Parent Company Shareholders' Equity	27	416.086.957	345.161.480	310.985.407
Share Capital		318.000.000	288.324.696	288.324.696
Restricted Reserves Assorted from Profit		2.099.288	1.083.311	1.055.200
Retained Earnings		54.737.496	21.577.400	27.324.516
Net Profit / (Loss) for the Period		41.250.173	34.176.073	(5.719.003)
TOTAL LIABILITIES AND EQUITY		519.523.976	444.802.648	401.029.689

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

(Convenience Translation of Report And Financial Statements Originally Issued in Turkish)
TÜRK HAVA YOLLARI TEKNİK A.Ş.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2009
(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

	Note	Current Period		Prior Period	
		1 January – 30 June 2009 (Reviewed)	1 April – 30 June 2009 (Not Reviewed)	1 January – 30 June 2008 (Reviewed)	1 April – 30 June 2008 (Not Reviewed)
CONTINUING OPERATIONS					
Sales Revenue	28	347.198.813	181.412.903	246.198.984	135.654.206
Cost of Sales (-)	28	(283.494.098)	(154.632.906)	(222.823.072)	(112.153.031)
Profit / (Loss) from Financial Activities		-	-	-	-
GROSS PROFIT / (LOSS)		63.704.715	26.779.997	23.375.912	23.501.175
Marketing, Selling and Distribution Expenses (-)	29	(2.328.683)	(1.273.669)	(1.600.784)	(818.890)
General Administrative Expenses (-)	29	(23.237.267)	(13.107.221)	(15.693.330)	(8.420.393)
Other Operating Income	31	12.531.653	8.552.530	946.068	601.459
Other Operating Expenses (-)	31	(445.647)	(285.462)	(212.987)	(111.034)
OPERATING PROFIT / (LOSS)		50.224.771	20.666.175	6.814.879	14.752.317
Share at Profit/(Loss) on Investments Accounted for Equity Method		(1.312.828)	(1.312.828)	-	-
Financial Income	32	31.041.380	10.602.435	24.512.224	11.210.291
Financial Expenses (-)	33	(28.449.618)	(18.602.118)	(21.623.169)	(14.073.080)
PROFIT / (LOSS) BEFORE TAX		51.503.705	11.353.664	9.703.934	11.889.528
Tax Income / (Expense)		(10.253.532)	(4.063.925)	(2.012.168)	(2.339.630)
- Current Tax Expense		(6.172.883)	(2.108.709)	(1.362.976)	(1.243.777)
- Deferred Tax Income / (Expense)	35	(4.080.649)	(1.955.216)	(649.192)	(1.095.853)
PROFIT/ (LOSS) FOR THE PERIOD		41.250.173	7.289.739	7.691.766	9.549.898
Other comprehensive income		-	-	-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		41.250.173	7.289.739	7.691.766	9.549.898
Distribution of Profit / (Loss) for the Period		-	-	-	-
Profits Attributable to Minority Interest		-	-	-	-
Profits Attributable to Owners of the Company		41.250.173	7.289.739	7.691.766	9.549.898
Earnings Per Share (Ykr)	36	12,97	2,29	2,42	3,00

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

(Convenience Translation of Report And Financial Statements Originally Issued in Turkish)

TÜRK HAVA YOLLARI TEKNİK A.Ş.
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2009
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Share Capital	Restricted Profit Reserves	Retained Earnings	Net Profit / (Loss) for the Period	Total Equity
Balance at 31 December 2007 - Previously Reported	288.324.696	1.055.200	29.917.875	(5.719.003)	313.578.768
Restatement Effect- Adjustment for Unused Vacation Provision (Note 2.4)	-	-	(2.593.361)	-	(2.593.361)
Balance at 31 December 2007 - Restated	288.324.696	1.055.200	27.324.514	(5.719.003)	310.985.407
Restatement Effect (Note 2.4)				177.217	177.217
Transfer	-	-	(5.719.003)	5.719.003	-
Transfer to Reserves	-	28.111	(28.111)	-	-
Net Comprehensive Income for the Period	-	-	-	7.514.549	7.514.549
Balance at 30 June 2008	288.324.696	1.083.311	21.577.400	7.691.766	318.677.173
Balance at 31 December 2008 - Previously Reported	288.324.696	1.083.311	24.170.761	36.928.627	350.507.395
Restatement Effect (Not 2.4)	-	-	(2.593.361)	(2.752.554)	(5.345.915)
Balance at 31 December 2008- Restated	288.324.696	1.083.311	21.577.400	34.176.073	345.161.480
Transfer	-	-	34.176.073	(34.176.073)	-
Transfer to Reserves	-	1.015.977	(1.015.977)	-	-
Capital Payment	29.675.304	-	-	-	29.675.304
Net Comprehensive Income for the Period	-	-	-	41.250.173	41.250.173
Balance at 30 June 2009	318.000.000	2.099.288	54.737.496	41.250.173	416.086.957

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

(Convenience Translation of Report And Financial Statements Originally Issued in Turkish)
TÜRK HAVA YOLLARI TEKNİK A.Ş.
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 1 JANUARY-30 JUNE 2009
(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

	Note	Reviewed 30 June 2009	Restated Reviewed 30 June 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Taxation		51.503.705	9.703.934
Adjustments to Reconcile Profit for the Period to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	13-18-19	21.087.241	35.694.056
Provision for Retirement Pay Liability	24	2.896.376	3.528.313
Share at Loss of Investments Accounted for Equity Method	16	1.312.828	-
Increase (Decrease) in Provision for Impairment	13	(1.440.669)	12.104.036
Discount Expenses	33	18.561	6.672
Increase in Provision for Doubtful Receivables	10	3.350.125	32.783
Operating Profit Before Working Capital Changes		78.728.167	61.069.794
(Increase) / Decrease in Trade Receivables		(21.067.365)	(15.907.220)
(Increase) / Decrease in Other Short and Long Term Receivables from Related Parties		(9.702.674)	-
(Increase) / Decrease in Other Short and Long Term Receivables		(286.490)	(1.277.891)
(Increase) / Decrease in Inventories		(51.858.623)	(41.797.289)
(Increase) / Decrease in Other Current Assets		1.449.929	(1.811.337)
(Increase) / Decrease in Other Non-Current Assets		97.662	-
Increase / (Decrease) in Trade Payables		4.351.571	(23.845.356)
Increase / (Decrease) in Payables to Related Parties		(4.660.100)	-
Increase / (Decrease) in Provisions for Other Short Term Liabilities		869.579	2.864.796
Increase / (Decrease) in Other Short and Long Term Liabilities		537.293	4.620.381
Cash Used in Operating Activities		(1.541.051)	(16.084.122)
Retirement Benefits Paid	24	(161.387)	(118.303)
Prepaid Taxes	35	(8.288.197)	(2.184.622)
Net Cash Used in Operating Activities		(9.990.635)	(18.387.047)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflow From Sale of Intangible and Tangible Fixed Assets	18	167.588	-
Acquisitions of Tangible and Intangible Assets	18-19	(14.278.417)	(7.193.072)
Cash Outflow of Associates Acquisition		(21.355.425)	-
Net Cash Used in Investing Activities		(35.466.254)	(7.193.072)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital Increase		29.675.304	-
Change in Financial Liabilities		(16.494)	1.633.067
Net Cash Provided by Financing Activities		29.658.810	1.633.067
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(15.798.079)	(23.947.052)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
		46.078.999	38.657.984
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
		30.280.920	14.710.932

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Türk Hava Yolları Teknik A.Ş ("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 provide maintenance and repair services to civil aviation sector and every kind of technical and infrustructual assistance related with the airlines sector.

The total number of employees working for the Company as of 30 June 2009 is 2.601 (30 June 2008: 2.533).

	<u>30 June 2009</u>	<u>30 June 2008</u>
Administrative Staff	647	617
Production Staff	1.954	1.916
Total	2.601	2.533

The average number of employees working for the Company as of 30 June 2009 is 2.562 (30 June 2008: 2.525).

The Company is registered in Turkey and its head office address is as follows:
İstanbul Bakırköy-Yeşilköy Atatürk Airport Gate B

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Company keeps its books of account and prepares its statutory financial statements in accordance with the principles and obligations Turkish Commercial Code (the "TCC"), tax legislation.

Capital Markets Board ("CMB"), by Communiqué Serial XI No: 29 "Communique About The Principles of Financial Reporting in Capital Markets", determined the principles and procedures relating to preparation of financial reports and presentation of these reports to interested parties. This Communique is in effect to be applicable for the first interim financial statements of the reporting periods starting after 1 January 2008 and Communiqué Serial XI No: 25 "The Accounting Standards in the Capital Markets" was abolished. Depending on this communique, companies are required to prepare financial statements compliant with International Financial Reporting Standards ("IAS/IFRS") adopted by European Union. However, IAS/IFRS will be applied until the differences between the standards adopted by European Union and those promulgated by IASC are declared by Turkish Accounting Standards Board ("TASB"). In this context, Turkish Accounting / Financial Reporting Standards ("TAS/TFRS") which are not contrary to standards adopted and promulgated by TASB and will be applied.

Until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by the TASB, financial statements shall be prepared in accordance with IASs/IFRSs under the CMB's Decree Volume: XI, No: 29. The accompanying financial statements and notes are presented in accordance with the standart format required by the announcement of the CMB on 17 April 2008 and 9 January 2009.

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Presentation in Turkish Lira

Effective 1 January 2005, New Turkish Lira was defined as the new currency unit of Republic of Turkey, by omitting last six digits of Turkish Lira. Effective 1 January 2009, Council of Ministers legislated for the removal of "New" from the definition of the currency unit. Consequently, the functional and reporting currency, the financial statements as of 3 December 2008 and the comparative figures are presented in TL, with 1 TRY = 1 TL ratio.

2.2 Preparation of Financial Statements in Hyperinflationary Periods

CMB, with its resolution dated 17 March 2005 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying financial statements IAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied.

2.3 Fundamentals of the Consolidation

The table below sets out affiliate and indicates the proportion of ownership interest of the Company in the joint venture at 30 June 2009:

<u>Name of the Company</u>	<u>Principal Activity</u>	<u>Participation Rate</u>		<u>Country of Registration</u>
		<u>30 June 2009</u>	<u>31 December 2008</u>	
P&W T.T. Uçak Bakım Merkezi Ltd. Şti.	Technical Maintenance	49%	49%	Turkey

In the accompanying financial statements, joint venture's operations' results, assets and liabilities are journalized by using equity method except for the subsidiaries that are journalized as assets available-for-sale based on IFRS 5 standard. According to the equity method, subsidiaries are stated as the cost value adjusted as deducting the impairment in subsidiary from the change occurred in the subsidiary's assets after the acquisition date that is calculated by the Company's share in the balance sheet. Subsidiary's losses that exceed the Company's share are not considered (actually, that contains a long term investment which composes the net investment in the subsidiary).

2.4 Comparative Information and Restatement of Prior Period Financial Statements

Changes in accounting policies are applied retroactively and the financial statements of the previous period are adjusted.

Changes in accounting policies or accounting errors noted are applied retroactively and the financial statements of the previous year are adjusted. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

The Company has not calculated unused vacation provision in previous periods due to the large number of its personnel and insufficient data. The Company's management has changed the present value calculation of provision for retirement pay of prior periods accounted in balance sheet. In preparation of financial statements as of 30 June 2009, unused vacation provision was calculated and previous periods' financial statements were restated beginning from 1 January 2008 according to International Accounting Standard "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8).

The value of Company's joint venture was journalized by its cost value. In the accompanying financial statements, subsidiaries' operations' results, assets and liabilities are journalized by using equity method except for the subsidiaries that are journalized as assets available-for-sale based on IFRS 5 standard. According to the equity method, subsidiaries are stated as the cost value adjusted as deducting the impairment in subsidiary from the change occurred in the subsidiary's assets after the acquisition date that is calculated by the Company's share in the balance sheet.

The effects of restatements of the previous period financials statements as a result of the changes mentioned above are summarized at the following table:

	31 December 2008				
	Previously Reported (After reclassifications)	Adjustment for unused vacation provision	Adjustment for retirement pay provision	Adjustment for investments accounted for equity method	Restated
Investments accounted for equity method	4.236.050	-	-	(470.485)	3.765.565
Employee benefits	10.941.204	3.159.323	2.934.963	-	17.035.490
Deferred tax asset (net)	767.466	631.863	586.993	-	1.986.322
Net profit for the period	36.928.627	65.901	(2.347.970)	(470.485)	34.176.073
Retained earnings	24.170.761	(2.593.361)	-	-	21.577.400
Cost of sales	(530.783.431)	82.376	(2.934.963)	-	(533.636.018)
Share at Profit/(Loss) on Investments Accounted for Equity Method	-	-	-	(470.485)	(470.485)
Tax expense	(9.451.034)	(16.475)	586.993	-	(8.880.516)
Earnings per share (Kr)	11,61	0,02	(0,74)	(0,15)	10,74

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

	30 June 2008		
	Previously Reported (After reclassifications)	Adjustment for unused vacation provision	Restated
Employee benefits	10.684.188	3.020.180	13.704.368
Deferred tax asset (net)	1.939.926	604.036	2.543.962
Retained earnings	24.170.761	(2.593.361)	21.577.400
General administrative expenses	(15.914.847)	221.517	(15.693.330)
Tax expense	(1.967.868)	(44.300)	(2.012.168)

	1 January 2008		
	Previously Reported (After reclassifications)	Adjustment for unused vacation provision	Restated
Employee benefits	7.274.178	3.241.698	10.515.876
Deferred tax asset (net)	2.544.817	648.337	3.193.154
Retained earnings	29.917.873	(2.593.361)	27.324.516

2.5 Offsetting

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

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 New and Revised International Financial Reporting Standards

In the current period, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2009.

- IAS 1 (Revised), "Presentation of financial statements"

The revised standard prohibits the presentation of items of income and expenses (that is, 'nonowner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. The revised standard gives preparers of financial statements the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income or in two separate statements (a separate income statement followed by a statement of comprehensive income). Therefore, the Company has elected to present the items of income and expenses and components of other comprehensive income in one statement format. The financial statements and notes are prepared in accordance with the revisions to the standard.

Application of IAS 1 (revised) did not have an effect on the reported results or financial position of the Company.

- IFRS 8 "Operating segments"

IFRS 8 "Operating Segments" replaces IAS 14 "Segment Reporting". This standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. According to the internal reports the Company determined the aviation and technic operations as operating segments.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 New and Revised International Financial Reporting Standards (cont'd)

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009 but are not relevant to the operations of the Company:

- IFRS 1, "First-time Adoption of International Financial Reporting Standards" and IAS 27, "Consolidated and Separate Financial Statements" (Amendment on Investment Costs in First-time Adoption of IFRS)
- IFRS 2, "Share-based Payment" (Amendment on Vesting Conditions and Cancellations)
- IAS 1, "Presentation of Financial Statements" and IAS 32, "Financial Instruments: Presentation" (Amendment on Certain Puttable Financial Instruments and Certain Instruments Containing Obligations Arising on Liquidation)
- Amendments resulting from May 2008 Annual Improvements to IFRSs (IAS 1, "Presentation of Financial Statements"; IAS 16, "Property, Plant and Equipment", IAS 19, "Employee Benefits", IAS 20, "Government Grants", IAS 23, "Borrowing Costs", IAS 27, "Consolidated and Separate Financial Statements", IAS 28, "Investments in Associates", IAS 31 "Interests in Joint Ventures", IAS 29 "Financial Reporting in Hyperinflationary Economies", IAS 36, "Impairment of Assets", IAS 39 "Financial Instruments: Recognition and Measurement", IAS 40, "Investment Property", IAS 41, "Agriculture"
- IFRIC 13, "Customer Loyalty Programs"
- IFRIC 15, "Agreements for the Construction of Real Estate"
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

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

- IFRS 2, "Share-based Payment" (Amendment on the Share-based Cash Payment transactions of the Group)
- IFRS 3, "Business Combinations", IAS 27, "Consolidated and Separate Financial Statements", IAS 28, "Investments in Associates", IAS 31 "Interests in Joint Ventures" (Amendment on the Application of Purchase Method)
- IAS 23, "(Revised) Borrowing Costs", (Amendments for comprehensive revision to prohibit immediate expensing)
- IAS 39, "Financial Instruments: Recognition and Measurement" (Amendments for eligible hedged items)
- IAS 39, "Financial Instruments: Recognition and Measurement" (Amendments relating to reclassification of financial instruments)
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- Amendments resulting from May 2008 Annual Improvements to IFRSs (IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations")
- IFRIC 18, "Transfers of Assets From Customers"
- Amendments resulting from April 2009 Annual Improvements to IFRSs (IFRS 2 "Share-based Payment", IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations, IFRS 8 "Operating Segments", IAS 1 "Presentation of Financial Statements", IAS 7 "Statement of Cash Flows", IAS 17 "Leases", IAS 36 "Impairment of Assets, IAS 38 "Intangible Assets", IAS 39 "Financial Instruments: Recognition and Measurement".

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

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(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 New and Revised International Financial Reporting Standards (cont'd)

IFRS 2, "Share-based Payment"

The amendments to IFRS 2, "Share-based Payment" clarifies the accounting for cash basis group transactions. These amendments explains the accounting treatment for the share-based payment agreements in the financial statements of a subsidiary within a group. In such agreements, expenses of the subsidiary which receives goods or services from employees or suppliers are paid by the parent company or another company. The amendments states that goods and services received within a share-based payment agreement are accounted for regardless of payment is made by share or cash and by which entity within the group. It is anticipated that the amendments will have no material impact on the financial statements of the Company.

IFRS 3, "Business Combinations"

Under the revised standard, acquisition related costs are to be recognized as period expenses. Contingent consideration should be measured at fair value at the acquisition date and subsequent changes in the fair value of the contingent consideration should be recognized in profit and loss.

IFRIC 17, "Distributions of non-cash assets to owners"

IFRIC 17 applies when non-cash assets are distributed to owners or when the owner is given a choice of taking cash in lieu of the non-cash assets. The adoption of the Interpretation in future periods will have no material impact on the financial statements of the Company.

IFRIC 18 "Transfers of Assets from Customers"

IFRIC 18 clarifies the accounting for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.

The adoption of the Interpretation in future periods will have no material impact on the financial statements of the Company.

IAS 39, "Financial Instruments: Recognition and Measurement" Amendments relating to hedging items

The amendment clarifies that inflation may only be hedged if changes in inflation are a contractually specified portion of cash flows of a recognised financial instrument.

Management of the Company do not expect any material impact of the above mentioned standards and interpretations on the financial tables in the future period.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Summary of Significant Accounting Policies

Significant accounting policies used in preparation of the accompanying financial statements are as follows:

2.7.1 Revenue

Revenue is recognized on accrual basis at the fair value of the amount received or to be received based on the assumptions that revenue is measured reliably and it is probable that economic benefits associated with the sale will flow to the Company. Net sales are calculated after the sales returns and sales discounts.

Revenue from sale of goods and services rendered is recognised when all the following conditions are satisfied:

- The Company has transferred to the buyer all the significant risks and rewards of ownership
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The difference between the fair value and the nominal value is recorded as interest income according to the accrual basis.

The Company provides maintenance and repair services to civil aviation sector, and technical and infrastructural assistance related with the airlines sector. Income is recorded based on accrual basis.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Summary of Significant Accounting Policies(cont'd)

2.7.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories is the sum of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Average cost method is applied in the calculation of cost of inventories. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

Components and repairable spare parts are depreciated over its useful lives are as follows:

	<u>Useful Life (years)</u>
- Components	7
- Repairable spare parts (R Equipment)	7
- Repairable spare parts (X Equipment)	3

2.7.3 Tangible assets

Tangible assets are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

The useful lives of tangible assets are as follows:

	<u>Useful Life (years)</u>
- Machinery and equipment	3-15
- Furniture and fixtures	4-15
- Vehicles	4-7
- Other tangible assets	4-15
-Leasehold Improvements	5

2.7.4 Intangible Assets

Intangible assets include information systems and other intangible assets. These intangible assets are recorded in the purchased cost accounted on 30 June 2009. Other intangible assets are depreciated over their useful lives, on a straight-line basis.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.5 Impairment on Assets

Assets with indefinite useful lives such as goodwill are not subject to amortization. Such assets are subject to impairment test each year. Assets that are subject to amortisation are reviewed for impairment when the carrying amount of an asset is irrecoverable. An impairment loss is recognised when the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For assessing impairment, assets are grouped at the lowest level to which there are separate identifiable cash flows (cash-generating units). At each reporting date, non-financial assets other than goodwill that suffered impairment are reviewed for any possibility on the reversal of impairment.

2.7.6 Borrowing Costs

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

Other borrowings costs are recognized in the statement of income in the period in which they occur. As of 30 June 2009 and 2008, the Company does not have any capitalized borrowing costs.

2.7.7 Financial Instruments

Financial assets

Financial investments are initially measured at fair value, net off transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value. Investments are recognized and derecognized on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Other financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale" (AFS) financial assets and "loans and receivables".

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriates a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.7 Financial Instruments (cont'd)

Financial assets (cont'd)

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available for sale financial assets

Investments other than (a) held-to-maturity debt securities and (b) held for trading securities are classified as available-for-sale, (c) loans and receivables and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Sale and repurchase agreements

Securities purchased under agreements to resell ("reverse repos") are recorded as reverse repo receivables on the cash and due from banks account, together with the difference between sale and repurchase price, which is accrued evenly over the life of the agreement using the effective yield method.

Loans and receivables

Trade and other receivables are initially recorded at fair value. At subsequent periods, loans and receivables are measured at amortized cost using the effective interest method.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.7 Financial Instruments (cont'd)

Financial assets (cont'd)

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss are assessed for indicator of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously recognize written of fare credited against the allowance account are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and cash equivalents

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

Financial liabilities

The Company's financial liabilities and equity instruments are classified in accordance with the contractual arrangements and recognition principles of a financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The significant accounting policies for financial liabilities and equity instruments are described below.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.7 Financial Instruments(cont'd)

Other financial liabilities

Other financial liabilities, including bank borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

2.7.8 Foreign Currency Transactions

Transactions in foreign currencies are translated into Turkish Lira at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

The closing and average TL-USD exchange rates for the periods are as follows:

	<u>Closing Rate</u>	<u>Average rate</u>
30 June 2009	1,5301	1,6056
31 December 2008	1,5123	1,2976
30 June 2008	1,2237	1,2265
31 December 2007	1,1647	1,3003
30 June 2007	1,3046	1,3687
31 December 2006	1,4056	1,4297

The closing and average TL-Euro exchange rates for the periods are as follows:

	<u>Closing Rate</u>	<u>Average rate</u>
30 June 2009	2,1469	2,1400
31 December 2008	2,1408	1,8969
30 June 2008	1,9271	1,8782
31 December 2007	1,7102	1,7773
30 June 2007	1,7585	1,8183
31 December 2006	1,8515	1,8032

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.9 Earnings per Share

Earnings per share is calculated by dividing net profit by weighted average number of shares outstanding in the relevant period. In Turkey, companies are allowed to increase their capital by distributing free shares to share holders from accumulated profits. In calculation of earnings per share, such free shares are considered as issued shares. Therefore, weighted average number of shares in the calculation of earnings per share is found by applying distribution of free shares retrospectively.

2.7.10 Events Subsequent to the Balance Sheet Date

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Company (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote.

If such an event were to arise, the Company restates its financial statements accordingly.

2.7.11 Provisions, Contingent Liabilities ve Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the related cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

2.7.12 Related Parties

Related parties in the financial statements refer to partners, top level management, members of the Board of Directors, and close family members in charge of the Company, as well as the companies, affiliates and partnerships controlled by these individuals or associated with them. Transactions with related parties are performed based on prices at arm's length.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.13 Taxation and Deferred Tax

Income tax expense represents the sum of the tax currently payable and deferred tax liability (or asset).

Current tax

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

Deferred Tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.7 Summary of Significant Accounting Policies (cont'd)

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Taxes on financial statements contain changes in current period taxes and deferred tax. The Company calculates current period tax and deferred tax based on period results.

2.7.14 Employee benefit /retirement pay provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard 19 (Revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet have been measured as the net current value of the liabilities that are expected to emerge from the retirements of all employees and disclosed as such on the financial statements. Any actuarial gains and losses calculated are carried on the income statement.

2.7.15 Statement of Cash Flow

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from sales of the Company.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

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

2.7.16 Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.8 Critical Accounting Estimates and Assumptions

Useful Lives of Inventories

Component and repairable equipments are subject to depreciation and their useful lives are explained in Note 2.7.2.

The Determination of Impairment on Assets

Basic assumptions and calculation methods of the Company relating to impairment on assets are explained in Disclosure 2.7.5.

Useful Lives and Salvage Values of Tangible Assets

The Company has allocated depreciation over financial assets by taking into consideration the useful lives and salvage values which were explained in Note 2.7.3.

3. BUSINESS COMBINATIONS

None (31 December 2008: None).

4. ASSOCIATES

None (31 December 2008: None).

5. SEGMENTAL REPORTING

None (31 December 2008: None).

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NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

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6. CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Cash	37.916	-
Banks (Demand Deposits)	1.111.286	743.281
Banks (Time Deposits)	29.131.718	45.335.718
	<u>30.280.920</u>	<u>46.078.999</u>

The details of the Company's time deposits are as follows:

<u>Amount</u>	<u>Currency</u>	<u>Opening Date</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 June 2009</u>
19.039.094	US Dollar	17/30.06.2009	1,00% - 2,75%	01.07.2009	29.131.718
					<u>29.131.718</u>

<u>Amount</u>	<u>Currency</u>	<u>Opening Date</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 June 2009</u>
24.952.534	US Dollar	15/31.12.2008	2,60% - 6,35%	02/19.01.2008	37.735.718
7.600.000	TL	31.12.2008	18%	13.01.2008	7.600.000
					<u>45.335.718</u>

7. FINANCIAL ASSETS

None (31 December 2008: None).

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NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

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8. FINANCIAL BORROWINGS

The details of financial borrowings are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Short term	38.884	55.649
Long term	23.340	23.069
	<u>62.224</u>	<u>78.718</u>

The details of short term financial liabilities as of 30 June 2009 and 31 December 2008 are as follows:

30 June 2009

<u>Name of Bank</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Currency</u>	<u>Balance</u>
Garanti Kredi Kartı	-	15.544	TL	15.544
Turkiye Teknoloji Gelistirme Proje Destekleme Vakfi	31 December 2009	15.254	US Dollar	23.340
				<u>38.884</u>

31 December 2008

<u>Name of Bank</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Currency</u>	<u>Balance</u>
Garanti Kredi Kartı	-	9.150	TL	9.150
Garanti Kredi Kartı	-	239	US Dollar	362
Turkiye Teknoloji Gelistirme Proje Destekleme Vakfi	30 June- 31 December 2009	30.508	US Dollar	46.137
				<u>55.649</u>

The details of long term financial liabilities as of 30 June 2009 and 31 December 2008 are as follows:

30 June 2009

<u>Name of Bank</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Currency</u>	<u>Balance</u>
Turkiye Teknoloji Gelistirme Proje Destekleme Vakfi	30 June 2010	15.254	US Dollar	23.340

31 December 2008

<u>Name of Bank</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Currency</u>	<u>Balance</u>
Turkiye Teknoloji Gelistirme Proje Destekleme Vakfi	30 June 2010	15.254	US Dollar	23.069

9. OTHER FINANCIAL LIABILITIES

None (31 December 2008: None).

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

10. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Trade Receivables	40.599.941	32.590.422
Trade Receivables from Related Parties (Note 37)	58.774.044	49.096.193
Credit Note Receivables	897.801	218.310
Notes Receivables	2.296.250	3.327.060
Discount on Notes Receivables (-)	(18.561)	(15.403)
Allowance for Doubtful Receivables (-)	(2.873.414)	(12.917.051)
	<u>99.676.061</u>	<u>72.299.531</u>

Movement of provision for doubtful receivables for the periods ended 30 June 2009 ve 31 December 2008 are as follows:

	<u>1 January- 30 June 2009</u>	<u>1 January- 30 June 2008</u>
Provision at the beginning of the period	12.917.051	382.511
Current period expense	3.350.125	32.783
Collected amount	(11.037.916)	(113.530)
Receivables written off	(2.355.846)	-
	<u>2.873.414</u>	<u>301.764</u>

The Company does not have long term trade receivables.

Guarantees Received for Receivables

Total amounts of the Company's guarantees received for trade receivables are as follows:

	<u>30 June 2009</u>		<u>31 December 2008</u>	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Letters of Guarantees	2.606.560	2.606.560	2.116.075	2.116.075
	<u>2.606.560</u>	<u>2.606.560</u>	<u>2.116.075</u>	<u>2.116.075</u>

Short term trade payables are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Trade Payables	36.546.397	31.760.070
Trade Payables to Related Parties (Note 37)	11.944.345	19.187.273
Discount on Payables	(59.534)	-
Other	232.391	607.613
	<u>48.663.599</u>	<u>51.554.956</u>

The Company does not have long term trade payables.

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

11. OTHER RECEIVABLES VE PAYABLES

Details of other short term receivables are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Receivables from Tax Office	4.180.206	4.911.603
Receivables from Foreign Technical Suppliers	2.419.124	1.465.399
THY A.O. Non-Trade Receivables (Note 37)	29.604	5.219
Pratt Whitney Non-Trade Receivables (Note 37)	438	-
Due from Personnel	147	5.987
Doubtful Receivables	22.730	24.939
Allowance of Doubtful Receivables (-)	(22.730)	(24.939)
Deposits and Guarantees Given	2.374	1.951
Other Receivables	69.774	195
	<u>6.701.667</u>	<u>6.390.354</u>

Movement of provision for doubtful receivables for the periods ended 30 June 2009 ve 31 December 2008 are as follows:

	<u>1 January- 30 June 2009</u>	<u>1 January- 30 June 2008</u>
Provision at the beginning of the period	24.939	21.152
Current period expense	5.006	-
Collected amount	(7.215)	-
Provision at the end of the period	<u>22.730</u>	<u>21.152</u>

The details of other short term payables are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
THY A.O. Non-Trade Payables (Note 37)	7.389.259	4.806.431
Taxes, Charges and Other Payables	6.033.335	9.227.069
Social Security Premiums Payables	4.179.623	3.859.598
Order Advances Received	1.952.885	1.035.086
Deposits and Guarantees Received	327.143	25.982
Payables to Personnel	75.719	134.219
	<u>19.957.964</u>	<u>19.088.385</u>

12. RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

None (31 December 2008: None).

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

13. INVENTORIES

	<u>30 June 2009</u>	<u>31 December 2008</u>
Technical Equipment Inventories	118.694.257	85.795.112
BFE Equipment Inventories	-	1.370.168
Components and Spare Parts Repairable	318.479.547	366.092.559
Accumulated Depreciation of Components and Spare Parts Repairable (-)	(128.745.167)	(185.009.980)
Technical Equipment Inventories in Transit	411.921	5.070.941
Obsolete Equipment Inventories	13.284.049	14.724.718
Provision for Impairment (-)	(13.284.049)	(14.724.718)
	<u>308.840.558</u>	<u>273.318.800</u>

Movement of allowance for impairment on inventory is as follows:

	<u>30 June 2009</u>	<u>30 December 2008</u>
Provision at the beginning of the period	14.724.718	10.845.508
Current period expense	-	12.104.036
Cancellation of provisions recognized	(1.440.669)	-
Provision at the end of the period	<u>13.284.049</u>	<u>22.949.544</u>

Movement of components and spare parts repairable is as follows:

	<u>Components and Spare Parts Repairable</u>
Cost	
Opening balance, 1 January 2009	366.092.559
Additions	63.859.026
Disposals	(111.472.038)
Closing balance, 30 June 2009	<u>318.479.547</u>
Accumulated Depreciation	
Opening balance, 1 January 2009	185.009.980
Current charge for the period	17.777.534
Disposals	(74.042.347)
Closing balance, 30 June 2009	<u>128.745.167</u>
Net book value at 30 June 2009	<u>189.734.380</u>
Net book value at 31 December 2008	<u>181.082.579</u>

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

13. INVENTORIES (cont'd)

	Components and Spare Parts Repairable
<u>Cost</u>	
Opening balance, 1 January 2008	327.244.647
Additions	42.655.420
Disposals	(46.774.998)
Closing balance, 30 June 2008	323.125.069
<u>Accumulated Depreciation</u>	
Opening balance, 1 January 2008	153.043.938
Current charge for the period	33.011.441
Disposals	(31.376.598)
Closing balance, 30 June 2008	154.678.781
Net book value at 30 June 2008	168.446.288
Net book value at 31 December 2007	174.200.709

14. BIOLOGICAL ASSETS

None (31 December 2008: None).

15. ASSETS FROM CONSTRUCTION CONTRACTS IN PROGRESS

None (31 December 2008: None).

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

16. INVESTMENTS ACCOUNTED FOR EQUITY METHOD

Investments accounted for equity method are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
P&W T.T. Uçak Bakım Merkezi Ltd. Şti.	23.808.162	3.765.565
	<u>23.808.162</u>	<u>3.765.565</u>

Financial information for P&W T.T Uçak Bakım Merkezi Ltd. Şti. as of 30 June 2009 and 31 December 2008 is as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Assets	49.481.836	8.344.051
Liabilities	893.751	659.225
Shareholders' Equity	48.588.085	7.684.826
The Company's share in shareholders' equity	23.808.162	3.765.565
Revenue	-	-
Profit / (Loss)	(2.715.096)	(960.174)
The Company's share on Profit/(Loss)	(1.312.828)	(470.485)

Portions of investments valued by equity method in profit / (loss) are as follows:

	<u>30 June 2009</u>
P&W T.T. Uçak Bakım Merkezi Ltd. Şti.	(1.312.828)
	<u>(1.312.828)</u>

Financial assets accounted for equity method in profit/loss as of 30 June 2009 and 31 December 2008 are as follows:

Name of the Company	Place of Incorporation and Operation	Ownership Rate	Voting Power Rate	Principal Activity
P&W T.T. Uçak Bakım Merkezi Ltd. Şti.	Turkey	49%	49%	Maintenance Services

17. INVESTMENT PROPERTY

None (31 December 2008: None).

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

18. TANGIBLE ASSETS

	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Construction in Progress	Leasehold Improvements	Total
<u>Cost</u>							
Opening balance 1 January 2009	75.156.306	7.360.727	4.796.818	934.858	5.058.944	2.978.523	96.286.176
Additions	3.462.224	86.803	664.099	43.855	9.893.000	-	14.149.981
Disposals	(5.509.876)	(208.452)	(18.718)	-	-	-	(5.737.046)
Transfer	-	-	-	-	(974.548)	974.548	-
Closing balance 30 June 2009	73.108.654	7.239.078	5.442.199	978.713	13.977.396	3.953.071	104.699.111
<u>Accumulated Depreciation</u>							
Opening balance 1 January 2009	55.812.129	6.853.982	2.398.718	465.810	-	590.066	66.120.705
Charge for the period	2.312.160	119.284	404.961	53.066	-	346.581	3.236.052
Disposals	(5.342.889)	(208.452)	(18.117)	-	-	-	(5.569.458)
Closing balance at 30 June 2009	52.781.400	6.764.814	2.785.562	518.876	-	936.647	63.787.299
Net book value at 30 June 2009	20.327.254	474.264	2.656.637	459.837	13.977.396	3.016.424	40.911.812
Net book value at 31 December 2008	19.344.177	506.745	2.398.099	469.048	5.058.945	2.388.457	30.165.471

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

18. TANGIBLE ASSETS (cont'd)

	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Construction in Progress	Leasehold Improvements	Total
<u>Cost</u>							
Opening balance 1 January 2008	76.098.885	10.755.181	4.363.742	930.054	576.637	1.990.172	94.714.671
Additions	5.026.370	27.096	635.534	64.831	1.391.156	-	7.144.987
Disposals	(9.862.981)	(3.596.228)	(616.493)	(126.377)	-	-	(14.202.079)
Transfer	-	-	-	-	(358.485)	358.485	-
Closing balance 30 June 2008	71.262.274	7.186.049	4.382.783	868.508	1.609.308	2.348.657	87.657.579
<u>Accumulated Depreciation</u>							
Opening balance 1 January 2008	61.630.110	10.221.278	2.342.410	475.165	-	103.065	74.772.028
Charge for the period	1.956.614	116.421	320.042	52.835	-	219.689	2.665.601
Disposals	(9.812.800)	(3.596.122)	(612.070)	(115.585)	-	-	(14.136.577)
Closing balance at 30 June 2008	61.630.110	10.221.278	2.342.419	475.165	-	103.065	74.772.027
Net book value at 30 June 2008	17.488.350	444.472	2.332.401	456.093	1.609.308	2.025.903	24.356.527
Net book value at 31 December 2007	14.468.775	533.903	2.021.333	454.887	576.637	1.887.107	19.942.642

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19. INTANGIBLE ASSETS

	<u>Rights</u>
<u>Cost</u>	
Opening balance, 1 January 2009	592.204
Additions	128.436
Closing balance, 30 June 2009	720.640
<u>Accumulated Depreciation</u>	
Opening balance, 1 January 2009	178.894
Charge for the period	73.655
Closing balance, 30 June 2009	252.549
Net book value at 30 June 2009	468.091
Net book value at 31 December 2008	413.310

	<u>Rights</u>
<u>Cost</u>	
Opening balance, 1 January 2008	198.114
Additions	48.085
Disposals	(11.356)
Closing balance, 30 June 2008	234.843
<u>Accumulated Depreciation</u>	
Opening balance, 1 January 2008	131.013
Charge for the period	17.014
Disposals	(11.356)
Closing balance, 30 June 2008	136.671
Net book value at 30 June 2008	98.172
Net book value at 31 December 2007	67.100

20. GOODWILL

None (31 December 2008: None).

21. GOVERNMENT GRANTS

None (31 December 2008: None).

22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i) Provisions

	<u>30 June 2009</u>	<u>31 December 2008</u>
Provisions for Legal Claims	90.000	97.950

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Movements in the allowance for legal claims at 30 June 2009 and 30 June 2008 periods set out below:

	<u>30 June 2009</u>	<u>30 June 2008</u>
Provision at the beginning of the period	97.950	143.400
Charge for the period	-	7.950
Provisions released	(7.950)	(53.400)
Provision at the end of the period	<u>90.000</u>	<u>97.950</u>

ii) Contingent Assets and Liabilities:

30 June 2009

As of 30 June 2009, one demanding compensation lawsuit is opened against THY Teknik A.Ş. and for this legal case provision of 90.000 TL is provided in the financial statements.

31 December 2008

As of 31 December 2008, 2 demanding compensation lawsuits are opened against THY Teknik A.Ş. and for these legal cases provision of 97.950 TL is provided in the financial statements.

iii) Contingent Liabilities:

30 June 2009

DESCRIPTION	TL AMOUNT
Letters of Guarantee Given	656.544
TOTAL	656.544

31 December 2008

DESCRIPTION	TL AMOUNT
Letters of Guarantee Given	610.460
TOTAL	610.460

iv) Mortgages and guarantees on assets:

None (31 December 2008: None).

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

22. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (cont'd)

v) *Insurance on asset:*

30 June 2009

Type of Assets Insured	Amount	Currency
Buildings and Machinery Plant Equipment	168.803.472	TL
Vehicles	308.933	TL
Insurance of Spare Parts	250.000.000	US Dollar
Other	290.000	TL
Total TL	169.402.405	
Total US Dollar	250.000.000	

31 December 2008

Type of Asset Insured	Amount	Currency
Buildings and Machinery Plant Equipment	138.454.678	TL
Vehicles	243.940	TL
Insurance of Spare Parts	250.000.000	US Dollar
Other	280.000	TL
Total TL	138.978.618	
Total US Dollar	250.000.000	

23. COMMITMENTS

None (31 December 2008: None).

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

24. EMPLOYEE BENEFITS

Short term employee benefits are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Salary accruals	6.536.498	6.127.378
Provision for unused vacation	4.167.920	3.159.323
	<u>10.704.419</u>	<u>9.286.701</u>

Provision for long term retirement pay liability comprised the following:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Provision for Retirement Pay Liability	16.611.156	13.876.167

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article of 60 the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and 25 August 1999, respectively.

The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The rate of pay is that ruling at the respective balance sheet dates, subject to a maximum of TL 2.365,16 per month (31 December 2008: TL 2.260,05). The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the future retirement of the employees. The provisions as of 30 June 2009 has been calculated assuming an annual inflation rate of 12% and a discount rate of 5,4%, resulting in a real discount rate of approximately 6,26%.

Movement of provision for retirement pay liability is as follows:

	<u>30 June 2009</u>	<u>30 June 2008</u>
Provision at the beginning of the period	13.876.167	7.274.178
Current service costs	2.461.923	3.320.479
Interest costs	434.453	207.834
Payments	(161.387)	(118.303)
Provision at the end of the period	<u>16.611.156</u>	<u>10.684.187</u>

25. RETIREMENT PLANS

None (31 December 2008: None).

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NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

26. OTHER ASSETS AND LIABILITIES

Other short term assets are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Advances Given for Orders	2.979.766	4.640.873
Income Accruals	2.044.974	4.281.044
Prepaid Expenses	609.812	643.475
Advances Given to Personnel	157.003	36.958
Advances Given for Business Purposes	3.144	-
Deferred VAT	-	275.568
	<u>5.794.699</u>	<u>9.877.918</u>

Other short term liabilities are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Deferred Income	3.151.149	330.729
Advances Given for Business Purposes	30.740	266.412
Deferred VAT	947	875.341
	<u>3.182.836</u>	<u>1.472.482</u>

Other non current assets are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Prepayments for Tangible Assets	2.911.788	278.498
Prepaid Expenses	130.218	227.880
	<u>3.042.006</u>	<u>506.378</u>

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

27. SHAREHOLDERS' EQUITY

a) Share Capital / Elimination Adjustments

As of 30 June 2009, the Company's share capital is comprised of 318.000.000 shares issued with par value of 1 TL each. These shares are written to the name. The Company is not included in the registered capital system.

The ownership of the Company's share capital is as follows:

	%	30 June 2009	%	31 December 2008
THY A.O.	100	318.000.000	100	318.000.000
Unpaid Capital		-		(29.675.304)
		318.000.000		288.324.696

b) Reserves

None (31 December 2008: None).

c) Restricted Reserves Assorted from Profit

Restricted reserves assorted from profit consists of legal reserves.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

d) Retained Earnings

Retained earnings consist of extraordinary reserves and other retained earnings.

In accordance with the CMB's decision numbered 7/242 dated on 25 February 2005; if the amount of net distributable profit based on the CMB's requirement on the minimum profit distribution arrangements, which is computed over the net profit determined based on the CMB's regulations, does not exceed the net distributable profit in the statutory accounts, the whole amount should be distributed, otherwise; all distributable amount in the statutory accounts, the whole amount should be distributed, otherwise; all distributable amount in the statutory accounts are distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period.

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

27. SHAREHOLDERS' EQUITY (cont'd)

The Company's shareholders' equity items are explained below.

	<u>30 June 2009</u>	<u>31 December 2008</u>
Subscribed Capital	318.000.000	288.324.696
Legal Reserves	2.099.288	1.083.311
Extraordinary Reserves	39.886.471	20.582.917
Retained Earnings	14.851.025	994.483
Net Profit for the Period	41.250.173	34.176.073
	<u>416.086.957</u>	<u>345.161.480</u>

28. SALES AND COST OF SALES

Sales are as follows:

	<u>1 January – 30 June 2009</u>	<u>1 April – 30 June 2009</u>	<u>1 January – 30 June 2008</u>	<u>1 April – 30 June 2008</u>
Line Maintenance Income	54.809.261	29.480.364	35.414.305	18.935.759
Aircraft Maintenance Income	100.699.450	48.065.400	74.958.078	42.274.611
Engine Maintenance Income	77.220.504	36.661.407	60.207.799	35.026.435
Component Maintenance Income	39.678.340	22.806.440	27.600.775	15.715.862
Pool Income	34.020.898	18.620.038	24.888.132	12.870.580
Other	40.770.360	25.779.254	23.129.895	10.830.959
Sales Revenues (Net)	<u>347.198.813</u>	<u>181.412.903</u>	<u>246.198.984</u>	<u>135.654.206</u>
Cost of sales (-)	(283.494.098)	(154.632.906)	(222.823.072)	(112.153.031)
Gross Operating Profit/(Loss)	<u>63.704.715</u>	<u>26.779.997</u>	<u>23.375.912</u>	<u>23.501.175</u>

Cost of sales are as follows:

	<u>1 January – 30 June 2009</u>	<u>1 April – 30 June 2009</u>	<u>1 January – 30 June 2008</u>	<u>1 April – 30 June 2008</u>
Equipment Expenses	97.490.607	55.868.095	32.535.075	7.027.034
Staff Expenses	96.455.301	49.720.970	86.318.499	43.626.058
Maintenance Expenses	37.295.995	15.405.038	33.801.089	15.827.668
Depreciation Expenses	20.594.647	16.012.104	34.862.388	24.020.142
Retirement Pay Provision Expense	2.300.536	1.014.757	3.202.175	350.730
Other	29.357.012	16.611.942	32.103.846	21.301.399
	<u>283.494.098</u>	<u>154.632.906</u>	<u>222.823.072</u>	<u>112.153.031</u>

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NOTES TO FINANCIAL STATEMENTS
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29. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

Operating expenses are as follows:

	1 January – 30 June 2009	1 April – 30 June 2009	1 January – 30 June 2008	1 April – 30 June 2008
Marketing, Selling and Distribution Expenses (-)	2.328.683	1.273.669	1.600.784	818.890
General Administrative Expenses (-)	23.237.267	13.107.221	15.693.330	8.420.393
Total Operating Expenses	25.565.950	14.380.890	17.294.114	9.239.283

30. EXPENSES BY NATURE

Operating expenses of the Company are as follows:

	1 January – 30 June 2009	1 April – 30 June 2009	1 January – 30 June 2008	1 April – 30 June 2008
Sales and Marketing Expenses (-)				
Staff Expenses	1.545.166	811.794	1.074.381	526.787
Other	783.517	461.875	526.403	292.103
	2.328.683	1.273.669	1.600.784	818.890

	1 January – 30 June 2009	1 April – 30 June 2009	1 January – 30 June 2008	1 April – 30 June 2008
General Administrative Expenses				
Equipment Expenses	1.000.138	461.698	381.453	289.210
Staff Expenses	13.447.607	7.204.990	11.235.578	5.789.495
Service Expenses	2.655.945	1.103.931	1.286.259	94.574
Rent Expenses	754.884	366.702	885.975	530.818
Lighting, Heating and Water Expenses	729.084	405.630	546.253	302.515
Allowance for Doubtful Receivable Expenses	3.355.131	2.204.685	32.783	526
Depreciation Expenses	492.594	674	831.668	-
Other Expenses	801.884	1.358.911	493.361	1.413.255
	23.237.267	13.107.221	15.693.330	8.420.393
Total Operating Expenses	25.565.950	14.380.890	17.294.114	9.239.283

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NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2009

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

31. OTHER OPERATING INCOME/ EXPENSES

Other operating income consists of the following:

	1 January – 30 June 2009	1 April – 30 June 2009	1 January – 30 June 2008	1 April – 30 June 2008
Plant Maintenance Income	559.882	309.517	463.606	245.578
Provisions Released	11.053.081	7.852.222	113.530	113.530
Other Income	918.690	390.791	368.932	242.351
Total Other Operating Income	12.531.653	8.552.530	946.068	601.459

Other operating expenses consist of the following:

	1 January – 30 June 2009	1 April – 30 June 2009	1 January – 30 June 2008	1 April – 30 June 2008
Commission Expenses	(8.447)	(7.539)	(2.977)	(805)
Retired Personnel Compensation and Bonus Expenses	(322.965)	(179.212)	(104.560)	(104.560)
Legal Case Provision Expenses	-	-	(97.950)	-
Other	(114.235)	(98.711)	(7.500)	(5.669)
Total Other Operating Expenses	(445.647)	(285.462)	(212.987)	(111.034)

32. FINANCIAL INCOME

The Company's financial income is as follows:

	1 January – 30 June 2009	1 April – 30 June 2009	1 January – 30 June 2008	1 April – 30 June 2008
Interest Income	626.038	251.507	593.627	139.709
Foreign Exchange Gain	28.347.770	9.267.800	23.805.063	11.079.984
Maturity Difference Income	1.992.635	1.023.593	113.534	(9.402)
Discount Interest Income	59.534	44.132	-	-
Cancellation of Discount of the Prior Period	15.403	15.403	-	-
Total Financial Income	31.041.380	10.602.435	24.512.224	11.210.291

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33. FINANCE EXPENSES

The Company's finance expenses are as follows:

	1 January – 30 June 2009	1 April – 30 June 2009	1 January – 30 June 2008	1 January – 30 June 2008
Foreign Exchange Losses	(27.994.966)	(18.319.980)	(21.406.817)	(13.962.026)
Bank Expenses	(1.638)	(1.547)	(1.846)	(465)
Retirement Pay Interest Cost	(434.453)	(263.172)	(207.834)	(103.917)
Discount Expenses	(18.561)	(17.419)	(6.672)	(6.672)
Total Financial Expenses	(28.449.618)	(18.602.118)	(21.623.169)	(14.073.080)

34. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31 December 2008: None).

35. TAX ASSETS AND LIABILITIES

Tax liability for the current profit is as follows:

	30 June 2009	31 December 2008
Provision for Corporate Tax Liability	6.172.883	7.673.685
Prepaid Taxes	(4.102.388)	(3.487.876)
Corporate Tax Liability	2.070.495	4.185.809

The Company's tax expense consists of current corporate tax and deferred tax expenses.

	1 January – 30 June 2009	1 April – 30 June 2009	1 January – 30 June 2008	1 April – 30 June 2008
Provision for Current Tax	(6.172.883)	(2.108.709)	(1.362.976)	(1.243.777)
Deferred Tax Expenses	(4.080.649)	(1.955.216)	(649.192)	(1.095.853)
	(10.253.532)	(4.063.925)	(2.012.168)	(2.339.630)

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35. TAX ASSETS AND LIABILITIES (cont'd)

Corporate Income Tax Law, numbered 5520, was published in the official gazette numbered 26205 dated 21 June 2006 and came into effect immediately. Herewith, Corporate Income Tax Law numbered 5422 has been abolished.

The corporate tax rate for the fiscal years starting from 2006 is 20% (30% those for benefiting from investment allowances in 2006, 2007 and 2008.) Corporate tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and allowances. The annual corporate income tax return is required to be filled in the period between the 1st and 25th days of the fourth month following the close of the related fiscal year. Payments can be made up until the end of the month in which the tax return is to be filed.

In accordance with Income Tax Law Temporary Article 69, investment allowances available as of 31 December 2005 and due to insufficiency of profit are transferable to next years; can be deducted from the profits of 2006, 2007 and 2008 depending on taxpayers' choice. Investment allowances can be forwarded to next years by restatement with Producer Price Index (PPI).

In case of benefiting from investment allowances, the Corporate Tax rate is 30 % instead of 20%. Taxpayers have the option to benefit from investment allowances in all or any of the years 2006, 2007 and 2008.

Corporations are required to pay advance corporation tax quarterly, at the current rate on their corporate income. Advance tax is to be filed in the following second month's 14th day and paid on 17th day. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

Despite of the offset, if there are temporary tax amounts, it may be returned by cash or may be offset any other financial liabilities.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax authorities have the right to audit tax declarations and accounting records for 5 years, and may issue re-assessment based on their findings.

Except for the dividends paid to non-resident corporations, which have a representative office in Turkey, or resident corporations, dividends that are paid to non-resident corporations or corporations exempt from taxation in accordance with Income Tax Law article 75 paragraph 2 lines (1), (2) and (3) are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

In accordance with "Bringing Some Assets Into National Economy" Law No: 5811, which has become effective as of 22 November 2008, earnings of real persons and entities which are full fledged taxpayers obtained through their foreign offices/branches and their permanent agencies, including of those that are obtained by the end of 30 April 2009, are exempt from income and corporate taxation to the extent that such earnings are transferred to Turkey from the date of the issuance of the related law until 31 May 2009.

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35 TAX ASSETS AND LIABILITIES (cont'd)

Article 7.4 of the General Communiqué issued on 6 December 2008 in regards to "Bringing Some Assets Into National Economy" Law Serial 1, No: 5811 requires the inclusion of such earnings to the exemption to the extent that they are transferred to Turkey as of 31 May 2009, even if earnings attributable to 2008 are subject to temporary tax filings for the 2008's temporary tax periods, since branch earnings obtained through their foreign offices/branches and permanent agencies are determined at the last day of the financial year.

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements prepared in accordance with IFRS and its statutory financial statements. Deferred tax assets and liabilities calculated for temporary differences expected to be realized in future are calculated under the liability method.

The deferred tax assets and liabilities as of 30 June 2009 and 31 December 2008 are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Inventories	(8.673.068)	(6.373.452)
Fixed Assets	(730.464)	(778.356)
Provision for diminution in value of inventories	2.656.810	2.944.944
Provision for retirement pay	3.322.231	2.775.233
Allowance for doubtful receivables	572.659	2.575.627
Other	757.505	842.326
	<u>(2.094.327)</u>	<u>1.986.322</u>
	<u>30 June 2009</u>	<u>31 December 2008</u>
1 January opening value of deferred tax	1.986.322	3.193.154
Deferred tax expense	(4.080.649)	(649.192)
Current period deferred tax (liability)/asset	<u>(2.094.327)</u>	<u>2.543.962</u>

36. EARNINGS PER SHARE

There are not any equity (dilutive equity instruments) that have reducing effects on the earnings per share.

The calculation of weighted average of total shares and earnings per share as of 30 June 2008 and 2009 is as follows:

	<u>01 January – 30 June 2009</u>	<u>01 January – 30 June 2008</u>
Numbers of total outstanding shares (in full)	318.000.000	318.000.000
Number of outstanding shares (in full)	318.000.000	318.000.000
Weighted average number of shares outstanding during the period (in full)	318.000.000	318.000.000
Net profit for the period	41.250.173	7.691.766
Earnings per share (Ykr)	12,97	2,42

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37. RELATED PARTY TRANSACTIONS

a) Due to/from Related Parties:

Short-term trade receivables from related parties are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
THY A.O. Trade Receivables	57.534.411	48.633.925
Sun Ekspress	1.227.597	462.268
Other	12.036	-
	<u>58.774.044</u>	<u>49.096.193</u>

Short-term non-trade receivables from related parties are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
THY A.O. Non-Trading Receivables	29.604	5.219
Other	438	-
	<u>30.042</u>	<u>5.219</u>

Short-term trade payables to related parties are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
THY A.O. Trade Payables	11.944.345	19.187.273

Short-term NON-trade payables to related parties are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
THY A.O. Non-Trading Payables	7.389.259	4.806.431

b) Purchases and Sales from/to Related Parties

Transactions with related parties in the periods ended as of 30 June are as follows:

	<u>30 June 2009</u>	<u>30 June 2008</u>
Services rendered to THY A.O.	263.255.698	191.229.729
Services rendered to Sun Express	10.784.826	3.076.094
P&W T.T. Uçak Bakım Merkezi Ltd.Şti.	260.690	-
	<u>274.301.214</u>	<u>194.305.824</u>

	<u>30 June 2009</u>	<u>30 June 2008</u>
Services received from THY A.O.	24.164.087	26.657.134
Services received from Sun Express	61.167	136.946
	<u>24.225.254</u>	<u>26.794.080</u>

c) The total amount of salaries and other benefits provided to key management personnel is TL 425.064 (30 June 2008: TL 344.595).

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38. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing its profit and market value through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 8, and equity comprising issued capital, reserves and retained earnings, accumulated losses.

The Board of Directors of the Company periodically reviews the capital structure. During these analyses, the Board assesses the risks associated with each class of capital along with cost of capital. Based on the review of the Board of Directors, the Company aims to balance its overall capital structure through the issue of new debt or the redemption of existing debt.

The overall strategy of the Company remains the same since the year 2008.

(b) Financial Risk Factors

The Company is exposed to the market risk (foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Risk management program of the Company generally focuses on the minimization of potential negative effects of uncertainty on the Company's performance.

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38. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Credit Risk Factors (cont'd)

b.1) Credit risk management

CREDIT RISK OF FINANCIAL INSTRUMENTS

30 June 2009	Receivables				Deposits in Banks
	Trade Receivables		Other Receivables		
	Related Party	Third Party	Related Party	Third Party	
Maximum credit risk as of balance sheet date (A+B+C+D+E) (1)	58.774.044	40.902.017	30.042	6.671.625	30.280.920
- <i>The part of maximum risk under guarantee with collateral</i>		2.196.595			
A. Net book value of financial assets that are neither past due nor impaired (2)	58.774.044	12.646.670	30.042	6.671.625	46.078.999
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired (3)	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired (6)	-	28.255.347	-	-	-
- <i>The part of net value under guarantee with collateral</i>		2.196.595			
D. Net book value of impaired assets (4)	-	-	-	-	-
- Past due (gross carrying amount)	-	2.873.414	-	22.730	-
- <i>Impairment (-)</i>	-	(2.873.414)	-	(22.730)	-
- <i>The part of net value under guarantee with collateral</i>	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- <i>Impairment (-)</i>	-	-	-	-	-
- <i>The part of net value under guarantee with collateral</i>	-	-	-	-	-
E. Off-balance sheet items with credit risk (5)	-	-	-	-	-

(*) The factors that increase in credit liability such as guarantees received are not considered in the balance.

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38. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.1) Credit risk management(cont'd)

CREDIT RISK OF FINANCIAL INSTRUMENTS

31 December 2008	Receivables				Deposits in Banks
	Trade Receivables		Other Receivables		
	Related Party	Third Party	Related Party	Third Party	
Maximum credit risk as of balance sheet date (A+B+C+D+E) (1)	50.764.087	21.535.444	5.219	6.385.135	46.078.999
- <i>The part of maximum risk under guarantee with collateral</i>		1.662.903			
A. Net book value of financial assets that are neither past due nor impaired (2)	48.880.101	8.197.537	5.219	6.385.135	46.078.999
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired (3)	1.883.986	11.891.039	-	-	-
C. Net book value of financial assets that are past due but not impaired (6)	-	1.446.868	-	-	-
- <i>The part of net value under guarantee with collateral</i>	-	1.446.868	-	-	-
D. Net book value of impaired assets (4)	-	-	-	-	-
- Past due (gross carrying amount)	-	11.080.301	-	24.939	-
- <i>Impairment (-)</i>	-	(11.080.301)	-	(24.939)	-
- <i>The part of net value under guarantee with collateral</i>	-	-	-	-	-
- Not past due (gross carrying amount)	-	1.836.750	-	-	-
- <i>Impairment (-)</i>	-	(1.836.750)	-	-	-
- <i>The part of net value under guarantee with collateral</i>	-	-	-	-	-
E. Off-balance sheet items with credit risk (5)	-	-	-	-	-

(*) The factors that increase in credit liability such as guarantees received are not considered in the balance.

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38. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.1) Credit risk management(cont'd)

The risk of financial loss of the Company due to one of the financial instrument parties not meeting the requirements of the agreement is defined as credit risk.

The Company's credit risk is basically related to its receivables. The balance shown in the balance sheet is formed by the net amount after deducting the doubtful receivables arisen from the Company management's forecasts based on its previous experience and current economical conditions. Because there are so many customers, the Company's credit risk is dispersed and there is not important credit risk concentration.

The Company's aging of past due receivables as of 30 June 2009 and 31 December 2008 are as follows:

Current Period	Receivables		Deposits in Banks	Derivative Instruments	Other
	Trade Receivables	Other Receivables			
Past due 1-30 days	631.067	-	-	-	-
Past due 1-3 months	15.248.394	-	-	-	-
Past due 3-12 months	13.343.293	-	-	-	-
Past due 1-5 years	1.906.007	-	-	-	-
Past due more than 5 years	-	-	-	-	-
The part under guarantee with collateral	(2.196.595)	-	-	-	-

Prior Period	Receivables		Deposits in Banks	Derivative Instruments	Other
	Trade Receivables	Other Receivables			
Past due 1-30 days	5.168.193	-	-	-	-
Past due 1-3 months	4.291.451	-	-	-	-
Past due 3-12 months	4.903.955	-	-	-	-
Past due 1-5 years	-	-	-	-	-
Past due more than 5 years	-	-	-	-	-
The part under guarantee with collateral	(1.446.686)	-	-	-	-

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38. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd) (b) Financial Risk Factors (cont'd)

b.1) Credit risk management(cont'd)

As of balance sheet date, total amount of cash collateral and letter of guarantee which received by the Company for past due not impaired receivable was TL 2.196.595 (31 December 2008: TL 1.446.868).

As of balance sheet date, the Company has no guarantee for past due receivables for which provisions were recognized.

b.2) Liquidity risk management

The main responsibility of liquidity risk management rests upon Board of Directors. The Board built an appropriate risk management for short, medium and long term funding and liquidity necessities of the Company management. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below demonstrate the maturity distribution of nonderivative financial liabilities. The tables below are prepared based on the earliest date on which the Company can be required to pay. The interests that will be paid on the future liabilities are included in the related maturities. The adjustment column shows the item which causes possible cash flow in the future periods. The item in question is included in the maturity analysis and is not included balance sheet amount of financial liabilities in the balance sheet.

The Company manages liquidity risk by keeping under control estimated and actual cash flows and by maintaining adequate funds and borrowing reserves through matching the maturities of financial assets and liabilities.

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38. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.2) Liquidity risk management (cont'd)

Liquidity Risk Table

30.06.2009

Due Date on Agreement	Book Value	Total Cash Outflow According to Contract	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non Derivative Financial Liabilities	68.683.787	68.683.787	68.621.563	38.884	23.340	-
<i>Financial Borrowings</i>	62.224	62.224	-	38.884	23.340	-
<i>Trade Payables</i>	48.663.599	48.663.599	48.663.599	-	-	-
<i>Other Financial Liabilities</i>	19.957.964	19.957.964	19.957.964	-	-	-

31.12.2008

Due Date on Agreement	Book Value	Total Cash Outflow According to Contract	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non Derivative Financial Liabilities	70.722.059	70.722.059	70.643.341	55.649	23.069	-
<i>Financial Borrowings</i>	78.718	78.718	-	55.649	23.069	-
<i>Trade Payables</i>	51.554.956	51.554.956	51.554.956	-	-	-
<i>Other Financial Liabilities</i>	19.088.385	19.088.385	19.088.385	-	-	-

b.3) Market risk management

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures of the Company are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

b.3.1) Foreign currency risk management

Transactions in foreign currencies expose the Company to foreign currency risk. The Company's foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

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30 HAZİRAN 2009 TARİHİNDE SONA EREN DÖNEME AİT FİNANSAL TABLOLARA İLİŞKİN DİPNOTLAR

(Tutarlar, aksi belirtilmedikçe, Türk Lirası olarak gösterilmiştir)

38. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign Currency Position Table

	Current Period					Prior Period				
	TL Equivalent	US Dollar	Euro	GBP	Other	TL Equivalent	US Dollar	Euro	GBP	Other
1. Trade Receivables	99.172.928	61.638.741	2.258.250	4.174	502	70.086.103	44.539.187	1.258.429	15.840	502
2a. Monetary Financial Assets	28.983.960	18.503.732	215.703	82.426	-	41.175.766	27.175.907	21.395	14.523	-
2b. Non Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	3.814.950	1.973.015	262.429	92.000	93	4.647.802	1.775.248	841.027	61.222	932.453
4. Total Current Assets (1+2+3)	131.971.838	82.115.488	2.736.382	178.599	595	115.909.671	73.490.342	2.120.851	91.585	932.955
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	2.911.787	1.896.911	4.343	-	-	-	-	-	-	-
8. Total Non Current Assets (5+6+7)	2.911.787	1.896.911	4.343	-	-	-	-	-	-	-
9. Total Assets (4+8)	134.883.626	84.012.399	2.740.725	178.599	595	115.909.671	73.490.342	2.120.851	91.585	932.955
10. Trade Payables	(40.164.572)	(21.296.158)	(3.388.854)	(119.537)	(1.208)	(37.103.070)	(19.767.805)	(3.317.129)	(43.822)	(7.832)
11. Financial Liabilities	(23.340)	(15.254)	-	-	-	(46.499)	(30.747)	-	-	-
12a. Other Monetary Liabilities	(7.366.978)	(4.733.223)	(53.898)	-	6.381	(5.820.828)	(3.663.433)	(126.868)	-	(6.307)
12b. Other Non Monetary Liabilities	(5.262.226)	(2.904.502)	(376.650)	(3.726)	-	(295.155)	(76.406)	(82.035)	(1.818)	-
13. Total Current Liabilities (10+11+12)	(52.817.116)	(28.949.136)	(3.819.402)	(123.264)	(7.589)	(43.265.552)	(23.538.391)	(3.526.032)	(45.640)	(14.139)
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	(23.340)	(15.254)	-	-	-	(23.069)	(15.254)	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Total Non Current Liabilities (14+15+16)	(23.340)	(15.254)	-	-	-	(23.069)	(15.254)	-	-	-
18. Total Liabilities (13+17)	(52.840.456)	(28.964.390)	(3.819.402)	(123.264)	(7.589)	(43.288.621)	(23.553.645)	(3.526.032)	(45.640)	(14.139)
19. Net asset / (Liability) position of Off-Balance Sheet Derivatives (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	82.043.169	55.048.008	(1.078.677)	55.336	(6.994)	72.621.050	49.936.697	(1.405.181)	45.945	918.816
21. Net Foreign Currency Asset / (Liability) Position of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	75.316.432	51.178.083	(1.345.448)	(36.664)	(7.087)	68.268.403	48.237.855	(2.164.173)	(13.459)	(13.637)
22. Total fair value of foreign currency hedged financial assets	-	-	-	-	-	-	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-	-	-	-	-	-	-
23. Hedged foreign currency liabilities	-	-	-	-	-	-	-	-	-	-
23. Exports	45.332.268	-	-	-	-	68.212.060	-	-	-	-
24. Imports	194.042.950	-	-	-	-	275.214.591	-	-	-	-

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38. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Risk Factors (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity

The Company is exposed to foreign currency rate risk due to US Dollar and Euro exchange rate fluctuations. The following table details the Company's sensitivity to a 10% increase and decrease in US Dollar and Euro exchange rates. 10% is used in, the reporting of currency risk to the key management and it represents the management's expectation on the potential exchange currency fluctuations. Sensitivity analysis can only be made on the year-end outstanding foreign currency denominated monetary items and it shows the year-end effects of the 10% of exchange currency fluctuation on the related items. The analysis includes foreign loans as well as loans that are denominated other than the creditors' functional currency and used for the Company's foreign operations. Positive value represents an increase in profit/loss and other equity items.

Foreign Currency Sensitivity Analysis Table

30 June 2009

	Profit / (Loss)	
	Foreign Currency Appreciated	Foreign Currency Devaluated
In the event of 10% change in US Dollar against TL;		
1- US Dollar Net Asset / Liability	6.738.317	(6.738.317)
2- Part of Hedged from US Dollar Risk (-)		
3- US Dollar Net Effect (1+2)	6.738.317	(6.738.317)
In the event of 10% change in Euro against TL;		
4- Euro Net Asset / Liability	(9.185.265)	185.265
5- Part of Hedged from Euro Risk (-)	-	-
6- Euro Net Effect (4+5)	(185.265)	185.265
TOTAL	6.553.052	(6.553.052)

Foreign Currency Sensitivity Analysis Table

31 December 2008

	Profit / (Loss)	
	Foreign Currency Appreciated	Foreign Currency Devaluated
In the event of 10% change in US Dollar against TL;		
1- US Dollar Net Asset / Liability	6.041.541	(6.041.541)
2- Part of Hedged from US Dollar Risk (-)		
3- US Dollar Net Effect (1+2)	6.041.541	(6.041.541)
In the event of 10% change in Euro against TL;		
4- Euro Net Asset / Liability	(240.657)	(240.657)
5- Part of Hedged from Euro Risk (-)		
6- Euro Net Effect (4+5)	(240.657)	(240.657)
TOTAL	5.800.884	5.800.884

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39. FINANCIAL INSTRUMENTS (cont'd)

Categories and fair value of financial instruments

30 June 2009	Loans and receivables	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	30.280.920	-	30.280.920	6
Trade receivables	99.676.061	-	99.676.061	10
Other receivables	6.701.667	-	6.701.667	11
Financial liabilities				
Borrowings	-	62.224	62.224	8
Trade payables	-	48.663.599	48.663.599	10
Non-trade payables to related parties	-	7.389.259	7.389.259	11
31 December 2008				
Financial assets				
Cash and cash equivalents	46.078.999	-	46.078.999	6
Trade receivables	72.299.531	-	72.299.531	10
Other receivables	6.390.354	-	6.390.354	11
Financial liabilities				
Borrowings	-	78.718	78.718	8
Trade payables	-	51.554.956	51.554.956	10
Non-trade payables to related parties	-	4.806.831	4.806.831	11

- The Company is in the opinion that recorded value of financial instruments reflect their fair values.

40. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

None (31 December 2008: None).