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 2010

Deloitte.

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

REVIEW REPORT ON FINANCIAL STATEMENTS
FOR THE INTERIM PEROID 1 JANUARY – 30 JUNE 2010

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

Introduction

We have reviewed the accompanying balance sheet of Türk Hava Yolları Teknik A.Ş. ("the Company") as of 30 June 2010 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.

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 2010 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.

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

İstanbul, 23 August 2010

Berkman Özata
Partner

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(Convenience Translation of Report And Financial Statements Originally Issued in Turkish)
TÜRK HAVA YOLLARI TEKNİK A.Ş.
BALANCE SHEET AS OF 30 JUNE 2010
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

ASSETS	Notes	Current period Reviewed 30 June 2010	Prior period Audited 31 December 2009
Current Assets		**474.829.929**	**459.574.561**
Cash and Cash Equivalents	**6**	4.475.188	22.574.372
Trade Receivables	**10,37**	131.519.535	121.007.306
Related Party Trade Receivables		*88.232.813*	*84.712.110*
Other Trade Receivables		*43.286.722*	*36.295.196*
Other Receivables	**11,37**	1.235.018	2.382.322
Inventories	**13**	324.749.849	307.072.271
Other Current Assets	**26**	12.850.339	6.538.290
Non-current Assets		**162.819.184**	**75.326.948**
Financial investments	**7**	14	-
Investmensts Accounted Under Equity Method	**16**	55.226.833	22.421.794
Tangible Assets	**18**	49.236.310	49.125.563
Intangible Assets	**19**	608.213	588.757
Other Non-current Asstes	**26**	57.747.814	3.190.834
TOTAL ASSETS		**637.649.113**	**534.901.509**

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 2010
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

		Current period Reviewed 30 June 2010	Prior period Audited 31 December 2009
CURRENT LIABILITIES		**97.374.156**	**81.705.010**
Financial debt	**8**	1.825.285	40.451
Trade payables	**10,37**	39.311.989	49.782.220
Related Party Trade Payables		*12.213.050*	*19.639.083*
Other Trade Payables		*27.098.939*	*30.143.137*
Other payables	**11,37**	14.377.953	21.433.691
Current tax liabilities	**35**	5.477.599	2.419.544
Provisions	**22**	90.000	98.545
Employee benefit obligations	**24**	32.906.161	7.156.135
Other current liabilities	**26**	3.385.169	774.424
Non-Current Liabilitites		**23.272.936**	**18.600.903**
Provision for retirement pay liability	**24**	20.875.371	18.363.932
Deferred tax liability	**35**	1.745.305	236.971
Other non current liabilities	**26**	652.260	-
EQUITY			
Equity Attributable to Equity Holders of the Parent		**517.002.021**	**434.595.596**
Share capital	**27**	374.910.050	318.000.000
Restricted Reserves Assorted from Profit		4.042.588	2.099.288
Retained earnings		112.553.008	54.737.496
Net Profit/(Loss) for the Period		25.496.375	59.758.812
TOTAL LIABILITIES AND EQUITY		**637.649.113**	**534.901.509**

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 2010

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

	Notes	Reviewed 1 January - 30 June 2010	Not reviewed 1 April - 30 June 2010	Reviewed 1 January - 30 June 2009	Not reviewed 1 April - 30 June 2009
Sales revenue	28	327.186.652	188.973.779	347.198.813	181.412.903
Cost of sales (-)	28	(261.048.388)	(139.142.380)	(283.494.098)	(154.632.906)
GROSS PROFIT		66.138.264	49.831.399	63.704.715	26.779.997
Marketing, sales and distribution expenses (-)	29	(3.057.762)	(1.593.403)	(2.328.683)	(1.273.669)
Administrative expenses (-)	29	(39.010.752)	(15.805.772)	(23.237.267)	(13.107.221)
Other operating income	31	19.268.511	1.971.259	12.531.653	8.552.530
Other operating expenses (-)	31	(8.685.233)	(8.683.261)	(445.647)	(285.462)
OPERATING PROFIT		34.653.028	25.720.222	50.224.771	20.666.175
Share of investments' profit/ (loss) accounted under the equity method	16	(7.758.384)	(4.698.543)	(1.312.828)	(1.312.828)
Financial income	32	26.757.030	13.384.565	31.041.380	10.602.435
Financial expenses (-)	33	(18.820.472)	(7.125.393)	(28.449.618)	(18.602.118)
PROFIT BEFORE TAX		34.831.202	27.280.851	51.503.705	11.353.664
Tax (expense) / income		(9.334.827)	(6.481.910)	(10.253.532)	(4.063.925)
-Current tax expense		(7.826.493)	(5.487.073)	(6.172.883)	(2.108.709)
-Deferred tax expense	35	(1.508.334)	(994.837)	(4.080.649)	(1.955.216)
PROFIT FOR THE PERIOD		25.496.375	20.798.941	41.250.173	7.289.739
Other Comprehensive Income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		25.496.375	20.798.941	41.250.173	7.289.739

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

TÜRK HAVA YOLLARI TEKNİK A.Ş.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2010

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

	Issued capital	Restricted Profit Reserves	Retained earnings	Net profit / loss for the period	Total equity
Balance at 31 December 2008	**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**
Balance at 31 December 2009	**318.000.000**	**2.099.288**	**54.737.496**	**59.758.812**	**434.595.596**
Transfer	-	-	59.758.812	(59.758.812)	-
Transfer to Reserves	-	1.943.300	(1.943.300)	-	-
Capital Payment	56.910.050	-	-	-	56.910.050
Net Comprehensive Income for the period	-	-	-	25.496.375	25.496.375
Balance at 30 June 2010	**374.910.050**	**4.042.588**	**112.553.008**	**25.496.375**	**517.002.021**

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

TÜRK HAVA YOLLARI TEKNİK A.Ş.
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2010
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Reviewed 1 January - 30 June 2010	Reviewed 1 January - 30 June 2009
CASH FLOW FROM OPERATING ACTIVITIES			
Net Income Before Tax		34.831.202	51.503.705
Adjustments to obtain net cash flow generated from operating activities:			
Depreciation and Amortization	13,18,19	29.791.656	21.087.241
Provision for Retirement Pay Liability	24	3.474.154	2.896.376
Share of Loss of Investments Accounted for Equity Method	16	7.758.384	1.312.828
Change in Provision for Impairment	13	-	(1.440.669)
Discount Expenses	33	99.634	18.561
Fixed Asset Disposal Income		(15.383.639)	-
Change in Provision for Doubtful Receivables	10	14.505.763	3.350.125
Operating profit before working capital changes		**75.077.153**	**78.728.167**
Change in Trade Receivables		(21.596.923)	(21.067.365)
Change in Other Short and Long Term Receivables from Related Parties		(3.520.703)	(9.702.674)
Change in Other Short and Long Term Receivables		1.147.304	(286.490)
Change in Inventories		(42.029.543)	(51.858.623)
Change in Other Current Assets		(6.312.049)	1.449.929
Change in Other Non-Current Assets		(54.556.980)	97.662
Change in Trade Payables		(3.044.198)	4.351.571
Change in Payables to Related Parties		(7.426.033)	(4.660.100)
Change in Short Term Provisions		(8.545)	869.579
Change in Other Short and Long Term Liabilities		21.957.293	537.293
Cash Provided by Operating Activities		**(40.313.223)**	**(1.541.051)**
Retirement Benefits Paid	24	(962.715)	(161.387)
Prepaid Taxes	35	(4.768.438)	(8.288.197)
Net Cash Used in Operating Activities		**(46.044.376)**	**(9.990.635)**
CASH FLOW FROM INVESTING ACTIVITIES			
Cash Inflow From Sale of Intangible and Tabgible Fixed Assets	18	18.468.309	167.588
Acquisitions of Tangible and Intangible Assets	18,19	(8.654.565)	(14.278.417)
Investments Accounted Under Equity Method		(40.563.423)	-
Change in Financial Investments		(14)	(21.355.425)
Net Cash Used in Investing Activities		**(30.749.692)**	**(35.466.254)**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital Increase		56.910.050	29.675.304
Change in Financial Liabilities		1.784.834	(16.494)
Net Cash Provided by Financing Activities		**58.694.884**	**29.658.810**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(18.099.184)**	**(15.798.079)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**22.574.372**	**46.078.999**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**4.475.188**	**30.280.920**

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

(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 2010 is 2.649 (30 June 2009: 2.601).

	30 June 2010	30 June 2009
Administrative Staff	692	646
Production Staff	1.957	1.955
Total	**2.649**	**2.601**

The average number of employees working for the Company as of 30 June 2010 is 2.535 (30 June 2008: 2.562).

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.

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

2.1 Basis of Presentation (cont'd)

Presentation in Turkish Lira

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Company's financial position and operating results are presented in Turkish Lira (TL) which is Company's functional and reporting currency for financial statements.

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 2010:

		Participation Rate		
Name of the Company	Principal Activity	30 June 2010	31 December 2009	Country of Registration
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 Offsetting

Financial assets and liabilities are offset and the net amount is 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 liabilities simultaneously.

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

2.5 New and Revised International Financial Reporting Standards

a) There is no change in standard and interpretations affecting the basis of presentation and notes of financial statements as of June 2010.

b) Standards, amendments and interpretations to existing standards effective in June 2010 but not relevant to the Group:

- IFRS 3 (revised), "Business Combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This is not currently applicable to the Company, as it does not have any business combination as of the balance sheet date.

- IFRIC 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Company, as it has not made any non-cash distributions.

- IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

- "Additional exemptions for first-time adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

- IFRS 2, "Share-based Payments – Group Cash-settled Share Payment Arrangements" is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as the Group does not have share-based payment plans.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The improvements cover 12 main standards/interpretations as follows: IFRS 2 Share-based Payments, 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 18 Revenue, IAS 36 Impairment of Assets, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 16 Hedges of Net Investment in a Foreign Operation. The effective dates vary standard by standard but most are effective 1 January 2010.

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective and have not been early adopted:

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 July 2010.

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

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

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective and have not been early adopted (cont'd):

IFRS 1 (amendments), *"First-time Adoption of IFRS – Additional Exemptions"*

Amendments to IFRS 1 which are effective for annual periods on or after 1 July 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

IFRS 9, *"Financial Instruments: Classification and Measurement"*

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not had an opportunity to consider the potential impact of the adoption of this standard

IAS 24 (Revised 2009), *"Related Party Disclosures"*

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 32(Amendments), *"Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements"*

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

IFRIC 14 (Amendments), *"Pre-payment of a Minimum Funding Requirement"*

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made. The Group does not expect any impact of the adoption of this amendment on the financial statements.

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

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

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective and have not been early adopted (cont'd):

IFRIC 19, *"Extinguishing Financial Liabilities with Equity Instruments"*

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/interpretations as follow: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 7 Financial Instruments: Disclosures; IAS 1 Presentation of Financial Statements; IAS 27 Consolidated and Separate Financial Statements; IAS 34 Interim Financial Reporting and IFRIC 13 Customer Loyalty Programmes. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. Early adoption of these amendments is allowed. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

2.6 Summary of Significant accounting policies

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

2.6.1 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.

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

2.6 Summary of Significant accounting policies (cont'd)

2.6.2 Inventories

Inventories are stated at the lower of cost or 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 estimated selling price at regular business operation less all estimated costs of completion and estimated costs which is necessary to make sales.

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

	Useful Life (years)
- Components	7
- Repairable spare parts (R Equipment)	7
- Repairable spare parts (X Equipment)	3

2.6.3 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 lifes of tangible assets are as follows:

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

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

2.6 Summary of Significant accounting policies (cont'd)

2.6.4 Intangible Assets

Intangible assets include information systems and other intangible assets. These intangible assets are recorded in the purchased cost accounted on 30 June 2010. Other intangible assets are depreciated over their useful life, on a straight-line basis.

2.6.5 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.

2.6.6 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.

All of the other borrowing costs are recognized in the statement of income in the period in which they occur. As of 30 June 2010 and 2009, the Company does not have any capitalized borrowing costs.

2.6.7 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". Classification is made according to the financial asset's purpose of obtaining and features at the first recording.

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

2.6 Summary of Significant accounting policies (cont'd)

2.6.7 Financial Instruments (cont'd)

Financial assets (cont'd)

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.

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.

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

2.6 Summary of Significant accounting policies (cont'd)

2.6.7 Financial Instruments (cont'd)

Financial assets (cont'd)

Loans and receivables

Trade and other loans and receivables, which does not traded in the market, with fixed and determinable payments are classified in this category. Loans and receivables are measured at amortized cost using the effective interest method.

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.

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

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

2.6 Summary of Significant accounting policies (cont'd)

2.6.7 Financial Instruments (cont'd)

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.

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.

2.6.8 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. Monetary gains / losses arising on settlement / 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:

	Closing Rate	Average Rate
30 June 2010	1,5747	1,5163
31 December 2009	1,5057	1,5747
30 June 2009	1,5301	1,6056
31 December 2008	1,5123	1,2976

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

	Closing Rate	Average Rate
30 June 2010	1,9217	2,0158
31 December 2009	2,1603	2,1508
30 June 2009	2,1469	2,1400
31 December 2008	2,1408	1,8969

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

2.6 Summary of Significant accounting policies (cont'd)

2.6.9 Earnings per Share

"Earnings per share" is calculated by dividing net profit/ (loss) 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.

2.6.10 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.

2.6.11 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 recognized 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

2.6.12 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.

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

2.6 Summary of Significant accounting policies (cont'd)

2.6.13 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.

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

2.6 Summary of Significant accounting policies (cont'd)

2.6.13 Taxation and Deferred Tax (cont'd)

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.

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 acquired subsidiary'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.

2.6.14 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 Interational 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.

2.6.15 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.

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

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

2.6 Summary of Significant accounting policies (cont'd)

2.6.16 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.

2.7 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 2.6.2.

3. BUSINESS COMBINATIONS

None (31 December 2009:None).

4. BUSINESS ASSOCIATIONS

None (31 December 2009: None).

5. SEGMENT REPORTING

None (31 December 2009: None).

6. CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Cash	60.865	-
Banks (Demand Deposits)	3.769.172	1.174.862
Banks (Time Deposits)	645.151	21.399.510
	4.475.188	**22.574.372**

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

6. CASH AND CASH EQUIVALENTS (cont'd)

The details of time deposits as of 30 June 2010 and 31 December 2009 are as follows:

Capital	Currency	Opening Date	Interest Rate	Maturity	30 June 2010
409.698	US Dollar	June 2010	0,50% -2,00%	July 2010	645.151
					645.151

Capital	Currency	Opening Date	Interest Rate	Maturity	31 December 2009
13.592.569	US Dollar	December 2009	0,20% -3,00%	January 2010	20.466.331
933.179	TL	December 2009	0,20% -3,00%	January 2010	933.179
					21.399.510

7. FINANCIAL ASSETS

	30 June 2010	31 December 2009
THY-OPET Havacılık Yakıtları A.Ş	14	-
	14	-

8. FINANCIAL LIABILITIES

The details of financial borrowings as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Short term	1.825.285	40.451
	1.825.285	**40.451**

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

8. FINANCIAL LIABILITIES (cont'd)

The details of short term financial liabilities as of 30 June 2010 and 31 December 2009 are as follows:

30 June 2010

Name of Bank	Maturity	Original Amount	Currency	Balance
Garanti Credit Card	-	4.430	TL	4.430
Halk Bankası Cash Loan	2 July 2010	1.820.855	TL	1.820.855
				1.825.285

31 December 2009

Name of Bank	Maturity	Original Amount	Currency	Balance
Garanti Credit Card	-	17.483	TL	17.483
Türkiye Teknoloji Geliştirme Proje Destekleme Vakfı	30 Haziran 2010	15.254	USD	22.968
				40.451

9. OTHER FINANCIAL LIABILITIES

None (31 December 2009: None).

10. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Trade Receivables	64.555.395	47.793.309
Trade Receivables from Related Parties (Note 37)	88.232.813	84.712.110
Credit Note Receivables	817.382	108.911
Notes Receivables	3.072.870	1.523.432
Discount on Notes Receivables (-)	(7.375)	(2.534)
Allowance for Doubtful Receivables (-)	(25.151.550)	(13.127.922)
	131.519.535	121.007.306

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

10. TRADE RECEIVABLES AND PAYABLES (cont'd)

Movement of the doubtful receivables for the period ended 30 June 2010 and 31 December 2009 are as follows:

	1 January - 30 June 2010	**1 January - 30 June 2009**
Provision at the beginning of the period	13.127.922	12.917.051
Current period charge	14.505.763	3.350.125
Collections	(2.482.135)	(11.037.916)
Receivables written off	-	(2.355.846)
	25.151.550	**2.873.414**

Guarantees Received for Receivables

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

	30 June 2010		**31 December 2009**	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Letter of guarantees	2.415.113	2.415.113	3.951.919	3.951.919
	2.415.113	**2.415.113**	**3.951.919**	**3.951.919**

Short term trade payables for the period ended 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	**31 December 2009**
Trade Payables	26.144.968	28.319.432
Trade Payables from Related Parties (Note 37)	12.213.050	19.639.083
Discount on Notes Payables (-)	(75.629)	(92.259)
Other Trade Payables	1.029.600	1.915.964
	39.311.989	**49.782.220**

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

11. OTHER RECEIVABLES AND PAYABLES

Details of other short term receivables as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Receivables from Tax Office	582.058	1.902.538
Receivables from Foreign Technical Suppliers	610.446	265.974
THY A.O. Non-Trade Receivables (Note 37)	-	132.228
Due from Personnel	22.444	5.473
Doubtful Receivables	17.348	18.846
Allowance of Doubtful Receivables (-)	(17.348)	(18.846)
Deposits and Guarantees Given	4.990	4.810
Other Receivables	15.079	71.299
	1.235.018	**2.382.322**

Movement of provision for doubtful receivables for the years ended 30 June 2010 and 30 June 2009 are as follows:

	1 January - 30 June 2010	1 January - 30 June 2009
Provision at the beginning of the year	18.846	24.939
Current year period	1.000	5.006
Collected amount	(2.498)	-
Other receivables written off	-	(7.215)
Provision at the end of the year	**17.348**	**22.730**

The details of other short term payables as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
THY A.O. Non-Trade Payables (Note 37)	2.162.946	5.654.773
Taxes, Charges and Other Payables	6.327.614	9.888.081
Social Security Premiums Payables	4.409.272	4.187.464
Order Advances Received	592.159	1.105.153
Deposits and Guarantees Received	791.948	17.543
Payables to Personnel	94.014	580.677
	14.377.953	**21.433.691**

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

12. RECEIVABLES AND PAYABLES FROM OPERATIONS IN FINANCIAL SECTOR

None (31 December 2009: None).

13. INVENTORIES

	30 June 2010	31 December 2009
Technical Equipment Inventories	142.289.656	133.669.283
BFE Equipment Inventories	17.287	70.444
Components and Spare Parts Repairable	335.368.164	319.829.495
Accumulated Depreciation (-)	(153.663.476)	(147.045.446)
Technical Equipment Inventories in Transit	738.218	548.495
Obselete Equipment Inventories	14.368.647	14.368.647
Provision for Impairement (-)	(14.368.647)	(14.368.647)
	324.749.849	**307.072.271**

Movement of allowance for impairment on inventory is as follows:

	1 January - 30 June 2010	1 January - 30 June 2009
Provision at the beginning of the year	14.368.647	14.724.718
Current period charge	-	-
Cancellation of provisions recognized	-	(1.440.669)
Provision at the end of the year	**14.368.647**	**13.284.049**

Movement of components and spare parts are as follows:

	Components and Spare Parts Repairable
Cost	
Opening balance, 1 January 2010	319.829.495
Additions	39.757.441
Disposals	(24.218.772)
Closing balance, 30 June 2010	335.368.164
Accumulated Depreciation	
Opening balance, 1 January 2010	147.045.446
Current charge for the period	24.351.965
Disposals	(17.733.935)
Closing balance, 30 June 2010	153.663.476
Net book value at 30 June 2010	**181.704.687**
Net book value at 31 December 2009	**172.784.049**

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

13. INVENTORIES (cont'd)

	Component and Spare Parts Repairable
Cost	
Opening balance, 1 January 2009	366.092.559
Additions	63.859.026
Disposals	(111.472.038)
Closing balance, 30 June 2009	318.479.547
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	128.745.167
Net book value at 30 June 2009	**189.734.380**
Net book value at 31 December 2008	**181.082.579**

14. BIOLOGICAL ASSETS

None (31 December 2009: None).

15. ASSETS FROM CONSTRUCTION CONTRACTS IN PROGRESS

None (31 December 2009: None).

16. INVESTMENTS ACCOUNTED UNDER EQUITY METHOD

Investments accounted under equity method are as follows:

	30 June 2010	31 December 2009
P&W T.T. Uçak Bakım Merkezi Ltd. Şti.	55.226.833	22.421.794
	55.226.833	**22.421.794**

Financial information for P&W T.T.Uçak Bakım Merkezi Ltd. Şti as of 30 June 2010 and 31 December 2009 is as follows:

	30 June 2010	31 December 2009
Assets	154.723.405	104.846.886
Liabilities	42.015.577	59.088.122
Shareholders' Equity	112.707.828	45.758.764
The Company's share in shareholders' equity	55.226.833	22.421.794

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

16. INVESTMENTS ACCOUNTED UNDER EQUITY METHOD (cont'd)

	1 January - 30 June 2010	**1 January - 30 June 2009**
Revenue	8.780.392	-
Profit / (loss)	(15.833.436)	(2.679.241)
The Company's share on Profit / (Loss)	(7.758.384)	(1.312.828)

Financial assets accounted for equity method in profit/loss are as follows:

	1 January - 30 June 2010	**1 January - 30 June 2009**
P&W T.T. Uçak Bakım Merkezi Ltd. Şti.	(7.758.384)	(1.312.828)
	(7.758.384)	**(1.312.828)**

Financial assets accounted for equity method in profit/loss as of 30 June 2010 and 31 December 2009 are as follows:

Name of the company	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 2009: None).

(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
Cost							
Opening balance 1 January 2010	79.267.300	7.305.096	6.259.569	1.078.621	4.100.123	18.994.899	117.005.608
Additions	3.071.533	742.047	755.876	91.973	3.859.545	-	8.520.974
Disposals	(9.568.308)	(244.356)	(7.716)	(10.371)	-	-	(9.830.750)
Transfer	-	-	-	-	(269.775)	269.775	-
Closing balance 30 June 2010	72.770.525	7.802.788	7.007.729	1.160.223	7.689.893	19.264.674	115.695.832
Accumulated Depreciation							
Opening balance 1 January 2010	55.169.141	6.751.742	3.178.275	576.228	-	2.204.659	67.880.045
Charge for the period	2.280.591	145.055	553.595	61.317	-	2.284.997	5.325.555
Disposals	(6.487.991)	(244.356)	(7.026)	(6.706)	-	-	(6.746.079)
Closing balance 30 June 2010	50.961.741	6.652.441	3.724.844	630.838	-	4.489.656	66.459.521
Net book value 30 June 2010	**21.808.784**	**1.150.346**	**3.282.884**	**529.385**	**7.689.893**	**14.775.017**	**49.236.310**
Net book value 31 December 2009	**24.098.159**	**553.354**	**3.081.294**	**502.393**	**4.100.123**	**16.790.240**	**49.125.563**

(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
Cost							
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
Accumulated Depreciation							
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 30 June 2009	52.781.400	6.764.814	2.785.562	518.876	-	936.647	63.787.299
Net book value 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 31 December 2008	**19.344.177**	**506.745**	**2.398.100**	**469.048**	**5.058.944**	**2.388.457**	**30.165.471**

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

19. INTANGIBLE ASSETS

	Rights
Cost	
Opening balance, 1 January 2010	942.522
Additions	133.591
Closing balance, 30 June 2010	1.076.113
Accumulated Depreciation	
Opening balance, 1 January 2010	353.765
Charge for the period	114.136
Closing balance, 30 June 2010	467.901
Net book value 30 June 2010	**608.213**
Net book value 31 December 2009	**588.757**

	Rights
Cost	
Opening balance, 1 January 2009	592.204
Additions	128.436
Closing balance, 30 June 2009	720.640
Accumulated Depreciation	
Opening balance, 1 January 2009	178.894
Charge for the period	73.655
Closing balance, 30 June 2009	252.549
Net book value 30 June 2009	**468.091**

20. GOODWILL

None (31 December 2009: None).

21. GOVERNMENT GRANTS AND INCENTIVES

None (31 December 2009: None)

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

22. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

i)Provisions

	30 June 2010	31 December 2009
Provisions for Legal Claims	90.000	98.545

Movements in the allowance for legal claims at 30 June 2010 and 30 June 2009 years set out below:

	1 January - 30 June 2010	1 January - 30 June 2009
Provision at the begining of the year	98.545	97.950
Charge for the year	(8.545)	(7.950)
Provision at the end of the year	**90.000**	**90.000**

ii) Contingent Assets and Liabilities;

30 June 2010

As of 30 June 2010, 1 demanding compensation lawsuit is opened against THY Teknik A.Ş. and for this legal case provision of TL 90.000 is provided in the financial statements.

31 December 2009

As of 31 December 2009, 3 demanding compensation lawsuit is opened against THY Teknik A.Ş. and for this legal case provision of TL 98.545 is provided in the financial statements.

iii) Contingent Liabilities;

30 June 2010

DESCRIPTION	TL AMOUNT
Letters of Guarantee Given	2.171.325
TOTAL	**2.171.325**

31 December 2009

DESCRIPTION	TL AMOUNT
Letters of Guarantee Given	702.305
TOTAL	**702.305**

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

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

iv) Mortgages and guarantees on assets;

None (31 December 2009: None).

v) Insurance on assets;

30 June 2010

Type of Assets Insured	Tutar	Döviz Cinsi
Buildings and Machinery Plant Equipment	184.468.667	TL
Vehicles	330.933	TL
Insurance of Spare Parts	250.000.000	USD
Other	280.000	TL
Total TL	**185.079.600**	
Total USD	**250.000.000**	

31 December 2009

Type of Assets Insured	Tutar	Döviz Cinsi
Buildings and Machinery Plant Equipment	190.923.104	TL
Vehicles	308.933	TL
Insurance of Spare Parts	250.000.000	USD
Other	290.000	TL
Total TL	**191.522.037**	
Total USD	**250.000.000**	

23. COMMITMENTS

None (31 December 2009: None).

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

24. EMPLOYEE BENEFITS

Short term employee benefits are as follows:

	30 June 2010	31 December 2009
Salary Accruals	6.568.396	6.382.549
Union Agreement Salary Expenses	19.832.628	-
Provision for unused vacation	6.505.137	773.586
	32.906.161	7.156.135

Long term provision for retirement pay liability are as follows:

	30 June 2010	31 December 2009
Provision for Retirement Pay Liability	20.875.371	18.363.932

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. Some transition provisions related to the pre-retirement service term was excluded from law since the related law was changed as of 23 May 2002.

The amount retirement pay liability consists of one month's salary limited to a maximum of TL 2.427,04 as of 30 June 2010 (2009: TL 2.365,16).

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2009, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 11% (31 December 2009 : 11%) and a discount rate of 4,8% (31 December 2009: 4,8%) resulting in a real discount rate of approximately 5,92% (31 December 2009: 5,92%). The anticipated rate of forfeitures is considered. The maximum liability is revised semi annually, in Company's Severance Pay Provision calculation, TL 2.517,01 ceiling amount as of 1 January 2010 has been taken into account.

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

24. EMPLOYEE BENEFITS (cont'd)

Movement of provision for retirement pay liability is as follows:

	1 January - 31 December 2010	1 January - 31 December 2009
Provision at the begining of the period	18.363.932	13.876.167
Current service costs	2.930.946	2.461.923
Interest costs	543.208	434.453
Payments	(962.715)	(161.387)
Provision at the end of the period	**20.875.371**	**16.611.156**

25. RETIREMENT PLANS

None (31 December 2009: None).

26. OTHER ASSETS AND LIABILITIES

Other short term assets are as follows:

	30 June 2010	31 December 2009
Advances Given for Orders	4.192.745	3.788.745
Income Accruals	7.867.229	1.840.440
Prepaid Expenses	651.883	839.688
Advances Given to Personnel	138.482	69.417
	12.850.339	**6.538.290**

Other short term liabilities are as follows:

	30 June 2010	31 December 2009
Expense Accruals	2.188.349	721.356
Deferred Revenue	1.179.430	-
Other Liabilities	17.390	53.068
	3.385.169	**774.424**

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

26. OTHER ASSETS AND LIABILITIES (cont'd)

Other non current assets are as follows:

	30 June 2010	31 December 2009
Prepayments for Tangible Assets	56.958.935	3.055.485
Income Accruals	652.260	-
Prepaid Expenses	136.619	135.349
	57.747.814	**3.190.834**

Other long term liabilities are as follows:

	30 June 2010	31 December 2009
Income Relating to Future Years	652.260	-
	652.260	**-**

27. SHAREHOLDERS' EQUITY

a) Share Capital / Elimination Adjustments

As of 30 June 2010, the Company's share capital is comprised of 693.000.000 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 2010	%	31 December 2009
THY A.O.	100	693.000.000	100	318.000.000
Unpaid Capital		(318.089.950)		-
		374.910.050		**318.000.000**

b) Reserves

None (31 December 2009: 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.

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

27. SHAREHOLDERS' EQUITY (cont'd)

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 statuary accounts, the whole amount should be distributed, otherwise; all distributable amount in the statuary accounts, the whole amount should be distributed, otherwise; all distributable amount in the statuary accounts are distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statuary accounts carrying net loss for the period.

The Company's shareholders' equity items as per year ends are explained below:

	30 June 2010	31 December 2009
Subscribed Capital	374.910.050	318.000.000
Legal Reserves	4.042.587	2.099.288
Extraordinary Reserves	76.809.151	39.886.471
Retained Earnings	35.743.858	14.851.025
Net Profit for the Year	25.496.375	59.758.812
	517.002.021	**434.595.596**

e) Distribution of Dividends

In accordance with the Capital Markets Board's (the "Board") Decree issued as of 27 January 2010, in relation to the profit distribution of earnings derived from the operations in 2009, minimum profit distribution is not required for listed companies (December 31, 2009: 20%), and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial : IV, No: 27 "Principles of Dividend Advance Distribution of Companies That Are Subject To The Capital Markets Board Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

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

28. SALES AND COST OF SALES

Sales are as follows:

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Line Maintenance Income	68.111.143	36.598.959	54.809.261	29.480.364
Aircraft Maintenance Income	100.189.916	51.298.532	100.699.450	48.065.400
Engine Maintenance Income	22.589.305	19.757.757	77.220.504	36.661.407
Component Maintenance Income	45.736.476	27.223.269	39.678.340	22.806.440
Bfe&Retrofit Income	91.897	(88.379)	-	-
Pool Income	43.432.099	23.222.419	34.020.898	18.620.038
Other	47.035.816	30.961.222	40.770.360	25.779.254
Sales Revenues (Net)	**327.186.652**	**188.973.779**	**347.198.813**	**181.412.903**
Cost of Sales (-)	(261.048.388)	(139.142.380)	(283.494.098)	(154.632.906)
Gross Operating Profit/(Loss)	**66.138.264**	**49.831.399**	**63.704.715**	**26.779.997**

Cost of sales are as follows;

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Equipment Expenses	57.763.525	31.843.725	97.490.607	55.868.095
Personnel Expenses	117.328.156	60.456.392	96.455.301	49.720.970
Maintenance Expenses	22.919.992	12.739.960	37.295.995	15.405.038
Depreciation Expenses	27.359.713	13.562.899	20.594.647	16.012.104
Bfe&Retrofit Expenses	82.559	-	1.002.136	-
Retirement Pay Provision Expense	1.968.231	1.799.533	2.300.536	1.014.757
Transportation Expense	5.696.540	3.315.360	5.934.419	3.056.241
Other	27.929.672	15.424.511	22.420.457	13.555.701
	261.048.388	**139.142.380**	**283.494.098**	**154.632.906**

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

29. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Marketing, Selling and Distribution Expenses (-)	3.057.762	1.593.403	2.328.683	1.273.669
General Administrative Expenses (-)	39.010.752	15.805.772	23.237.267	13.107.221
Total Operating Expenses	**42.068.514**	**17.399.175**	**25.565.950**	**14.380.890**

30. EXPENSES BY NATURE

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Sales and Marketing Expenses (-)				
Personnel Expenses	1.926.370	1.045.082	1.545.166	811.794
Depreciation Expenses	8.922	4.714	82.203	70.897
Other Expenses	1.122.470	543.607	701.314	390.978
	3.057.762	**1.593.403**	**2.328.683**	**1.273.669**

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
General Administrative Expenses				
Equipment Expenses	247.212	(62.027)	1.000.138	461.698
Personnel Expenses	14.987.791	8.068.539	13.447.607	7.204.990
Service Expenses	3.847.251	1.876.445	2.655.945	1.103.931
Rent Expenses	1.147.147	960.939	754.884	366.702
Lighting, Heating and Water Expenses	542.468	184.715	729.084	405.630
Allowance for Doubtful Receivable Expenses	14.506.763	2.777.504	3.355.131	2.204.685
Depreciation Expenses	2.423.021	1.230.305	492.594	674
Other Expenses	1.309.098	769.352	801.884	1.358.911
	39.010.751	**15.805.772**	**23.237.267**	**13.107.221**
Total Operating Expenses	**42.068.513**	**17.399.175**	**25.565.950**	**14.380.890**

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

31. OTHER OPERATING INCOME/ (EXPENSES)

	1 January - 30 June 2010	**1 April - 30 June 2010**	**1 January - 30 June 2009**	**1 April - 30 June 2009**
Plant Maintenance Income	636.116	343.072	559.882	309.517
Provisions Released	2.493.178	986.108	11.053.081	7.852.222
Gain on sale of fixed assets	15.383.639	-	-	-
Other Income	755.578	642.079	918.690	390.791
Total other operating income	**19.268.511**	**1.971.259**	**12.531.653**	**8.552.530**

	1 January - 30 June 2010	**1 April - 30 June 2010**	**1 January - 30 June 2009**	**1 April - 30 June 2009**
Commission Expenses	(3.891)	(3.100)	(8.447)	(7.539)
Retired personnel compensation and bonus expenses	-	-	(322.965)	(179.212)
Union agreement salary expenses	(8.675.661)	(8.675.661)	-	-
Other	(5.681)	(4.500)	(114.235)	(98.711)
Total other operating expenses	**(8.685.233)**	**(8.683.261)**	**(445.647)**	**(285.462)**

(*) In 2009, Company made an official 6% wage increase for the related year. 8% salary increase for the first six months of 2009 and 2% salary increase for the last six months of 2009 for the were estimated by the Company as a result of union agreement negotiations. The difference between the salary increases estimated to be made after union agreement negotiations and the salary increase made in 2009 year, is represented as Union agreement salary expenses.

32. FINANCE INCOME

	1 January - 30 June 2010	**1 April - 30 June 2010**	**1 January - 30 June 2009**	**1 April - 30 June 2009**
Interest Income	140.700	63.165	626.038	251.507
Foreign Exchange Gain	25.740.214	12.887.822	28.347.770	9.267.800
Maturity Difference Income	797.953	461.648	1.992.635	1.023.593
Discount Interest Income	-	-	59.534	44.132
Cancellation of Discount of the prior period	78.163	(28.070)	15.403	15.403
Total Financial Income	**26.757.030**	**13.384.567**	**31.041.380**	**10.602.435**

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

33. FINANCE EXPENSES

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Foreign Exchange Losses	(18.097.046)	(6.768.841)	(27.994.966)	(18.319.980)
Bank Expenses	(80.584)	(79.760)	(1.638)	(1.547)
Retirement Pay Interest Cost	(543.208)	(271.604)	(434.453)	(263.172)
Discount Expenses	(99.634)	(5.188)	(18.561)	(17.419)
Total Financial Expenses	**(18.820.472)**	**(7.125.393)**	**(28.449.618)**	**(18.602.118)**

34. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31 December 2009: None).

35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Tax liability for the current profit is as follows:

	30 June 2010	31 December 2009
Provision for Corporate Tax Liability	7.826.493	12.740.390
Prepaid Taxes	(2.348.894)	(10.320.846)
Corporate Tax Liability	**5.477.599**	**2.419.544**

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

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods. Turkish tax legislation, does not allow parent company to give tax declaration via its subsidiaries consolidated financial statements. For this reason, tax liabilites reflected to those financial statements were calculated seperately for all the companies covered in consolidation.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Corporate Tax (cont'd)

The effective rate of tax in 2010 is 20% (2009: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2009 is 20% (2008: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company.The investments without investment incentive certificates do not qualify for tax allowance.

Investment Incentives

The application of investment incentives is revoked commencing from 1 January 2006. However, companies are allowed to offset their carried forward outstanding allowances as of 31 December 2005 against the 2006, 2007 and 2008's taxable income in cases where they have insufficient taxable profits. Non-deductible investment incentives from the 2008's taxable income cannot be carried forward to following years.

Upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement, which proposes to eliminate the vested rights was revoked on the basis of being contradictory to the constitution. Deadline of the investment incentive period is, thereby, ceased as of the reporting date. The related resolution was published in the Official Gazette on 8 January 2010.

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

35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Confirmation of Tax Provision	1 January - 30 June 2010	1 January - 30 June 2009
Profit from operations before tax	34.831.202	51.503.705
Tax rate of 20%	6.966.240	10.300.741
Effects of Tax		
- revenue that is exempt from taxation	1.123.290	1.122.266
- non-deductible expenses	1.245.297	(1.169.475)
Provisions for tax expense in income statement	**9.334.827**	**10.253.532**

Deferred tax

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 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Inventories	(13.954.570)	(8.636.031)
Fixed Assets	(1.311.096)	(1.436.482)
Provision for diminution in value of inventories	2.873.729	2.873.729
Provision for retirement pay	4.175.074	3.672.786
Allowance for doubtful receivables	1.199.654	2.382.426
Other	5.271.904	906.601
	(1.745.305)	**(236.971)**

	1 January – 30 June 2010	1 January – 30 June 2009
1 January opening value of deferred tax	(236.971)	1.986.322
Deferred tax expense	(1.508.334)	(4.080.649)
Current period deferred tax (liability)/asset	**(1.745.305)**	**(2.094.327)**

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

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 is as follows:

	1 January – 30 June 2010	**1 January – 30 June 2009**
Numbers of total outstanding shares (in full)	693.000.000	318.000.000
Number of outstanding shares (in full)	693.000.000	318.000.000
Weighted average number of shares outstanding during the period (in full)	409.160.221	318.000.000
Net profit for the period	25.496.375	41.250.173
Earnings per share (kr)	6,23	12,97

37. RELATED PARTY TRANSACTIONS

a) Due to/from Related Parties:

Short-term trade receivables from related parties as of 30 June 2010 and 31 December 2009 are as follows:

	30 Haziran 2010	**31 Aralık 2009**
Türk Hava Yolları A.O. ("THY AO")	73.168.885	56.409.795
Güneş Express Havacılık A.Ş ("Sun Ekspress")	1.058.326	979.778
Pratt & Whitney THY Teknik Uçak Motoru Bakım Merkezi Ltd. ("PW & TT")	10.024.688	26.705.625
Turkish Do & Co İkram Hizmetleri A.Ş. ("Do & Co")	157.597	616.912
TGS Yer Hizmetleri A.Ş ("TGS")	3.823.317	-
	88.232.813	**84.712.110**

Short-term non-trade receivables from related parties as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	**31 December 2009**
Türk Hava Yolları A.O.	-	132.228
	-	**132.228**

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

37. RELATED PARTY TRANSACTIONS (cont'd)

Short-term trade payables to related parties as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Türk Hava Yolları A.O.	12.162.095	19.639.083
TGS Yer Hizmetleri A.Ş	50.955	-
	12.213.050	**19.639.083**

Short-term non trade payables to related parties as of 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Türk Hava Yolları A.O.	2.162.946	5.654.773
	2.162.946	**5.654.773**

b) Purchases and Sales from/to Related Parties

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

	1 January-30 June 2010	1 January-30 June 2009
Goods and services rendered to THY A.O.	244.249.327	263.255.698
Goods and services rendered to Sun Express	4.496.342	10.784.826
Goods and services rendered to P&W T.T.	8.153.994	260.690
Goods and services rendered to TGS	1.549.605	-
Goods and services rendered to DO&CO	128.552	-
	258.577.820	**274.301.214**

	1 January-30 June 2010	1 January-30 June 2009
Goods and services received from THY A.O.	60.343.617	24.164.087
Goods and services received from Sun Express	2.355.586	61.167
Goods and services received from P&W T.T.	1.144.645	-
Goods and services received from TGS.	369.875	-
	64.213.723	**24.225.254**

c) The total amount of salaries and other benefits provided to key management personnel is TL 476.612 (30 June 2009: TL 425.064).

38. NATURE AND EXTENT 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 2009.

(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.

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

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

(b) Financial Risk Factors (cont'd)

CREDIT RISK OF FINANCIAL INSTRUMENTS

	Receivables				
	Trade receivables		Other receivables		
30 June 2010	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits at Banks**
Maximum credit risk as of balance sheet date (*)	88.232.813	43.286.722	-	1.235.018	4.414.323
The part of maximum risk under guarantee with collateral etc.	-	*1.913.014*	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	88.232.813	18.762.664	-	1.235.018	4.414.323
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	24.524.058	-	-	-
-The part under guarantee with collateral etc.	-	*1.913.014*	-	-	-
D. Net book value of impaired assets					
-Past due (gross carrying amount)	-	25.151.550	-	-	-
-Impairment(-)	-	*(25.151.550)*	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-
-Not past due (gross carrying amount)	-	-	-	-	-
-Impairment (-)	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-
E.Off-balance sheet items with credit risk	-	-	-	-	-

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

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

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

(b) Financial Risk Factors (cont'd)

CREDIT RISK OF FINANCIAL INSTRUMENTS

	Receivables				
	Trade receivables		Other receivables		
30 June 2010	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits at Banks**
Maximum credit risk as of balance sheet date (*)	84.712.110	36.295.196	132.228	2.250.094	22.574.372
The part of maximum risk under guarantee with collateral etc.	-	*4.106.407*	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	84.712.110	11.830.167	132.228	2.250.094	22.574.372
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	24.465.029	-	-	-
-The part under guarantee with collateral etc.	-	*4.106.407*	-	-	-
D. Net book value of impaired assets					
-Past due (gross carrying amount)	-	11.912.130	-	-	-
-Impairment(-)	-	*(11.912.130)*	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-
-Not past due (gross carrying amount)	-	1.215.792	-	-	-
-Impairment (-)	-	*(1.215.792)*	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-
E.Off-balance sheet items with credit risk	-	-	-	-	-

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

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

38. NATURE AND EXTENT 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.

The Company's aging of past due receivables as of 30 June 2010 and 31 December 2009 are as follows:

Current period	**Trade Receivables**	**Other Receivables**	**Deposits in Banks**	**Derivative instruments**	**Other**	**Total**
Past due 1-30 days	7.250.256	-	-	-	-	7.250.256
Past due 1-3 months	8.896.521	-	-	-	-	8.896.521
Past due 3-12 months	7.850.770	-	-	-	-	7.850.770
Past due 1-5 years	526.511	-	-	-	-	526.511
Total past due receivables	24.524.058	-	-	-	-	24.524.058
The part due under guarantee with collateral	(1.913.014)	-	-	-	-	(1.913.014)

	Trade Receivables	**Other Receivables**	**Deposits in Banks**	**Derivative instruments**	**Other**	**Total**
Prior period						
Past due 1-30 days	6.166.793	-	-	-	-	6.166.793
Past due 1-3 months	13.222.341	-	-	-	-	13.222.341
Past due 3-12 months	1.161.926	-	-	-	-	1.161.926
Past due 1-5 years	5.376.099	-	-	-	-	5.376.099
Total past due receivables	25.927.159	-	-	-	-	25.927.159
The part due under guarantee with collateral	(4.106.407)	-	-	-	-	(4.106.407)

38. NATURE AND EXTENT 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 4.101.283 (31 December 2009: TL 4.106.457).

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.

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

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

(b) Financial Risk Factors (cont'd)

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

Liquidity Risk Table

30.06.2010

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	**55.515.226**	**55.591.395**	**1.825.285**			
Financial Borrowings	1.825.285	1.825.825	1.825.285	-	-	-
Trade Payables	39.311.988	39.387.617	39.387.617	-	-	-
Other Financial Liabilities	14.377.953	14.377.953	14.377.953	-	-	-

31.12.2009

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	**71.256.362**	**71.348.620**	**71.308.169**	**40.451**		
Financial Borrowings	40.451	40.451	-	40.451	-	-
Trade Payables	49.782.220	49.874.478	49.874.478	-	-	-
Other Financial Liabilities	21.433.691	21.433.691	21.433.691	-	-	-

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:

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

38. NATURE AND EXTENT 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 Karşılığı	USD	Avro	GBP	Diğer	TL Karşılığı	USD	Avro	GBP	Diğer
1. Trade Receivables	128.744.998	127.014.084	1.665.488	354.202	65.426	108.655.067	104.869.637	3.762.729	22.701	-
2a. Monetary Financial Assets	3.835.660	3.194.606	557.748	49.876	83.306	21.604.790	21.386.958	163.263	54.569	-
2b. Non Monetary Financial Assets	-	-	-	-		-	-	-	-	-
3. Other	6.699.440	3.338.625	3.360.815	2.879	-	4.660.702	4.464.985	143.712	41.236	10.769
4. Total Current Assets (1+2+3)	**139.280.098**	**133.547.315**	**5.584.051**	**406.957**	**148.732**	**134.920.559**	**130.721.580**	**4.069.704**	**118.506**	**10.769**
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	3.064.099	2.188.213	-	875.886	-
8. Total Non Current Assets (5+6+7)	-	-	-	-	-	**3.064.099**	**2.188.113**	-	**875.886**	-
9. Total Assets (4+8)	**139.280.098**	**133.547.315**	**5.584.051**	**406.957**	**148.732**	**137.984.658**	**132.909.793**	**4.069.704**	**994.392**	**10.769**
10. Trade Payables	(38.823.838)	(35.107.555)	(3.497.920)	(129.390)	(88.973)	(38.477.970)	(32.490.303)	(5.643.513)	(249.764)	(94.390)
11. Financial Liabilities	(17.483)	(17.483)	-	-	-	(22.968)	(22.968)	-	-	-
12a. Other Monetary Liabilities	(10.139.485)	(7.597.747)	(2.480.418)	(61.320)	-	(7.259.568)	(6.976.215)	(99.080)	(61.090)	(123.183)
12b. Other Non Monetary Liabilities	(312.443)	(331.014).	15.755	2.816	-	-	-	29.214	-	-
13. Total Current Liabilities (10+11+12)	**(49.293.249)**	**(43.053.799)**	**(5.962.583)**	**(187.894)**	**(88.973)**	**(45.760.506)**	**(39.489.486)**	**(5.742.593)**	**(310.854)**	**(217.573)**
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Total Non Current Liabilities (14+15+16)	-	-	-	-	-	-	-	-	-	-
18. Total Liabilities (13+17)	**(49.293.249)**	**(43.053.799)**	**(5.962.583)**	**(187.894)**	**(88.973)**	**(45.760.506)**	**(39.489.486)**	**(5.742.593)**	**(310.854)**	**(217.573)**
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)	**89.986.849**	**90.493.516**	**(378.532)**	**(39.162)**	**(88.973)**	**92.224.152**	**93.420.307**	**(1.672.889)**	**683.538**	**(206.805)**
21. Net Foreign Currency Asset / (Liability) Position of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	**83.599.852**	**87.485.905**	**(3.755.102)**	**(41.978)**	**(88.973)**	**84.499.351**	**86.767.109**	**(1.816.601)**	**(233.584)**	**(217.573)**
23. Exports	28.682.687					65.405.694				
24. Imports	131.762.397					198.898.994				

38. NATURE AND EXTENT 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 risk 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 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

Current Period

	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	6.998.872	(6.998.872)
2- Part of Hedged from US Dollar Risk (-)		
3- US Dollar Net Effect (1+2)	**6.998.872**	**(6.998.872)**
In the event of 10% change in Euro against TL;		
4- Euro Net Asset / Liability	(300.408)	300.408
5- Part of Hedged from Euro Risk (-)		
6- Euro Net Effect (4+5)	**(300.408)**	**300.408**
TOTAL	**6.698.464**	**(6.698.464)**

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

Prior Period		
	Profit / (Loss)	
	Foreign Currency Appreciated	**Foreign Currency Appreciated**
In the event of 10% change in US Dollar against TL;		
1- ABD Doları Net Varlık / Yükümlülüğü	6.941.369	(6.941.369)
2- ABD Doları Riskinden Korunan Kısım (-)	-	-
3- ABD Doları Net Etki (1+2)	**6.941.369**	**(6.941.369)**
In the event of 10% change in Euro against TL;		
4- Euro Net Asset / Liability	(145.328)	145.328
5- Part of Hedged from Euro Risk (-)	-	-
6- Euro Net Effect (4+5)	**(145.328)**	**145.328**
TOTAL	**6.796.041**	**(6.796.041)**

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

39. FINANCIAL INSTRUMENTS

Categories and fair value of financial instruments:

30 June 2010	Loans and receivables	Financial liblities at amortized cost	Carrying Value	Note
Financial assets				
Cash and Cash Equivalents	4.475.188	-	4.475.188	6
Trade Receivables	131.519.535	-	131.519.535	10
Other Receivables	1.235.018	-	1.235.018	11
Financial liabilities				
Financial debt	-	1.825.285	1.825.285	8
Trade payables	-	39.311.989	39.311.989	10
Other non trade payables due to related parties	-	2.162.946	2.162.946	11

31 December 2009	Loans and receivables	Financial liblities at amortized cost	Carrying Value	Note
Financial assets				
Cash and Cash Equivalents	22.574.372	-	22.574.372	6
Trade Receivables	121.007.306	-	121.007.306	10
Other Receivables	2.382.322	-	2.382.322	11
Financial liabilities				
Financial debt	-	40.451	40.451	8
Trade payables	-	49.782.220	49.782.220	10
Other non trade payables due to related parties	-	5.654.773	5.654.773	11

- Company assumes that the carrying values of financial assets reflect fair value.

40. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Company signed a joint venture agreement with Goodrich Aerostructures Aftermarket Services Company for foundation of Goodrich Turkish Technic Service Center Company on 15 July 2010 in order to provide engine hood and components maintenance, repair and revision services to its clients and backup support for the related components.

Company signed General Principles agreement for foundation of a joint venture with Zorlu O&M Company affiliated to Zorlu Holding in order to do the maintenance, repair, and revision of some aircraft engine, aircraft engine types, and industrial gas turbins used in energy santrals outside the scope of existing operation field.