

**TÜRK HAVA YOLLARI TEKNİK  
ANONİM ŞİRKETİ**

Convenience Translation to English of  
Condensed Interim Financial Statements  
for the Six-Month Period Ended 30 June 2013 with  
Independent Auditor's Review Report  
(Originally Issued in Turkish)



**Akis Bağımsız Denetim ve Serbest  
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(Convenience Translation to English of Review Report on Condensed Interim Financial Statements  
Originally Issued in Turkish)

**Review Report on Condensed Interim Financial Statements**

To the Board of Directors of  
Türk Hava Yolları Teknik Anonim Şirketi

*Introduction*

We have reviewed the accompanying condensed interim financial statements of Türk Hava Yolları Teknik Anonim Şirketi (“the Company”), which comprise the condensed balance sheet as at 30 June 2013, and the condensed interim statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the six month period then ended. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the financial reporting standards promulgated by Capital Markets Board of Turkey. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

*Scope of review*

Our review is conducted in accordance with the independent auditing standards promulgated by Capital Markets Board of Turkey. A review of interim financial statements 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 the independent auditing standards promulgated by Capital Markets Board of Turkey 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 based on our review.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at 30 June 2013 are not prepared, in all material respects, in accordance with the financial reporting standards promulgated by Capital Markets Board of Turkey (Note 2).

*Other Matter*

The review of condensed interim financial statements of the Company as at 30 June 2012 and audit of financial statements of the Company as at 31 December 2012 were conducted by another auditor. Predecessor auditor concluded on the review report dated 31 August 2012 that nothing has come to their attention that caused them to believe that condensed interim financial statements as at 30 June 2012 were not prepared, in all material respects, in accordance with the financial reporting standards promulgated by Capital Markets Board of Turkey; and expressed an unmodified opinion on the independent auditors’ report dated 6 March 2013 for the financial statements as at 31 December 2012.



*Additional paragraph for convenience translation to English*

The financial reporting standards promulgated by the Capital Markets Board of Turkey described in Note 2 to the condensed interim financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements. Accordingly, the accompanying condensed interim financial statements are not intended to present the financial position, financial performance and cash flows of the Company in accordance with IFRS.

İstanbul, 26 August 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer  
*Partner*

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Condensed Balance Sheet as at 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		<u>Reviewed</u>	<u>Audited</u>
	<u>Notes</u>	<u>30 June 2013</u>	<u>(Restated) (*)</u> <u>31 December 2012</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	4.184.116	17.858.412
Trade Receivables	4	165.489.469	143.972.995
<i>Trade Receivables From Related Parties</i>	19	107.441.077	91.563.793
<i>Trade Receivables From Non- Related Parties</i>		58.048.392	52.409.202
Other Receivables		3.554.079	581.103
<i>Other Receivables From Related Parties</i>	19	514.660	493.583
<i>Other Receivables From Non- Related Parties</i>		3.039.419	87.520
Inventories	5	542.573.343	462.543.729
Prepaid Expenses	11	36.530.527	27.747.270
Current Income Tax Assets		-	2.279.343
Other Current Assets	12	67.402.453	55.831.353
<b>TOTAL CURRENT ASSETS</b>		<b>819.733.987</b>	<b>710.814.205</b>
<b>Non- Current Assets</b>			
Financial Investments		5.025	5.025
Equity Accounted Investees	6	53.253.047	62.098.144
Property and Equipment	7	537.656.894	441.164.187
Intangible Assets	8	3.300.734	3.386.097
Prepaid Expenses	11	38.097.772	7.008.598
<b>TOTAL NON- CURRENT ASSETS</b>		<b>632.313.472</b>	<b>513.662.051</b>
<b>TOTAL ASSETS</b>		<b>1.452.047.459</b>	<b>1.224.476.256</b>

(\*) Refer to Note.2 for restatement.

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Condensed Balance Sheet as at 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		<u>Reviewed</u>	<u>Audited</u>
			(Restated) (*)
<b>LIABILITIES</b>	<b>Notes</b>	<b>30 June 2013</b>	<b>31 December 2012</b>
<b>Current Liabilities</b>			
Short- Term Financial Debts		-	4.638.257
Trade Payables	4	114.103.658	107.902.625
<i>Trade Payables to Related Parties</i>	19	28.613.382	36.699.334
<i>Trade Payables to Non- Related Parties</i>		85.490.276	71.203.291
Payable Related to Employee Benefits		25.745.928	21.051.545
Other Payables		44.105.742	25.644.615
<i>Other Payables to Related Parties</i>	19	33.573.063	4.946.452
<i>Other Payables to Non- Related Parties</i>		10.532.679	20.698.163
Deferred Income	11	105.581.292	84.987.235
Short- Term Provisions		7.660.932	8.250.329
<i>Provisions for Employee Benefits</i>		5.505.670	1.503.632
<i>Other Short- Term Provisions</i>	10	2.155.262	6.746.697
Other Current Liabilities		1.385.600	572.001
<b>TOTAL CURRENT LIABILITIES</b>		<b>298.583.152</b>	<b>253.046.607</b>
<b>Non- Current Liabilities</b>			
Other Payables		129.995.377	-
<i>Other Payables to Related Parties</i>	19	129.995.377	-
Deferred Income		529.318	851.354
Long- Term Provisions		44.429.882	39.368.431
<i>Provisions for Employee Benefits</i>		44.429.882	39.368.431
Deferred Tax Liability	17	21.400.419	9.515.877
<b>TOTAL NON- CURRENT LIABILITIES</b>		<b>196.354.996</b>	<b>49.735.662</b>
<b>Equity Attributable to Equity Holders of the Parent</b>			
Share Capital	13	693.000.000	693.000.000
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		( 2.449.729)	( 2.449.729)
<i>Actuarial Losses from Defined Pension Plans</i>		( 2.449.729)	( 2.449.729)
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss		158.281.448	86.841.809
<i>Foreign Currency Translation Differences</i>		158.281.448	86.841.809
Restricted Profit Reserves		9.277.564	8.080.406
Retained Earnings		135.024.343	120.647.508
Net Profit/ (Loss)		(36.024.315)	15.573.993
<b>TOTAL EQUITY</b>		<b>957.109.311</b>	<b>921.693.987</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1.452.047.459</b>	<b>1.224.476.256</b>

(\*) Refer to Note.2 for restatement.

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Condensed Interim Statement of Profit or Loss and Other Comprehensive Income**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		<u>Reviewed</u>	<u>Reviewed</u>
		<u>1 January -</u>	<u>(Restated) (*)</u>
<b>PROFIT OR LOSS</b>	<b>Not</b>	<b>30 June 2013</b>	<b>1 January -</b>
			<b>30 June 2012</b>
Revenue	14	415.292.812	394.738.743
Cost of Sales (-)	14	(371.899.609)	(352.508.387)
<b>GROSS PROFIT</b>		<b>43.393.203</b>	<b>42.230.356</b>
General Administrative Expenses (-)	15	(56.229.919)	(38.367.588)
Marketing and Sales Expenses (-)	15	(4.326.552)	( 4.770.519)
Research and Development Expenses (-)		(4.712.050)	-
Other Operating Income	16	14.256.392	11.662.257
Other Operating Expenses (-)	16	(8.053.235)	(13.875.268)
<b>OPERATING LOSS</b>		<b>(15.672.161)</b>	<b>(3.120.762)</b>
Income from Investing Activities		1.511.837	125.102
Share of Investments' Loss Accounted by Using the Equity Method	6	(14.412.884)	(8.438.380)
<b>OPERATING LOSS BEFORE FINANCIAL INCOME/ (EXPENSE)</b>		<b>(28.573.208)</b>	<b>(11.434.040)</b>
Financial Income		3.124.110	605.377
Financial Expenses (-)		( 14.619)	(4.433.270)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(25.463.717)</b>	<b>(15.261.933)</b>
<b>Tax Income/ (Expense) of Continuing Operations</b>		<b>(10.560.598)</b>	<b>8.710.096</b>
- Current Tax Expense of the Period		-	(4.041.316)
- Deferred Tax Income/ (Expense)	17	(10.560.598)	12.751.412
<b>LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(36.024.315)</b>	<b>(6.551.837)</b>
<b>OTHER COMPEHENSIVE INCOME</b>			
Not To Be Reclassified To Profit or Loss		-	686.720
Acturial Losses From Defined Pension Plans		-	858.400
Tax Expense of Acturial Losses From Defined Pension Plans		-	(171.680)
<b>To Be Reclassified To Profit or Loss</b>		<b>71.439.639</b>	<b>(37.216.939)</b>
Change in Currency Translation Adjustment		71.439.639	(37.216.939)
<b>OTHER COMPREHENSIVE INCOME/ (EXPENSE)</b>		<b>71.439.639</b>	<b>(36.530.219)</b>
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSE)</b>		<b>35.415.324</b>	<b>(43.082.056)</b>

(\*) Refer to Note.2 for restatement.

Convenience Translation to English of Condensed Interim Financial Statements Originally Issued in Turkish

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Condensed Interim Statement of Changes in Equity**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Share Capital	Actuarial Losses From Defined Pension Plans	Accumulated Other Comprehensive Income or Expenses Not To Be Reclassified To Profit or Loss	Foreign Currency Translation Differences	Restricted Profit Reserves	Retained Earnings	Accumulated Profit	Net Profit/(Loss) for the Period	Total Equity
<b>Balance as of 1 January 2012</b>	<b>543.006.000</b>	-	-	<b>146.635.004</b>	<b>5.126.685</b>	<b>147.909.290</b>	<b>4.786.489</b>	<b>4.786.489</b>	<b>847.463.468</b>
Transfers	-	-	-	-	<b>2.953.721</b>	<b>1.832.768</b>	<b>(4.786.489)</b>	-	-
Share Capital Increase	<b>65.648.250</b>	-	-	-	-	-	-	-	<b>65.648.250</b>
Total Comprehensive Income	-	-	<b>(37.216.939)</b>	-	-	-	<b>(5.865.117)</b>	<b>(5.865.117)</b>	<b>(43.082.056)</b>
<b>Balance as of 30 June 2012</b>	<b>608.654.250</b>	-	<b>109.418.065</b>	<b>109.418.065</b>	<b>8.080.406</b>	<b>149.742.058</b>	<b>(5.865.117)</b>	<b>(5.865.117)</b>	<b>870.029.662</b>
Adjustments Related to Change in Accounting Policy (Note 2)	-	<b>686.720</b>	-	-	-	-	-	<b>(686.720)</b>	-
<b>Restated Balance as of 30 June 2012</b>	<b>608.654.250</b>	<b>686.720</b>	<b>109.418.065</b>	<b>109.418.065</b>	<b>8.080.406</b>	<b>149.742.058</b>	<b>(6.551.837)</b>	<b>(6.551.837)</b>	<b>870.029.662</b>
<b>Balance as of 31 December 2012</b>	<b>693.000.000</b>	-	<b>86.841.809</b>	<b>86.841.809</b>	<b>8.080.406</b>	<b>120.647.508</b>	<b>13.124.264</b>	<b>13.124.264</b>	<b>921.693.987</b>
Adjustments Related to Change in Accounting Policy (Note 2)	-	<b>(2.449.729)</b>	-	-	-	-	<b>2.449.729</b>	-	-
<b>Restated Balance as of 1 January 2013</b>	<b>693.000.000</b>	<b>(2.449.729)</b>	<b>86.841.809</b>	<b>86.841.809</b>	<b>8.080.406</b>	<b>120.647.508</b>	<b>15.573.993</b>	<b>15.573.993</b>	<b>921.693.987</b>
Transfers	-	-	-	-	<b>1.197.158</b>	<b>14.376.835</b>	<b>(15.573.993)</b>	-	-
Total Comprehensive Income	-	-	<b>71.439.639</b>	-	-	-	<b>(36.024.315)</b>	<b>(36.024.315)</b>	<b>35.415.324</b>
<b>Balance as of 30 June 2012</b>	<b>693.000.000</b>	<b>(2.449.729)</b>	<b>158.281.448</b>	<b>158.281.448</b>	<b>9.277.564</b>	<b>135.024.343</b>	<b>(36.024.315)</b>	<b>(36.024.315)</b>	<b>957.109.311</b>

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

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Condensed Interim Statement of Cash Flows**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		<b>Reviewed</b>	<b>Reviewed</b>
	<b>Notes</b>	<b>1 January - 30 June 2013</b>	<b>Restated (*) 1 January - 30 June 2012</b>
<b>Net Loss For the Period</b>		(36.024.319)	(6.551.837)
<b>ADJUSTMENTS TO RECONCILE CASH FLOW GENERATED FROM OPERATING ACTIVITIES:</b>			
Adjustments for depreciation and amortization	5,7,8	36.864.861	31.792.648
Adjustments for provisions, net	10	(3.763.982)	2.903.820
Adjustments for provisions for employee benefits		5.019.529	4.791.241
Adjustments for provisions for doubtful receivables	16	2.428.668	603.125
Adjustments for interest income and expenses		(205.953)	(605.377)
Adjustments for discount expenses	16	415.240	103.936
Adjustments for discount income	16	(62.350)	(159.496)
Unrealized foreign exchange loss and translation differences		36.457.451	(16.270.845)
Share of investment's loss accounted by using the equity method	6	14.412.884	8.438.380
Adjustments for deferred tax expense/ (income)	17	10.560.598	(12.751.412)
Adjustments for income tax expense		-	4.041.316
Adjustments for gain on sale of property and equipment		(1.511.836)	(125.102)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>64.590.790</b>	<b>16.210.397</b>
Adjustments for increase in inventories		(107.548.670)	(7.138.864)
Adjustments for (increase)/ decrease in trade receivables		(24.360.382)	36.457.574
Adjustments for increase in other receivables		(2.972.976)	(1.636.000)
Adjustments for (increase)/ decrease in other current and non current assets		(47.441.493)	3.075.667
Adjustments for (increase)/ decrease in trade receivables from related parties		6.263.386	(31.616.749)
Adjustments for (increase)/ decrease in other receivables from related parties		148.456.502	25.262.242
Adjustments for (increase)/ decrease in other current and non current liabilities		25.780.001	13.376.528
<b>Cash Flows Generated From Operating Activities</b>		<b>62.767.158</b>	<b>53.990.795</b>
Interest received		205.953	605.377
Taxes paid		-	(8.394.281)
Employee benefits indemnity paid		(1.187.418)	(4.351.960)
<b>Net Cash Generated From Operating Activities</b>		<b>61.785.693</b>	<b>41.849.931</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property and equipment and intangible assets		1.608.521	263.776
Purchase of property and equipment	7	(70.583.853)	(94.043.128)
Purchase of intangible assets	8	(307.006)	(764.229)
Capital increase in investments		(1.539.395)	(792.504)
<b>Net cash used in investing activities</b>		<b>(70.821.732)</b>	<b>(95.336.085)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in financial borrowings		-	21.851
Repayments of principal of financial borrowings		(4.638.257)	-
Increase in share capital		-	65.648.250
<b>Net Cash (Used in)/ Provided by Financing Activities</b>		<b>(4.638.257)</b>	<b>65.670.101</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(13.674.296)</b>	<b>12.183.947</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>17.858.412</b>	<b>30.380.515</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>4.184.116</b>	<b>42.564.462</b>

(\*) Refer to Note.2 for restatement.



**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

Notes to the Condensed Interim Financial Statements

For the Six-Month Period Ended 30 June 2013

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**1. ORGANIZATION AND OPERATIONS OF THE COMPANY**

Türk Hava Yolları Teknik Anonim Şirketi (“the Company”) was incorporated on 23 May 2006 with the purpose to bring the Company to an important technical maintenance base in the area in air transport sector and to provide maintenance and repair services to civil aviation sector and every kind of technical and infrastructural assistance related with the airlines sector.

Total number of employees working for the company as at 30 June 2013 is 2.024 (31 December 2012: 2.022).

	<u>30 June 2013</u>	<u>31 December 2012</u>
Administrative Staff	634	632
Production Staff	1.390	1.390
<b>Total</b>	<b>2.024</b>	<b>2.022</b>

Total number of average employees working for the company as at 30 June 2013 is 2.026(31 December 2012: 2.139).

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

**Associates**

As of 30 June 2013 and 31 December 2012, associates accounted by using equity method and participation rate of the Company in these associates are as below:

Name of the Company	Principal Activity	Participation Rate		Country of Registration
		30 June 2013	31 December 2012	
Turkbine Teknik Gaz Turbinleri Bakım Onarım Anonim Şirketi (“Turkbine Teknik”)	Teknik Bakım	50%	50%	Türkiye
P&W T.T. Uçak Bakım Merkezi Limited Şirketi (“TEC”)	Teknik Bakım	49%	49%	Türkiye
Goodrich THY Teknik Servis Merkezi Limited Şirketi (“Goodrich”)	Teknik Bakım	40%	40%	Türkiye
TCI Kabin içi Sistemleri Sanayi ve Ticaret Anonim Şirketi (“TCI”)	Kabin içi Bakım Hizmeti	21%	21%	Türkiye

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**(a) Declaration of Conformity**

The Company registered in Turkey maintain their books of account and prepare its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation.

The condensed interim financial statements have been prepared in accordance with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676.

According to the article 5th of the Communiqué, the Company prepares its condensed financial statements in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards, (“TAS/TFRS”) appendixes and interpretations as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Notes to the Condensed Interim Financial Statements**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**2.1 Basis of Presentation (continued)**

**(a) Declaration of Conformity (continued)**

The condensed interim financial statements have been prepared in accordance with TAS 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2012.

**(b) Functional and Reporting Currency**

*Functional currency*

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

*Translation to the presentation currency*

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

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

**(c) Comparative Information**

Financial statements of the Company has been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency, with current year financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current year, the Company has made several reclassifications in the prior year financial statements in order to maintain consistency, with current year financial statements.

Based on the decision taken on 7 June 2013 by the CMB at its meeting numbered 20/670, a new illustrative financial statement and guidance to it has been issued effective from the interim periods ended after 31 March 2013, which is applicable for the companies that are subject to Communiqué on the Principles of Financial Reporting in Capital Markets. Based on these new illustrative financial statements, a number of changes made at the Company’s financial statements.

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Notes to the Condensed Interim Financial Statements**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**2.1 Basis of Presentation (continued)**

**(c) Comparative Information (continued)**

**Reclassifications in Balance Sheet as of 31 December 2012:**

As a result of preparation of the condensed interim financial statements in accordance with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676, significant classifications in the prior year financial statements have been indicated in following paragraphs as a summary on the basis of financial statements and items.

- Prepaid taxes amounting to TL 2.279.343 which was disclosed under “Other Current Asset” is reclassified and disclosed under “Current Income Tax Assets” as a new balance sheet item.
- Advances given for orders amounting to TL 26.100.497, prepaid expenses amounting to TL 1.644.464 and income accruals amounting to TL 2.305 which were disclosed under “Other Current Asset” are reclassified and disclosed under “Prepaid expenses” as a new balance sheet item.
- Advances given for tangible assets amounting to TL 6.652.888 and prepaid expenses amounting to TL 355.710 which were disclosed under “Other Non Current Asset” are reclassified and disclosed under “Prepaid expenses” as a new balance sheet item.
- “Financial borrowings” are renamed as “Short Term Financial Debts”.
- Vacation pay liability amounting to TL 1.503.632 which was disclosed under “Provisions for Employee Benefits” is reclassified and disclosed under “Short-Term Provisions” as “Provision for Employee Benefits”.
- Salary accruals amounting to TL 17.141.580 which was disclosed under “Employee Benefits”, social security premiums payables amounting to TL 3.823.155 and due to personel amounting to TL 86.810 which were disclosed under “Other Receivables and Payables” are reclassified and disclosed under “Payable Related to Employee Benefits”.
- Provision for legal claims amounting to TL 6.746.697 which was disclosed under “Provisions, Contingent Assets and Liabilities” is reclassified and disclosed under a new balance sheet item, “Short Term Provisions” as “Other Short Term Provisions”.
- Provision for employee termination benefits amounting to TL 39.368.431 which was disclosed under “Employee Benefits” is reclassified and disclosed under a new balance sheet item, “Long Term Provisions” as “Provision for Employee Benefits”.
- Other advances received amounting to TL 84.249.235 which was disclosed under “Other Receivables and Payables” and deferred revenue amounting to 738.000 TL which was disclosed under “Other Assets and Liabilities” are reclassified and disclosed under “Deferred Income” as a new balance sheet item.
- Deferred revenue amounting to TL 851.800 which was disclosed under “Other Assets and Liabilities” are reclassified and disclosed under “Deferred Income” as a new balance sheet item.
- Expense accruals amounting to TL 6.130.837 which was disclosed under “Other Current Assets” is reclassified and disclosed under “Trade Payables to Non-Related Parties”.
- Currency translation adjustment which was disclosed under “Shareholder’s Equity” is reclassified and disclosed under “ Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss”.

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Notes to the Condensed Interim Financial Statements**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**2.1 Basis of Presentation (continued)**

**(c) Comparative Information (continued)**

***Reclassifications in the Statement of Profit and Loss and Other Comprehensive Income for the Six-Month Interim Period Ended 30 June 2012:***

- Foreign exchange loss amounting to TL 10.177.343 and discount interest expense amounting TL 103.936, related to trade operations of the Company, which were disclosed under “Financial Expense” are disclosed under “Other Operating Expense”.
- Late payment interest income amounting to TL 3.881.344 and discount interest income amounting TL 159.496, related to trade operations of the Company, which were disclosed under “Financial Income” are disclosed under “Other Operating Income”.
- Gain on sale of fixed assets amounting to TL 125.102 which were disclosed under “Other Operating Income” are disclosed under “Income from Investment Activities”.

***Reclassifications in the Statement of Changes in Equity for the Six-Month Interim Period Ended 30 June 2012:***

According to condensed consolidated interim financial statements in accordance with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board; changes in preparation of “statement of changes in equity” are completed for the period ended 30 June 2013.

Other disclosures are given in Note 2.3 “Changes in Accounting Policies” related to the restatements in statement of changes in equity.

**(d) Additional paragraph for convenience translation to English**

The financial reporting standards promulgated by the Capital Markets Board of Turkey described in Note 2 to the condensed interim financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements. Accordingly, the accompanying condensed interim financial statements are not intended to present the financial position, financial performance and cash flows of the Company in accordance with IFRS.

**2.2 Summary of Significant Accounting Policies**

The accounting policies used in preparation of condensed interim financial statements are consistent with those used in the preparation of statements for the year ended 31 December 2012 except for changes on application of TAS 19 as discussed in Note 2.3 and reclassifications made according to a new illustrative financial statement and guidance issued by CMB which is effective from the interim periods ended after 31 March 2013 and applicable for the companies that are subject to Communiqué on the Principles of Financial Reporting in Capital Markets based on the decision taken at its meeting numbered 20/670 and dated 7 June 2013 as discussed in Note 2.1.(c).

**2.3 Changes in Accounting Policies**

TAS 19 (“Employee Benefits”) has been revised effective from the annual period beginning after 1 January 2013. In accordance with the revised standard, actuarial gain / loss related to employee benefits shall be recognized in other comprehensive income.

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Notes to the Condensed Interim Financial Statements**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**2.3 Changes in Accounting Policies (continued)**

The Company used to recognize the actuarial gain/loss related to employee benefits in profit or loss until 31 December 2012. The Company applied the change in accounting policy retrospectively as the standard stated and actuarial gains/losses reported under consolidated profit or loss in prior periods have been represented in Actuarial Losses in Defined Pension Plans under equity

- The Company has reclassified TL 738.155 from cost of sales, TL 108.763 from general administrative expenses and TL 11.482 from sales and marketing expenses with the deferred tax effect of TL 171.680 to “Actuarial losses from defined benefit plans” in the condensed interim statement of profit or loss and other comprehensive income for the six month period ended 30 June 2012.
- The Company has reclassified actuarial gains from defined pension plans amounting to TL 686.720 to adjustments for provisions for employee benefits which was disclosed under net loss for the period in the condensed interim statement of cash flows for the six-month period ended 30 June 2012.
- The Company has reclassified actuarial losses from defined pension plans amounting to TL 2.449.729 with the deferred tax effect netted off to actuarial losses from defined benefit plans, which was disclosed under net profit for the year under shareholders equity in the statement of profit or loss and other comprehensive income for the year ended 31 December 2012.

**2.4 Significant Accounting Estimates and Assumptions**

The significant estimates and assumptions used in preparation of these condensed interim financial statements are same with those used in the preparation of the Company’s financial statements as at and for the year ended 31 December 2012.

**2.5 New and Revised Standards and Interpretations**

In accounting policies considered in preparation of financial statements as of and for the six-month period ended 30 June 2013, the Company applied all TFRS standards that are effective as of 1 January 2013 and all interpretations published by Turkey Financial Reporting Interpretations Committee (“TFRYK”) affected financial statements in the matter of correction and explain.

**New standards and interpretations not yet adopted as of 30 June 2013**

A number of new standards, amendments to standards and interpretations explained below are not yet effective as at 30 June 2013, and have not been applied in preparing these financial statements of the Company:

- IFRS 9 Financial Instruments could change the classification and measurement of financial assets and becomes effective for annual periods beginning on or after 1 January 2015.
- IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended): The amendments clarify the meaning of —currently has a legally enforceable right to set-off and also clarify the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014.

The Company does not plan to adopt these standards early and the extent of the impact has not been determined yet.

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

Notes to the Condensed Interim Financial Statements

For the Six-Month Period Ended 30 June 2013

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS** (continued)

**2.5 New and Revised Standards and Interpretations** (continued)

**Resolutions promulgated by POA**

• **2013-1 Illustrative Financial Statement and User Guide**

The POA promulgated "illustrative financial statement and user guide" on 20 May 2013 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply TAS, excluding financial institutions established to engage in banking, insurance, private pensions or capital market.

• **2013-2 Accounting of Combinations under Common Control**

In accordance with the resolution it has been decided that;

- i) combination of entities under common control should be recognized using the pooling of interest method,
- ii) and thus, goodwill should not be included in the financial statements and
- iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred.

This resolution did not have an impact on the financial statements of the Company.

• **2013-3 Accounting of Redeemed Share Certificates**

Clarification has been provided on the conditions and circumstances where the redeemed share certificates shall be recognized as a financial liability or equity based financial instruments. These resolutions did not have an impact on the financial statements of the Company.

• **2013-4 2013-4 Accounting of Cross Shareholding Investments**

If a subsidiary of a parent entity holds shares of the parent, then this is defined as cross shareholding investment and accounting of this cross investment is assessed based on the type and different recognition principles adopted. With the subject resolution, this topic has been assessed under three main headings as explained below and the recognition principles have been determined for each of them.

- i) The subsidiary holding the equity based financial instruments of the parent,
- ii) The associates or joint ventures holding the equity based financial instruments of the parent,
- iii) The parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 38 and TFRS 9 by the parent.

This resolution did not have an impact on the financial statements of the Company.

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

Notes to the Condensed Interim Financial Statements

For the Six-Month Period Ended 30 June 2013

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)**

**2.5 New and Revised Standards and Interpretations (continued)**

**The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA**

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the condensed interim financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make changes, provided that necessary, to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

• **IFRS 10 Consolidated Financial Statements (Amendment)**

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

• **IFRIC Interpretation 21 Levies**

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

• **IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)**

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

• **IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)**

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be notated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Notes to the Condensed Interim Financial Statements**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**3. CASH AND CASH EQUIVALENTS**

At 30 June 2013 and 31 December 2012, cash and cash equivalents comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Cash	111.835	-
Banks (Demand deposits)	4.072.281	771.024
Banks (Time deposits)	-	17.087.388
	<u>4.184.116</u>	<u>17.858.412</u>

At 31 December 2012, the detail of time deposits comprised the following:

Capital	Currency	Interest Rate	Maturity	31 December 2012
7.005.154	USD	%3,55	January 2013	12.487.388
4.600.000	TL	%8,40	January 2013	4.600.000
				<u>17.087.388</u>

**4. TRADE RECEIVABLES AND PAYABLES**

At 30 June 2013 and 31 December 2012, short term trade receivables comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Trade receivables from related parties (Note 19)	107.441.077	91.563.793
Trade receivables	100.087.206	89.347.665
Credit note receivables	1.207.372	1.111.970
Discount on receivables (-)	(3.168)	(42.801)
Provision for doubtful receivables (-)	(43.243.018)	(38.007.632)
	<u>165.489.469</u>	<u>143.972.995</u>

For the periods ended 30 June 2013 and 2012, the movements of provision for doubtful receivables comprised the following:

	<u>1 January – 30 June 2013</u>	<u>1 January – 30 June 2012</u>
Provision at the beginning of the period	38.007.632	38.669.345
Current year charge	2.428.668	596.780
Collections during year	(259.833)	(5.452.489)
Foreign currency translation	3.066.551	3.519.496
Provision at the end of the period	<u>43.243.018</u>	<u>37.333.132</u>

At 30 June 2013 and 31 December 2012, short term trade payables comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Trade payables	78.704.036	65.480.122
Trade payables to related parties (Note 19)	28.613.382	36.699.334
Expense accruals	6.811.130	6.130.837
Discount on payables (-)	(24.890)	(407.668)
	<u>114.103.658</u>	<u>107.902.625</u>



**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Notes to the Condensed Interim Financial Statements**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**5. INVENTORIES**

At 30 June 2013 and 31 December 2012, inventories comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Components and repairable spare parts	445.096.160	373.795.361
Technical equipment inventories	254.470.209	227.729.530
Scrap equipment inventories	17.703.177	16.567.627
Technical equipment inventories in transit	11.682.037	7.282.974
Accumulated depreciation of components and repairable spare parts (-)	(168.488.995)	(145.803.609)
Provision for impairment (-)	(17.889.245)	(17.701.999)
Other	-	673.845
	<u><b>542.573.343</b></u>	<u><b>462.543.729</b></u>

For the years ended 30 June 2013 and 2012, the movements of provision for impairment of inventories comprised the following:

	<u>1 January – 30 June 2013</u>	<u>1 January – 30 June 2012</u>
Provision at the beginning of the period	17.701.999	17.555.587
Reversal of provision for impairment	(1.150.982)	-
Foreign currency translation	1.338.228	(765.832)
Provision at the beginning of the period	<u><b>17.889.245</b></u>	<u><b>16.789.755</b></u>

At 30 June 2013, the movement of components and repairable spare parts comprised the following:

<u>Cost</u>	<u>Components and repairable spare parts</u>
Opening balance 1 January 2013	373.795.361
Additions	65.349.431
Disposals	(23.866.706)
Foreign currency translation	29.818.074
Closing balance 30 June 2013	<u>445.096.160</u>
<u>Accumulated depreciation</u>	
Opening balance 1 January 2013	145.803.609
Current charge for the year	27.519.055
Disposals	(18.231.253)
Foreign currency translation	13.397.584
Closing balance 30 June 2013	<u>168.488.995</u>
<b>Net book value 30 June 2013</b>	<u><b>276.607.165</b></u>
<b>Net book value 31 December 2012</b>	<u><b>227.991.752</b></u>

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

**Notes to the Condensed Interim Financial Statements**

**For the Six-Month Period Ended 30 June 2013**

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**5. INVENTORIES (continued)**

At 30 June 2012, the movement of components and repairable spare parts comprised the following:

<u>Cost</u>	<u>Components and repairable spare parts</u>
Opening balance 1 January 2012	399.120.534
Additions	57.853.311
Disposals	(84.153.539)
Foreign currency translation	(17.410.943)
Closing balance 30 June 2012	<b>355.409.363</b>
<b>Accumulated depreciation</b>	
Opening balance 1 January 2012	185.035.832
Current charge for the period	23.534.469
Disposals	(58.564.096)
Foreign currency translation	(9.733.244)
Closing balance 30 June 2012	<b>140.272.961</b>
<b>Net book value 30 June 2012</b>	<b>215.136.402</b>
<b>Net book value 31 December 2011</b>	<b>214.084.702</b>

**6. EQUITY ACCOUNTED INVESTEEES**

At 30 June 2013 and 31 December 2012, equity accounted investees comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
TEC	44.105.215	53.595.752
Turbine Teknik	7.486.985	7.373.945
TCI	966.995	716.723
Goodrich	693.852	411.724
	<b>53.253.047</b>	<b>62.098.144</b>

For the periods ended 30 June 2013 and 2012, the shares of investment losses accounted for using the equity method comprised the following:

	<u>1 January – 30 June 2013</u>	<u>1 January – 30 June 2012</u>
TEC	(12.935.499)	(7.049.938)
TCI	(541.605)	(701.372)
Goodrich	(489.258)	(676.044)
Turbine Teknik	(446.522)	(11.026)
	<b>(14.412.884)</b>	<b>(8.438.380)</b>

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

Notes to the Condensed Interim Financial Statements

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(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**7. PROPERTY AND EQUIPMENT**

At 30 June 2013, property and equipment comprised the following:

Cost	Plant, Machinery and Equipment					Leasehold Improvements	Total
	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Construction in Progress		
Opening balance 1 January 2013	106.750.096	9.129.541	10.747.618	1.924.393	390.270.847	25.161.531	543.984.026
Additions	5.577.273	-	789.337	133.102	63.386.364	697.777	70.583.853
Disposals	(702.967)	(890.798)	(8.954)	-	-	-	(1.602.719)
Transfers	-	-	-	-	-	-	-
Foreign currency translation	8.515.575	728.274	857.349	153.510	31.132.343	2.007.163	43.394.214
<b>Closing balance 30 June 2013</b>	<b>120.139.977</b>	<b>8.967.017</b>	<b>12.385.350</b>	<b>2.211.005</b>	<b>484.789.554</b>	<b>27.866.471</b>	<b>656.359.374</b>
<b>Accumulated depreciation</b>							
Opening balance 1 January 2013	69.754.869	6.024.281	7.143.928	1.126.974	-	18.769.787	102.819.839
Current charge for the period	4.923.072	291.801	655.962	133.749	-	2.718.705	8.723.289
Disposals	(660.560)	(837.060)	(8.414)	-	-	-	(1.506.034)
Foreign currency translation	5.838.069	445.559	611.450	98.486	-	1.671.822	8.665.386
<b>Closing balance 30 June 2013</b>	<b>79.855.450</b>	<b>5,924.581</b>	<b>8,402.926</b>	<b>1,359.209</b>	<b>-</b>	<b>23,160.314</b>	<b>118,702.480</b>
<b>Net book value 30 June 2013</b>	<b>40,284,527</b>	<b>3,042,436</b>	<b>3,982,424</b>	<b>851,796</b>	<b>484,789,554</b>	<b>4,706,157</b>	<b>537,656,894</b>
<b>Net book value 31 December 2012</b>	<b>36,995,227</b>	<b>3,105,260</b>	<b>3,603,690</b>	<b>797,419</b>	<b>390,270,847</b>	<b>6,391,744</b>	<b>441,164,187</b>

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

Notes to the Condensed Interim Financial Statements

For the Six-Month Period Ended 30 June 2013

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**7. PROPERTY AND EQUIPMENT (continued)**

At 30 June 2012, property and equipment comprised the following:

	Machinery and Equipment	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Construction in Progress	Leasehold Improvements	Total
<b>Cost</b>								
Opening balance 1 January 2012	99.669.203	7.988.923	10.305.090	1.738.906	217.655.856	25.722.851	363.080.829	
Additions	5.757.459	125.485	423.807	152.261	87.560.667	23.449	94.043.128	
Disposals	(269.988)	(25)	(97.015)	(4.977)	-	(8.657)	(380.662)	
Transfers	-	-	-	-	(431.715)	431.715	-	
Foreign currency translation	(4.347.895)	(348.501)	(449.544)	(75.857)	(9.494.860)	(1.122.115)	(15.838.772)	
<b>Closing balance 30 June 2012</b>	<b>100.808.779</b>	<b>7.765.882</b>	<b>10.182.338</b>	<b>1.810.333</b>	<b>295.289.948</b>	<b>25.047.243</b>	<b>440.904.523</b>	
<b>Accumulated depreciation</b>								
Opening balance 1 January 2012	68.142.434	5.964.561	6.399.991	947.571	-	13.982.686	95.437.243	
Current charge for the period	3.780.502	188.153	696.264	135.239	-	3.158.441	7.958.599	
Disposals	(194.859)	(19)	(44.624)	(332)	-	(2.154)	(241.988)	
Foreign currency translation	(3.172.596)	(280.194)	(332.161)	(51.336)	-	(909.969)	(4.746.256)	
<b>Closing balance 30 June 2012</b>	<b>68.555.481</b>	<b>5.872.501</b>	<b>6.719.470</b>	<b>1.031.142</b>	<b>-</b>	<b>16.229.004</b>	<b>98.407.598</b>	
<b>Net book value 30 June 2012</b>	<b>32.253.298</b>	<b>1.893.381</b>	<b>3.462.868</b>	<b>779.191</b>	<b>295.289.948</b>	<b>8.818.239</b>	<b>342.496.925</b>	
<b>Net book value 31 December 2011</b>	<b>31.526.769</b>	<b>2.024.362</b>	<b>3.905.099</b>	<b>791.335</b>	<b>217.655.856</b>	<b>11.740.165</b>	<b>267.643.586</b>	

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

Notes to the Condensed Interim Financial Statements

For the Six-Month Period Ended 30 June 2013

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**8. INTANGIBLE ASSETS**

At 30 June 2013, intangible assets comprised the following:

<u>Cost</u>	<u>Rights</u>
Opening balance 1 January 2013	5.252.928
Additions	307.006
Foreign currency translation	419.031
<b>Closing balance 30 June 2013</b>	<b>5.978.965</b>
<u>Accumulated depreciation</u>	
Opening balance 1 January 2013	1.866.831
Current charge for the period	622.517
Foreign currency translation	188.883
<b>Closing balance 30 June 2013</b>	<b>2.678.231</b>
<b>Net book value 30 June 2013</b>	<b>3.300.734</b>
<b>Net book value 31 December 2012</b>	<b>3.386.097</b>

At 30 June 2012, intangible assets comprised the following:

<u>Cost</u>	<u>Rights</u>
Opening balance 1 January 2012	3.288.584
Additions	764.229
Foreign currency translation	(143.458)
<b>Closing balance 30 June 2012</b>	<b>3.909.355</b>
<u>Accumulated depreciation</u>	
Opening balance 1 January 2012	1.133.510
Current charge for the year	299.580
Foreign currency translation	(49.448)
<b>Closing balance 30 June 2012</b>	<b>1.383.642</b>
<b>Net book value 30 June 2012</b>	<b>2.525.713</b>
<b>Net book value 31 December 2011</b>	<b>2.155.074</b>

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

Notes to the Condensed Interim Financial Statements

For the Six-Month Period Ended 30 June 2013

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**9. COMMITMENTS**

*Leasing Agreements:*

Leasing period is 20 years and is related to the construction in progress of aircraft hangar land. The Company does not have the right to buy the asset at the end of the leasing period.

As at 30 June 2013 leasing payment amounting to TL 1.921.579 accounted as rent expense in profit or loss (30 June 2012: TL 1.790.467).

**Commitments related to operating leasing that can not be cancelled**

	<u>30 June 2013</u>	<u>31 December 2012</u>
Within 1 year	2.956.493	2.081.088
1- 5 years	15.275.213	16.417.472
After 5 years	51.274.851	49.973.307
	<u><b>69.506.557</b></u>	<u><b>68.471.867</b></u>

**10. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

At 30 June 2013 and 31 December 2012, other short term provisions comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Provision for legal claims	2.155.262	6.746.697
	<u><b>2.155.262</b></u>	<u><b>6.746.697</b></u>

For the periods ended 30 June 2013 and 2012, the movements of provision for legal claims comprised the following:

	<u>1 January – 30 June 2013</u>	<u>1 January – 30 June 2012</u>
Provision at the beginning of the period	6.746.697	3.418.323
Charge for the period	550.474	2.903.820
Reversal of provision for the legal claims	(4.314.456)	-
Foreign currency translation	(827.453)	45.831
Provision at the end of the period (*)	<u><b>2.155.262</b></u>	<u><b>6.367.974</b></u>

(\*) TL 1.067.850 of provision for legal claims are comprised of reinstatement cases (31 December 2012: TL 3.758.069).

**11. PREPAID EXPENSES AND DEFERRED INCOME**

At 30 June 2013 and 31 December 2012, short term prepaid expenses comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Advances given for orders	31.948.795	26.100.497
Prepaid expenses	4.581.732	1.644.468
Other	-	2.305
	<u><b>36.530.527</b></u>	<u><b>27.747.270</b></u>

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**11. PREPAID EXPENSES AND DEFERRED INCOME (continued)**

At 30 June 2013 and 31 December 2012, long term prepaid expenses comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Advances given for tangible assets	37.752.293	6.652.888
Prepaid expenses	345.479	355.710
	<u><b>38.097.772</b></u>	<u><b>7.008.598</b></u>

At 30 June 2013 and 31 December 2012, short term deferred income comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Advances taken for orders	104.845.828	84.249.235
Deferred revenue	735.464	738.000
	<u><b>105.581.292</b></u>	<u><b>84.987.235</b></u>

**12. OTHER ASSETS AND LIABILITIES**

At 30 June 2013 and 31 December 2012, other current assets comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Deferred VAT	67.048.472	55.731.154
Advances given to personnel	291.113	98.686
Other	62.868	1.513
	<u><b>67.402.453</b></u>	<u><b>55.831.353</b></u>

**13. SHAREHOLDERS' EQUITY**

At 30 June 2013 and 31 December 2012, the Company's share capital is comprised of 693,000,000 shares issued with par value of TL 1 each. These shares are written to the name. The Company is not included in the registered capital system.

At 30 June 2013 and 31 December 2012 the ownership of the Company's share capital comprised the following:

	<u>%</u>	<u>30 June 2013</u>	<u>%</u>	<u>31 December 2012</u>
Türk Hava Yolları Anonim Ortaklığı ("THY A.O.")	100	<u>693.000.000</u>	100	<u>693.000.000</u>
		<u><b>693.000.000</b></u>		<u><b>693.000.000</b></u>

*Restricted Profit 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.

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**14. REVENUE AND COST OF SALES**

For the periods ended 30 June 2013 and 2012, revenue comprised the following:

	<b>1 January – 30 June 2013</b>	<b>1 January – 30 June 2012</b>
Aircraft maintenance income	136.506.675	140.312.358
Pool income	88.749.659	71.008.801
Component maintenance income	79.197.478	74.471.152
Equipment sales income	32.070.905	46.575.984
Engine maintenance income	14.123.201	9.347.493
Line maintenance income	5.701.772	4.296.665
Other	58.943.122	48.726.290
<b>Net revenue</b>	<b>415.292.812</b>	<b>394.738.743</b>
Cost of sales (-)	(371.899.609)	(352.508.387)
<b>Gross profit</b>	<b>43.393.203</b>	<b>42.230.356</b>

For the periods ended 30 June 2013 and 2012, cost of sales comprised the following:

	<b>1 January – 30 June 2013</b>	<b>1 January – 30 June 2012</b>
Equipment expenses	110.221.302	96.986.024
Personnel expenses	109.059.599	111.918.517
Maintenance expenses	51.998.420	33.141.803
Depreciation and amortisation expenses	33.349.603	28.726.941
Transportation expenses	14.278.746	9.204.320
Provision for employee termination benefit	4.481.733	2.931.938
Collective agreement salary expenses	-	1.932.287
Other	48.510.206	67.666.557
	<b>371.899.609</b>	<b>352.508.387</b>



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**15. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING AND SELLING EXPENSES**

For the periods ended 30 June 2013 and 2012, general administrative expenses comprised the following:

	<b>1 January – 30 June 2013</b>	<b>1 January – 30 June 2012</b>
Personnel expenses	24.210.548	19.752.400
Service expenses	14.862.626	8.040.296
Rent expenses	3.660.175	2.348.771
Depreciation and amortisation expenses	3.473.633	3.054.291
Provision expenses for doubtful receivables	2.428.668	603.125
Equipment expenses	2.300.327	1.523.481
Lighting, heating and water expenses	955.806	761.030
Provision for employee termination benefit	477.239	518.372
Collective agreement salary expenses	-	288.638
Other	3.860.897	1.477.184
	<b>56.229.919</b>	<b>38.367.588</b>

For the periods ended 30 June 2013 and 2012, marketing and selling expenses comprised the following:

	<b>1 January – 30 June 2013</b>	<b>1 January – 30 June 2012</b>
Personnel expenses	2.424.236	2.803.643
Provision for employee termination benefit	60.558	42.596
Depreciation and amortisation expenses	15.750	11.416
Collective agreement salary expenses	-	35.749
Other	1.826.008	1.877.115
	<b>4.326.552</b>	<b>4.770.519</b>

**16. OTHER OPERATING INCOME/ EXPENSES**

For the periods ended 30 June 2013 and 2012, other operating income comprised the following:

	<b>1 January – 30 June 2013</b>	<b>1 January – 30 June 2012</b>
Reversal of provision (Note 10)	4.314.456	-
Insurance, indemnities and penalties income	3.954.998	183
Foreign exchange gains on trade operations, net	1.343.092	-
Plant maintenance income	1.133.974	876.857
Late payment interest income	928.571	3.881.344
Reversal of impairment of trade receivables	263.853	5.461.664
Discount income from payables	62.350	159.496
Other	2.255.098	1.282.713
	<b>14.256.392</b>	<b>11.662.257</b>

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**16. OTHER OPERATING INCOME/ EXPENSES (continued)**

For the periods ended 30 June 2013 and 2012, other operating expenses comprised the following:

	<b>1 January – 30 June 2013</b>	<b>1 January – 30 June 2012</b>
Other equipment sales expenses	4.517.925	-
Provision for impairment of trade receivables	2.428.668	596.780
Provision for the legal claims	550.474	2.903.820
Discount interest expenses	415.240	103.936
Foreign exchange losses on trade operations, net	-	10.177.343
Other	140.928	93.389
	<b>8.053.235</b>	<b>13.875.268</b>

**17. TAX ASSETS AND LIABILITIES**

For the periods ended 30 June 2013 and 2012, tax expenses comprised the following:

	<b>1 January – 30 June 2013</b>	<b>1 January – 30 June 2012</b>
Current period tax expense	-	(4.041.316)
Deferred tax (expense)/ income	(10.560.598)	12.751.412
	<b>(10.560.598)</b>	<b>8.710.096</b>

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.

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.

The effective tax rate in 2013 is 20% (2012: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2013 is 20%. Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, 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 is in use since 22 July 2006. Commencing from 22 July 2006, the rate has been changed to 15% from 10% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

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**For the Six-Month Period Ended 30 June 2013**

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**17. TAX ASSETS AND LIABILITIES (continued)**

*Deferred Tax*

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

For calculation of deferred tax asset and liabilities, the rate of 20% is used.

At 30 June 2013 and 31 December 2012, the deferred tax assets and liabilities comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Inventories	(35.784.043)	(28.682.250)
Fixed assets	(11.059.753)	(4.360.384)
Advances taken for orders	9.940.318	7.971.568
Provisions for employee benefits	8.885.976	7.873.687
Provision for doubtful receivables	3.692.527	3.768.748
Provision for legal claims	431.052	1.349.339
Other	2.493.504	1.507.422
	<u>(21.400.419)</u>	<u>(9.515.877)</u>

For the years ended 30 June 2013 and 2012, the movements of deferred tax liability comprised the following:

	<u>1 January – 30 June 2013</u>	<u>1 January – 30 June 2012</u>
Deferred tax liability at the beginning of the period	9.515.877	31.577.577
Deferred tax expense/ (income)	10.560.598	(12.751.412)
Foreign currency translation	1.323.944	(91.397)
Deferred tax liability at the end of the period	<u>21.400.419</u>	<u>18.734.768</u>

**18. EARNINGS PER SHARE**

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus interest”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares are regarded as issued shares. Accordingly, the weighted average number of shares outstanding during the years has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year.

Earnings per share are calculated by dividing net profit by weighted average number of shares outstanding in the relevant period.

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**18. EARNINGS PER SHARE (continued)**

At 30 June 2013 and 2012, number of total shares and calculation of earnings per share comprised the following:

	<u>1 January – 30 June 2013</u>	<u>1 January – 30 June 2012</u>
Number of shares outstanding at 1 January (in full)	693.000.000	543.006.000
New bonus shares (in full)	-	65.648.250
Number of shares outstanding at 1 June (in full)	693.000.000	608.654.250
Weighted average number of shares outstanding during the period (in full)	693.000.000	585.464.446
Net loss for the period	(36.024.315)	(6.551.837)
Loss per share (Kr)	<u>(5,20)</u>	<u>(1,12)</u>

**19. RELATED PARTY TRANSACTIONS**

**a) Due to/from Related Parties**

At 30 June 2013 and 31 December 2012, short term trade receivables from related parties comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
THY A.O.	94.387.413	70.852.498
Güneş Express Havacılık A.Ş. (“Sun Ekspres”)	6.967.132	5.791.128
TEC	5.493.578	13.151.595
MNG Teknik Uçak Bakım Hizmetleri A.Ş. (“MNG Teknik”)	377.867	-
TCI	113.450	452.486
TGS Yer Hizmetleri A.Ş. (“TGS”)	93.594	121.050
Türk Hava Yolları Habom A.Ş. (“THY Habom”)	6.547	6.109
Uçak Koltuk Üretimi Sanayi ve Ticaret A.Ş. (“Uçak Koltuk”)	1.496	-
Goodrich	-	1.184.209
Türk Hava Yolları Opet Havacılık Yakıtları A.Ş. (“THY Opet”)	-	3.281
Turkbine Teknik	-	1.437
	<u>107.441.077</u>	<u>91.563.793</u>

At 30 June 2013 and 31 December 2012, short term other receivables from related parties comprised the following:

	<u>30 June 2013</u>	<u>31 December 2012</u>
THY A.O.	506.605	485.052
TCI	7.959	7.959
Uçak Koltuk	96	96
Turkbine Teknik	-	476
	<u>514.660</u>	<u>493.583</u>

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**19. RELATED PARTY TRANSACTIONS (continued)**

**a) Due to/from Related Parties (continued)**

At 30 June 2013 and 31 December 2012, short term trade payables to related parties comprised the following:

	<b>30 June 2013</b>	<b>31 December 2012</b>
THY A.O.	21.262.850	27.010.044
THY Habom	4.799.639	7.624.571
Goodrich	1.269.484	1.474.021
TEC	443.209	415.254
MNG Teknik	420.985	-
TGS	209.572	130.359
THYOpet	207.643	38.276
TCI	-	4.696
Turkbine Teknik	-	2.113
	<b>28.613.382</b>	<b>36.699.334</b>

At 30 June 2013 and 31 December 2012, short term other payables to related parties comprised the following:

	<b>30 June 2013</b>	<b>31 December 2012</b>
THY A.O.	33.573.063	4.946.452
	<b>33.573.063</b>	<b>4.946.452</b>

At 30 June 2013 and 31 December 2012, long term other payables to related parties comprised the following:

	<b>30 June 2013</b>	<b>31 December 2012</b>
THY A.O.	129.995.377	-
	<b>129.995.377</b>	<b>-</b>

**b) Purchases and Sales from/to Related Parties**

For the periods ended 30 June 2013 and 2012, the transactions with related parties comprised the following:

	<b>1 January – 30 June 2013</b>	<b>1 January – 30 June 2012</b>
<b>Sales</b>		
THY A.O.	298.173.958	282.881.100
Sun Express	25.901.920	19.994.124
TEC	3.670.869	7.111.127
THY Habom	767.170	10.369
MNG Teknik	297.742	-
TGS	46.120	437.540
Goodrich	30.987	345.412
TCI	29.829	749.833
THY Opet	10.322	2.741
Uçak Koltuk	476	-
Bosna Hersek Hava Yolları	-	211.036
Turkbine Teknik	-	267.252
	<b>328.929.393</b>	<b>312.010.534</b>

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**19. RELATED PARTY TRANSACTIONS (continued)**

**b) Purchases and Sales from/to Related Parties (continued)**

<b>Purchases</b>	<b>1 January – 30 June 2013</b>	<b>1 January – 30 June 2012</b>
THY Habom	18.828.962	10.311.664
THY A.O.	13.521.819	16.180.189
TGS	776.638	569.989
THY Opet	542.547	409.783
Sun Express	185.502	459.790
TEC	17.208	392
TCI	3.600	461.117
Goodrich	64	6.517.535
Uçak Koltuk	10	-
Turbine Teknik	-	27.404
	<b>33.876.350</b>	<b>34.937.863</b>

c) For the period ended 30 June 2013, total amount of salaries and other benefits provided to key management personnel TL 495.700 (30 June 2012: TL 585.147).

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**20. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS**

*Foreign currency risk management*

At 30 June 2013 and 31 December 2012, the Company's foreign currency position table comprised the following:

	Foreign Currency Position Table									
	30 June 2013					31 December 2012				
	TL Equivalent	TL	EUR	GBP	Other	TL Equivalent	TL	EUR	GBP	Other
1. Trade Receivables	11.376.409	13.090.204	(1.724.350)	10.556	-	17.745.682	7.721.020	10.005.861	18.801	-
2. Monetary Financial Assets	856.225	87.416	762.139	6.671	-	5.025.438	4.729.270	145.426	150.742	-
3. Other	8.943.762	6.850.940	2.019.693	49.647	23.483	22.427.418	1.478.597	20.790.931	10.463	147.427
<b>4. Total Current Assets (1+2+3)</b>	<b>21.176.396</b>	<b>20.028.560</b>	<b>1.057.482</b>	<b>66.874</b>	<b>23.483</b>	<b>45.198.538</b>	<b>13.928.887</b>	<b>30.942.218</b>	<b>180.006</b>	<b>147.427</b>
5. Other	14.047.852	692.060	13.217.990	137.802	-	6.766.827	402.210	6.364.617	-	-
<b>6. Total Non-Current Assets (5)</b>	<b>14.047.852</b>	<b>692.060</b>	<b>13.217.990</b>	<b>137.802</b>	<b>-</b>	<b>6.766.827</b>	<b>402.210</b>	<b>6.364.617</b>	<b>-</b>	<b>-</b>
<b>7. Total Assets (4+6)</b>	<b>35.224.248</b>	<b>20.720.620</b>	<b>14.275.472</b>	<b>204.676</b>	<b>23.483</b>	<b>51.965.365</b>	<b>14.331.097</b>	<b>37.306.835</b>	<b>180.006</b>	<b>147.427</b>
8. Trade Payables	(22.612.730)	(17.965.179)	(4.079.111)	(364.306)	(204.133)	35.629.064	26.482.010	8.366.951	397.916	382.187
9. Financial Borrowings	-	-	-	-	-	4.633.777	4.633.777	-	-	-
10. Other Monetary Liabilities	82.528.042	82.458.110	69.932	-	-	212.354	87.238	125.116	-	-
11. Other Non-Monetary Liabilities	6.299.975	5.875.416	424.559	-	-	33.859.221	33.760.523	98.698	-	-
<b>12. Total Current Liabilities (8+9+10+11)</b>	<b>66.215.287</b>	<b>70.368.347</b>	<b>(3.584.620)</b>	<b>(364.306)</b>	<b>(204.133)</b>	<b>74.334.416</b>	<b>64,963,548</b>	<b>8,590,765</b>	<b>397,916</b>	<b>382,187</b>
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Borrowings	-	-	-	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	(987.923)	(26.330)	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>-</b>	<b>(987.923)</b>	<b>(26.330)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>13. Total Liabilities (12)</b>	<b>66.215.287</b>	<b>70.368.347</b>	<b>(3.584.620)</b>	<b>(364.306)</b>	<b>(204.133)</b>	<b>74.334.416</b>	<b>64,963,548</b>	<b>8,590,765</b>	<b>397,916</b>	<b>382,187</b>
<b>14. Net Foreign Currency Asset/ (Liability) Position (7-13)</b>	<b>(30.991.039)</b>	<b>(49.647.727)</b>	<b>17.860.092</b>	<b>568.982</b>	<b>227.616</b>	<b>(22.369.051)</b>	<b>(50.632.451)</b>	<b>28.716.070</b>	<b>(217.910)</b>	<b>(234.760)</b>
<b>15. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (1+2-8-9-10)</b>	<b>(47.682.678)</b>	<b>(51.315.311)</b>	<b>3.046.968</b>	<b>381.533</b>	<b>204.133</b>	<b>(17.704.075)</b>	<b>(18.752.735)</b>	<b>1.659.220</b>	<b>(228.373)</b>	<b>(382.187)</b>

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**20. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS**  
(continued)

*Foreign currency risk management (continued)*

*Foreign currency sensitivity*

The Company is exposed to foreign currency risk due to TL, EUR and GBP exchange rate fluctuations. The following table details the Company's sensitivity to a 10% increase and decrease in TL, EUR and GBP 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.

	30 June 2013	
	Profit/ (Loss) Before Tax	
	Foreign Currency Appreciated by %10	Foreign Currency Depreciated by %10
1- Net TL asset/ liability	(5.131.531)	5.131.531
2- Part of hedge from TL risk (-)	-	-
3- TL net effect (1+2)	(5.131.531)	5.131.531
4- Net EUR asset/ liability	304.697	(304.697)
5- Part of hedge from EUR risk (-)	-	-
6- EUR net effect (4+5)	304.697	(304.697)
7- Net GBP asset/ liability	38.153	(38.153)
8- Part of hedge from GBP risk (-)	-	-
9- GBP net effect (7+8)	38.153	(38.153)
10- Net other currency asset/ liability	20.413	(20.413)
11- Part of hedge from other currency risk (-)	-	-
12- Other currency net effect (10+11)	20.413	(20.413)
TOTAL (3+6+9+12)	(4.768.268)	4.768.268



**TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ**

Notes to the Condensed Interim Financial Statements

For the Six-Month Period Ended 30 June 2013

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

**20. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS**  
(continued)

Foreign currency risk management (continued)

Foreign currency sensitivity

	30 June 2013	
	Profit/ (Loss) Before Tax	
	Foreign Currency Appreciated by %10	Foreign Currency Depreciated by %10
1- Net TL asset/ liability	(1.875.274)	1.875.274
2- Part of hedge from TL risk (-)	-	-
3- TL net effect (1+2)	(1.875.274)	1.875.274
4- Net EUR asset/ liability	165.922	(165.922)
5- Part of hedge from EUR risk (-)	-	-
6- EUR net effect (4+5)	165.922	(165.922)
7- Net GBP asset/ liability	(22.837)	22.837
8- Part of hedge from GBP risk (-)	-	-
9- GBP net effect (7+8)	(22.837)	22.837
10- Net other currency asset/ liability	(38.219)	38.219
11- Part of hedge from other currency risk (-)	-	-
12- Other currency net effect (10+11)	(38.219)	38.219
TOTAL (3+6+9+12)	(1.770.408)	1.770.408

**21. EVENTS AFTER BALANCE SHEET DATE**

None.