TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ

Convenience Translation to English of
Financial Statements For The Year Ended
31 December 2013 with
Independent Auditor's Report
(Originally Issued in Turkish)

TÜRK HAVA YOLLARI TEKNİK
ANONİM ŞİRKETİ

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CONVENIENCE TRANSLATION TO ENGLISH OF INDEPENDENT AUDITOR'S REPORT
(Originally issued in Turkish)

To the Board of Directors of THY Teknik A.Ş.

We have audited the accompanying consolidated financial statements of THY Teknik A.Ş. (the "Company"), which comprise the balance sheet as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Company Management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards ("TAS") promulgated by Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended, in accordance with TAS (Note 2).

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2012 were audited by another auditor. Another auditor expressed an unmodified opinion for the financial statements as at 31 December 2013, on 6 March 2013.

Reports on Responsibilities of Independent Auditor Specified in Other Regulations

According to the 402nd clause of Turkish Commercial Code numbered 6102, Board of Directors made necessary explanations within the context of audit and provided us the requested documents, besides nothing has come to our attention that causes us to believe that The Company's bookkeeping system in the fiscal period 1 January-31 December 2013 is not appropriate, in all material respects, in accordance with the Law and the clauses related to the financial reporting in the Company's articles of association.

According to the 378th clause of Turkish Commercial Code numbered 6102, the Early Risk Detection Committee is founded in the companies whose shares that are not quoted in stock exchange provided that auditor considers necessary and declares in writing to the Board of Directors. According to the 398th clause of the same Law, independent auditor should prepare a separate report and presents it to Board of Directors together with independent auditors' report in accordance with the basis determined by POA, whether the Board of Directors has founded the system and the authorized committee defined in the 378th clause, in case there exists such a system, explain its structure and applications of the committee. As of the reporting date, secondary regulations with respect to work to be performed by auditor on early risk detection and the basis of the report have not been announced, accordingly, no work was performed to form a conclusion whether the foundation of the early risk detection committee is necessary and a separate report for this purpose was not prepared.

İstanbul, 28 March 2014

Akis Bağımsız Denetim ve Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer, SMMM
Partner

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

ASSETS	Notes	Audited 31 December 2013	(Restated)(*) Audited 31 December 2012
Current Assets			
Cash and Cash Equivalents	4	2.046.901	17.858.412
Trade Receivables		161.423.303	143.972.995
- Trade Receivables From Related Parties	7	*111.221.498*	*91.563.793*
- Trade Receivables From Non-Related Parties	8	*50.201.805*	*52.409.202*
Other Receivables		9.857.621	581.103
- Other Receivables From Related Parties	7	*4.958.461*	*493.583*
- Other Receivables From Non-Related Parties	10	*4.899.160*	*87.520*
Inventories	11	650.689.705	462.543.729
Prepaid Expenses	12	5.926.652	27.747.270
Current Income Tax Assets	27	1.716.795	2.279.343
Other Current Assets	18	84.265.205	55.831.353
TOTAL CURRENT ASSETS		**915.926.182**	**710.814.205**
Non-Current Assets			
Financial Investments	5	5.025	5.025
Equity Accounted Investees	3	56.306.699	62.098.144
Property and Equipment	13	701.744.956	441.164.187
Intangible Assets		7.323.887	3.386.097
-Other Intangible Assets	13	*7.323.887*	*3.386.097*
Prepaid Expenses	12	49.188.535	7.008.598
TOTAL NON-CURRENT ASSETS		**814.569.102**	**513.662.051**
TOTAL ASSETS		**1.730.495.284**	**1.224.476.256**

(*) Refer to Note 2.

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

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

	Notes	Audited 31 December 2013	(Restated)(*) Audited 31 December 2012
Current Liabilities		**359.397.392**	**253.046.607**
Other Financial Liabilities		3.992.929	4.638.257
Trade Payables	6	125.386.041	107.902.625
- Trade Payables to Related Parties	7	*27.463.485*	*36.699.334*
- Trade Payables to Non-Related Parties	8	*97.922.556*	*71.203.291*
Payables Related to Employee Benefits	9	22.463.709	21.051.545
Other Payables		70.557.339	25.644.615
- Other Payables to Related Parties	7	*49.569.338*	*4.946.452*
- Other Payables to Non-Related Parties	10	*20.988.001*	*20.698.163*
Deferred Income	12	*129.508.367*	84.987.235
Short-term Provisions		6.418.125	8.250.329
- Provisions for Employee Benefits	15	*4.106.669*	*1.503.632*
- Other Short-term Provisions	15	*2.311.456*	*6.746.697*
Other Current Liabilities		1.070.882	572.001
Non-Current Liabilities		**314.497.814**	**49.735.662**
Other Payables		228.440.942	-
- Other Payables to Related Parties	7	*228.440.942*	-
Deferred Income		177.055	851.354
Long-term Provisions for Employee Benefits	17	42.515.141	39.368.431
Ertelenmiş Vergi Yükümlülüğü	27	43.364.676	9.515.877
EQUITY			
Equity Attributable to Equity Holders of the Parent		**1.056.600.078**	**921.693.987**
Share Capital	19	693.000.000	693.000.000
Items That Will Never Be Reclassified to Profit or Loss		(2.785.745)	(2.449.729)
- Actuarial Losses from Defined Pension Plans		*(2.785.745)*	*(2.449.729)*
Items That Are or May Be Reclassified to Profit or Loss		263.953.309	86.841.809
- Foreign Currency Translation Differences		*263.953.309*	*86.841.809*
Restricted Profit Reserves		9.277.564	8.080.406
Retained Earnings		135.024.343	120.647.508
Net Profit (Loss)		(41.869.393)	15.573.993
TOTAL LIABLITIES AND EQUITY		**1.730.495.284**	**1.224.476.256**

(*) Refer to Note 2.

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

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

	Notes	Audited 1 January - 31 December 2013	(Restated)(*) Audited 1 January - 31 December 2012
Revenue	20	986.249.916	803.823.249
Cost of Sales (-)	20	(871.866.035)	(678.919.691)
GROSS PROFIT		**114.383.881**	**124.903.558**
General Administrative Expenses (-)	21	(96.509.979)	(81.246.093)
Marketing and Sales Expenses (-)	21	(9.066.201)	(9.265.926)
Research and Development Expenses (-)	21	(9.904.785)	(801.361)
Other Operating Income	22	18.303.658	16.177.395
Other Operating Expenses (-)	22	(15.432.692)	(19.199.374)
OPERATING PROFIT		**1.773.882**	**30.568.199**
Income from Investment Activities	23	(351.512)	12.274
Share of Investments' Losses Accounted by Using the Equity Method	3	(17.612.894)	(20.470.232)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		**(16.190.524)**	**10.110.241**
Financial Income	25	5.597.118	3.152.442
Financial Expenses (-)	25	(1.591.366)	(833.672)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**(12.184.772)**	**12.429.011**
TAX (EXPENSE) INCOME OF CONTINUING OPERATIONS		**(29.684.621)**	**3.144.982**
- Current Tax Expense	27	-	(8.378.749)
- Deferred Tax (Expense) Benefit	27	(29.684.621)	11.523.731
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(41.869.393)**	**15.573.993**
OTHER COMPREHENSIVE INCOME			
Items That Will Never Be Reclassified to Profit or Loss		**(336.016)**	**(2.449.729)**
Actuarial Losses From Defined Pension Plans		(420.020)	(3.062.161)
Tax Income of Actuarial Losses From Defined Pension Plans		84.004	612.432
Items That Are or May Be Reclassified to Profit or Loss		**177.111.500**	**(46.810.200)**
Currency Translation Differences		177.111.500	(46.810.200)
OTHER COMPREHENSIVE INCOME		**176.775.484**	**(49.259.929)**
TOTAL COMPREHENSIVE INCOME		**134.906.091**	**(33.685.936)**

(*) Refer to Note2.

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

Statement of Changes in Equity For The Year Ended 31 December 2013
(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

		Accumulated Items That Will Never Be Reclassified to Profit or Loss	Accumulated Items That Are or May Be Reclassified to Profit or Loss		Retained Earnings		
	Paid Share Capital	Acturial Losses From Defined Pension Plans	Currency Translation Differences	Restricted Profit Reserves	Retained Earnings	Net Profit/ (Loss) for the Period	Total Equity
Balance as at 31 December 2012	**693.000.000**	**-**	**86.841.809**	**8.080.406**	**120.647.508**	**13.124.264**	**921.693.987**
Adjustments related to Change in Accounting Policy (*)	-	(2.449.729)	-	-	-	2.449.729	-
Restated Balance as at 1 January 2013	**693.000.000**	**(2.449.729)**	**86.841.809**	**8.080.406**	**120.647.508**	**15.573.993**	**921.693.987**
Transfers	-	-	-	1.197.158	14.376.835	(15.573.993)	-
Total Comprehensive Income	-	(336.016)	177.111.500	-	-	(41.869.393)	134.906.091
Balance as at 31 December 2013	**693.000.000**	**(2.785.745)**	**263.953.309**	**9.277.564**	**135.024.343**	**(41.869.393)**	**1.056.600.078**
Balances as at 1 January 2013	**543.006.000**	**-**	**133.652.009**	**5.126.685**	**106.756.329**	**16.844.900**	**805.385.923**
Transfers	-	-	-	2.953.721	16.844.900	(16.844.900)	2.953.721
Share Capital Increase	149.994.000	-	-	-	(2.953.721)	-	147.040.279
Total Comprehensive Income	-	-	(46.810.200)	-	-	13.124.264	(33.685.936)
Balance as at 31 December 2012	**693.000.000**	**-**	**86.841.809**	**8.080.406**	**120.647.508**	**13.124.264**	**921.693.987**
Adjustments related to Change in Accounting Policy (*)	-	(2.449.729)	-	-	-	2.449.729	-
Restated Balance as at 31 December 2012	**693.000.000**	**(2.449.729)**	**86.841.809**	**8.080.406**	**120.647.508**	**15.573.993**	**921.693.987**

(*) Refer to Note2.

The accompanying notes form an integral part of financial statements.

Statement of Cash Flows For The Year Ended 31 December 2013
(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2013	(Restated)(*) Audited 1 January - 31 December 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit /(Loss) Before Tax		(41.869.393)	15.573.993
Adjustments to reconcile cash flow generated from operationg activities:			
Adjustments for depreciation and amortsation	11 ,13,14	76.809.128	65.137.093
Adjustments for provisions	15	(2.338.142)	3.784.505
Adjustments for provisions for employee benefits	17	6.153.470	5.374.366
Adjusments for provisions for doubtful receivables	8, 10	6.478.570	5.235.889
Adjustments for interest income and expenses		2.399.582	4.019.659
Adjustments for discount for receivables	22	417.589	37.118
Adjustments for discount for payables	22	(89.845)	(306.307)
Unrealized foreign exchange loss and translation differences		(39.943.765)	(14.761.963)
Share of Investment's loss accounted by using the equity method	3	17.612.894	20.470.232
Adjustments for deferred tax expense/ (income)	27	29.684.621	(11.523.731)
Adjustments for gain on sale of property and equipment	21	351.512	(12.274)
Operating Profit Before Working Capital Changes		**55.314.709**	**93.028.580**
Changes in Working Capital:			
Adjustments for increase in inventories		(113.277.474)	2.864.210
Adjustments for (increase)/ decrease in trade receivables		(30.866.033)	39.655.116
Adjustments for increase in other receivables		(9.276.518)	(2.383.159)
Adjustments for (increase)/ decrease in other current and non current assets		(46.190.134)	(31.987.594)
Adjustments for (increase)/ decrease in trade payables and due to related parties		17.573.263	(9.102.902)
Adjustments for (increase)/ decrease in other payables and due to related parties		273.353.666	(33.148.036)
Adjustments for (increase)/ decrease in other current and non current liabilities		45.757.876	(1.076.757)
Cash Flows Generated From Operating Activities		**192.389.355**	**57.849.458**
Interest received		(2.399.582)	(4.019.659)
Taxes paid	27	(1.716.795)	(10.658.092)
Employee benefits indemnity paid	17	(3.426.780)	(1.996.277)
Net Cash Generated From Operating Activities		**184.846.198**	**(12.247.203)**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment and intangible assets	13	517.851	(39.948)
Purchase of property and equipment	13	(197.761.259)	(203.581.428)
Purchase of intangible assets	14	(1.229.578)	(2.149.412)
Cash outflow arising from capital increase in investments		(1.539.395)	-
Net cash used in investing activities		**(200.012.381)**	**(205.690.892)**
C.CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in financial borrowings		-	(1.999.359)
Repayments of principal in financial borrowings		(645.328)	-
Increase in share capital		-	(149.994.000)
Net Cash Used In (From) Financing Activities		**(645.328)**	**151.993.359**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**15.811.511**	**(12.522.103)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**17.858.412**	**30.380.515**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**2.046.901**	**17.858.412**

(*) Refer to Note 2.

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

(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.

The average number of employees working for the company as at 31 December 2013 is 2.012 (31 December 2012: 2.139). Total number of employees working for the company as at 31 December 2013 is 1.981 (31 December 2012: 2.022).

	31 December 2013	31 December 2012
Administrative Staff	619	632
Production Staff	1.362	1.390
Total	**1.981**	**2.022**

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

Associates

As at 31 December, 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 2013	Participation Rate 2012	Country of Registration
Turkbine Teknik Gaz Turbinleri Bakım Onarım Anonim Şirketi ("Turkbine Teknik")	Technical Maintenance	50%	50%	Turkey
P&W T.T. Uçak Bakım Merkezi Limited Şirketi ("TEC")	Technical Maintenance	49%	49%	Turkey
Goodrich THY Teknik Servis Merkezi Limited Şirketi ("Goodrich")	Technical Maintenance	40%	40%	Turkey
TCI Kabiniçi Sistemleri Sanayi ve Ticaret Anonim Şirketi ("TCI")	Cabin Interior Maintenance	21%	21%	Turkey

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Preparation of the Financial Statements

The 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.

The accompanying consolidated financial statements have been presented in accordance with formats announced by CMB on 7 June 2013. A number of changes made at the Group's previous consolidated financial statements in order to comply with formats announced by CMB on 7 June 2013. (Refer to Note: 34).

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

2.1 Basis of Presentation *(continued)*

Adjustment of Financial Statements in Hyperinflationary Periods

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

Basis of Measurements

All financial statements, except for investment property and derivative financial instruments, have been prepared on cost basis principal. Methods used for fair value measurement are given in Note: 2.5.8 and Note: 2.5.14.

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 statement of profit or loss and other comprehensive income is translated into TL by using the monthly average US Dollar exchange rates; and;

c) All differences are recognized as a separate equity item under exchange differences.

Basis of the Consolidation

The company has four joint ventures (Note: 1). Company's joint ventures are economic activities dependent on joint control that require declarations of strategical, financial and management policy by unanimous vote of the company and other partners. The businesses that are controlled by the company collectively, are recognized with sharing the owners' equity method.

According to the equity method, joint ventures are stated as the cost value adjusted as deducting the impairment in joint venture from the change occurred in the joint venture's assets after the acquisition date that is calculated by the Company's share in the consolidated balance sheet. Joint venture'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 joint venture).

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

2.1 Basis of Presentation *(continued)*

Additional paragraph for convenience translation to English

Turkish Accounting Standards promulgated by Public Oversight Accounting and Auditing Standards Authority described in Note 2 to the 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 financial statements are not intended to present the financial position, financial performance and cash flows of the Company in accordance with IFRS.

2.2 Statement of Compliance with TAS

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

The consolidated financial statements have been prepared in accordance with Turkish Accounting Standards (TAS) announced by Public Oversight Accounting and Auditing Standards Authority ("POA") with regard to 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. TAS, are comprised of Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS), appendixes and interpretations.

2.3 Changes in Accounting Policies

Turkish Accounting Standarts 19 ("TAS 19"), Employee Benefits, has been revised effective from the annual period beginning after 1 January 2013. According to that, the actuarial gain/loss related to allowance for retirement pay must be reflected under other comprehensive income.

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 2.633.206 from cost of sales, TL 387.991 from general administrative expenses and TL 40.964 from sales and marketing expenses with the deferred tax effect of TL 612,432 to "Actuarial losses from defined benefit plans" in the statement of other comprehensive income for the year ended 31 December 2012.
- The Company has reclassified actuarial gains from defined pension plans amounting to TL 2.449.729 to adjustments for provisions for employee benefits which was disclosed under net loss for the period in the statement of cash flows for the year ended 31 December 2012.
- The Company has reclassified actuarial losses from defined pension plans amounting to TL 2.449.729 net off the deferred tax, to actuarial losses from defined benefit plans, which was disclosed under net profit for the year in the shareholders' equity for the year ended 31 December 2012.

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

2.4 Changes and Errors in Accounting Estimates

If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively.

Changes in accounting policies or accounting errors applied retroactively and the financial statements of the previous periods were adjusted.

The significant estimates and assumptions used in preparation of these consolidated financial statements as at 31 December 2013 are same with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2012.

2.5 Summary of Significant Accounting Policies

The summary of significant accounting policies which were applied during the preparation of financial statement are as follows:

2.5.1 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 realiably 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 recognized 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,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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 is recorded according to the accrual basis.

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.

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

2.5 Summary of Significant Accounting Policies *(continued)*

2.5.2 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
- Repairable spare parts (V Equipment)	7

2.5.3 Tangible Assets

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

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

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

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

The useful lives of tangible assets are as follows:

	Useful Life (Years)
- Plant, property and equipment	3-15
- Furniture and fixtures	4-15
- Vehicles	4-7
- Other tangible assets	4-15
- Leasehold improvements	5

2.5.4 Intangible Assets

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

2.5.5 Impairment on Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.5.6 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 31 December 2013 and 2012, the Company does not have any capitalized borrowing costs.

2.5.7 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", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". Classification is made according to the financial asset's purpose of obtaining and features at the first recording.

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.

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

2.5 Summary of Significant Accounting Policies *(continued)*

2.5.7 Financial Instruments (continued)

***Financial assets** (continued)*

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the Group acquires the financial asset principally for the purpose of selling in the near term, the financial asset is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short term profit taking as well as derivatives that are not designated and effective hedging instruments.

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

Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Sale and repurchase agreements

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

Loans and receivables

Trade and other 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.

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

2.5 Summary of Significant Accounting Policies *(continued)*

***2.5.7 Financial Instruments** (continued)*

***Financial assets** (continued)*

Impairment of financial assets (continued)

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.

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:

Other financial liabilities 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.

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

2.5.8 Foreign Currency Transaction

Transactions in foreign currencies are translated into US Dollar at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in profit or loss

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

	Closing Rate	Average Rate
31 December 2013	2,1343	1,9033
31 December 2012	1,7826	1,7922
31 December 2011	1,8889	1,6708

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

	Closing Rate	Average Rate
31 December 2013	1,3759	1,3287
31 December 2012	1,1393	1,2856
31 December 2011	1,2938	1,3972

2.5.9 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 shareholders 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.

2.5.10 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.

2.5.11 Provisions, Contingent Liabilities and 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. BASIS OF PRESENTATION OF FINACIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

2.5.12 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.

2.5.13 Taxation and Deferred Tax

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

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 utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

2.5.13 Taxation and Deferred Tax

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.

2.5.14 Employee Benefit/ Retirement Pay Provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard 19 (Revised) "Employee Benefits" ("IAS 19"). The retirement benefit obligation recognized in the balance sheet have been measured as the net current value of the liabilities that are expected to emerge from the retirements of all employees and disclosed as such on the financial statements. Any actuarial gains and losses calculated are carried on the income statement.

2.5.15 Statement of Cash Flow

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

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

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

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

2.5.16 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.

2.6 Critical Accounting Estimates and Assumptions

2.6.1 Useful Lives of Inventories

Components and repairable spare parts are subject to depreciation and their useful lives are explained in Note 2.5.2.

2.6.2 Provision for Doubtful Trade Receivables

The Company makes a provision for trade receivables which are overdue and whose ability to be collected is assessed to be lower based on the past collectability experience, by taking letters of guarantees received into consideration. As explained in Note 8, the provision for doubtful trade receivables amounts to TL 51.009.539 as at 31 December 2013 (31 December 2012: TL 38.007.632).

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

2.6 Critical Accounting Estimates and Assumptions *(continued)*

2.6.3 Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. The partial or complete recoverable amount of deferred tax assets are estimated under current circumstances. Future profit projections, losses in cuurent period, the final dates for utilizing unused losses and other tax assets and tax planning strategies are taken into consideration for such evaluation. Based on the information obtained, a provision is set aside for a portion of or for the total of deferred tax asset if future taxable profit is not sufficient against deferred tax assets.

2.7 New and Revised Standards and Interpretation

In accounting policies considered in preparation of financial statements as at and for the year ended 31 December 2013, the Company applied all Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations that are effective as of 1 January 2013.

New standards and interpretations not yet adopted as of 31 December 2013

A number of new standards, amendments to standards and interpretations explained below are not yet effective as at 31 December 2013, and have not been applied in preparing these financial statements of the Company:

- TFRS 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.
- TAS 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 TAS 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.

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. According to fulfill requirements of these regulations, the company have done the reclassification changes in Note 35.

- **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 consolidated financial statements of the Company.

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

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

2.7 New and Revised Standards and Interpretation *(continued)*

Resolutions promulgated by POA *(continued)*

- **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 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 dete1mined 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.

These resolutions do not have an impact on the financial statements of the Company.

3. SHARES IN OTHER SUBSIDIARIES

As at 31 December the details of investments accounted for using equity method are as follows:

	2013	2012
TEC	46.355.553	53.595.752
Turkbine Teknik	8.632.686	7.373.945
Goodrich	758.407	411.724
TCI	560.053	716.723
	56.306.699	**62.098.144**

As at 31 December financial informations for TEC are as follows:

	2013	2012
Current assets	216.278.145	112.091.482
Non-current assets	93.660.172	113.743.215
Current liabilities	188.258.946	87.860.004
Non-current liabilities	30.021.169	29.683.500
Equity	94.603.169	109.379.086
Companys's share in equity	46.355.553	53.595.752

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

3. SHARES IN OTHER SUBSIDIARIES *(continued)*

	1 January - 31 December 2013	1 January - 31 December 2012
Revenue	246.765.163	163.637.539
Loss for the period	(32.421.795)	(34.593.458)
Company's share in loss for the period	(15.886.680)	(16.950.794)

As at 31 December financial informations for Turkbine Teknik are as follows:

	2013	2012
Assets	15.108.110	15.325.079
Liabilities	(2.157.261)	577.189
Equity	17.265.372	14.747.890
Companys's share in equity	8.632.686	7.373.945

	1 Ocak - 31 December 2013	1 Ocak - 31 December 2012
Revenue	1.705.776	1.252.656
Loss for the period	(349.776)	(707.764)
Company's share in loss for the period	(174.888)	(353.882)

As at 31 December financial informations for Goodrich are as follows:

	2013	2012
Assets	9.064.019	7.284.016
Liabilities	7.168.001	6.254.706
Equity	1.896.018	1.029.310
Companys's share in equity	758.407	411.724

	1 Ocak - 31 December 2013	1 Ocak - 31 December 2012
Revenue	14.404.840	13.581.638
Loss for the period	(1.311.524)	(3.103.680)
Company's share in loss for the period	(524.609)	(1.241.472)

As at 31 December financial informations for TCI are as follows:

	2013	2012
Assets	10.585.548	4.404.188
Liabilities	7.918.628	991.221
Equity	2.666.920	3.412.967
Companys's share in equity	560.053	716.723

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

3. SHARES IN OTHER SUBSIDIARIES *(continued)*

	1 Ocak - 31 December 2013	1 Ocak - 31 December 2012
Revenue	2.155.586	1.133.385
Loss for the period	(4.889.128)	(9.162.301)
Company's share in loss for the period	(1.026.717)	(1.924.084)

Shares of investment's losses accouted by using equity method are as follows:

	1 Ocak - 31 December 2013	1 Ocak - 31 December 2012
TEC	(15.886.680)	(16.950.794)
TCI	(1.026.717)	(1.924.084)
Goodrich	(524.609)	(1.241.472)
Turkbine Teknik	(174.888)	(353.882)
	(17.612.894)	**(20.470.232)**

4. CASH AND CASH EQUIVALENTS

As at 31 December details of cash and cash equivalents are as follows:

	2013	2012
Banks- demand deposits	796.901	771.024
Banks- time deposits	1.250.000	17.087.388
	2.046.901	**17.858.412**

As at 31 December 2013, details of the time deposits are as follows:

Capital	Currency	Opening date	Interest rate	Maturity	31 December 2013
1.250.000	TL	31 December 2013	%9,00	2 January 2014	1.250.000
					1.250.000

As at 31 December 2012, details of the time deposits are as follows:

Capital	Currency	Opening date	Interest rate	Maturity	31 December 2012
7.005.154	USD	31 December 2012	%3,55	2 January 2013	12.487.388
4.600.000	TL	31 December 2012	%8,40	2 January 2013	4.600.000
					17.087.388

5. FINANCIAL INVESTMENTS

As at 31 December details of financial investments are as follows:

	2013	Share %	2012	Share %
Uçak Koltuk Üretimi Sanayi ve Ticaret Anonim Şirketi ("Uçak Koltuk")	5.005	10	5.005	10
Türk Hava Yolları Opet Havacılık Yakıtları Anonim Şirketi ("THY Opet")	20	<1	20	<1
	5.025		**5.025**	

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

6. OTHER FINANCIAL LIABILITIES

As at 31 December details of other financial liabilities are as follows:

	2013	2012
Payables to banks	3.992.929	4.638.257
	3.992.929	**4.638.257**

As at 31 December details of other financial liabilities are as follows:

2013

Name of Bank	Maturity	Original amount	Currency	Amount
Finansbank	1 Ocak 2014	3.992.929	TL	3.992.929
				3.992.929

2012

Name of Bank	Maturity	Original amount	Currency	Amount
Finansbank	1 Ocak 2013	4.577.714	TL	4.577.714
Garanti credit card	-	56.063	TL	56.063
Garanti credit card	-	2.514	USD	4.480
				4.638.257

Short term financial borrowings consist of overnight interest-free borrowings obtained for settlement of monthly social security premium payments.

7. RELATED PARTY TRANSACTIONS

As at 31 December short term trade receivables from related parties are as follows:

	2013	2012
Türk Hava Yolları Anonim Şirketi ("THY A.O.")	87.053.022	70.852.498
Güneş Express Havacılık Anonim Şirketi ("Sun Ekspress")	10.244.685	5.791.128
TEC	6.924.681	13.151.595
Türk Hava Yolları Habom Anonim Şirketi ("THY Habom")	6.428.887	6.109
TCI	321.177	452.486
TGS Yer Hizmetleri Anonim Şirketi ("TGS")	140.511	121.050
Goodrich	108.535	1.184.209
THY Opet	-	3.281
Turkbine Teknik	-	1.437
	111.221.498	**91.563.793**

As at 31 December short term other receivables from related parties are as follows:

	2013	2012
THY A.O.	3.269.930	485.052
TCI	1.687.847	7.959
Uçak Koltuk	115	96
Turkbine Teknik	569	476
	4.958.461	**493.583**

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

7. RELATED PARTY TRANSACTIONS

As at 31 December short term trade payables to related parties are as follows:

	2013	2012
THY A.O.	13.835.192	27.010.044
THY Habom	9.880.096	7.624.571
Goodrich	2.216.403	1.474.021
TEC	193.647	415.254
TGS	196.399	130.359
THY Opet	253.073	38.276
TCI	888.675	4.696
Turkbine Teknik	-	2.113
	27.463.485	**36.699.334**

As at 31 December short term other payables to related parties are as follows:

	2013	2012
THY A.O.	49.552.430	4.946.452
THY Habom	16.908	-
	49.569.338	**4.946.452**

As at 31 December long term other payables to related parties are as follows:

	2013	2012
THY A.O.	228.440.942	-
	228.440.942	**-**

For the years ended 31 December, transactions with related parties are as follows:

Sales	2013	2012
THY A.O.	709.274.662	640.043.832
Sun Express	63.207.815	40.979.823
THY Habom	9.071.428	151.935
TEC	7.524.787	12.565.842
TGS	959.027	1.000.161
TCI	156.768	944.319
Goodrich	123.925	1.890.294
Turkbine Teknik	51.652	360.275
THY Opet	22.547	14.868
Uçak Koltuk	690	29.231
	790.393.301	**697.980.580**

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

7. RELATED PARTY TRANSACTIONS *(continued)*

Purchases	2013	2012
THY A.O.	41.415.553	45.946.245
THY Habom	38.225.663	27.855.303
TGS	1.435.372	1.195.094
THY Opet	1.052.511	871.168
TEC	96.564	66.832
TCI	64.900	-
Sun Express	-	421.649
Goodrich	-	8.149.394
Turkbine Teknik	-	146.619
	82.290.563	**84.652.304**

For the year ended 31 December 2013, total amount of salaries and other benefits provided to key management personnel is TL 2.082.232,45 (31 December 2012: TL 585.147).

8. TRADE RECEIVABLE AND PAYABLES

As at 31 December trade receivables from non-related parties are as follows:

	2013	2012
Trade receivables	99.326.325	89.347.665
Notes Receivables	1.890.990	1.111.970
Discount on receivables	(5.971)	(42.801)
Provision for doubtful receivables	(51.009.539)	(38.007.632)
	50.201.805	**52.409.202**

Provision for doubtful receivables has been determined based on last experiences for uncollectible receivables. Details for credit risk, foreign currency risk and impairment for trade receivables are explained in Note 32.

As at 31 December trade payables to non-related parties are as follows:

	2013	2012
Trade payables	84.659.926	65.480.122
Accrued expenses	13.318.566	6.130.837
Discount on payables	(55.936)	(407.668)
	97.922.556	**71.203.291**

9. PAYABLES RELATED TO EMPLOYEE BENEFITS

As at 31 December payables related to employee benefits are as follows:

	2013	2012
Salary accruals*	18.316.055	17.081.038
Social security premiums payable	4.142.635	3.823.155
Personnel credit card payables	4.124	60.543
Payables to personnel	895	86.809
	22.463.709	**21.051.545**

(*) Salary accruals are comprised of salary expenses of December.

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

10. OTHER RECEIVABLES AND PAYABLES

As at 31 December other receivables from non-related parties are as follows:

	2013	2012
Receivables from foreign technical suppliers	4.594.612	-
Deposits and guarantees given	23.618	18.343
Receivables from personnel	14.159	5.491
Receivables from tax office	7.570	5.452
Doubtful receivables	2.539	6.310
Provision for doubtful receivables (-)	(2.539)	(6.310)
Other receivables	259.201	58.234
	4.899.160	**87.520**

For the years ended 31 December the movements of provison for doubtful receivables are as follows:

	2013	2012
Provision at the beginning of the period	6.310	15.437
Current year charge	-	11.655
Collections	(4.473)	(19.957)
Foreign currency translation	702	(825)
Provision at the end of the period	**2.539**	**6.310**

As at 31 December other payables to non-related parties are as follows:

	2013	2012
Taxes and funds payable	9.093.050	10.931.252
Deposits and guaranteed received	8.834.803	9.766.911
Other payables	3.060.148	-
	20.988.001	**20.698.163**

11. INVENTORIES

As at 31 December inventories are as follows:

	2013	2012
Components and repairable spare parts	560.821.195	373.795.361
Technical equipment inventories	293.511.456	227.729.530
Scrap equipment inventories	18.831.939	16.567.627
Technical equipment inventories in transit	12.211.174	7.282.974
Accumulated depreciation of components and repairable spare parts (-)	(220.355.668)	(145.803.609)
Provision for impairment of inventories (-)	(14.330.391)	(17.701.999)
Other	-	673.845
	650.689.705	**462.543.729**

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

11. INVENTORIES *(continued)*

For the years ended 31 December, the movements of provision for impairment of inventories are as follows:

	2013	2012
Provision at the beginning of the period	17.701.999	17.555.587
Current peirod provision	-	1.134.372
Reversal of provision for impairment	(6.121.222)	-
Foreign currency translation	2.749.614	(987.960)
Provision at the end of the period	**14.330.391**	**17.701.999**

For the year ended 31 December 2013, the movement of components and repairable spare parts are as follows:

Cost	**Components and repairable spare parts**
Opening balance 1 January 2013	373.795.361
Additions	152.508.047
Disposals	(39.230.573)
Foreign currency translation	73.748.360
Closing balance 31 December 2013	**560.821.195**
Accumulated depreciation	
Opening balance 1 January 2013	145.803.609
Current charge for the period	57.206.510
Disposals	(16.376.405)
Foreign currency translation	33.721.954
Closing balance 31 December 2013	**220.355.668**
Net book value 31 December 2013	**340.465.527**

For the year ended 31 December 2012, the movement of components and repairable spare parts are as follows:

Cost	**Components and repairable spare parts**
Opening balance 1 January 2012	399.120.534
Additions	107.991.879
Disposals	(110.856.089)
Foreign currency translation	(22.460.963)
Closing balance 31 December 2012	**373.795.361**
Accumulated depreciation	
Opening balance 1 January 2012	185.035.832
Current charge for the period	49.368.776
Disposals	(78.187.897)
Foreign currency translation	(10.413.102)
Closing balance 31 December 2012	**145.803.609**
Net book value 31 December 2012	**227.991.752**

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

12. PRE-PAID EXPENSES AND DEFERRED INCOME

As at 31 December short-term pre-paid expenses are as follows:

	2013	2012
Advances given for orders	4.089.174	26.100.497
Short-term prepaid expenses	1.837.478	1.644.468
Others	-	2.305
	5.926.652	**27.747.270**

As at 31 December long-term pre-paid expenses are as follows:

	2013	2012
Advances given for fixed asset purchases	48.887.877	6.652.888
Long-term prepaid expenses	300.658	355.710
	49.188.535	**7.008.598**

As at 31 December short-term deferred income are as follows:

	2013	2012
Advances received	128.653.668	84.249.235
Unearned bank protocol income	854.699	738.000
	129.508.367	**84.987.235**

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

13. PROPERTY AND EQUIPMENT

For the year ended 31 December 2013, the movement of property and equipment are as follows:

	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Construction in Progress	Leasehold Improvements	Total
Cost							
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	22.342.211	783.647	1.476.176	502.252	171.231.638	1.425.335	197.761.259
Disposals	(1.945.163)	(1.180.829)	(22.630)	-	-	-	(3.148.622)
Transfers	-	-	-	-	(4.020.125)	-	(4.020.125)
Foreign currency translation	21.061.376	1.801.223	2.120.463	379.676	76.998.910	4.964.271	107.325.919
Closing balance 31 January 2013	**148.208.520**	**10.533.582**	**14.321.627**	**2.806.321**	**634.481.270**	**31.551.137**	**841.902.457**
	(4.870)	**4.871**	**-**	**(2)**	**1**	**-**	
Accumulated depreciation							
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	10.043.697	912.105	1.668.113	243.744	-	4.969.280	17.836.939
Disposals	(1.594.282)	(1.019.493)	(16.996)	-	-	-	(2.630.771)
Foreign currency translation	14.787.852	1.175.533	1.609.862	251.931	-	4.306.316	22.131.494
Closing balance 31 December 2013	**92.992.136**	**7.092.426**	**10.404.907**	**1.622.649**	**-**	**28.045.383**	**140.157.501**
Net book value 31 December 2013	**55.216.384**	**3.441.156**	**3.916.720**	**1.183.672**	**634.481.270**	**3.505.754**	**701.744.956**
Net book value 31 December 2012	**36.995.227**	**3.105.260**	**3.603.690**	**797.419**	**390.270.847**	**6.391.744**	**441.164.187**

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

13. PROPERTY AND EQUIPMENT *(continued)*

For the year ended 31 December 2012, the movement of property and equipment are as follows:

	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Construction in Progress	Leasehold Improvements	Total
Cost							
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)
Closing balance 31 January 2012	**100.808.779**	**7.765.882**	**10.182.338**	**1.810.333**	**295.289.948**	**25.047.243**	**440.904.523**
Accumulated depreciation							
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 peirod	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)
Closing balance 31 December 2012	**68.555.481**	**5.872.501**	**6.719.470**	**1.031.142**	**-**	**16.229.004**	**98.407.598**
Net book value 31 December 2012	**32.253.298**	**1.893.381**	**3.462.868**	**779.191**	**295.289.948**	**8.818.239**	**342.496.925**
Net book value 31 December 2011	**31.526.769**	**2.024.362**	**3.905.099**	**791.335**	**217.655.856**	**11.740.165**	**267.643.586**

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

14. OTHER INTANGIBLE ASSETS

For the year ended 31 December 2013, the movement of other intangible assets is as follows:

	Rights
Cost	
Opening balance 1 January 2013	5.252.928
Additions	1.229.578
Transfers	4.020.125
Foreign currency translation	1.036.382
Closing balance 31 December 2013	**11.539.013**
Accumulated depreciation	
Opening balance 1 January 2013	1.866.831
Current charge for the period	1.765.679
Foreign currency translation	582.616
Closing balance 31 December 2013	**4.215.126**
Net book value 31 December 2013	**7.323.887**
Net book value 31 December 2012	**3.386.097**

For the year ended 31 December 2012, the movement of other intangible assets is as follows:

	Rights
Cost	
Opening balance 1 January 2012	3.288.584
Additions	2.149.412
Foreign currency translation	(185.068)
Closing balance 31 December 2012	**5.252.928**
Accumulated depreciation	
Opening balance 1 January 2012	1.133.509
Current charge for the period	797.111
Foreign currency translation	(63.789)
Closing balance 31 December 2012	1.866.831
Net book value 31 December 2012	**3.386.097**
Net book value 31 December 2011	**2.155.075**

15. PROVISIONS, CONTINGENTS ASSETS AND LIABILITIES

As at 31 December short-term provisions are as follows:

(a) Short-term provisions for employee benefits

	2013	**2012**
Provisions for unused vacation	4.106.669	1.503.632
	4.106.669	**1.503.632**

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

15. PROVISIONS, CONTINGENTS ASSETS AND LIABILITIES *(continued)*

(a) Short-term provisions for employee benefits *(continued)*

For the years ended 31 December the movements of provision for unused vacation are as follows:

	2013	2012
Provision at the beginning of the year	1.503.632	1.334.872
Current year provision	2.056.752	245.195
Foreign currency translation	546.285	(76.435)
Provision at the end of the period	**4.106.669**	**1.503.632**

(b) Other short-term provisions

	2013	2012
Provisions for legal claims (*)	2.311.456	6.746.697
	2.311.456	**6.746.697**

For the years ended 31 December the movements of provision for legal claims are as follows:

	2013	2012
Provision at the beginning of the per,od	6.746.697	3.418.323
Current year provision	1.075.604	3.539.310
Provisions no longer required	(5.470.498)	-
Foreign currency translation	(40.347)	(210.936)
Provision at the end of the period	**2.311.456**	**6.746.697**

(*) As at 31 December 2013, provision for legal claims amounting to TL 233.758 is related with reinstatement cases (31 December 2012: TL 5.395.492).

16. COMMITMENTS AND CONTINGENTIES

Company as lessee

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 31 December 2013 leasing payment amounting to TL 2.369.600 (31 December 2012: TL 5,574,829) is accounted as rent expense in income statement.

Commitments related to operating leasing that can not be cancelled	2013	2012
Within one year	3.278.285	2.081.088
One- five years	16.937.805	16.417.472
After five years	56.855.733	49.973.307
	77.071.823	**68.471.867**

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

17. EMPLOYEE BENEFITS

As at 31 December provisions for retirement pay liability are as follows:

	2013	2012
Provision for employee benefits	42.515.141	39.368.431

Provision for employment termination benefits is made within the frame of following explanations:

Under labor laws effective in Turkey, it is a liability to make legal retirement pay to employees whose employment is terminated in such way to receive retirement pay. In addition, according to Article 60 of Social Security Law numbered 506 which was changed by the laws numbered 2422, dated 6 March 1981 and numbered 4447, dated 25 August 1999, it is also a liability to make legal retirement pay to those who entitled to leave their work by receiving retirement pay. Some transfer provisions related to service conditions prior to retirement are removed from the Law by the changed made on 23 May 2002.

Retirement pay liability is subject to an upper limit of monthly TL 3,438 as of 1 January 2014 (1 January 2013: TL 3,129).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees.

IAS 19 ("Employee Benefits") stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

Main assumption is that maximum liability amount increases in accordance with the inflation rate for every service year. So, provisions in the accompanying financial statements as of 31 December 2013 are calculated by estimating present value of contingent liabilities due to retirement of employees. Provisions in the relevant balance sheet dates are calculated with the assumptions of 6.00% annual inflation rate (31 December 2012: 5.00%) and 10.20% discount rate. (31 December 2012: 7.63%). Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration as 3.96% (31 December 2012: 2.50%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 3,438 which is in effect since 1 January 2014 is used in the calculation of Group's provision for retirement pay liability.

	2013	2012
Provisions at the beginning of the period	39.368.431	32.928.181
Service charge for the period	4.593.589	4.547.334
Interest charges	1.559.881	827.032
Payments	(3.426.780)	(1.996.277)
Actuarial loss	420.020	3.062.161
Provisions at the end of the period	**42.515.141**	**39.368.431**

18. OTHER ASSETS AND LIABILITIES

As at 31 December other assets and liabilities are as follows:

	2013	2012
Deferred VAT	84.226.480	55.731.154
Personnel advances	35.339	98.686
Job advances	3.386	1.513
	84.265.205	**55.831.353**

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

19. SHAREHOLDERS' EQUITY

As at 31 December the ownership structure of the Company's share capital is as follows:

	%	2013	%	2012
THY A.O.	100	693.000.000	100	693.000.000
		693.000.000		**693.000.000**

As at 31 December 2013, the Company's share capital is comprised of 693,000,000 shares issued with par value of TL 1 each (2012: 693.000.000 shares with par value of TL 1each). These shares are written to the name. The Company is not included in the registered capital system.

Restricted Profit Reserves

Restricted reserves assorted from profit consist 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. Publicly traded companies make the dividend payment accordance with procedure laid by CBM.

Foreign Currency Translation Differences

Method for consolidation purpose is, according to TAS 21, monetary items in statutory financial statements is translated to USD using year-end exchange rates, non-monetary items in balance sheet, income/expenses and cash flow are translated to USD by using the exchange rate of the transaction date (historic rate), and currency translation differences are presented under equity. Translation profit/loss from foreign currency transactions is presented under foreign currency exchange losses item under financial expenses in profit or loss and translation profit/loss from trading operations is presented under foreign exchange losses item in operating expenses.

The items of shareholders' equity of the Company in the statutory accounts as of 31 December 2013 are as follows:

	2013	2012
Share capital	693.000.000	693.000.000
Items that will never be reclassified to profit or loss	(2.785.745)	(2.449.729)
Restricted profit reserves	9.277.564	8.080.406
Foreign currency translation differences	263.953.309	86.841.809
Retained earnings	135.024.343	120.647.508
Net profit (loss)	(41.869.393)	15.573.993
	1.056.600.078	**921.693.987**

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

20. REVENUE AND COST OF SALES

For the years ended 31 December revenue is as follows:

	2013	2012
Aircraft maintenance income	286.414.214	286.371.376
Component maintenance income	197.013.656	160.461.721
Pool income	209.855.434	159.135.829
Equipment sales income	110.686.185	84.171.164
Engine maintenance income	33.208.066	27.367.284
Line maintenance income	9.137.456	4.025.345
Bfe&Retrofit income	2.004.228	136.916
Others	137.930.677	82.153.614
Revenue	**986.249.916**	**803.823.249**
Cost of sales (-)	(871.866.035)	(678.919.691)
Gross profit	**114.383.881**	**124.903.558**

For the years ended 31 December cost of sales are as follows:

	2013	2012
Equipment expenses	308.939.684	207.306.946
Personnel expenses	215.357.159	217.770.336
Maintenance expenses	138.036.679	81.034.449
Depreciation and amortisation expenses	71.281.281	58.331.488
Transportaion expenses	24.907.643	19.478.092
Provision for employee termination benefit	3.823.778	3.910.960
Others	109.519.811	91.087.420
	871.866.035	**678.919.691**

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

For the years ended 31 December general administrative expenses are as follows:

	2013	2012
Personnel expenses	46.820.834	41.191.368
Service expenses	25.404.038	18.298.293
Depreciation and amortisation expenses	5.460.038	6.780.376
Rent expenses	5.273.356	5.767.323
Equipment expenses	3.179.663	2.720.794
Lighting, heating and water expenses	1.782.216	1.649.531
Provision for employee termination benefit	723.591	601.243
Other expenses	7.866.243	4.237.165
	96.509.979	**81.246.093**

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

21. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES *(continued)*

For the years ended 31 December marketing, selling and distribution expenses are as follows:

	2013	2012
Personnel expenses	4.790.583	5.515.946
Provision for employee termination benefit	44.667	35.131
Depreciation and amortisation expenses	34.452	25.229
Other expenses	4.196.499	3.689.620
	9.066.201	**9.265.926**

For the years ended 31 December research and development expenses are as follows:

	2013	2012
Personnel expenses	8.572.102	801.361
Service expenses	1.089.734	-
Depreciation and amortisation expenses	33.357	-
Provision for employee termination benefit	1.553	-
Other expenses	208.039	-
	9.904.785	**801.361**

22. OTHER OPERATING INCOME AND EXPENSES

For the years ended 31 December other operating income is as follows:

	2013	2012
Provisions no longer required (Note 15)	5.470.498	-
Insurance, indemnities and penalties income	3.957.166	9.494
Plant maintenance income	2.416.280	2.003.189
Late payment interest income of trade receivables	2.399.582	4.019.659
Reversal of provision for dobtful receivables	1.201.759	5.065.965
Income from discount of payables	89.845	306.307
Others	2.768.528	4.772.781
	18.303.658	**16.177.395**

For the years ended 31 December other operating expenses are as follows:

	2013	2012
Provision for doubful receivables	6.478.570	5.247.544
Other equipment sales expenses	4.517.925	-
Provision for the legal claims	1.075.604	3.539.310
Expense of discount of receivables	417.589	37.118
Foreign exchange losses on trade operations, net	249.115	7.682.193
Others	2.693.889	2.693.209
	15.432.692	**19.199.374**

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

23. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

For the years ended 31 December income and expenses from investing activities are as follows:

	2013	2012
Gain (loss) on sale of fixed assets	(351.512)	12.274
	(351.512)	**12.274**

24. EXPENSES RECLASSIFIED ON THE BASIS OF LINE

Expenses for the years ended 31 December are presented in Note 20 and Note 21 according to their functions.

25. FINANCIAL INCOME AND EXPENSES

For the years ended 31 December financial income are as follows:

	2013	2012
Foreign exchange gains	5.358.228	1.934.539
Interest income	238.890	1.217.903
	5.597.118	**3.152.442**

For the years ended 31 December financial expenses are as follows:

	2013	2012
Cost of employee termination benefits interest	1.559.881	827.032
Bank expenses	31.485	6.640
	1.591.366	**833.672**

26. ANALYSIS OF OTHER COMPREHENSIVE INCOME COMPONENTS

For the year ended 31 December 2013, the Company's other comprehensive income which is not to be reclassified to profit or loss is TL 336.016 as expense (31 December 2012: TL 2.449.729 as income), other comprehensive income to be reclassified to profit or loss is TL 177.111.500 as income (31 December 2012: TL 46.810.200 as expense).

27. TAX ASSET AND LIABILITIES

As at 31 December assets related to current tax are as follows:

	2013	2012
Prepaid taxes and funds	1.716.795	2.279.343
	1.716.795	**2.279.343**

For the years ended 31 December, tax expenses are as follows:

	2013	2012
Curent period tax expense	-	(8.378.749)
Deferred tax (expense)/ income	(29.684.621)	11.523.731
Tax income (expense)	**(29.684.621)**	**3.144.982**

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

27. TAX ASSET AND LIABILITIES *(continued)*

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.

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.

Deferred Tax

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

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

As at 31 December, the deferred tax assets and liabilities are as follows:

	2013	2012
Inventories	(46.341.533)	(28.682.250)
Fixed assets	(22.861.836)	(4.360.384)
Advances taken for orders	9.544.325	7.971.568
Provisions for employee benefits	9.324.362	7.873.687
Provision for doubtful receivables	4.338.963	3.768.748
Provision for legal claims	462.292	1.349.339
Others	2.168.751	2.563.415
	(43.364.676)	**(9.515.877)**

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

27. TAX ASSET AND LIABILITIES *(continued)*

For the years ended 31 December, the movements of deferred tax liability are as follows:

	2013	2012
Deferred tax liability at the beginning of the period	9.515.877	21.632.331
Deferred tax expense/ (income)	29.684.621	(11.523.731)
Tax income of actuarial losses from defined pension plans	(84.004)	(612.432)
Foreign currency translation	4.248.182	19.709
Deferred tax liability at the end of the year	**43.364.676**	**9.515.877**

For the years ended 31 December, the movements of deferred tax benefit (expense) are as follows:

	2013	2012
Profit (loss) from operations before tax	(12.184.772)	12.429.011
%20 tax rate	(2.436.954)	2.485.802
Taxation effects on:		
- foreign exchange rate translation gain (loss)	28.090.035	(12.818.279)
- equity method	3.522.579	4.094.046
- non-deductible expenses	222.702	2.056.253
- other	286.259	1.037.196
Tax charge in profit of loss	**29.684.621**	**(3.144.982)**

28. EARNINGS PER SHARE

There is 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:

	2013	2012
Number of total outstanding shares as of 1January (in full)	693.000.000	693.000.000
Number of outstanding shares as of 31 December (in full)	693.000.000	693.000.000
Weighted Average number of shares outstanding during the period (in full)	693.000.000	693.000.000
Net profit (loss) for the period	(41.869.393)	15.573.993
Earnings per share (Kr)	**(6,04)**	**2,25**

29. EFFECTS OF EXCHANGE RATE CHANGES

Analysis of effects of exchange rate changes as at 31 December 2013 and 2012 is presented in Note 31.

30. REPORTING IN HYPERINFLATIONARY ECONOMIES

The Company has terminated the application of being inflation accounting effective from 1 January 2005 based on the decision of CMB on 17 March 2005.

31. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

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

The capital structure of the Company consists of debt which includes the borrowings includeing financial loans and in order of cash and cash equivalents, equity comprising issued capital, reserves and retained earnings.

(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.

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

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

(b) Financial risk factors (continued)

Credit risk management

	Receivables				
	Trade receivables		Other receivables		Deposits in
31 December 2013	Related party	Third party	Related party	Third party	banks
Maximum Credit Risk as of balance sheet date (*)	111.221.498	50.201.805	4.958.461	4.899.160	2.046.901
- The part of maximum risk under guarantee with collateral etc.	-	3.897.210	-	-	-
A. Net book value of financial assets that areneither past due nor impaired	111.221.498	29.177.711	4.958.461	4.899.160	2.046.901
B. Net book value of financial assets that are renegotiated, if not that wil be accepted as past due or impaired	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	21.024.094	-	-	-
- the part under guarantee with collateral etc	-	3.897.210	-	-	-
D. Net book value of impaired assets					
- Past due (gross carrying amount)	-	51.009.539	-	2.539	-
- Impairment (-)	-	(51.009.539)	-	(2.539)	-
- 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 credit reliability such as guarantees received are not considered in the balance.

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

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

(b) Financial risk factors (continued)

Credit risk management (continued)

	Receivables				
	Trade receivables		Other receivables		Deposits in
31 December 2012	**Related party**	**Third party**	**Related party**	**Third party**	**bank**
Maximum Credit Risk as of balance sheet date (*)	91.563.793	52.409.202	493.583	87.520	17.858.412
Maximum Credit Risk as of balance sheet date (*)	-	4.623.957	-	-	-
- The part of maximum risk under guarantee with collateral etc.	91.563.793	20.469.816	493.583	87.520	17.858.412
A. Net book value of financial assets that areneither past due nor impaired					
B. Net book value of financial assets that are renegotiated, if not that wil be accepted as past due or impaired	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	31.939.386	-	-	-
D. Net book value of impaired assets	-	4.623.957	-	-	-
- Past due (gross carrying amount)					
- Impairment (-)	-	38.007.632	-	6.310	-
- The part of net value under guarantee with collateral etc.	-	(38.007.632)	-	(6.310)	-
- 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 part of net value under guarantee with collateral etc.	-	-	-	-	-

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

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

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

(b) Financial risk factors (continued)

Credit risk management (continued)

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

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

The company's aging of past due receivables as of 31 December are as follows:

31 December 2013	Trade Receivables	Other Receivables	Deposits in Banks	Others	Total
Past due 1-30 days	3.625.754	-	-	-	3.625.754
Past due 1-3 months	662.920	-	-	-	662.920
Past due 3-12 months	2.918.713	-	-	-	2.918.713
Past due 1-5 years	13.816.707	-	-	-	13.816.707
Total past due receivables	21.024.094	-	-	-	21.024.094
The part under guarantee with colleteral etc.	3.897.210	-	-	-	3.897.210

31 December 2012	Trade Receivables	Other Receivables	Deposits in Banks	Others	Total
Past due 1-30 days	5.934.813	-	-	-	5.934.813
Past due 1-3 months	11.833.216	-	-	-	11.833.216
Past due 3-12 months	10.285.865	-	-	-	10.285.865
Past due 1-5 years	3.885.492	-	-	-	3.885.492
Total past due receivables	31.939.386	-	-	-	31.939.386
The part under guarantee with colleteral etc.	4.623.957	-	-	-	4.623.957

As of balance sheet date, total amount of cash collateral and letter of guarantees which are received by the Company for past due but not impaired receivables amounts to TL 3.897.210 (31 December 2012: TL 4.623.957).

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

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

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

(b) Financial risk factors (continued)

Impairment

Provisions for doubtful trade receivables consist of provisions for receivables in legal dispute and provisions calculated based on experiences on uncollectible receivables. Changes in provisions for doubtful receivables for the years ended 31 December 2013 and 2012 is as follows:

	2013	2012
Provision at the beginning of the year	38.007.632	38.669.345
Charge for the year	6.478.570	5.235.889
Collections during year	(1.197.286)	(5.046.008)
Foreign currency translation	7.720.623	(851.594)
	51.009.539	**38.007.632**

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 Group management. The Group 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 and are prepared based on the earliest date on which the Group can be required to pay. The interests that will be paid on the future liabilities are included in the related maturities

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.

31 December 2013

Due date on contract	Book value	Total cash outflow according to the contract	Less than 3 months	3-12 months	1-5 yearsı	More than 5 years
Non-derivative financial liabilities				-	-	-
Financial borrowings	3.992.929	3.992.929	3.992.929	-	-	-
Trade payables	125.386.041	125.386.041	125.386.041	-	-	-
Other payables	70.557.339	70.557.339	70.557.339	-	-	-
Total	**199.936.309**	**199.936.309**	**199.936.309**	-	-	-

31 December 2012

Due date on contract	Book value	Total cash outflow according to the contract	Less than 3 months	3-12 months	1-5 yearsı	More than 5 years
Non-derivative financial liabilities				-	-	-
Financial borrowings	4.638.257	4.638.257	4.638.257	-	-	-
Trade payables	107.902.625	107.902.625	107.902.625	-	-	-
Other payables	25.644.615	25.644.615	25.644.615	-	-	-
Total	**138.185.497**	**138.185.497**	**138.185.497**	-	-	-

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

(b) Financial risk factors *(continued)*

Market Risk Management

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures of the Company are evaluated 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.

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:

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

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

(b) Financial risk factors *(continued)*

Market Risk Management (continued)

Foreign Currency Risk Management (continued)

Foreign Currency Position Table

	31 December 2013					31 December 2012				
	TL Equivalent	TL	Euro	GBP	Others	TL Equivalent	TL	Euro	GBP	Others
1. Trade Receivables	17.710.922	8.808.845	8.825.934	76.144	-	17.745.682	7.721.020	10.005.861	18.801	-
2. Monetary Financial Assets	1.530.556	1.419.798	101.187	9.571	-	5.025.438	4.729.270	145.426	150.742	-
3. Other	10.409.021	8.890.817	1.270.341	71.315	176.548	22.427.418	1.478.597	20.790.931	10.463	147.427
4. Total current Assets (1+2+3)	29.650.499	19.119.459	1.371.528	157.03	176.548	45.198.538	13.928.887	30.942.218	180.006	147.427
5. Other	48.502.221	526.136	47.200.849	451.847	323.389	6.766.827	402.21	6.364.617	-	-
6. Total Non Current Assets (5)	48.502.221	526.136	47.200.849	451.847	323.389	6.766.827	402.21	6.364.617	-	-
7. Total Assets (4+6)	78.152.720	19.645.595	48.572.377	608.877	499.937	51.965.365	14.331.097	37.306.835	180.006	147.427
8. Trade Payables	68.219.594	53.397.437	13.857.573	835.872	128.712	35.629.064	26.482.010	8.366.951	397.916	382.187
9. Financial Borrowings	3.992.929	3.992.929	-	-	-	4.633.777	4.633.777	-	-	-
10. Other Monetary Liabilities	8.077.450	8.304.674	-227.224	-	-	212.354	87.238	125.116	-	-
11. Other Non Monetary Liabilities	7.527.621	6.252.282	1.275.340	-	-	33.859.221	33.760.523	98.698	-	-
12. Total Short-term Liabilities (8+910+11)	87.817.595	71.947.323	14.905.688	835.872	128.712	74.334.416	64.963.548	8.590.765	397.916	382.187
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Borrowings	-	-	-	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	695.787	618.467	77.319	-	-	-	-	-	-	-
16b. Other Non Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Total Long-term Liabilities (14+15+16)	695.787	618.467	77.319	-	-	-	-	-	-	-
13. Total Liabilities (12)	87.817.595	71.947.323	14.905.688	835.872	128.712	74.334.416	64.963.548	8.590.765	397.916	382.187
14. Net Foreign Currency Asset/ (Liability) Position (7-13)	(9.664.874)	(52.301.727)	33.666.689	-226.995	371.225	(22.369.051)	(50.632.451)	28.716.070	-217.91	-234.76
15.. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (1+2-8-9-10)	(61.048.495)	(55.466.398)	(4.703.227)	-750.157	-128.712	(17.704.075)	(18.752.735)	1.659.220	-228.373	-382.187

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

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

(b) Financial risk factors *(continued)*

Market risk management (continued)

Foreign currency risk management (continued)

Foreign currency sensitivity

The Company is exposed to foreign currency risk due to TL, EUR and GBP (2012: 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.

	31 December 2013	
	Profit (Loss) Before Tax	
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1-TL net asset / liability	(5.546.640)	5.546.640
2-Part of hedged from TL risk (-)	-	-
3-TL net effect (1+2)	(5.546.640)	5.546.640
4-Euro net asset / liability	(470.323)	470.323
5-Part of hedged from Avro risk (-)	-	-
6- Avro net effect (4+5)	(470.323)	470.323
7-GBP net asset / liability	(75.016)	75.016
8-Part of hedged from GBPrisk (-)	-	-
9-GBP net effect (7+8)	(75.016)	75.016
10-Other net asset / liability	(12.871)	12.871
11-Part of hedged from Other risk (-)	-	-
12-Other net effect (10+11)	(12.871)	12.871
TOTAL (3+6+9+12)	(6.104.850)	6.104.850

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

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

(b) Financial risk factors *(continued)*

Market risk management (continued)

Foreign currency risk management (continued)

Foreign currency sensitivity (continued)

	31 December 2012	
	Profit (Loss) Before Tax	
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1-TL net asset / liability	(1.875.274)	1.875.274
2-Part of hedged from TL risk (-)	-	-
3-TL net effect (1+2)	(1.875.274)	1.875.274
4-Euro net asset / liability	165.922	(165.922)
5-Part of hedged from Avro risk (-)	-	-
6- Avro net effect (4+5)	165.922	(165.922)
7-GBP net asset / liability	(22.837)	22.837
8-Part of hedged from GBPrisk (-)	-	-
9-GBP net effect (7+8)	(22.837)	22.837
10-Other net asset / liability	(38.219)	38.219
11-Part of hedged from Other risk (-)	-	-
12-Other net effect (10+11)	(38.219)	38.219
TOTAL (3+6+9+12)	(1.770.408)	1.770.408

Interest rate risk management

The Company is not exposed to interest rate risk since there are no financial instruments with floating interest rate.

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

32. FINANCIAL INSTRUMENTS

Fair values of financial instruments

31 December 2013	Loans and receivables	Financial liabilities at amortized costs	Book value	Note
Financial assets				
Cash and cash equivalents	2.046.901	-	2.046.901	4
Trade receivables	161.423.303	-	161.423.303	7,8
Other receivables	9.857.621	-	9.857.621	7,10
Financial liabilities				
Financial borrowings	-	3.992.929	3.992.929	6
Trade payables	-	125.386.041	125.386.041	7,8
Other payables	-	49.569.338	49.569.338	7,10

31 December 2012	Loans and receivables	Financial liabilities at amortized costs	Book value	Note
Financial assets				
Cash and cash equivalents	17.858.412	-	17.858.412	4
Trade receivables	143.972.995	-	143.972.995	7,8
Other receivables	581.103	-	581.103	7,10
Financial liabilities				
Financial borrowings	-	4.638.257	4.638.257	6
Trade payables	-	107.902.625	107.902.625	7,8
Other payables	-	4.946.452	4.946.452	7,10

33. EVENTS AFTER THE BALANCE SHEET DATE

None.

34. OTHER ISSUES AFFECTING FINANCIAL STATEMENTS MATERIALLY OR NECESSARY TO MAKE FINANCIAL STATEMENTS SOUND, INTERPRETABLE AND UNDERSTANDABLE

Financial statements of the Company have 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.

34. OTHER ISSUES AFFECTED FINANCIAL STATEMENTS MATERIALLY OR NECESSARY TO MAKE FINANCIAL STATEMENTS SOUND, INTERPRETABLE AND UNDERSTANDABLE *(continued)*

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 December 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.

Reclassifications in Balance Sheet as of 31 December 2012:

- Prepaid taxes amounting to TL 2.279.343 which was disclosed under "Other Current Asset" is reclassified and disclosed under "Current Income Tax Assets"
- 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".
- 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".
- Name of Financial Borrowings account was changed as "Other Finacial Liabilities".
- Vacation pay liability amounting to 1.503.632 TL 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 "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 "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 TL 738.000 which was disclosed under "Other Assets and Liabilities" are reclassified and disclosed under "Deferred Income".
- Deferred revenue amounting to TL 851.800 which was disclosed under "Other Assets and Liabilities" are reclassified and disclosed under "Deferred Income".
- 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".
- Foreign currency translation differences amounting to TL 86.841.809 which were disclosed under "Shareholder's Equity" is reclassified and disclosed under "Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss".

34. OTHER ISSUES AFFECTED FINANCIAL STATEMENTS MATERIALLY OR NECESSARY TO MAKE FINANCIAL STATEMENTS SOUND, INTERPRETABLE AND UNDERSTANDABLE *(continued)*

Reclassifications in the Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31 December 2012

- Foreign exchange loss amounting to TL 7.682.193 and discount interest expense amounting TL 37.118 related to trade operations of the Company, is disclosed under "Other Operating Expense".
- Late payment interest income amounting to TL 4.019.659 and discount interest income amounting TL 306.307 related to trade operations of the Company, which was disclosed under "Financial Income" is disclosed under "Other Operating Income".
- Gain on sale of fixed assets amounting to TL 12.274 which was disclosed under "Other Operating Income" is disclosed under "Income from Investment Activities".

Reclassifications in the Statement of Changes in Equity for the Year Ended 31 December 2012

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 year ended 31 December 2013.

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