TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

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

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(Convenience Translation of Review Report on Condensed Consolidated Interim Financial Statements Originally Issued in Turkish)

Review Report on Condensed Consolidated Interim Financial Statements

To the Board of Directors of
Türk Hava Yolları Anonim Ortaklığı

Introduction

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

Scope of review

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

Conclusion

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

Other Matter

The review of condensed consolidated interim financial statements of the Group as at 30 June 2012 and audit of consolidated financial statements of the Group as at 31 December 2012 were conducted by another auditor. Predecessor auditor concluded on the review report dated 31 August 2012 that nothing has came to their attention that caused them to believe that condensed consolidated interim financial statements as at 30 June 2012 were not prepared, in all material respects, in accordance with the financial reporting standards promulgated by Capital Markets Board of Turkey; and expressed an unmodified opinion on the independent auditors' report dated 14 March 2013 for the consolidated financial statements as at 31 December 2012.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.,
a Turkish corporation and a member firm of the KPMG network of independent
member firms affiliated with KPMG International Cooperative, a Swiss entity.

Additional paragraph for convenience translation to English

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

İstanbul, 26 August 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer
Partner

Condensed Consolidated Balance Sheet as at 30 June 2013

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

		Reviewed	Audited
ASSETS	**Notes**	**30 June 2013**	**Restated (*) 31 December 2012**
Current Assets			
Cash and Cash Equivalents	4	1.361.725.077	1.355.542.536
Financial Investments	5	510.039.540	476.958.794
Trade Receivables		-	-
-Trade Receivables From Related Parties		2.511.822	18.975.259
-Trade Receivables From Non-Related Parties	20	1.280.708.015	758.427.363
Other Receivables		-	-
-Other Receivables from Related Parties		-	8.531
-Other Receivables from Non-Related Parties		921.866.777	754.117.569
Derivative Financial Instruments		56.466.926	74.861.649
Inventories		246.603.171	259.199.763
Prepaid Expenses		198.426.417	136.483.380
Current Income Tax Assets		10.292.910	19.666.261
Other Current Assets		113.797.965	62.980.502
TOTAL CURRENT ASSETS		**4.702.438.620**	**3.917.221.607**
Non-Current Assets			
Financial Investments	2	2.211.965	2.049.244
Other Receivables		-	-
-Other Receivables from Non-Related Parties		2.103.516.645	1.553.830.754
Equity Accounted Investees	7	263.677.727	269.069.545
Investment Property		62.610.528	57.985.000
Property and Equipment	8	14.962.202.806	12.693.339.589
Intangible Assets		-	
- Goodwill	9	52.523.964	-
- Other Intangible Assets	9	51.342.377	51.183.767
Prepaid Expenses		291.911.280	237.886.052
Deffered Tax Assets	18	245.903	-
Other Non-Current Assets		4.389.911	15.797.083
TOTAL NON-CURRENT ASSETS		**17.794.633.106**	**14.881.141.034**
TOTAL ASSETS		**22.497.071.726**	**18.798.362.641**

(*)Refer to Note 2

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

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

LIABILITIES		**Reviewed**	**Audited**
			Restated (*)
Current Liabilities	**Notes**	**30 June 2013**	**31 December 2012**
Short-Term Portion of Long-Term Financial Debts	6	1.012.826.920	866.011.394
Other Financial Liabilities		26.301.519	31.064.076
Trade Payables		-	-
-Trade Payables to Related Parties	20	292.905.277	215.000.995
-Trade Payables to Non-Related Parties		910.536.952	697.323.279
Payables Related to Employee Benefits		234.243.610	183.079.678
Other Payables		-	-
-Other Payables to Related Parties		351.294	-
-Other Payables to Non-Related Parties		89.663.274	113.703.662
Derivative Financial Instruments		127.344.723	161.636.622
Deferred Income		44.958.844	41.819.652
Passenger Flight Liabilites	12	2.976.329.059	1.668.475.819
Provisions		-	-
-Provisions for Employee Benefits		63.906.288	41.066.116
-Other Provisions	10	29.095.568	35.516.181
Other Current Liabilities		569.596.201	496.430.242
TOTAL CURRENT LIABILITIES		**6.378.059.529**	**4.551.127.716**
Non- Current Liabilities			
Financial Debts	6	9.037.641.293	7.800.982.204
Trade Payables		-	-
- Trade Payables to Non- Related Parties		2.882.355	-
Other Payables		-	-
-Other Payables to Non-Related Parties		49.700.967	15.659.634
Deferred Income		19.521.022	47.446.433
Provisions		-	
-Provisions for Employee Benefits		266.221.774	234.019.405
Deferred Tax Liability	18	912.439.241	744.083.660
TOTAL NON- CURRENT LIABILITIES		**10.288.406.652**	**8.842.191.336**
Equity Attributable to Equity Holders of the Parent			
Share Capital	13	1.380.000.000	1.200.000.000
Inflation Difference on Share Capital	13	1.123.808.032	1.123.808.032
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		-	
-Actuarial Losses from Defined Pension Plans		(25.713.663)	(25.713.663)
Other Comprehensive Income or Expenses to be Reclassified		-	
to Profit or Loss		-	
-Foreign currency translation differences	13	1.027.214.683	570.111.018
-Gains/ Losses from Cash Flow Hedges	13	(24.848.226)	(45.384.871)
Restricted Profit Reserves	13	59.372.762	39.326.341
Retained Earnings		2.169.569.348	1.387.991.694
Net Profit/ (Loss)		121.202.609	1.154.905.038
TOTAL EQUITY		**5.830.605.545**	**5.405.043.589**
TOTAL LIABILITIES AND EQUITY		**22.497.071.726**	**18.798.362.641**

(*)Refer to Note 2

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

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

For the Six-Month Period Ended 30 June 2013

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

		Reviewed	Not Reviewed	Restated(*) Reviewed	Restated(*) Not Reviewed
PROFIT OR LOSS	**Notes**	**1 January - 30 June 2013**	**1 April - 30 June 2013**	**1 January - 30 June 2012**	**1 April - 30 June 2012**
Sales Revenue	14	8.233.534.126	4.604.757.976	6.681.653.243	3.839.002.483
Cost of Sales (-)	14	(6.765.860.643)	(3.577.729.777)	(5.656.472.804)	(3.032.234.776)
GROSS PROFIT/(LOSS)		**1.467.673.483**	**1.027.028.199**	**1.025.180.439**	**806.767.707**
General Administrative Expenses (-)	15	(222.318.080)	(121.154.717)	(185.261.510)	(100.544.515)
Marketing and Sales Expenses (-)	15	(882.063.531)	(459.183.052)	(750.400.656)	(411.581.100)
Other Operating Income	16	149.361.092	77.615.927	138.681.986	83.460.166
Other Operating Expenses (-)	16	(73.789.147)	(49.480.952)	(78.000.668)	(65.232.811)
OPERATING PROFIT		**438.863.817**	**474.825.405**	**150.199.591**	**312.869.447**
Income from Investment Activities		28.555.278	22.587.306	32.262.004	28.714.872
Share of Investments' Profit/Loss Accounted by Using The Equity Method	8	(6.062.530)	(12.044.944)	(9.373.193)	11.549.938
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE		**461.356.565**	**485.367.767**	**173.088.402**	**353.134.257**
Financial Income	17	36.644.568	10.875.628	115.861.974	280.263.503
Financial Expenses (-)	17	(267.038.883)	(238.018.384)	(129.071.482)	(74.669.172)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**230.962.250**	**258.225.011**	**159.878.894**	**558.728.588**
Tax Income/ Expense of Continuing Operations		**(109.759.641)**	**(114.682.879)**	**11.685.389**	**(357.781.334)**
Current Tax Expense for the Period	18	-	-	(4.390.971)	(1.343.195)
Deferred Tax (Expense)/Income	18	(109.759.641)	(114.682.879)	16.076.360	(356.438.139)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**121.202.609**	**143.542.132**	**171.564.283**	**200.947.254**
OTHER COMPREHENSIVE INCOME					
To Be Reclassified To Profit or Loss		**477.640.310**	**381.468.014**	**(161.259.541)**	**50.434.044**
Change in Currency Translation Adjustment		457.103.665	360.915.860	(142.295.400)	89.660.145
Gains/ (Losses) of Cash Flow Hedge Reserves		25.670.806	25.690.192	(23.705.176)	(49.032.626)
Tax (Expense)/Income of Other Comprehensive Income to be Reclassified to Profit or Loss		(5.134.161)	(5.138.038)	4.741.035	9.806.525
Not To Be Reclassified To Profit or Loss		**-**	**-**	**(7.813.989)**	**(7.813.989)**
Actuarial Losses from Defined Pension Plans		-	-	(9.767.486)	(9.767.486)
Tax Expense/(Income) of Other Comprehensive Income		-	-	1.953.497	1.953.497
OTHER COMPREHENSIVE INCOME		**477.640.310**	**381.468.014**	**(169.073.530)**	**42.620.055**
TOTAL COMPREHENSIVE INCOME		**598.842.919**	**525.010.146**	**2.490.753**	**243.567.309**
Profit Per Share (Kr)	23	0,09	0,10	0,12	0,15

(*)Refer to Note 2

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Changes in Equity

For the Six-Month Period Ended 30 June 2013

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

			Accumulated Other Comprehensive Income or Expenses Not To Be Reclassified To Profit or Loss	Accumulated Other Comprehensive Income or Expenses To Be Reclassified To Profit or Loss			Accumulated Profit		
	Paid-in Share Capital	Inflation Difference on Share Capital	Actuarial Losses from Defined Pension Plans	Currency Translation Differences	Gains/ Losses of Cash Flow Hedges	Restricted Profit Reserves	Retained Earnings	Net Profit/ (Loss) for The Period	Total Equity
As of 31 December 2012	**1.200.000.000**	**1.123.808.032**	**-**	**570.111.018**	**(45.384.871)**	**39.326.341**	**1.383.815.836**	**1.133.367.233**	**5.405.043.589**
Adjustments Related to Change in Accounting Policy (Note : 2)	-	-	(25.713.663)	-	-	-	4.175.858	21.537.805	-
As of 1 January 2013 Restated	1.200.000.000	1.123.808.032	(25.713.663)	570.111.018	(45.384.871)	39.326.341	1.387.991.694	1.154.905.038	5.405.043.589
Transfers	-	-	-	-	-	20.046.421	1.134.858.617	(1.154.905.038)	-
Issuance of Bonus Shares	180.000.000	-	-	-	-	-	(180.000.000)	-	-
Dividends paid	-	-	-	-	-	-	(173.280.963)	-	(173.280.963)
Total Comprehensive Income	-	-	-	457.103.665	20.536.645	-	-	121.202.609	598.842.919
As of 30 June 2013	**1.380.000.000**	**1.123.808.032**	**(25.713.663)**	**1.027.214.683**	**(24.848.226)**	**59.372.762**	**2.169.569.348**	**121.202.609**	**5.830.605.545**

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Changes in Equity

For the Six-Month Period Ended 30 June 2012

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

			Accumulated Other Comprehensive Income or Expenses Not To Be Reclassified To Profit or Loss	Accumulated Other Comprehensive Income or Expenses To Be Reclassified To Profit or Loss			Accumulated Profit		
	Paid-in Share Capital	**Inflation Difference on Share Capital**	**Actuarial Losses from Defined Pension Plans**	**Currency Translation Differences**	**Gains/ Losses of Cash Flow Hedges**	**Restricted Profit Reserves**	**Retained Earnings**	**Net Profit/ (Loss) for The Period**	**Total Equity**
As of 31 December 2011	**1.200.000.000**	**1.123.808.032**	**-**	**798.590.878**	**(46.613.446)**	**39.326.341**	**1.365.299.204**	**18.516.632**	**4.498.927.641**
Adjustments Related to Change in Accounting Policy (Note:2)	-	-	(4.175.858)					4.175.858	-
As of 1 January 2012 Restated	1.200.000.000	1.123.808.032	(4.175.858)	798.590.878	(46.613.446)	39.326.341	1.365.299.204	22.692.490	4.498.927.641
Transfers	-	-	-	-	-		22.692.490	(22.692.490)	-
Actuarial Losses from Defined Pension Plans	-	-	(7.813.989)	-	-	-	0	-	(7.813.989)
Total Comprehensive Income	-	-	-	(142.295.400)	(18.964.141)	-	-	171.564.283	10.304.742
As of 30 June 2012	**1.200.000.000**	**1.123.808.032**	**(11.989.847)**	**656.295.478**	**(65.577.587)**	**39.326.341**	**1.387.991.694**	**171.564.283**	**4.501.418.394**

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

Condensed Consolidated Interim Statement of Cash Flows
For the Six-Month Period Ended 30 June 2013
(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Reviewed 1 January- 30 June 2013	Reviewed Restated (*) 1 January- 30 June 2012
Profit Before Tax		230.962.250	159.878.894
Adjustments to reconcile cash flow generated from operating activities:			
Adjustments for Depreciation and Amortization	8-9	581.514.707	435.265.847
Adjustments for Provision for Employee Benefits		18.517.606	4.375.874
Adjustments for Provisions, Net	10	(6.420.613)	11.056.889
Adjustments for Interest Income	17	(52.334.553)	(59.576.797)
Gain on Sales of Fixed Assets		(8.082.975)	(3.448.982)
Adjustments Increase in Provision for Impairment	20	-	20.648.295
Share of Investments' Loss Accounted by Using The Equity Method	7	6.062.530	9.373.193
Adjustments for Interest Expense	19	160.801.496	117.681.135
Change in Manufacturers' Credit		(508.193)	45.531.057
Unrealized Foreign Exchange Loss and Translation Differences		94.764.384	(126.386.025)
Increase in Provision for Doubtful Receivables		2.511.269	3.409.339
Change in Fair Value Derivative Instruments	18-19	(4.782.318)	(27.400.061)
Operating profit before working capital changes		**1.023.005.590**	**590.408.658**
Adjustments for Increase in Trade Receivables		(415.122.379)	(275.391.207)
Adjustments for Decrease in Other Short and Long Term Receivables		279.304.722	(170.250.192)
Adjustments for Decrease in Inventories		31.270.294	11.081.129
Adjustments for Change in Other Receivables Related to Operations		(47.542.909)	37.931.208
Adjustments for Change in Other Non- Current Assets and Prepaid Expenses		(13.902.646)	43.027.507
Adjustments for Increase in Trade Payables		180.356.736	126.624.282
Adjustments for Change in Payables to Employee Benefits and Other Payables		34.897.689	(13.598.618)
Operations		(11.703.197)	61.602.004
Adjustments for Increase in Short-Term Provisions Employee Benefits		18.386.568	112.967.075
Adjustments for Increase in Passenger Flight Liabilities		1.104.040.070	898.637.531
Adjustments for Other Increase in Working Capital		0	-
Cash Flows Generated From Operating Activities		**2.182.990.538**	**1.423.039.377**
Payment of Retirement Pay Liabilities		(11.640.951)	(13.994.927)
Interest Paid		(138.899.134)	(100.144.153)
Taxes Paid		(10.292.910)	(8.285.648)
Net Cash Generated From Operating Activities		**2.022.157.543**	**1.300.614.649**
CASH FLOWS FROM INVESTING ACTİVİTİES			
Proceeds From Sale of Property and Equipment and Intangible Assets		13.153.216	36.426.930
Interest Received		50.903.873	83.503.256
Purchase of Property and Equipment and Intangible Assets (**)	8-9	(515.582.926)	(415.596.879)
Prepayments For The Purchase of Aircrafts		(792.980.155)	280.464.293
Increase in Financial Investments		10.881.509	(796.398.838)
Cash Outflow Arising From Capital Increse in Investments		(1.012.500)	-
Cash Outflow Arising from Acquisition of Subsidiaries	2	(45.929.808)	-
Net Cash Used In Investing Activities		**(1.280.566.791)**	**(811.601.238)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Principal in Financial Lease Liabilities		(510.977.155)	(370.689.989)
Decrease in Other Financial Liabilities and Derivative Instruments		(51.150.094)	24.079.823
Dividends Paid		(173.280.962)	-
Net Cash Used In Financing Activities		**(735.408.211)**	**(346.610.166)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**6.182.541**	**142.403.245**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**1.355.542.536**	**1.549.524.710**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**1.361.725.077**	**1.691.927.955**

(*)Refer to Note 2

(**) TL 1,048,568,047 portion of property and equipment and intangible assets purchases in total of TL 1,718,375,850 for the year ended 30 June 2013 was financed through finance leases. (30 June 2012: TL 1,217,170,295 portion of property and equipment and intangible assets purchases in total of TL 1,632,767,174 was financed through leases.)

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

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

1. COMPANY ORGANIZATION AND ITS OPERATIONS

Türk Hava Yolları Anonim Ortaklığı (the "Company" or "THY") was incorporated in Turkey in 1933. As of 30 June 2013 and 31 December 2012, the shareholders and their respective shareholdings in the Company are as follows:

	30 June 2013	31 December 2012
Republic of Turkey Prime Ministry Privatization Administration	49.12 %	49.12 %
Other (publicly held)	50.88 %	50.88 %
Total	100.00 %	100.00 %

The number of employees working for the Company and its subsidiaries (together the "Group") as of 30 June 2013 is 22,266. (31 December 2012: 19,109). The average number of employees working for the Group for the six-month period ended 30 June 2013 and 2012 are 21,256 and 17,503 respectively. The Company is registered in İstanbul, Turkey and its head office address is as follows:

Türk Hava Yolları A.O. Genel Yönetim Binası, Atatürk Havalimanı, 34149 Yeşilköy İSTANBUL.

The Company's stocks are traded on Borsa Istanbul since 1990.

Group management decisions regarding resources to be allocated to departments and examines the results and the activities on the basis of air transport and aircraft technical maintenance services for the purpose of department's performance evaluation. Each member of the Group companies prepares its financial statements in accordance with accounting policies are obliged to comply. The Group's main business of topics can be summarized as follows.

Air Transport ("Aviation")

The Company's main activity is domestic and international passenger and cargo air transportation.

Technical Maintenance Services ("Technical")

The Company's main activity is providing repair and maintenance service on civil aviation sector and giving all kinds of technical and infrastructure support related to airline industry.

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

1. COMPANY ORGANIZATION AND ITS OPERATIONS (cont'd)

Subsidiaries and Associates

The table below sets out the consolidated subsidiaries and participation rate of the Group in these subsidiaries as of 30 June 2013 and 31 December 2012:

		Participation Rate		
Name of the Company	Principal Activity	30 June 2013	31 December 2012	Country of Registration
THY Teknik	Aircraft Maintenance Services	100%	100%	Turkey
MNG Teknik(*)	Aircraft Maintenance Services	100%	-	Turkey
HABOM	Aircraft Maintenance Services	100%	100%	Turkey
THY Aydın Çıldır	Training & Airport Operations	100%	100%	Turkey

(*) Refer to Note 2.1 (d)

The table below sets out consolidated affiliates and indicates the proportion of ownership interest of the Company in these affiliates as of 30 June 2013 and 31 December 2012:

Company Name	Country of Registration and Operations	Ownership Share (*)	Voting Power (*)	Principal Activity
Güneş Ekspres Havacılık A.Ş. (Sun Express)	Turkey	%50	%50	Aircraft Transportation
THY DO&CO İkram Hizmetleri A.Ş. (Turkish DO&CO)	Turkey	%50	%50	Catering Services
P&W T.T. Uçak Bakım Merkezi Ltd. Şti. (TEC)	Turkey	%49	%49	Maintenance
TGS Yer Hizmetleri A.Ş. (TGS)	Turkey	%50	%50	Ground Services
THY OPET Havacılık Yakıtları A.Ş. (THY Opet)	Turkey	%50	%50	Fuel
Goodrich Thy Teknik Servis Merkezi Ltd. Şti. (Goodrich)	Turkey	%40	%40	Maintenance
Uçak Koltuk Sanayi ve Ticaret A.Ş (Uçak Koltuk)	Turkey	%50	%50	Cabin Interior
TCI Kabin İçi Sistemleri San ve Tic. A.Ş. (TCI)	Turkey	%51	%51	Cabin Interior
Türkbine Teknik Gaz Türbinleri Bakım Onarım A.Ş. (Türkbine Teknik)	Turkey	%50	%50	Maintenance

(*) Share percentage and voting rights are the same in the year 2013 and 2012.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

(a) Declaration of Conformity

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

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

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

Board of Directors has approved the condensed consolidated interim financial statements as of 30 June 2013 and delegated authority for publishing it on 26 August 2013. General assembly and related regulatory bodies have the authority to modify the financial statements.

All financial statements, except for investment property and derivative financial instruments, have been prepared on cost basis principal.

(b) Functional and Reporting Currency

Functional currency

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

Translation to the presentation currency

The Group's presentation currency is TL. The US Dollar financial statements of the Group 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;

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

2.1 Basis of Presentation (cont'd)

(b) Functional and Reporting Currency (cont'd)

b) The income statement is translated into TL by using the monthly average US Dollar exchange rates; and;

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

(c) Comparative Information

Consolidated financial statements of the Group 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 consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current year, the Group has made several reclassifications in the prior year consolidated financial statements in order to maintain consistency, with current year consolidated 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 Group's consolidated financial statements.

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

Reclassifications in Balance Sheet as of 31 December 2012:

-Trade Receivables/Payables From/To Related Parties" which were disclosed under " Trade Receivables/Trade Payables" are disclosed under "Receivables and Payables from/to Related Parties" separately by TL 18,975,259 and TL 215,000,995, respectively.TL 758,427,363 and TL 697,323,279 are disclosed to "Trade Receivables from None-Related Parties" which is under "Trade Receivables/Trade Payables".

-"Other Receivables from Related Parties" which was disclosed under "Other Receivables" is disclosed under other receivables as "Receivables from Related Parties" with the amount of TL 8,531.

-"Fair Value of Derivative Instruments" item which was disclosed under "Financial Investments and Other Financial Obligations" is disclosed separately under "Derivative Financial Instruments" as TL 74, 861, 649, and TL 161,636,622, respectively.

-"Prepaid Sales Commissions, Prepaid Operating Lease Expenses, Prepaid Insurance Expenses, Advances Given and Other Prepaid Expenses" items which were disclosed under Other Current Assets are disclosed under "Prepaid Expenses" by TL 136,483,380, separately.

-"Prepaid Operating Lease Expenses, Prepaid Aircraft Financing Expenses, Engine Maintenance Reserve, Payments for Purchases of Fixed Assets and Prepaid Expenses" which were disclosed under Other Non-Current Assets are disclosed under "Prepaid Expenses" amounting to TL 237,886,052.

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

2.1 Basis of Presentation (cont'd)

(c) Comparative Information (cont'd)

Reclassifications in Balance Sheet as of 31 December 2012: (cont'd)

-"Prepaid Taxes and Funds" amounting to TL 2,206,083 which was disclosed under Other Current Assets is reclassified and disclosed under "Current Income Tax Assets". In addition, "Taxes and Funds Payable amounting to TL 17,460,178 that was disclosed under "Short-term Other Liabilities "as of 31 December 2012 is disclosed under "Prepaid Taxes and Funds" by the Group and therefore "Taxes Related to Current Assets" is presented as TL 19,666,261.

-"Financial Lease Obligations" item which was disclosed under "Financial Liabilities" is disclosed under "Short-term Portion of Long-term Borrowings" amounting to TL 866,011,394.

-The term "Employee Benefits" was revised as "Provision for Employee Benefit Obligations". "Social Security Premiums Payable" which was disclosed under "Short-Term Other Liabilities" is disclosed under "Payables related to Employee Benefit Obligations" by TL 36,021,871, separately. In addition, Provisions for Unused Vacation Liabilities amounting to TL 41,066,116 „which was disclosed under "Employee Benefits "as of 31 December 2012 is disclosed as "Short-term Provisions for Employee Benefits" under "Short -term Provisions".

-'Rent Advances and Other Advances' item which was disclosed under Short-Term Other Liabilities and "Unearned Revenue Accruals and Unearned Revenue from Share Transfer of TGS" was also disclosed under "Short-Term Liabilities" is disclosed under "Deferred Income on Current Liabilities" with TL of 21,228,770 and TL 20,590,882 ,respectively.

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

Classifications in Statement of Profit and Loss and Other Comprehensive Income, previous name "Statement of Other Comprehensive", are summarized in the following paragraphs;

-"Discount Expenses" amounting to TL 5,463,919 related to "Trade Operations and "Receivables from Training of Captain Candidates" is reclassified to "Other Operating Expenses". "Discount Income" amounting to TL 1,922,522on advance payments in order to buy aircraft, was disclosed as"Discount Income" under "Financial Income".

-Discount interest income amounting TL 2,257,226, late payment interest income amounting to TL 8,331,617 and foreign exchange gains amounting TL 20,021,456 arising from commercial operations that were disclosed under "Financial Income" in previous periods are reclassified to "Other Operating Income".

-"Interest Income", amounting to TL 28,813,022, that was earned from Financial Investments is disclosed under "Income from Investment Activities" as a new profit and loss caption.

- Gain on sale of fixed assets amounting to TL 3,448,982 which was disclosed under "Other Operating Income" is disclosed under "Income from Investment Activities".

-As there is a change in the presentation and classification of the Group's financial statement items, due to the implemented ERP system which was practiced in 2012 , prior financial statements are reclassified for maintaining comparability.. Significant reclassifications in the financial statements include:

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

2.1 Basis of Presentation (cont'd)

(c) Comparative information (cont'd)

Reclassifications in the Statement of Profit and Loss and Other Comprehensive Income for the Six-Month Interim Period Ended 30 June 2012 (cont'd)

-Transportation expenses, amounting to TL 10.253.924(1 April-30 June 2012; TL 5.245.459) and Service Expenses, amounting to TL 3.558.053(1 April-30 June 2012; TL 1.692..427) were both disclosed under "Marketing and Sales Expenses" in the interim period 1 January-30 June 2012 is disclosed under "Cost of Sales".

-Provisions for Unused Vacation Expenses, amounting to TL 6,971,604 (1 April-30 June 2012; TL 3,774,841) and Withholding Tax Expenses on Financial Lease Payments, amounting to TL 2,087,929 (1 April-30 June 2012; 993,308) were both disclosed under "General Administrative Expenses" in the interim period 1 January-30 June 2012 is disclosed under "Cost of Sales".

-Maintenance returns from leasing companies amounting to TL 12,760,680 which was disclosed under "Other Operating Income" was net-off with "Cost of Sales".

- TL 12,865,717 (1 April-30 June 2012; TL 5,388,311) portion of Depreciation expense amounting to TL 17,171,878 (1 April-30 June 2012; TL 9,235,239) which was disclosed under "General Administrative Expenses" in the interim period 1 January-30 June 2012 (1 April-30 June 2012; TL 9,235,239) is disclosed under "Cost of Sales) and the rest amounting to TL 4,306,161 (1 April-30 June 2012; TL 3,846,928) is disclosed under "Marketing and Sales Expenses".

-"Bridge Bellows Expenses" amounting to TL 32,990,618 was disclosed under " Ground Services" which was included by "Cost of Sales" in the interim period 1 January-30 June 2012, is disclosed under "Landing and Navigation Expenses" (1 April-30 June 2012; TL 16,953,223).

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

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

(d) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

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

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

2.1 Basis of Presentation (cont'd)

(d) Business combinations (cont'd)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisition of 100% shares of MNG Teknik Uçak Bakım Hizmetler Anonim Şirketi

The share purchase agreement for the acquisition of all shares of MNG Teknik Uçak Bakım Hizmetleri Anonim Şirketi ("MNG Teknik") by Türk Hava Yolları Anonim Ortaklığı was signed between parties on 22 May 2013 having obtained the approval of the Competition Authority with a consideration of USD 24,114,736.

The Group has consolidated operational results of MNG Teknik as at 30 June 2013 with full consolidation method. If the acquisition had occurred on 1 January 2013, it is estimated that consolidated revenue would have been higher by TL 35,618,745 and consolidated net income would have been lower by TL 20,371,752. The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Note	Pre-acquisition value	Fair value adjustment	Acquisition value
Property and equipment	8	101,436,163	-	101,436,163
Trade and other receivables		4,476,172	-	4,476,172
Other assets		7,131,521	-	7,131,521
Cash and cash equivalents		486,236	-	486,236
Financial debts		(78,827,091)	-	(78,827,091)
Trade and other payables		(27,549,448)	-	(27,549,448)
Other payables		(13,261,473)	-	(13,261,473)
Identifable assets and liabilities		**(6,107,920)**	-	**(6,107,920)**
Goodwill arising from acquisition				**52,523,964**
Cash consideration paid				46,416,044
Cash and cash equivalents acquired				(486,236)
Net cash outflow arising from acquisition				**45,929,808**

Pre-acquisition values are calculated in accordance with International Financial Reporting Standards just before the acquisition date.

Fair values of recognized assets and liabilities as well as the cost of the combination at the date of acquisition are provisionally accounted by the Group. The time period for recognition of additional items or adjustments to the fair values of assigned recognized assets, liabilities and contingent liabilities is limited to 12 months from the date of acquisition.

(e) Additional paragraph for convenience translation to English

The financial reporting standards promulgated by the Capital Markets Board of Turkey described in Note 2 to the condensed consolidated interim financial statements differ from International Financial Reporting Standards

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

2.1 Basis of Presentation (cont'd)

(e) Additional paragraph for convenience translation to English (cont'd)

("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements. Accordingly, the accompanying condensed consolidated interim financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

2.2 Summary of Significant Accounting Policies

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

2.3 Changes in Accounting Policies

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

The Group used to recognize the actuarial gain/loss related to employee benefits in profit or loss until 31 December 2012. The Group 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. As a result of this change, net profit for the year ended 31 December 2011 and 2012 has been increased by TL 4.175.858 and TL 21,537,805, respectively.

Accordingly, the Group has reclassified TL 7,130,265 from cost of sales, TL 976.749 from general administrative expenses and TL 1,660,473 from sales and marketing expenses with the deferred tax effect of TL 1.953.497 to "Actuarial losses from defined benefit plans" in the consolidated interim statement of profit or loss and other comprehensive income for the six month period ended 30 June 2012.

2.4 Significant Accounting Estimates and Assumptions

The significant estimates and assumptions used in preparation of these condensed consolidated interim financial statements 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 New and Revised Standards and Interpretations

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

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

2.5 New and Revised Standards and Interpretations (cont'd)

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

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

- IFRS 9 Financial Instruments could change the classification and measurement of financial assets and becomes effective for annual periods beginning on or after 1 January 2015.

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

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

Resolutions promulgated by POA

In addition to those mentioned above, the POA has promulgated the following resolutions regarding the implementation of Turkish Accounting Standards. "Illustrative financial statement and user guide" became immediately effective at its date of issuance; however, the other resolutions shall become effective for the annual reporting periods beginning after 31 December 2012.

- **2013-l Illustrative Financial Statement and User Guide**

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

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

In accordance with the resolution it has been decided that i) combination of entities under common control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred. This resolution did not have an impact on the financial statements of the Group.

- **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 Group.

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

2.5 New and Revised Standards and Interpretations (cont'd)

Resolutions promulgated by POA **(cont'd)**

- **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.

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

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

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

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

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

- **IFRIC Interpretation 21 Levies**

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

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

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

2.5 New and Revised Standards and Interpretations (cont'd)

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

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

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

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

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

3. SEGMENTAL REPORTING

The management of the Group investigates the results and operations based on air transportation and aircraft technical maintenance services in order to determine in which resources to be allocated to segments and to evaluate the performances of segments. The detailed information on the sales data of the Group is given in Note 14.

3.1 Total Assets and Liabilities

Total Assets	**30 June 2013**	**31 December 2012**
Aviation	22.322.137.283	18.616.877.435
Technic	1.606.674.738	1.235.350.264
Total	23.928.812.021	19.852.227.699
Less: Eliminations due to consolidation	(1.431.740.295)	(1.053.865.058)
Total assets in consolidated financial statements	22.497.071.726	18.798.362.641

Total Liabilitites	**30 June 2013**	**31 December 2012**
Aviation	16.425.601.323	13.245.057.747
Technic	548.950.265	309.832.394
Total	16.974.551.588	13.554.890.141
Less: Eliminations due to consolidation	(308.085.407)	(161.571.089)
Total liabilitites in consolidated financial statements	16.666.466.181	13.393.319.052

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

3. SEGMENTAL REPORTING (Cont'd)

3.2 Net Operating Profit / (Loss)

Segment Results:

1 January-30 June 2013	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	8.130.340.953	103.193.173		8.233.534.126
Inter-Segment Sales	6.267.801	331.860.632	(338.128.433)	-
Segment Revenue	8.136.608.754	435.053.805	(338.128.433)	8.233.534.126
Cost of Sales (-)	(6.726.361.777)	(353.414.410)	313.915.544	(6.765.860.643)
Gross Profit/ (Loss)	1.410.246.977	81.639.395	(24.212.889)	1.467.673.483
Administrative Expenses (-)	(149.112.373)	(102.476.656)	29.270.949	(222.318.080)
Marketing and Sales Expenses (-)	(878.210.906)	(4.336.972)	484.347	(882.063.531)
Other Operating Income	143.013.578	15.492.135	(9.144.621)	149.361.092
Other Operating Expenses (-)	(65.412.778)	(11.151.544)	2.775.175	(73.789.147)
Operating Profit/ (Loss)	460.524.498	(20.833.642)	(827.039)	438.863.817
Income from Investment Activities	28.555.278	-	-	28.555.278
Share of Investments' Profit/Loss Accounted by Using The Equity Method	9.038.099	(15.100.629)		(6.062.530)
Financial Income	25.753.703	14.409.821	(3.518.956)	36.644.568
Financial Expense (-)	(261.615.014)	(9.618.381)	4.194.512	(267.038.883)
Profit / Loss Before Tax From Continuing Operations	262.256.564	(31.142.831)	(151.483)	230.962.250

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

3. SEGMENTAL REPORTING (Cont'd)

3.2 Net Operating Profit / (Loss) (cont'd)

1 January- 30 June 2012	Aviation	Technic	Inter-segment elimination	Total
Sales to External Customers	6.566.404.962	115.248.281	-	6.681.653.243
Inter-Segment Sales	16.220.474	292.127.663	(308.348.137)	-
Segment Revenue	6.582.625.436	407.375.944	(308.348.137)	6.681.653.243
Cost of Sales (-)	(5.598.191.760)	(355.506.222)	297.225.178	(5.656.472.804)
Gross Profit/ (Loss)	984.433.676	51.869.722	(11.122.959)	1.025.180.439
Administrative Expenses (-)	(149.415.386)	(38.504.442)	2.658.318	(185.261.510)
Marketing and Sales Expenses (-)	(746.032.471)	(4.759.037)	390.852	(750.400.656)
Other Operating Income	130.610.018	9.779.603	(1.707.635)	138.681.986
Other Operating Expense (-)	(71.667.309)	(6.780.919)	447.560	(78.000.668)
Operating Profit/ (Loss)	147.928.528	11.604.927	(9.333.864)	150.199.591
Income from Investment Activities	32.262.004	-	-	32.262.004
Share of Investment Profit/ (Loss) Accounted by Using the Equity Method	(934.818)	(8.438.375)	-	(9.373.193)
Financial Income	124.272.417	(8.410.443)	-	115.861.974
Financial Expense (-)	(128.966.718)	(104.764)	-	(129.071.482)
Profit / Loss Before Tax From Continuing Operations	174.561.413	(5.348.655)	(9.333.864)	159.878.894

Income statement items related to equity accounted investees:

1 January- 30 June 2013	Aviation	Technic	Inter-segment elimination	Total
Share of Investments' Profit/Loss Accounted by Using The Equity Method	8.083.663	(14.146.193)	-	(6.062.530)

1 January- 30 June 2012	Aviation	Technic	Inter-segment elimination	Total
Share of Investments' Profit/Loss Accounted by Using The Equity Method	(934.819)	(8.438.374)	-	(9.373.193)

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

3. SEGMENTAL REPORTING (Cont'd)

3.3 Investment Operations

1 January - 30 June 2013	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment and intangible fixed assets	1.534.506.839	131.345.047	-	1.665.851.886
Current period amortization and depreciation	(544.550.997)	(36.963.710)	-	(581.514.707)
Investmensts accounted by using the equity method	209.237.137	54.440.590	-	263.677.727

1 January - 30 June 2012	Aviation	Technic	Inter-segment elimination	Total
Purchase of property and equipment	1.480.106.507	152.660.668	-	1.632.767.175
Current period amortization and depreciation	(403.473.199)	(31.792.648)	-	(435.265.847)
Investmensts accounted by using the equity method	190.984.342	75.515.083	-	266.499.425

4. CASH AND CASH EQUIVALENTS

	30 June 2013	31 December 2012
Cash	1.603.661	1.836.473
Banks – Time deposits	1.151.505.811	1.121.913.532
Banks – Demand deposits	180.463.533	222.290.264
Other liquid assets	28.152.072	9.502.267
	1.361.725.077	1.355.542.536

Time Deposits:

Amount	Currency	Interest Rate	Maturity	30 June 2013
60.000.000	USD	2.75%	November 2013	115.566.233
110.000.000	TL	5.95%	October 2013	110.466.219
112.760.886	EUR	3.34%-2.47%	November 2013	284.007.088
				510.039.540

Amount	Currency	Interest Rate	Maturity	31 December 2012
41.827.004	USD	%3.53	April 2013	75.250.687
170.000.000	TL	%6.93-%7.27	April 2013	170.577.495
97.844.734	EUR	%3.19-%3.20	September 2013	231.130.612
				476.958.794

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

5. FINANCIAL INVESTMENTS

Short-term financial investments are as follows:

	30 June 2013	31 December 2012
Time deposits with maturity more than 3 months	510.039.540	476.958.794

Time deposits with maturity of more than 3 months:

Amount	Currency	Interest Rate	Maturity	30 June 2013
60.000.000	USD	2.75%	November 2013	115.566.233
110.000.000	TL	5.95%	October 2013	110.466.219
112.760.886	EUR	3.34%-2.47%	November 2013	284.007.088
				510.039.540

Amount	Currency	Interest Rate	Maturity	31 December 2012
41.827.004	USD	%3.53	April 2013	75.250.687
170.000.000	TL	%6.93-%7.27	April 2013	170.577.495
97.844.734	EUR	%3.19-%3.20	September 2013	231.130.612
				476.958.794

6. FINANCIAL DEBTS

Short term portions of long term financial debts are as follows:

	30 June 2013	31 December 2012
Finance lease obligations	1.012.826.920	866.011.394

Long term financial debts are as follows:

	30 June 2013	31 December 2012
Finance lease obligations	9.037.641.293	7.800.982.204

Financial lease obligations with respect to their maturities are as follows:

	30 June 2013	31 December 2012
Less than 1 year	1.244.898.966	1.068.307.603
Between 1 – 5 years	4.991.756.913	4.291.572.222
Over 5 years	5.312.241.402	4.624.307.819
	11.548.897.281	9.984.187.644
Less: Future interest expenses	(1.498.429.068)	(1.317.194.046)
Principal value of future rentals stated in financial statements	10.050.468.213	8.666.993.598

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

6. FINANCIAL DEBTS (cont'd)

	30 June 2013	31 December 2012
Interest Range:		
Floating rate obligations	3.851.089.075	3.355.700.565
Fixed rate obligations	6.199.379.138	5.311.293.033
	10.050.468.213	8.666.993.598

As of 31 March 2013, the US Dollars and Euro denominated lease obligations' weighted average interest rates are 4,04% (31 December 2012: 4,14%) for the fixed rate obligations and 0,74% (31 December 2012: 0,61%) for the floating rate obligations.

7. EQUITY ACCOUNTED INVESTEES

The joint ventures accounted for using the equity method are as follows:

	30 June 2013	31 December 2012
Turkish DO&CO	74.828.809	60.907.106
THY Opet	52.653.532	66.777.834
TGS	72.287.740	64.547.149
TEC	43.336.537	53.595.748
Sun Express	1.980.794	8.388.295
Türkbine Teknik	7.486.985	7.373.945
Uçak Koltuk	4.634.269	4.166.036
TCI	5.775.242	2.901.708
Goodrich	693.819	411.724
	263.677.727	269.069.545

The shares of investment profit/ (loss) accounted for using the equity method are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Turkish DO&CO	13.265.202	129.039	8.416.666	7.545.376
THY Opet	632.557	(4.460.973)	14.571.552	6.255.888
TGS	6.597.922	5.248.289	2.813.090	(159.838)
TEC	(12.935.499)	(8.446.654)	(7.049.933)	(2.020.687)
Sun Express	(11.883.326)	(3.495.031)	(18.872.115)	-
Türkbine Teknik	(446.522)	(135.096)	(11.026)	(3.835)
Uçak Koltuk	(179.568)	(128.026)	4.763.442	4.763.442
TCI	(624.038)	(985.192)	(1.754.365)	(1.045.167)
Goodrich	(489.258)	228.700	(676.044)	(544.118)
Bosna Hersek Havayolları	-	-	(11.574.460)	(3.241.123)
Total	(6.062.530)	(12.044.944)	(9.373.193)	11.549.938

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

8. PROPERTY AND EQUIPMENT

	Land improvements and buildings	Technical equipments simulators and vehicles	Other equipments, and fixtures	Aircrafts	Spare engines	Components and repairable spare parts	Leasehold improvements	Construction in Progress	Total
Cost									
Opening balance at 1 January 2013	198.408.933	376.616.472	240.693.235	15.623.706.346	617.668.430	373.795.361	79.440.618	679.208.519	18.189.537.914
Foreign currency translation differences	15.885.481	28.189.386	19.647.867	1.329.073.180	52.638.511	32.216.008	6.423.268	68.323.768	1.552.397.469
Additions	948.272	8.438.940	9.521.985	1.391.348.301	71.252.433	61.571.872	1.405.001	120.227.876	1.664.714.680
Additions from business combination	95.852.356	13.504.753	14.527.198	-	-	-	-	-	123.884.307
Disposals	-	(38.653.630)	(1.918.582)	(42.531.829)	(16.382.056)	(22.487.079)	-	-	(121.973.176)
Closing balance at 30 June 2013	311.095.042	388.095.921	282.471.703	18.301.595.998	725.177.318	445.096.162	87.268.887	867.760.163	21.408.561.194
Accumulated Depreciation									
Opening balance at 1 January 2013	73.594.821	202.883.246	175.979.342	4.659.039.951	187.327.416	145.803.610	51.569.939	-	5.496.198.325
Foreign currency translation differences	5.981.563	14.674.284	14.721.205	399.376.499	16.140.416	12.269.929	4.490.171	-	467.654.067
Depreciation charge for the period	1.806.352	14.039.042	13.016.388	478.197.738	35.894.019	27.592.844	6.134.749	-	576.681.132
Additions from business combination	12.596.916	3.598.750	6.252.478	-	-	-	-	-	22.448.144
Disposals	-	(38.650.262)	(1.881.747)	(42.531.829)	(16.382.056)	(17.177.386)	-	-	(116.623.280)
Closing balance at 30 June 2013	93.979.652	196.545.060	208.087.666	5.494.082.359	222.979.795	168.488.997	62.194.859	-	6.446.358.388
Net book value 30 June 2013	217.115.390	191.550.861	74.384.037	12.807.513.639	502.197.523	276.607.165	25.074.028	867.760.163	14.962.202.806
Net book value 31 December 2012	124.814.112	173.733.226	64.713.893	10.964.666.395	430.341.014	227.991.751	27.870.679	679.208.519	12.693.339.589

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

8. PROPERTY AND EQUIPMENT (cont'd)

	Land improvements and buildings	Technical equipments simulators and vehicles	Other equipments, and fixtures	Aircrafts	Spare engines	Components and repairable spare parts	Leasehold improvements	Construction in Progress	Total
Cost									
Opening balance at 1 January 2012	194.445.053	461.185.261	148.453.434	12.863.510.808	615.266.465	399.664.054	111.431.957	435.264.825	15.229.221.857
Foreign currency translation differences	(8.449.517)	(17.635.854)	(6.318.621)	(411.582.934)	(26.616.688)	(17.954.463)	(4.850.678)	(18.601.797)	(512.010.552)
Additions	4.526.898	15.560.452	7.912.054	1.364.524.468	30.799.745	57.853.311	1.451.129	140.796.983	1.623.425.040
Disposals	-	(52.468.870)	(7.421.636)	(52.823.384)	-	(84.153.539)	(8.657)	(7.446.069)	(204.322.155)
Transfer to assets held-for-sale	-	-	-	(349.853.314)	(20.854.234)	-	-	-	(370.707.548)
Transfers	-	(98.937.800)	98.301.966	2.824.804	-	-	5.755.399	(8.580.203)	(635.834)
Closing balance at 30 June 2012	190.522.434	307.703.189	240.927.197	13.416.600.448	598.595.288	355.409.363	113.779.150	541.433.739	15.764.970.808
Accumulated Depreciation									
Opening balance at 1 January 2012	64.597.647	321.520.088	69.210.291	3.291.791.980	139.105.118	185.035.832	65.366.028	-	4.136.626.984
Foreign currency translation differences	(6.831.710)	(9.697.511)	(2.032.920)	4.641.801	(2.003.687)	9.733.244	1.119.219	-	(5.071.564)
Depreciation charge for the period	1.620.604	12.030.613	12.330.867	354.242.099	20.129.767	23.534.469	7.191.222		431.079.641
Disposals	-	(52.468.870)	(7.421.636)	(52.823.384)	-	(58.564.096)	(2.154)	-	(171.280.140)
Transfer to assets held-for-sale	-	-	-	(325.885.631)	(10.410.057)	-	-	-	(336.295.688)
Transfers	-	(94.945.332)	94.323.902	-	-	-	-	-	(621.430)
Closing balance at 30 June 2012	59.386.541	176.438.988	166.410.504	3.271.966.865	146.821.141	159.739.449	73.674.315	-	4.054.437.803
Net book value 30 June 2012	131.135.893	131.264.201	74.516.693	10.144.633.583	451.774.147	195.669.914	40.104.835	541.433.739	11.710.533.005

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

9. INTANGIBLE ASSETS

	Slot Rights	Other Rights	Goodwill (Not:2.1 (e))	Total
Cost				
Opening balance at 1 January 2013	23.069.393	128.876.837	-	151.946.230
Foreign currency translation differences	1.840.271	10.349.509	-	12.189.780
Additions	-	1.137.206	52.523.964	53.661.170
Disposals	-	(1.102)	-	(1.102)
Closing balance at 30 June 2013	24.909.664	140.362.450	52.523.964	217.796.078
Accumulated Depreciation				
Opening balance at 1 January 2013	-	100.762.463	-	100.762.463
Foreign currency translation differences	-	8.334.415	-	8.334.415
Amortization charge for the period	-	4.833.961	-	4.833.961
Disposals	-	(1.102)	-	(1.102)
Closing balance at 30 June 2013	-	113.929.737	-	113.929.737
Net book value at 30 June 2013	24.909.664	26.432.713	52.523.964	103.866.341
Net book value at 31 December 2012	23.069.393	28.114.374	-	51.183.767

The Group considers the slot rights as intangible assets having indefinite useful life.

	Slot Rights	Other Rights	Total
Cost			
Opening balance at 1 January 2012	24.445.066	113.740.123	138.185.189
differences	(1.066.374)	5.585.857	4.519.483
Disposals	-	(30.176)	(30.176)
Closing balance at 30 June 2012	23.378.692	129.273.773	152.652.465
Accumulated Depreciation			
Opening balance at 1 January 2012	-	91.222.250	91.222.250
Foreign currency translation differences	-	(3.643.125)	(3.643.125)
Amortization charge for the period	-	4.186.206	4.186.206
Transfers	-	621.430	621.430
Net book value at 30 June 2012	23.378.692	36.917.188	60.295.880

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

10. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions for short-term liabilities are as follows:

	30 June 2013	31 December 2012
Provisions for legal claims	29.095.568	35.516.181

Changes in the provisions for legal claims at 30 June 2013 and 2012 periods set out below:

	1 January - 30 June 2013	1 January - 30 June 2012
Provision at the beginning of the year	35.516.181	26.224.798
Charge for the period	741.893	10.993.658
Provisions released	(9.542.407)	(16.529)
Foreign currency translation differences	2.379.901	79.760
Provision at the end of the period	29.095.568	37.281.687

The Group recognizes provisions for lawsuits against it due to its operations. The law suits against the Group are usually reemployment law suits by former employees or related to damaged luggage or cargo.

a) Guarantees/Pledges/Mortgages ("GPM") given by the group: Amount of letter of guarantees given is TL 116,396,060 as of 30 June 2013(31 December 2012: TL 103,501,040)

	30 June 2013		31 December 2012	
	Foreign currency amount	TL equivalent	Foreign currency amount	TL equivalent
A. Total amounts of GPM given on the behalf of its own legal entity			-	103.501.040
-Collaterals				
TL		12.037.245	-	11.882.222
EUR	6.899.200	17.342.518	6.719.618	15.802.526
USD	42.272.245	81.365.616	40.957.707	73.011.209
Other		5.650.681		2.805.083
B. Total amounts of GPM given on the behalf of subsidiaries that are included in full consolidation	-	-	-	-
C. Total amounts of GPM given in order to guarantee third party debts for routine trade operations	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of the Parent	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies not covered in B	-	-	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-	-	-
		116.396.060		103.501.040

The other CPMs given by the Company constitute 0% of the Company's equity as of 30 June 2013 (31 December 2012: 0%).

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

11. COMMITMENTS

The detail of the Group's not accrued operational leasing debts related to aircrafts that are not accrued is as follows:

	30 June 2013	31 December 2012
Less than 1 year	276.856.972	282.339.574
Between 1 – 5 years	692.118.672	810.999.803
More than 5 years	145.820.110	81.178.443
	1.114.795.754	1.174.517.820

To be delivered between the years 2010-2015, the Group signed a contract for 89 aircrafts with a total value of 11.8 billion US Dollars, according to the price lists before the discounts made by the aircraft manufacturing firms. 10 of these aircrafts were delivered in 2010 , 29 of these aircrafts were delivered in 2011, 23 of these aircrafts were delivered in 2012,and 16 of these aircrafts were delivered in the first six months of 2013. To be delivered between the years 2013-2021, the Group signed a contract for 252 aircrafts with a total value of 37.5 billion US Dollars, according to the price lists before the discounts made by the aircraft manufacturing firms. The Group has made an advance payment of 1.265 million US Dollars relevant to these purchases as of 30 June 2013.

The Group also has operational lease agreement for 23 years related with the land for the construction of aircraft maintenance hangar which is still under construction. The liabilities of the Group related with this lease agreements are as follows:

	30 June 2013	31 December 2012
Less than 1 year	2.956.493	2.081.088
Between 1 – 5 years	15.275.213	16.417.472
More than 5 years	51.274.851	49.973.307
	69.506.557	68.471.867

12. PASSENGER FLIGHT LIABILITIES

Flight liability is as follows;

	30 June 2013	31 December 2012
Flight liability generating from ticket sales	2.535.802.640	1.271.723.065
Flight liability generating from sales of mileage and frequent flyer programme	440.526.419	396.752.754
	2.976.329.059	1.668.475.819

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

13. SHAREHOLDERS' EQUITY

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

	Class	%	30 June 2013	%	31 December 2012
Republic of Turkey Prime Ministry Privatization Adm.(*)	A, C	49.12	677,856,000	49.12	589,465,086
Other (Publicly held)	A	50.88	702,144,000	50.88	610,534,914
Paid-in capital			1,380,000,000		1,200,000,000
Restatement difference			1,123,808,032		1,123,808,032
Restated capital			2,503,808,032		2,323,808,032

(*) 1,644 shares belonging to various private shareholders were not taken into consideration when the Group was included to the privatization program in 1984. Subsequently, these shares were registered on behalf of Privatization Administration according to Articles of Association of the Group, approved by the decision of the Turkish Republic High Planning Board on 30 October 1990.

As of 30 June 2013, the Group's issued and paid-in share capital consists of 137.999.999.999 Class A shares and 1 Class C share, all with a par value of Kr 1 each. These shares are issued to the name. The Class C share belongs to the Republic of Turkey Prime Ministry Privatization Administration and has the following privileges:

Articles of Association 7: Positive vote of the board member representing class C share and approval of the Board of Directors are necessary for transfer of shares issued to the name.

Articles of Association 10: The Board of Directors consists of nine members of which one member has to be nominated by the class C shareholder and the rest eight members has to be chosen by an election between class A shareholder's top rated.

Articles of Association 14: The following decisions of the Board of Directors are subject to the positive vote of the class C Shareholder:

a) As defined in Article 3.1. of the Articles of Association, taking decisions that will negatively affect the Company's mission,

b) Suggesting change in the Articles of Association at General Assembly,

c) Increasing share capital,

d) Approval of transfer of the shares issued to the name and their registration to the "Share Registry",

e) Making decisions or taking actions which will put the Company under commitment over 5% of its total assets considering the latest annual financial statements prepared for Capital Market Board per agreement (this statement will expire when the Company's shares held by Turkish State is below 20%),

f) Making decisions relating to merges and liquidation,

g) Making decisions to cancel flight routes or significantly decrease number of flights except for the ones that cannot recover even its operational expenses subject to the market conditions.

13. SHAREHOLDERS' EQUITY (cont'd)

Restricted Profit Reserves

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

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 currency translation item in financial income of income statement. Also, currency translation differences in equities of the Group's joint venture; Güneş Ekspres Havacılık A.Ş. (Sun Express) which is consolidated by using equity method, is presented under currency translation item. Foreign currency translation differences are the changes due to the foreign exchange rate changes in the shareholders' equity Sun Express which is subsidiary accounted for equity method.

Distribution of Dividends

Companies whose shares are traded at Borsa Istanbul (BIST) are subject to the following dividend rules determined by Capital Markets Board:

According to the Serial:IV No:27 Communiqué of Capital Markets Board, depending on the decision made in shareholders' meeting, the profit distribution can be made either by giving bonus shares to shareholders which are issued either in cash or by adding dividend to capital or giving some amount of cash and some amount of bonus shares to shareholders. If the primary dividend amount determined is less than 5% of the paid-in capital, the decision gives the option of not to distribute the related amount as to keep within the equity.

In accordance with the Capital Markets Board's (the "Board") Decree issued as of 27 January 2010 and numbered 02/51;

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

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: II, No: 14.1

Within the frame of Communiqué Series: II, No: 14.1, amount disclosed in notes to financial statements; following the deduction of companies' retained earnings, total of remaining profit for the period and other total resources that may apply to profit distribution,

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

13. SHAREHOLDERS' EQUITY (cont'd)

Distribution of Dividends (cont'd)

Within the frame of 6th bulletin of Communiqué Series: IV No: 27, dividend distribution should be completed by the end of 5th month following the end of the period.

At the Company's Ordinary General Assembly Meeting held on 29 March 2013, it is decided to distribute dividends amounting to TL 173,280,902 as cash and TL 180,000,000 as bonus share. As of 30 June 2013, the payment of cash dividends and distribution of bonus shares were completed.

The items of shareholders' equity of the Company in the statutory accounts as of 30 June 2013 are as follows:

Paid-in capital	1,380,000,000
Share premium	181,185
Legal reserves	75,738,987
Extraordinary reserves (*)	-
Other profit reserves	9
Special funds	12,190,877
Retained earnings (*)	-
Net loss for the period (*)	(275,706,358)
Total shareholders' equity	1,192,404,700

(*) Per legal records, there is no amount which will be subject to dividend distributions.

Gains/Losses from Cash Flow Hedges

Hedge gain/losses against cash flow risk arise from the accounting under shareholders' equity for the changes in the fair values of effective derivative financial instruments designated against financial risks of future cash flows. Total of deferred gain/loss arising from hedging against financial risk are accounted in profit or loss when the effect of the hedged item has effect on profit or loss.

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

14. REVENUE AND COST OF SALES

Details of gross profit are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Scheduled flights				
Passenger	7.049.559.849	3.896.519.519	5.681.834.152	3.312.741.369
Cargo and mail	691.563.454	375.718.118	583.239.557	311.251.073
Total scheduled flights	7.741.123.303	4.272.237.637	6.265.073.709	3.623.992.442
Unscheduled flights	46.524.996	32.996.760	47.290.126	36.148.785
Other revenue	445.885.827	299.523.579	369.289.408	178.861.256
Net sales	8.233.534.126	4.604.757.976	6.681.653.243	3.839.002.483
Cost of sales (-)	(6.765.860.643)	(3.577.729.777)	(5.656.472.804)	(3.032.234.776)
Gross profit	1.467.673.483	1.027.028.199	1.025.180.439	806.767.707

Geographical details of revenue from the scheduled flights are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
- Europe	2.516.639.186	1.458.629.057	1.970.837.641	1.188.551.328
- Far East	1.678.275.532	890.838.486	1.446.412.408	807.358.697
- Middle East	1.049.696.320	546.707.898	852.604.517	469.769.550
- America	765.597.095	439.521.842	621.365.518	378.120.361
- Africa	633.997.999	328.736.061	463.725.137	252.951.144
Total international flights	6.644.206.132	3.664.433.344	5.354.945.221	3.096.751.080
Domestic flights	1.096.917.171	607.804.293	910.128.488	527.241.362
Total scheduled flight revenue	7.741.123.303	4.272.237.637	6.265.073.709	3.623.992.442

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

14. REVENUE AND COST OF SALES (cont'd)

The details of the cost of sales are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Fuel expenses	2.900.102.398	1.524.801.416	2.454.745.291	1.362.375.996
Personnel expenses	1.029.208.156	526.993.274	911.353.592	468.534.016
Landing and navigation expenses	670.287.065	370.011.425	521.304.181	251.116.913
Depreciation expenses	558.271.357	298.059.775	411.184.704	206.007.887
Ground services expenses	472.925.630	248.730.425	388.774.742	232.879.239
Passenger service catering expenses	373.095.486	199.957.396	290.782.739	162.523.064
Short term leasing expenses	189.731.828	128.713.979	29.881.443	25.294.004
Maintenance expenses	239.358.426	141.539.784	195.755.162	94.315.075
Operating lease expenses	140.589.088	67.372.445	166.543.655	79.198.991
Other airlines' seat rents	34.570.620	(6.217.583)	99.120.365	44.360.153
Other rent expenses	31.627.262	14.734.616	28.453.735	15.448.202
Insurance expenses	31.411.271	15.356.337	45.336.270	22.059.942
Transportation expenses	24.653.031	15.851.783	14.289.319	7.358.707
Service expenses	27.179.780	11.908.748	37.203.182	21.606.570
Tax expenses	9.387.780	5.274.741	6.630.518	3.535.198
Utility expenses	5.612.840	2.799.496	4.888.759	2.492.806
Other cost	27.848.625	11.841.720	50.225.147	33.128.013
	6.765.860.643	3.577.729.777	5.656.472.804	3.032.234.776

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

15. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING AND SALES EXPENSES

General administrative expenses are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Personnel expenses	130.839.131	72.004.724	116.363.030	61.103.395
Depreciation expenses	17.628.937	5.396.883	14.511.010	9.182.503
Communication and information expenses	34.125.424	22.211.128	9.512.163	6.560.697
Service expenses	9.552.796	5.313.429	14.479.489	9.360.883
Consultancy expenses	6.050.488	1.913.959	1.137.859	616.345
Maintenance expenses	4.193.812	2.157.393	3.009.034	1.292.300
Rent expenses	5.051.718	3.742.888	6.177.892	2.336.657
System use and membership expenses	4.572.870	2.835.361	3.288.830	1.941.578
Tax expenses	2.500.981	1.102.043	3.320.432	2.606.106
Utility expenses	2.274.860	1.148.847	2.688.615	1.160.362
Insurance expenses	644.780	423.716	526.567	378.286
Other administrative expenses	4.882.283	2.904.346	10.246.589	4.005.403
	222.318.080	121.154.717	185.261.510	100.544.515

Marketing and sales expenses are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 Haziran 2012
Commissions and incentive expenses	297.903.484	162.857.770	236.258.366	140.199.941
Personnel expenses	225.039.689	101.451.680	213.529.549	106.980.003
Reservation systems expense	193.560.057	103.484.574	155.913.235	83.362.942
Advertising and promotion expenses	89.028.242	52.413.748	62.700.971	34.635.260
Rent expenses	11.262.311	2.323.319	13.406.417	7.145.300
Consultancy expenses	7.077.116	4.851.797	4.287.282	2.324.296
Tax expenses	6.921.419	4.938.623	3.213.719	1.689.658
Communication and information expenses	6.768.325	3.517.877	7.262.932	3.429.393
Depreciation expenses	5.614.413	2.895.694	5.560.085	4.469.035
Membership fees	4.990.129	2.667.982	6.098.702	3.212.519
Service expenses	4.215.227	2.321.503	2.599.555	2.127.363
Fuel expenses	734.402	391.665	855.529	423.016
Other sales and marketing expenses	28.948.717	15.066.820	38.714.314	21.582.374
	882.063.531	459.183.052	750.400.656	411.581.100

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

16. OTHER OPERATING INCOME / EXPENSES

Other operating income/expense consists of the following:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Income from investment incentives	43.978.290	22.939.016	31.536.700	17.379.558
Insurance, indemnities, penalties income	37.450.136	22.284.100	17.196.892	13.722.433
Discounts received from maintenance spare part suppliers	14.032.559	12.192.037	9.072.573	7.615.182
Provisions released	11.215.153	4.858.647	15.138.608	8.671.880
TGS share premium	5.610.528	2.789.842	5.404.785	2.579.784
Non- interest revenues from banks	4.156.511	1.938.257	3.621.452	1.776.103
Rent income	2.026.604	434.898	1.617.804	136.203
Foreign exchange gains on trade operations, net	-	-	20.021.456	9.312.010
Late payment interest income	1.053.606	922.894	8.331.617	5.744.886
Other operating income	29.837.705	9.256.236	26.740.099	16.522.127
	149.361.092	77.615.927	138.681.986	83.460.166

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Foreign exchange losses on trade operations, net	38.837.914	25.275.192	-	-
Indemnity and penalty expenses	3.964.856	2.793.260	5.215.043	2.612.162
Provision expenses	3.369.674	2.470.476	23.088.349	17.427.694
Other operating expenses	27.616.703	18.942.024	29.048.982	24.544.660
Real increase in provision on assets held-for-sale and impairment of fixed assets	-	-	20.648.294	20.648.295
	73.789.147	49.480.952	78.000.668	65.232.811

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

17. FINANCIAL INCOME/EXPENSES

Financial income consists of the following:

	1 January - 30 June 2013	1 April - 30 Haziran 2013	1 January - 30 June 2012	1 April - 30 June 2012
Interest income	30.431.570	10.875.628	14.518.936	598.443
Rediscount interest income	1.430.680	-	1.922.532	-
The change in fair value of derivative financial instruments	4.782.318	-	27.400.061	31.740.498
Foreign exchange gains	-	-	72.020.445	247.924.562
	36.644.568	10.875.628	115.861.974	280.263.503

Finance expenses are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Finance lease interest expenses	127.248.126	73.013.527	109.767.913	58.996.956
Foreign exchange loss	104.014.943	128.653.359	-	-
Finance lease administration expenses	18.402.235	12.517.941	15.276.596	12.854.639
Rediscount interest expense	12.461.391	12.108.086	-	1.102.598
Employee termination benefit interest expense	2.689.745	1.188.033	3.394.880	1.345.605
The change in fair value of derivative financial instruments	-	9.000.780	-	-
Other financial expense	2.222.443	1.536.658	632.093	369.374
	267.038.883	238.018.384	129.071.482	74.669.172

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

18. TAX ASSETS AND LIABILITIES

Tax expense consists of the following items:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Current period tax expense	-	-	4.390.971	1.343.195
Deferred tax expense/ (income)	109.759.641	114.682.879	(16.076.360)	356.438.139
Tax expense/ (income)	109.759.641	114.682.879	(11.685.389)	357.781.334

Tax effect related to other comprehensive income is as follows:

	1 January - 30 June 2013			1 January - 30 June 2012		
	Amount before tax	Tax (expense) /income	Amount after tax	Amount before tax	Tax (expense) /income	Amount after tax
Foreign currency translation difference	457.103.665	-	457.103.665	(142.295.400)	-	(142.295.400)
Change in cash flow hedge reserve	25.670.806	(5.134.161)	20.536.645	(23.705.176)	4.741.035	(18.964.141)
Change in actuarial losses from defined pension plans	-	-	-	(9.767.486)	1.953.497	(7.813.989)
Other comprehensive income	482.774.471	(5.134.161)	477.640.310	(175.768.062)	6.694.532	(169.073.530)

There is no taxation effect related to the change in foreign currency translation adjustment that is included in other comprehensive income for the period.

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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.

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

18. TAX ASSETS AND LIABILITIES (cont'd)

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 IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

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

In Turkey, the companies cannot declare a consolidated tax return; therefore, subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

The deferred tax assets and liabilities are as follows:

	30 June 2013	31 December 2012
Fixed assets	(1.128.823.376)	(887.354.639)
Provisions for ticket sales advance	(77.052.469)	(78.216.603)
Adjustment on inventories	(39.849.533)	(32.525.576)
Accumulated loss	55.141.272	-
Accruals for expenses	168.219.142	152.179.387
Provisions for employee termination benefits	53.244.355	46.503.155
Income and expense for future periods	10.319.277	17.216.979
Long-term lease obligations	10.681.764	10.493.700
Short-term lease obligations	273.433	1.581.391
Allowance for doubtful receivables	5.409.101	5.963.723
Provisions for unused vacation liabilities	12.781.257	11.641.538
Provisions for impairment of inventories	3.577.849	3.540.398
Other	13.884.590	4.892.887
Deferred tax liabilities	(912.193.338)	(744.083.660)

Deferred tax asset/liability balances are as follows:

	30 June 2013	31 December 2012
Deferred tax assets	245.903	-
Deferred tax liabilities	(912.439.241)	(744.083.660)
Deferred tax / (liabilities) net	(912.193.338)	(744.083.660)

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

18. TAX ASSETS AND LIABILITIES (cont'd)

Deferred Tax (cont'd)

The changes of deferred tax liability as of 1 January-30 June and 2012 are as follows:

	1 January - 30 June 2013	1 January - 30 June 2012
Opening balance at the begining of the year	744.083.660	574.679.843
Deferred tax expense/ (income)	109.759.641	(16.076.360)
Hedge reserve gains/losses	5.134.161	(4.741.035)
Tax asset/ liability of actuarial losses from defined pension plans	0	(1.953.497)
Foreign currency translation adjustment	53.215.876	(56.480.331)
Deferred tax liability at the end of the period	912.193.338	495.428.620

19. EARNINGS PER SHARE

Earnings per share disclosed I n the consolidated statements of income are determined by dividing the net income by the weighted number of shares that have been outstanding during the period concerned.

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

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

Number of total shares and calculation of earnings per share at 30 June 2013 and 2012:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Number of shares outstanding at 1 January (in full)	120.000.000.000	120.000.000.000	120.000.000.000	120.000.000.000
New bonus shares issued (in full)	18.000.000.000	18.000.000.000	-	-
Number of shares outstanding at 30 June (in full)	138.000.000.000	138.000.000.000	120.000.000.000	120.000.000.000
Weighted average number of shares outstanding during the period (in full)	138.000.000.000	138.000.000.000	138.000.000.000	138.000.000.000
Net profit for period	121.202.609	143.542.132	171.564.283	200.947.254
Profit per share (Kr)	0,09	0,10	0,12	0,15

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

20. RELATED PARTY TRANSACTIONS

Short-term trade receivables from related parties that are accounted by using the equity method are as follows:

	30 June 2013	31 December 2012
TEC	2.320.425	12.736.341
TCI	189.901	447.790
Uçak Koltuk	1.496	-
Sun Express	-	5.791.128
	2.511.822	18.975.259

Short-term trade payables to related parties that are accounted by using the equity method are as follows:

	30 June 2013	31 December 2012
THY Opet	200.334.184	139.538.456
Turkish DO&CO	48.896.133	16.035.217
TGS	26.392.350	27.246.944
Sun Express	16.012.923	19.426.776
Goodrich	1.269.687	289.812
TEC	-	12.462.870
TCI	-	244
Türkbine Teknik	-	676
	292.905.277	215.000.995

Transactions with related parties that are accounted by using the equity method for the year ended as of 30 June 2013 are as follows:

Sales

	1 January- 30 June 2013	1 April- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2012
Sun Express	39.763.376	29.339.563	20.356.321	7.334.961
THY Opet	16.026.974	15.886.801	148.782	72.648
TGS	13.743.065	6.004.091	4.943.455	2.525.187
TEC	8.173.458	6.696.077	10.064.912	4.764.373
Turkish DO&CO	1.776.377	1.099.065	984.874	535.571
TCI	93.075	76.502	749.833	364.547
Goodrich	45.318	21.350	345.412	345.412
Bosnia Herzegovina Airlines	-	-	2.090.157	474.642
Türkbine Teknik	-	-	267.252	88.771
	79.621.643	59.123.449	39.950.998	16.506.112

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

20. RELATED PARTY TRANSACTIONS (cont'd)

Purchases

	1 January- 30 June 2013	1 April- 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2012
THY Opet	1.744.293.338	898.577.883	1.491.821.694	817.933.322
Turkish DO&CO	224.508.639	123.770.987	199.336.586	111.833.799
TGS	171.118.474	92.347.047	147.485.857	78.831.974
Sun Express	155.179.004	111.191.193	585.889	507.908
TEC	61.442.369	37.522.524	21.990.108	-
Star Alliance Gmbh	293.744	293.744	-	-
Goodrich Thy Teknik Servis	99.680	99.680	6.517.535	6.517.535
TCI	4.788	4.788	461.117	-
Bosnia Herzegovina Airlines	-	-	3.262.215	1.417.484
Türkbine Teknik	-	-	27.404	27.404
	2.356.940.036	1.263.807.846	1.871.488.405	1.017.069.426

Transactions between the Group and Sun Express seat rental operations; transactions between the Group and Turkish DO&CO are catering services; transactions between the Group and TGS are ground services, transactions between the Group and P&W T.T are engine maintenance services and the transactions between the Group and THY Opet is the supply of aircraft fuel. Receivables from related parties are not collateralized and maturity of trade receivables is 30 days.

The total amount of salaries and other short term benefits provided for the Chairman and the Members of Board of Directors, General Manager, General Coordinator and Deputy General Managers are TL 3,311,307 (30 June 2012: TL 2,675,074).

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

21. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

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

	30 June 2013				
	TL EQUIVALENT	**TRY**	**EURO**	**GBP**	**OTHER**
1.Trade Receivables	1.083.395.119	96.925.583	451.719.025	164.374.550	370.375.961
2a.Monetary Financial Assets	1.474.696.669	304.827.156	1.162.352.855	36.365	7.480.293
2b.Non Monetary Financial Assets	-	-	-	-	-
3.Other	137.740.423	73.597.945	44.595.856	701.624	18.844.998
4.Current Assets (1+2+3)	**2.695.832.211**	**475.350.685**	**1.658.667.736**	**165.112.540**	**396.701.251**
5.Trade Receivables	-	-	-	-	-
6a.Monetary Financial Assets	-	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-
7.Other	77.058.640	63.576.533	13.236.767	137.802	107.538
8.Non Current Assets (5+6+7)	**77.058.640**	**63.576.533**	**13.236.767**	**137.802**	**107.538**
9.Total Assets (4+8)	**2.772.890.851**	**538.927.218**	**1.671.904.503**	**165.250.342**	**396.808.789**
10.Trade Payables	815.002.327	491.325.883	187.848.134	12.807.123	123.021.187
11.Financial Liabilities	658.060.456	22.030.692	584.895.764	-	51.134.000
12a.Other Liabilities, Monetary	133.387.178	101.963.645	14.067.742	299.970	17.055.821
12b.Other Liabilities, Non Monetary	6.299.975	5.875.416	424.559	-	-
13.Current Liabilities (10+11+12)	**1.612.749.935**	**621.195.635**	**787.236.199**	**13.107.093**	**191.211.009**
14.Trade Payables	-	-	-	-	-
15.Financial Liabilities	5.283.490.534	52.280.544	4.510.833.726	-	720.376.264
16a.Other Liabilities, Monetary	48.739.375	48.713.045	26.330	-	-
16b.Other Liabilities, Non Monetary	-	-	-	-	-
17.Non Current Liabilities (14+15+16)	**5.332.229.909**	**100.993.589**	**4.510.860.056**	**-**	**720.376.264**
18.Total Liabilities (13+17)	**6.944.979.844**	**722.189.224**	**5.298.096.255**	**13.107.093**	**911.587.273**
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	**209.405.624**	**-**	**209.405.624**	**-**	**-**
19a.Off-balance sheet foreign currency derivative assets	209.405.624	-	209.405.624	-	-
19b.Off-balance sheet foreigncurrency derivative liabilities	-	-	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	**(3.962.683.369)**	**(183.262.006)**	**(3.416.786.128)**	**152.143.249**	**(514.778.484)**
21.Net foreign currency asset / liability position of monetary items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(4.380.588.081)**	**(314.561.068)**	**(3.683.599.816)**	**151.303.823**	**(533.731.020)**
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-
24.Hedged foreign currency liabilities	-	-	-	-	-

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

21. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

	TL EQUIVALENT	TRY	EURO	GBP	OTHER
1.Trade Receivables	660.404.241	93.711.562	351.947.508	58.330.075	156.415.096
2a.Monetary Financial Assets	109.463.636	4.841.781	103.691.396	158.610	771.849
2b.Non Monetary Financial Assets	-	-	-	-	-
3.Other	109.716.104	62.332.441	30.325.674	632.795	16.425.194
4.Current Assets (1+2+3)	**879.583.981**	**160.885.784**	**485.964.578**	**59.121.480**	**173.612.139**
5.Trade Receivables	-	-	-	-	-
6a.Monetary Financial Assets	-	-	-	-	-
6b.Non Monetary Financial Assets	-	-	-	-	-
7.Other	88.027.061	41.019.659	6.374.765	40.617.449	15.188
8.Non Current Assets (5+6+7)	**88.027.061**	**41.019.659**	**6.374.765**	**40.617.449**	**15.188**
9.Total Assets (5+9)	**967.611.042**	**201.905.443**	**492.339.343**	**99.738.929**	**173.627.327**
10.Trade Payables	602.781.028	421.214.368	96.829.947	10.664.330	74.072.383
11.Financial Liabilities	547.464.447	37.215.631	510.248.816	-	-
12a.Other Liabilities, Monetary	35.808.560	13.729.271	12.513.007	319.513	9.246.769
12b.Other Liabilities, Non Monetary	33.859.220	33.760.522	98.698	-	-
13.Current Liabilities (10+11+12)	**1.219.913.255**	**505.919.792**	**619.690.468**	**10.983.843**	**83.319.152**
14.Trade Payables	-	-	-	-	-
15.Financial Liabilities	4.481.085.105	400.618.948	4.080.466.157	-	-
16a.Other Liabilities, Monetary	36.752.921	36.752.921	-	-	-
16b.Other Liabilities, Non Monetary	-	-	-	-	-
17.Non Current Liabilities (14+15+16)	**4.517.838.026**	**437.371.869**	**4.080.466.157**	**-**	**-**
18.Total Liabilities (13+17)	**5.737.751.281**	**943.291.661**	**4.700.156.625**	**10.983.843**	**83.319.152**
19.Net asset / liability position of off-balance sheet derivatives (19a-19b)	**212.227.400**	**-**	**212.227.400**	**-**	**-**
19a.Off-balance sheet foreign currency derivative assets	212.227.400	-	212.227.400	-	-
19b.Off-balance sheet foreigncurrency derivative liabilities	-	-	-	-	-
20.Net foreign currency asset/(liability) position (9-18+19)	**(4.557.912.839)**	**(741.386.218)**	**(3.995.589.882)**	**88.755.086**	**90.308.175**
21.Net foreign currency asset / liability position of monetary items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(4.934.024.184)**	**(810.977.796)**	**(4.244.419.023)**	**47.504.842**	**73.867.793**
22.Fair value of foreign currency hedged financial assets	-	-	-	-	-
23.Hedged foreign currency assets	-	-	-	-	-
24.Hedged foreign currency liabilities	-	-	-	-	-

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

21. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk primarily from TL, Euro and GBP. The following table details the Group's sensitivity to a 10% increase and decrease in TL, Euro and GBP. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss.

	30 June 2013	
	Profit / (Loss) Before Tax	
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1- TL net asset / liability	-	-
2- Part of hedged from TL risk (-)	(18.326.201)	18.326.201
3- TL net effect (1+2)	(18.326.201)	18.326.201
4- Euro net asset / liability		
5- Part of hedged from Euro risk (-)	(341.678.613)	341.678.613
6- Euro net effect (4+5)	(341.678.613)	341.678.613
7- GBP net asset / liability		
8- Part of hedged from GBP risk (-)	15.214.325	(15.214.325)
9- GBP net effect (7+8)	15.214.325	(15.214.325)
10- Other foreign currency net asset / liability		
11- Part of hedged other foreign currency risk (-)	(51.477.848)	51.477.848
12- Other foreign currency net effect (10+11)	(51.477.848)	51.477.848
TOTAL (3 + 6 + 9 + 12)	(396.268.337)	396.268.337

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

21. NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

	31 December 2012 Profit / (Loss) Before Tax	
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1- TL net asset / liability	(74.138.622)	74.138.622
2- Part of hedged from TL risk (-)	-	-
3- TL net effect (1+2)	(74.138.622)	74.138.622
4- Euro net asset / liability	(399.558.988)	399.558.988
5- Part of hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(399.558.988)	399.558.988
7- GBP net asset / liability	8.875.509	(8.875.509)
8- Part of hedged from GBP risk (-)	-	-
9- GBP net effect (7+8)	8.875.509	(8.875.509)
10- Other foreign currency net asset / liability	9.030.818	(9.030.818)
11- Part of hedged other foreign currency risk (-)	-	-
12- Other foreign currency net effect (10+11)	9.030.818	(9.030.818)
TOTAL (3 + 6 + 9 + 12)	(455.791.283)	455.791.283

22. EVENTS AFTER THE BALANCE SHEET DATE

Board of Directors has decided to purchase six single engine DA40NG aircrafts and six twin-engine DA42NG aircrafts from Diamond Aircraft Industries GmbH.

Investigation that was started by the Competition Authority's decision dated 8 July 2011 to detect the presence of the company's exclusionary actions in domestic and international flights from Istanbul against its competitors was concluded in favor of the Company on 30 December 2011 by the Competition Authority. However, on 22 July 2013, the Administrative Court annulled the decision on the ground that investigation report was based on incomplete investigation and research.