CONVENIENCE TRANSLATION OF REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

(Convenience Translation of Report And Financial Statements Originally Issued in Turkish)
TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI
CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2008 AND 31 DECEMBER 2007
(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

ASSETS	Note	Not Audited 30 September 2008	Audited 31 December 2007
Current Assets		**2.218.940.532**	**1.487.528.554**
Cash and Cash Equivalents	6	355.880.905	480.196.215
Financial Assets	7	1.156.175.086	292.020.000
Accounts Receivable (net)	10	420.875.514	245.539.019
Other Receivables (net)	11	126.598.696	305.855.757
Inventories (net)	13	101.194.474	113.740.571
Other Current Assets	26	58.215.857	50.176.992
Non-Current Assets		**4.358.616.281**	**3.434.267.181**
Other Receivables (net)	11	27.413.655	21.756.328
Financial Assets	7	1.750.943	3.016.564
Investments Accounted for Equity Method	16	36.615.919	38.370.043
Investment Property	17	53.700.000	53.700.000
Tangible Assets (net)	18	4.133.418.945	3.234.359.407
Intangible Assets (net)	19	14.660.708	10.445.317
Deferred Tax Assets	35	375.078	2.544.815
Other Non-Current Assets	26	90.681.033	70.074.707
Total Assets		**6.577.556.813**	**4.921.795.735**

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

(Convenience Translation of Report And Financial Statements Originally Issued in Turkish)
TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI
CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2008 AND 31 DECEMBER 2007
(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

	Note	Not Audited 30 September 2008	Audited 31 December 2007
LIABILITIES			
Short Term Liabilities		**1.490.342.298**	**1.116.145.370**
Financial Debt (net)	8	319.593.518	228.918.371
Other Financial Liabilities (net)	9	21.659.074	877.628
Accounts Payable	10	393.232.132	364.523.991
Other Liabilities	11	119.701.602	83.387.054
Current Tax Liability	35	49.431.662	19.981.215
Provisions	22	7.957.932	4.779.221
Employee Benefits	24	32.364.954	28.241.528
Passenger Flight Liabilities	26	413.564.161	298.862.067
Other Short Term Liabilities	26	132.837.263	86.574.295
Long Term Liabilities		**2.515.376.206**	**1.901.342.808**
Financial Debt (net)	8	2.096.660.051	1.595.842.462
Other Liabilities	11	7.192.005	7.058.322
Retirement Pay Liability	24	140.192.774	131.959.011
Deferred Tax Liabilities	35	247.764.977	142.383.261
Other Long Term Liabilities	26	23.566.399	24.099.752
SHAREHOLDERS' EQUITY	27		
Equity Attributable to Equity Holders of the Parent		**2.571.838.309**	**1.904.307.557**
Share Capital		175.000.000	175.000.000
Restatement Effect on Shareholders' Equity		1.729.307.557	1.739.005.871
Share Premium		-	895.492
Restricted Reserves Assorted from Profit		-	61.014.406
Retained Earnings		-	(363.500.835)
Net Profit / (Loss) for the Period		667.530.752	291.892.623
Total Liabilities and Shareholders' Equity		**6.577.556.813**	**4.921.795.735**

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

(Convenience Translation of Report And Financial Statements Originally Issued in Turkish)
TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI
CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2008 AND 2007
(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

	Note	Not Audited 1 January – 30 September 2008	Not Audited 1 July – 30 September 2008	Not Audited 1 January – 30 September 2007	Not Audited 1 July – 30 September 2007
CONTINUING OPERATIONS					
Sales Revenues	28	4.416.088.591	1.802.456.957	3.567.261.335	1.439.235.097
Cost of Sales (-)	28	(3.318.642.696)	(1.267.665.840)	(2.562.874.085)	(942.657.052)
GROSS PROFIT / (LOSS)		**1.097.445.895**	**534.791.117**	**1.004.387.250**	**496.578.045**
Marketing, Selling and Distribution Expenses (-)	29,30	(463.312.025)	(161.447.655)	(459.053.099)	(161.629.614)
General Administrative Expenses (-)	29,30	(144.731.466)	(50.787.151)	(126.905.507)	(43.501.083)
Other Operating Income	31	218.344.167	46.419.573	181.299.491	3.003.150
Other Operating Expenses (-)	31	(20.879.489)	(9.767.217)	(17.906.126)	(5.745.218)
OPERATING PROFIT / (LOSS)		**686.867.082**	**359.208.667**	**581.822.009**	**288.705.280**
Share at Profit/(Loss) on Investments Accounted for Equity Method	16	5.245.826	15.942.845	17.555.763	21.217.604
Financial Income	32	309.747.398	93.534.047	251.835.709	120.254.522
Financial Expenses (-)	33	(168.390.350)	43.002.854	(578.679.819)	(274.091.863)
PROFIT BEFORE TAXES		**833.469.956**	**511.688.413**	**272.533.662**	**156.085.543**
Tax Income / (Expense)		**(165.939.204)**	**(99.304.944)**	**(78.339.727)**	**(51.162.183)**
- Current Tax Expense For The Period	35	(58.387.751)	(56.177.431)	(108.956.139)	(78.098.486)
- Deferred Tax Benefit / (Expense)	35	(107.551.453)	(43.127.513)	30.616.412	26.936.303
PROFIT FOR THE PERIOD		**667.530.752**	**412.383.469**	**194.193.935**	**104.923.360**
Earnings Per Share (Ykr)	36	**0,381**	**0,236**	**0,111**	**0,060**

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

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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2008 AND 2007

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

	Share Capital	Restatement Effect on Shareholders' Equity	Share Premium	Financial Assets Fair Value Reserve	Restricted Reserves Assorted from Profit	Net Profit / (Loss) for the Period	Retained Earnings	Total
Balances at 31 December 2006	175.000.000	1.739.005.871	895.492	(2.696.482)	61.014.406	178.782.921	(542.283.756)	1.609.718.452
Transfer of Previous Year's Profit to Accumulated Losses	-	-	-	-	-	(178.782.921)	178.782.921	-
Measurement of Financial Assets	-	-	-	(1.237.856)	-	-	-	(1.237.856)
Net profit for the period	-	-	-	-	-	194.193.935	-	194.193.935
Balances at 30 September 2007	175.000.000	1.739.005.871	895.492	(3.934.338)	61.014.406	194.193.935	(363.500.835)	1.802.674.531
Balances at 31 December 2007	175.000.000	1.739.005.871	895.492	-	61.014.406	291.892.623	(363.500.835)	1.904.307.557
Transfer of Equity Items and Restatement Differences to Accumulated Losses (Note 27)	-	(9.698.314)	(895.492)	-	(61.014.406)	-	71.608.212	-
Transfer of Previous Year's Profit to Accumulated Losses	-	-	-	-	-	(291.892.623)	291.892.623	-
Net profit for the period	-	-	-	-	-	667.530.752	-	667.530.752
Balances at 30 September 2008	175.000.000	1.729.307.557	-	-	-	667.530.752	-	2.571.838.309

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

(Convenience Translation of Report And Financial Statements Originally Issued in Turkish)
TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2008 AND 2007
(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

CASH FLOWS FROM OPERATING ACTIVITIES	1 January - 30 September 2008	1 January - 30 September 2007
Profit before taxation	833.469.956	272.533.662
Adjustments to reconcile profit for the period to net cash provided by operating activities:		
Depreciation and amortization	274.647.840	270.600.462
Provision for retirement pay liability	21.835.546	26.345.066
Interest income	(73.686.120)	(28.811.981)
(Profit)/ Loss on sale of fixed asset	116.888	(23.310)
(Decrease)/ Increase in provision for impairment	(359.241.469)	261.656.381
Share at (profit)/loss of investments accounted for equity method	(5.245.826)	(17.555.763)
Interest expense	70.449.070	67.152.871
Movement in manufacturers' credit	(11.244.115)	(1.242.319)
Foreign exchange loss /(gain) on financial liabilities	81.416.493	(219.514.555)
Increase in provision for doubtful receivables	5.688.038	3.578.062
Change in the fair value of derivative instruments	5.704.769	(4.225.613)
Operating profit before working capital change	**843.938.652**	**630.492.963**
Increase in accounts receivable	(181.024.533)	(48.314.647)
Decrease in other short and long term receivables	173.599.734	26.666.064
Decrease in Inventories	12.546.097	25.828.767
Increase in other current assets	(8.038.865)	(20.523.824)
Increase in other non-current assets	(20.606.326)	(21.109.448)
Increase in accounts payable	28.708.141	67.174.000
Increase in other liabilities	36.448.231	22.713.338
Increase in provision for short term liabilities	3.178.711	67.578
Increase in passenger flight liabilities	114.702.094	20.475.657
Increase in other short and long term liabilities	56.973.730	36.190.690
Employee benefits	4.123.426	51.658.294
Retirement benefits paid	(13.601.783)	(4.749.988)
Interests paid	(67.054.415)	(65.164.708)
Prepaid taxes	(28.937.308)	(25.803.867)
Cash generated from operations	**954.955.586**	**695.600.869**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from sale of financial assets	-	817.700
Cash inflow from sale of tangible and intangible assets	506.760	6.880.742
Interest received	73.686.120	28.811.981
Dividend received from investments accounted for equity method	6.999.950	-
(Increase)/decrease in financial investments	(862.889.465)	4.225.613
Acquisition of tangible & intangible assets (*)	(136.676.298)	(177.540.756)
Net cash used in investing activities	**(918.400.515)**	**(136.804.720)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payment of finance lease obligations	(173.252.099)	(153.550.463)
Decrease in bank loans	(2.694.959)	(2.975.830)
Increase in other financial liabilities	15.076.677	1.491.218
Net cash used in financing activities	**(160.870.391)**	**(155.035.075)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(124.315.310)	403.761.074
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	480.196.215	365.057.959
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**355.880.905**	**768.819.033**

(*) The portion amounted TRY 662.163.338 of the total purchases of tangible and intangible assets amounted TRY 837.489.391 for the period ended 30 September 2008 was made through finance lease (TRY 380.126.482 of TRY 569.866.667 for the year ended 30 September 2007) was made through finance lease.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

1 THE COMPANY'S ORGANIZATION AND OPERATIONS

Türk Hava Yolları A.O. ("the Company" or "THY") was incorporated in Turkey in 1933. The principal activity of the Company is domestic and international air transportation of passengers and cargo.

As of 30 September 2008 and 31 December 2007, the shareholders and their respective shareholdings in the Company are as follows:

	30 September 2008	31 December 2007
Republic of Turkey Prime Ministry Privatization Administration	% 49,12	% 49,12
Others (Offered to Public)	% 50,88	% 50,88
Total	% 100,00	% 100,00

The total number of employees working for Türk Hava Yolları A.O. and its subsidiary ("the Group") as of 30 September 2008 is 14.128 (30 September 2007: 13.319). The average number of employees working for the Group as of 30 September 2008 and 2007 is 13.608 and 13.042, 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.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Company and its Subsidiary and Affiliates registered in Turkey keep their books of account and prepare their statutory financial statements in accordance with the principles and obligations Turkish Commercial Code (the "TCC"), tax legislation. Subsidiaries that operate in other countries keep their books of account and prepare their statutory financial statements in accordance with legistations of those countries and in units of corresponding currencies.

2.1.1 Accounting Standards Applied:

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

As of the Report date, since the differences between the standards adopted by European Union and those promulgated by IASC have not yet been declared by TASB, accompanying financial statements are prepared according to IAS/IFRS within the framework of CMB Communiqué Serial XI No: 29 and financial statements and footnotes were presented compliant with the formats made compulsory by CMB with the announcement dated 14 April 2008. In this direction, some reclassification were made in the financial statements of previous periods.

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

2.1 Fundamentals of The Presentation (cont'd)

2.1.1 Accounting Standards Applied (cont'd)

Currency Used In The Financial Statements

The financial statements of each company of the Group are presented in the currency (functional currency) of the economic environment in which they operate. Financial position and results of operations of each company are stated in New Turkish Lira (TRY) which is The Company's ruling currency and presentation currency for the consolidated financial statements.

2.12 Preparation of Financial Statements in Hyperinflationary Periods

The Group ended inflation accounting application starting from 1 January 2005 in accordance with the decision of CMB dated 17 March 2005.

2.1.3 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company, Türk Hava Yolları A.O., its Subsidiary and its Affiliates on the basis set out in sections (b) and (c) below. Financial statements of subsidiary and affiliates are adjusted where applicable in order to apply the same accounting policies.

All intra-group transactions, balances, income and expenses have been eliminated in consolidation.

b) Subsidiary is the entity in which the Company has power to control the financial and operating policies for the benefit of the Company through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself, otherwise having the power to exercise control over the financial and operating policies for the benefit of the Company.

The table below sets out the consolidated Subsidiary and participation rate of the Group in this subsidiary at 30 September 2008:

Name of the Company	Principal Activity	Direct Participation	Indirect Participation	Country of Registration
THY Teknik A.Ş.	Technical Maintenance	% 100	-	Turkey

The balance sheet and statement of income of the subsidiary were consolidated on the basis of full consolidation. The carrying value of the investment held by the Group and its Subsidiary were eliminated against the related shareholders' equity. Intercompany transactions and balances between the Group and its Subsidiary were eliminated during consolidation process.

100 % owned by the Company, TGS Yer Hizmetleri A.Ş, which was established on 20 August 2008 with TRY 60.000.000 capital, all of which subscribed, and which has A Group Operation License to undertake ground services, is not consolidated since it has not yet started its operations and capital subscription is not due yet.

c) The Group has two affiliates. The affiliates to which the participation rate of the Group is 50% are controlled by the Group jointly, and are valued by equity method.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

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

2.1 Fundamentals of The Presentation (cont'd)

2.1.3 Basis of Consolidation (cont'd)

The table below sets out consolidated affiliates and indicates the proportion of ownership interest of the Company in these affiliates at 30 September 2008:

Name of the Company	Principal Activity	Direct Participation	Indirect Participation	Country of Registration
Güneş Ekspres Havacılık A.Ş.	Air Transportation	% 50	-	Turkey
THY DO&CO İkram Hizmetleri A.Ş	Catering Services	% 50	-	Turkey

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

2.2 Changes in Accounting Policies

Changes in accounting policies are applied retroactively and the financial statements of the previous period are adjusted. Group made necessary changes in accounting policies beginning from 1 January 2007 in order to comply with CMB's Serial XI, No 29 Communique.

2.3 Changes in Accounting Estimates and Errors

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

2.4 New and Revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

Standards, amendments and interpretations effective in 2008 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Group's operations:

IFRIC 11, "IFRS 2 – Group and treasury share transactions",
IFRIC 12, "Service concession arrangements",
IFRIC 14, "IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction",
IAS 39, IFRS 7 " Changes in the classifications of financial assets"

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

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

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

<u>Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group</u>

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

• IFRS 8, "Operating segments"	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 13, "Customer loyalty programmes"	Effective for annual periods beginning on or after 1 July 2008
• IFRIC 15, "Agreements for the construction of real estate"	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 16, "Hedges of a net investment in a foreign operation"	Effective for annual periods beginning on or after 1 October 2008
• IFRS 2, "Share-based Payment" Amendment relating to vesting conditions and cancellations"	Effective for annual periods beginning on or after 1 January 2009
• IFRS 1, "First-time Adoption of International Financial Reporting Standards" — Amendment relating to cost of an investment on first-time adoption	Effective for annual periods beginning on or after 1 January 2009
• IFRS 3, "Business Combinations" • IAS 27, "Consolidated and Separate Financial Statements • IAS 28, "Investments in Associates" • IAS 31 "Interests in Joint Ventures" Comprehensive revision on applying the acquisition method	Effective for annual periods beginning on or after 1 July 2009
• IAS 23, "(Amendment) Borrowing costs" Comprehensive revision to prohibit immediate expensing	Effective for annual periods beginning on or after 1 January 2009
• IAS 27, "Consolidated and Separate Financial Statements" Amendment relating to cost of an investment on first-time adoption	Effective for annual periods beginning on or after 1 January 2009
• IAS 1, "Presentation of Financial Statements" • IAS 32, "Financial Instruments: Presentation" Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	Effective for annual periods beginning on or after 1 January 2009
• IAS 1, "Presentation of Financial Statements" Comprehensive revision including requiring a statement of comprehensive income	Effective for annual periods beginning on or after 1 January 2009
• IAS 39, "Financial Instruments: Recognition and Measurement" Amendments for eligible hedged items	Effective for annual periods beginning on or after 1 January 2009

The Group's management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

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

2.5 Summary of Significant Accounting Policies

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

2.5.1 Offsetting

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

2.5.2 Revenue

Passenger fares and cargo revenues are recorded as operating revenue when the transportation service is provided. Tickets sold but not yet used (not flied) are recorded as passenger flight liabilities.

The Group develops estimations using historical statistics and data for unredeemed tickets. Total estimated unredeemed tickets are recognized as operating revenue.

Agency commissions to relating to the passenger revenue are recognized as expense when the transportation service is provided.

2.5.3 Inventories

Inventories are valued at the lower of cost or net realizable value by using the moving weighted average cost method.

2.5.4 Tangible Assets

Tangible assets are measured at net book value calculated by deduction of accumulated depreciation from cost values, cost values being restated until 31 December 2004 in accordance with inflation accounting. Depreciation is calculated over the useful lives for tangible assets on a straight-line basis.

The useful lives and residual values used for tangible assets are as follows:

	Useful Life (Years)	Residual Value
- Buildings	25-50	-
- Aircrafts	15-20	%10-30
- Cargo Aircraft	30	% 10
- Engines	15-20	%10-30
- Components	7	-
- Repairable Spare Parts	3-7	-
- Simulators	10-20	%0-10
- Machinery and Equipments	3-15	-
- Furniture and Fixtures	3-15	-
- Motor Vehicles	4-7	-
- Other Equipments	4-15	-

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

2.5.5 Leasing Transactions

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.5.6 Intangible Assets

Intangible assets include leasehold improvements, rights, information systems and software. Intangible assets are carried at the beginning cost including the restatement to the equivalent purchasing power for those accounted on or before 31 December 2004 less accumulated depreciation. Leasehold improvements are depreciated over their lease periods and other intangible assets are depreciated over their useful life of 5 years, on a straight-line basis.

2.5.7 Impairment on Assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amounts are estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is the present value of estimated future cash flows resulting from continuing use of an asset and from disposal at the end of its useful life. Impairment losses are accounted at the consolidated income statement.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount is recognized as income in the consolidated financial statements and cannot exceed the previously recognized impairment loss and shall not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognized for the asset in prior years.

As of 30 September 2007, an examination is made of whether net book values of aircrafts, spare engines and simulators exceed their recoverable amounts. Recoverable amount is determined as, higher of the present value of cash flows expected from the usage of an asset and its net selling price. Net selling price for the aircrafts is determined according to second hand prices in international price guides. Net selling price for spare engines and simulators is net book values based on US Dollar acquisition costs.

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

2.5 Summary of Significant Accounting Policies (cont'd)

2.5.7 Impairment on Assets (cont'd)

In the accompanying financial statements, the change in the differences between net book values of these assets and recoverable amounts are recognized as provision income/losses under income/losses from other operations account. Changes in value due to exchange rate changes are shown under group of financial income/expenses.

2.5.8 Borrowing Costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.5.9 Financial Instruments

Financial assets and liabilities are recorded in the balance sheet when the Group is a legal party to these financial instruments.

a) Financial assets

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

Other financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

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

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

2.5 Summary Of Significant Accounting Policies (cont'd)

2.5.9 Financial Instruments (cont'd)

a) Financial assets (cont'd)

Effective interest method

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

Income is recognized on an effective interest basis for held-to-maturity investments, available-for-sale financial assets and loans and receivables.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available for sale investments

Certain shares and redeemable notes held by the Company are classified as being available for sale and are stated at fair value.

Gains and losses arising from changes in fair value are recognized directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available for sale equity instruments are recognized in profit and loss when the Group's right to receive payments is established.

The fair value of available for sale monetary assets denominated in a foreign currency determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

Loans and receivables

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

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

2.5 Summary Of Significant Accounting Policies (cont'd)

2.5.9 Financial Instruments (cont'd)

a) Financial assets (cont'd)

Impairment of financial assets

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

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

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

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

Cash and cash equivalents

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

b) Financial liabilities

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

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

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

2.5 Summary Of Significant Accounting Policies (cont'd)

2.5.9 Financial Instruments (cont'd)

b) Financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value, and at each reporting period revalued at fair value as of balance sheet date. Changes in fair value are recognized in profit and loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

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

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

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

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The significant interest rate risk arises from finance lease liabilities. The Group policy is to turn some financial liabilities with fixed interest rates into financial liabilties with variable interest rates, and some financial liabilities denominated in EUR into financial liabilities denominated in USD.

The Group uses derivative financial instruments for these purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are immediately recognized in profit or loss.

2.5.10 Business Combinations

Acquisition of subsidiaries are accounted per purchase method. Cost of business combination is calculated as the total of fair values of assets given, liabilities incurred or assumed and equity instruments issued in order to acquire the control of the subsidiary and other costs directly attributable to business combination.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

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

2.5 Summary Of Significant Accounting Policies (cont'd)

2.5.10 Business Combinations (cont'd)

According to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", identifiable assets, liabilities and contingent liabilities which qualify to be recognized according to IFRS 3 "Business Combinations" except held-for-sale assets and assets recognized at the value which is found by deducting selling expenses from fair value (or group to be sold) are recognized at fair value.

Goodwill originated from acquisition is determined as the part of the acquisition cost exceeding the Group's share in identifiable assets, liabilities and contingent liabilities of the business acquired and initially recognized at cost. After review, in case the Group's share in identifiable assets, liabilities and contingent liabilities relating to acquired business exceeds the acquisition cost, the exceeding amount is directly recognized as income.

Minority interest in the acquired business are recognized as the amount of minority interest at the fair value of identifiable assets, liabilities and contingent liabilities of the business in question at the time of acquisition.

2.5.11 Foreign Currency Transactions

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

The closing and average TRY-US Dollar exchange rates for the periods are as follows:

	Closing rate	Average rate
Period ended at 30 September 2008	1,2316	1,2191
Year ended at 31 December 2007	1,1647	1,3003
Period ended at 30 September 2007	1,2048	1,3397
Year ended at 31 December 2006	1,4056	1,4297

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

	Closing rate	Average rate
Period ended at 30 September 2008	1,7978	1,8565
Year ended at 31 December 2007	1,7102	1,7773
Period ended at 30 September 2007	1,7086	1,7989
Year ended at 31 December 2006	1,8515	1,8032

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

2.5 Summary of Significant Accounting Policies (cont'd)

2.5.12 Earnings Per Share

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

2.5.13 Events Subsequent to the Balance Sheet Date

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

The Group; restates its financial statements if such subsequent events arise.

2.5.14 Provisions, contingent liabilities, contingent assets

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

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

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

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

Onerous Contracts

Present liabilities arised from onerous contracts are calculated and accounted for as provision.

It is assumed that an onerous contracts exists if Group has a contract which unavoidable costs to be incurred to settle obligations of the contract exceed the expected economic benefits of the contract.

Guarantees

Provisions related to guarantee costs are accounted at the date of sale of the relevant products, according to the most appropriate expenditures estimated by management in order to settle the Group's obligations.

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

2.5 Summary of Significant Accounting Policies (cont'd)

2.5.15 Related Parties

The affiliates, shareholders, top managers and Board Members of the Company, in each case together with their families and companies controlled by or affiliated with them, are considered and referred to as related parties in the accompanying financial statements.

2.5.16 Segmental information

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and if its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group has chosen business segments as the Group's primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise's risks and returns. Geographical segments have not been disclosed in these consolidated financial statements as the secondary segment reporting format on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually when compared with the overall consolidated financial statements (Note 5).

2.5.17 Construction Contracts

None

2.5.18 Discontinued Operations

None

2.5.19 Government incentives and grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

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

2.5 Summary of Significant Accounting Policies (cont'd)

2.5.20 Investment Property

Investment properties, which are properties, held to earn rentals and/or for capital appreciation are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.5.21 Taxation and Deferred Tax

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.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred Tax

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

2.5.21 Taxation and Deferred Tax

Deferred Tax (cont'd)

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

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

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

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

Current and deferred tax for the period

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

2.5.22 Employee benefits / Retirement pay provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

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

2.5 Summary Of Significant Accounting Policies (cont'd)

2.5.23 Retirement Plans

None.

2.5.24 Agricultural Activities

None.

2.5.25 Statement of cash flows

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

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

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

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

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

2.5.26 Share Capital and Dividends

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

2.5.27 Manufacturers' Credits

Manufacturers' credits are received against acquisition or lease of aircraft and engines. The Group records these credits as a reduction to the cost of the owned and amortizes them over the related asset's remaining economic life. Manufacturers' credits related to operating leases are recorded as deferred revenue and amortized over the lease term.

2.5.28 Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimations.

2.5.29 Maintenance and Repair Costs

Regular maintenance and repair costs for owned and leased assets are charged to operating expense as incurred. Overhaul maintenance checks for owned and finance leased aircraft are expensed as incurred and delivery maintenance checks of operating leased aircraft are accrued on a periodical basis.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

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

2.5 Summary Of Significant Accounting Policies (cont'd)

2.5.30 Frequent Flyer Program

The Group provides a frequent flyer program named "Miles and Smiles" in the form of free travel award to its members on accumulated mileage. The estimated cost of providing free travel, using the incremental cost method as adjusted for estimated redemption rates, is recognized as a liability. The Group also sells mileage credits to participating partners in "Shop and Miles" program. A portion of such revenue is deferred and amortized as transportation is provided.

3 BUSINESS COMBINATIONS

None.

4 JOINT VENTURES

None.

5 SEGMENTAL REPORTING

Business Segments

The Group predominantly operates in one industry segment as of 30 September 2008, the primary businesses are air transportation of passengers and cargo within, to or from Turkey and to supply maintenance service for aircrafts.

Geographical Segments

The revenue analysis is based on the destinations that the Group serves. All passenger fare and cargo revenue within Turkey is attributed to the revenue from domestic services. Revenues from both scheduled and non-scheduled international flights are attributed to destinations' geographical areas.

5.1. Total Assets and Liabilities

Total Assets	**30 September 2008**	**31 December 2007**
Aviation	6.561.209.051	4.890.714.620
Technic	412.942.891	400.381.350
Total	6.974.151.942	5.291.095.970
Less: Eliminations of consolidation	(396.595.129)	(369.300.235)
Total assets according to consolidated financial statements	6.577.556.813	4.921.795.735

Total Liabilities	**30 September 2008**	**31 December 2007**
Aviation	3.989.370.742	2.986.407.063
Technic	78.943.072	86.802.582
Total	4.068.313.814	3.073.209.645
Less: Eliminations of consolidation	(62.595.310)	(55.721.467)
Total liabilities according to consolidated financial statements	4.005.718.504	3.017.488.178

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

5 SEGMENTAL REPORTING (cont'd)

5.2. Net Operating Profit/(Loss)

01 January 2008-30 September 2008	Aviation	Technic	Eliminations between segments	Total
Sales revenue	4.307.602.151	413.256.704	(304.770.264)	4.416.088.591
Cost of sales	(3.262.304.931)	(340.795.574)	284.457.809	(3.318.642.696)
Gross profit or (loss)	1.045.297.220	72.461.130	(20.312.455)	1.097.445.895
Marketing, sellling and distribution expenses	(461.085.842)	(2.426.763)	200.580	(463.312.025)
General administration expenses	(122.386.741)	(25.677.990)	3.333.265	(144.731.466)
Other operating income	216.442.719	11.850.000	(9.948.552)	218.344.167
Other operating expenses	(12.233.464)	(35.373.187)	26.727.162	(20.879.489)
Operating profit or (loss)	666.033.892	20.833.190	-	686.867.082

01 January 2007-30 September 2007	Aviation	Technic	Eliminations between segments	Total
Sales revenue	3.527.108.474	446.761.559	(406.608.698)	3.567.261.335
Cost of sales	(2.533.684.201)	(430.319.820)	401.129.936	(2.562.874.085)
Gross profit or (loss)	993.424.273	16.441.739	(5.478.762)	1.004.387.250
Marketing, sellling and distribution expenses	(457.383.189)	(1.669.910)	-	(459.053.099)
General administration expenses	(104.877.293)	(22.028.214)	-	(126.905.507)
Other operating income	176.438.156	8.629.806	(3.768.471)	181.299.491
Other operating expenses	(16.983.474)	(10.169.885)	9.247.233	(17.906.126)
Operating profit or (loss)	590.618.472	(8.796.463)	-	581.822.009

5.3. Investment Operations

01 January 2008-30 September 2008	Aviation	Technic	Eliminations between segments	Total
Purchases of tangible and intangible assets	767.572.599	69.916.792	-	837.489.391
Current period amortization and depreciation expense	228.598.497	46.049.343	-	274.647.840

01 January 2007-30 September 2007	Aviation	Technic	Eliminations between segments	Total
Purchases of tangible and intangible assets	488.949.489	80.917.178	-	569.866.667
Current period amortization and depreciation expense	192.790.443	77.810.019	-	270.600.462

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	30 September 2008	31 December 2007
Cash	683.591	372.624
Cheques received	72.834	144.736
Banks – Time deposits	194.726.816	399.915.290
Banks – Demand Deposits	132.998.743	71.505.567
Other liquid assets	27.398.921	8.257.998
	355.880.905	480.196.215

Foreign currency bank balances are TRY 267.312.169 as at 30 September 2008 (31 December 2007: TRY 391.171.073).

Time Deposits:

Amount	Currency	Opening Date	Interest Rate	Maturity	30 September 2008
20.150.000	TRY	25.09.2008-26.09.2008	%18,50 - %19,20	03.10.2008	21.850.000
10.321.000	Euro	26.09.2008	%3,90 - %5,20	03.10.2008	18.355.094
125.301.821	USD	09.09.2008-26.09.2008	%3,50 - %6,00	03.10.2008-24.12.2008	154.321.722
					194.726.816

Amount	Currency	Opening Date	Interest Rate	Maturity	31 December 2007
72.700.000	TRY	05.11.2007-31.12.2007	%17,90 - %18,52	02.01.2008-05.02.2008	72.700.000
172.365.000	Euro	22.10.2007-31.12.2007	%4,75 - %5,75	02.01.2008-21.02.2008	294.778.623
27.849.804	USD	03.12.2007-31.12.2007	%4,30 - %5,80	01.01.2008-28.01.2008	32.436.667
					399.915.290

7 FINANCIAL ASSETS

Short-term financial assets comprised the following:

	30 September 2008	31 December 2007
Time deposits with maturity more than 3 months	1.156.175.086	292.020.000

Time deposits with maturity more than 3 months:

Amount	Currency	Opening Date	Interest Rate	Maturity	30 September 2008
444.700.000	TRY	05.03.2008-03.09.2008	%16,85 - %20,15	06.10.2008-03.09.2009	444.700.000
112.270.000	Euro	04.06.2008-22.09.2008	%5,85 - %7,20	22.12.2008-04.05.2009	201.839.006
413.800.000	USD	23.01.2008-20.08.2008	%4,51 - %5,51	24.10.2008-24.07.2009	509.636.080
					1.156.175.086

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

7 FINANCIAL ASSETS (cont'd)

Amount	Currency	Opening Date	Interest Rate	Maturity	31 December 2007
121.000.000	YTL	05.11.2007-18.12.2007	%17,50 - %18,52	04.04.2008-05.06.2008	121.000.000
100.000.000	Euro	22.10.2007-24.12.2007	%5,50 - %5,76	21.03.2008-21.05.2008	171.020.000
					292.020.000

Long-term financial assets comprised the following:

	30 September 2008	31 December 2007
Sita Inc.	1.679.619	1.679.619
Emek İnşaat ve İşletme A.Ş.	26.859	26.859
Star Alliance GMBH	44.465	-
	1.750.943	1.706.478
Derivative instruments at fair values (Note 39)	-	1.310.086
	1.750.943	3.016.564

Sita Inc. and Emek İnşaat ve İşletme A.Ş. are disclosed at cost since they are not traded in an active market.

Details of long-term financial assets at 30 September 2008 is as follows:

Name of the Compar	Place of Incorporation and Operation	Ownership Rate	Voting Power Rate	Principal Activity
Emek İnşaat ve İşletme A.Ş.	Turkey	%0,3	%0,3	Construction
Sita Inc.	Holland	Less than %0,1	Less than %0,1	Information & Telecommunication Services
Star Alliance GMBH	Germany	% 6	% 6	Coordination Among Star Alliance Member Airlines

8 FINANCIAL DEBT

Short-term financial liabilities comprised the following:

	30 September 2008	31 December 2007
Bank loans	29.336.948	3.735.162
Finance lease obligations	290.256.570	225.183.209
	319.593.518	228.918.371

Long -term financial liabilities comprised the following:

	30 September 2008	31 December 2007
Bank loans	-	26.715.577
Finance lease obligations	2.096.660.051	1.569.126.885
	2.096.660.051	1.595.842.462

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

8 FINANCIAL DEBT (cont'd)

Short-term portion of long-term financial liabilities at 30 September 2008 is as follows:

Maturity	Interest Rate	Original Amount	Interest Accrual	TRY
15.08.2009	Libor + %1,25	23.677.659 US Dollars	142.533 US Dollars	29.336.948

There is no long-term bank borrowing at 30 September.

Short-term portion of long-term financial liabilities at 31 December 2007 is as follows:

Maturity	Interest Rate	Original Amount	Interest Accrual	TRY
15.08.2009	Libor + %1,25	2.959.707 US Dollars	247.266 US Dollars	3.735.162

Details of long-term bank borrowing at 31 December 2007 is as follows:

Maturity	Interest Rate	Original Amount	Interest Accrual	TRY
15.08.2009	Libor + %1,25	22.937.732 US Dollars	-	26.715.577

Finance lease obligations comprised the following:

	30 September 2008	**31 December 2007**
Not later than 1 year	375.287.301	298.808.141
Between 1-4 years	981.348.180	797.170.667
Over 4 years	1.604.866.765	1.137.792.480
	2.961.502.246	2.233.771.288
Less: Future interest expenses	(574.585.625)	(439.461.194)
Principal value of future rentals shown in the balance sheets	2.386.916.621	1.794.310.094
Interest Range:		
Floating rate obligations	1.046.736.776	1.123.591.167
Fixed rate obligations	1.340.179.845	670.718.927
	2.386.916.621	1.794.310.094

As of 30 September 2008, the US Dollars and Euro denominated lease obligations' weighted average interest rates for the fixed rate obligations are 5,00% and for the floating rate obligations are 4,27%.

Details of the unaccrued operating lease liabilities comprised the following:

	30 September 2008	**31 December 2007**
Not later than 1 year	158.385.381	130.984.676
Between 1-4 years	452.007.553	374.178.949
Over 4 years	525.026.739	522.289.995
	1.135.419.673	1.027.453.620

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

9 OTHER FINANCIAL LIABILITIES

Other short-term financial liabilities comprised the following:

	30 September 2008	31 December 2007
Fair value of derivative instruments (Note: 39)	4.394.683	-
Debt to banks *	17.264.391	877.628
	21.659.074	877.628

* Debt to banks consists of overnight interest-free borrowings obtained for settlement of monthly tax and social security premium payments.

10 ACCOUNTS RECEIVABLE AND PAYABLE

Short-term accounts receivable comprised the following:

	30 September 2008	31 December 2007
Trade receivables	450.956.980	268.319.123
Due from related parties (Note 37)	399.011	702.938
Discount on receivables (-)	(3.387.420)	(2.078.023)
Allowance for doubtful receivables	(27.093.057)	(21.405.019)
	420.875.514	245.539.019

The Group's total short-term accounts receivable is TRY 451.355.991. The Group's average days in receivables is 30 days, total receivables due over 30 days is TRY 60.480.995 as of 30 September 2008. (31 December 2007: TRY 39.036.317). The Group provided provision amounted TRY 16.930.292 for the receivables that are carried to legal proceedings, and TRY 10.162.765 for the others by making historical statistical calculations, totally TRY 27.093.057. (31 December 2007: TRY 21.405.019). Movement of the doubtful receivables period ended 30 September 2008 and 2007 is as follows

	1 January - 30 September 2008	1 January - 30 September 2007
Opening Balance	21.405.019	18.447.881
Current period expense	6.376.669	5.482.797
Collected amount	(485.920)	(1.479.881)
Write- off	(202.711)	(424.854)
Closing Balance	27.093.057	22.025.943

The amount of guarantees in the form of cash equivalent received for accounts receivable is TRY 12.842.579 (31 December 2007: TRY 11.555.928), and the amount of guarantee letters received is TRY 95.957.524 (31 December 2007: TRY 86.032.736).

Short-term accounts payable comprised the following:

	30 September 2008	31 December 2007
Trade payables	371.737.565	360.281.125
Due to related parties (Note 37)	18.806.979	7.126.031
Discount on payables (-)	(2.972.251)	(3.130.776)
Other	5.659.839	247.611
	393.232.132	364.523.991

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

11 OTHER RECEIVABLES AND LIABILITIES

Other short-term receivables comprised the following:

	30 September 2008	31 December 2007
Prepayments made for aircrafts, to be received back in cash	90.332.332	280.205.350
Due from related parties (non-trading) (Note 37)	1.873.357	10.293.642
Receivables from foreign acquisition transactions	25.819.644	11.466.895
Receivables from tax office	1.727.450	478.459
Receivables from foreign technical suppliers	1.736.315	1.634.072
Receivable from SITA deposit certificate	468.818	593.654
Due from personel	387.001	344.627
Deposits and guarantees given	380.189	385.359
VAT deductible	1.095.934	-
BFE receivables	1.945.231	-
Other receivables	832.425	453.699
	126.598.696	305.855.757

Other long -term receivables comprised the following:

	30 September 2008	31 December 2007
Receivables from foreign acquisition transactions	18.719.582	11.750.866
Receivable from SITA deposit certificates	1.001.968	917.469
Deposits and guarantees given	2.863.263	2.239.135
Advance payments for operating leases	4.045.942	2.447.361
Due from related parties (non-trading) (Note 37)	-	3.591.420
Due from personel	782.900	810.077
	27.413.655	21.756.328

Other short-term liabilities comprised the following:

	30 September 2008	31 December 2007
Taxes and funds payable	19.702.652	19.849.575
Social security premiums payable	23.084.345	20.378.288
MCO advances	54.398.722	24.971.575
E-Pos ticket advances	504.862	380.719
Charter advances	4.910.222	350.971
Advances received for mile credit sales	-	8.359.465
Deposits and guarantees received	7.483.625	5.458.956
Other advances received	1.552.660	961.986
Other liabilities	8.064.514	2.675.519
	119.701.602	83.387.054

Other long-term receivables comprised the following:

	30 September 2008	31 December 2007
Deposits and guarantees received	7.192.005	7.058.322

12 RECEIVABLES AND PAYABLES FROM ACTIVITIES IN FINANCE SECTOR

None (31 December 2007: None).

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

13 INVENTORIES

	30 September 2008	31 December 2007
Spare parts, flight equipments	88.050.304	91.924.069
Other inventories	41.048.369	32.662.010
	129.098.673	124.586.079
Provision for impairment (-)	(27.904.199)	(10.845.508)
	101.194.474	113.740.571

Movement in change of diminution in value of inventories as of 30 September 2008 and 2007 are as follows:

	1 January - 30 September 2008	1 January - 30 September 2007
Provision at the beginning of the period	10.845.508	4.910.688
Current period expense	17.058.691	8.060.738
Cancellation of provisions recognized	-	(2.581.976)
Provision at the end of the period	27.904.199	10.389.450

14 BIOLOGICAL ASSETS

None. (31 December 2007:None).

15 ASSETS FROM CONSTRUCTION CONTRACTS IN PROGRESS

None. (31 December 2007:None)

16 INVESTMENTS ACCOUNTED FOR EQUITY METHOD

The associates accounted per the equity method are as follows:

	30 September 2008	31 December 2007
Güneş Ekspres Havacılık A.Ş. (Sun Express)	12.156.724	18.301.705
THY DO&CO İkram Hizmetleri A.Ş. (Turkish DO&CO)	24.459.195	20.068.338
	36.615.919	38.370.043

Financial information for Sun Express as of 30 September 2008 and 31 December 2007 are as follows:

	30 September 2008	31 December 2007
Total Assets	108.572.738	97.835.411
Total Liabilities	84.259.290	61.232.001
Shareholder’s Equity	24.313.447	36.603.410
Group’s share in asssociates’ shareholder’s equity	12.156.724	18.301.705

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

16 INVESTMENTS ACCOUNTED FOR EQUITY METHOD (cont'd)

Financial information for THY DO&CO as of 30 September 2008 and 31 December 2007 are as follows:

	30 September 2008	31 December 2007
Total Assets	96.281.999	98.361.252
Total Liabilities	47.363.610	58.224.577
Shareholder's Equity	48.918.389	40.136.675
Group's share in asssociates' shareholder's equity	24.459.195	20.068.338

Portions of financial assets accounted per equity method in profit/loss are as follows:

	30 September 2008	30 September 2007
Sun Ekspress	854.969	11.295.546
Turkish DO&CO	4.390.857	6.260.216
Total	5.245.826	17.555.762

Details of investments valued by equity method as of 30 September are as follows:

Name of the Company	Place of Incorporation and Operation	Ownership Rate	Voting Power Rate	Principal Activity
Güneş Ekspres Havacılık A.Ş. (Sun Express)	Turkey	50%	50%	Air transportation
THY DO&CO İkram Hizmetleri A.Ş.	Turkey	50%	50%	Catering services

17 INVESTMENT PROPERTY (NET)

	30 September 2008	31 December 2007
Openning Balance, 1 January	53.700.000	51.975.000
Gain from the change in the fair value	-	1.725.000
Year-end Balance	53.700.000	53.700.000

(All amounts expressed in New Turkish Lira (YTL) unless otherwise stated.)

18 TANGIBLE ASSETS (NET)

	Land, Land Improvements & Buildings	Technical Equipments, Simulators and Vehicles	Other Equipments, Fixtures	Aircraft and Spare Engines	Components and Repairable Spare Parts	Construction in Progress	Total Assets Owned	Leased Aircraft	Total
Cost									
Opening balance 1 January 2008	164.584.014	303.009.428	171.151.244	2.639.937.173	327.244.646	59.697.500	3.665.624.005	3.830.021.095	7.495.645.100
Additions	-	12.316.444	4.406.378	64.083.299	58.296.595	28.383.585	167.486.301	662.163.338	829.649.639
Disposals	(253.838)	(11.526.783)	(12.200.621)	(2.114.432)	(57.216.934)	-	(83.312.608)	-	(83.312.608)
Closing balance 30 September 2008	212.514	-	-	29.117.991	-	(33.817.061)	(4.486.556)	3.246.744	(1.239.812)
	164.542.690	303.799.089	163.357.001	2.731.024.031	328.324.307	54.264.024	3.745.311.142	4.495.431.177	8.240.742.319
Accumulated Depreciation									
Opening balance 1 January 2008	53.372.621	247.371.689	144.571.580	1.460.111.153	153.043.938	-	2.058.470.981	899.782.547	2.958.253.528
Depreciation for the period	2.052.104	10.660.251	6.404.839	70.427.252	41.862.421	-	131.407.867	138.732.510	270.140.377
Disposals	(114.650)	(11.526.783)	(12.072.871)	(2.114.432)	(39.032.491)	-	(64.861.227)	-	(64.861.227)
Closing balance 30 September 2008	55.310.075	246.505.157	138.904.548	1.528.423.973	155.873.868	-	2.125.017.621	1.038.515.057	3.163.532.678
Accumulated impairment	-	(3.126.273)	-	(570.838.303)	-	-	(573.964.576)	(369.826.120)	(943.790.696)
30 September 2008 net book value	109.232.615	54.167.659	24.452.453	631.761.755	172.450.439	54.264.024	1.046.328.945	3.087.090.000	4.133.418.945
31 December 2007 net book value	111.211.393	50.917.920	26.579.664	562.315.592	174.200.708	59.697.500	984.922.777	2.249.436.630	3.234.359.407

(All amounts expressed in New Turkish Lira (YTL) unless otherwise stated.)

18 TANGIBLE ASSETS (NET) (cont'd)

	Land, Land Improvements & Buildings	Technical Equipments, Simulators and Vehicles	Other Equipments, Fixtures	Aircraft and Spare Engines	Components and Repairable Spare Parts	Construction in Progress	Total Assets Owned	Leased Aircraft	Total
Cost									
Opening balance 1 January 2007	216.559.014	299.032.332	184.022.713	2.594.142.676	348.240.451	889.470	3.642.886.656	3.264.215.075	6.907.101.731
Additions	-	11.717.567	11.855.084	20.905.770	72.494.611	67.747.466	184.720.498	380.126.482	564.846.980
Disposals	-	(1.306.921)	(14.967.334)	-	(63.192.260)	(1.787.112)	(81.253.627)	-	(81.253.627)
Closing balance 30 September 2007	216.559.014	309.442.978	180.910.463	2.615.048.446	357.542.802	66.849.824	3.746.353.527	3.644.341.557	7.390.695.084
Accumulated Depreciation									
Opening balance 1 January 2007	50.636.378	249.655.257	167.630.870	1.377.629.493	168.324.320	-	2.013.876.318	742.326.360	2.756.202.678
Depreciation for the period	2.055.120	9.551.528	4.773.869	60.826.031	75.002.087	-	152.208.635	115.380.239	267.588.874
Disposals	-	(1.288.815)	(14.752.693)	-	(58.384.004)	-	(74.425.512)	-	(74.425.512)
Closing balance 30 September 2007	52.691.498	257.917.970	157.652.046	1.438.455.524	184.942.403	-	2.091.659.441	857.706.599	2.949.366.040
Accumulated impairment	-	4.480.776	-	602.569.967	-	-	607.050.743	667.475.723	1.274.526.466
30 September 2007 net book value	163.867.516	47.044.232	23.258.417	574.022.955	172.600.399	66.849.824	1.047.643.343	2.119.159.235	3.166.802.578
31 December 2006 net book value	165.922.636	46.281.627	16.391.843	587.302.935	179.916.131	889.470	996.704.642	2.141.324.327	3.138.028.969

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

19 INTANGIBLE ASSETS (NET)

	Rights	Leasehold Improvements	Total
Cost			
Opening balance 1 January 2008	68.832.212	23.890.480	92.722.692
Additions	4.828.121	3.011.631	7.839.752
Disposals	(11.356)	(433.760)	(445.116)
Transfers	-	1.239.812	1.239.812
Closing balance 30 September 2008	73.648.977	27.708.163	101.357.140
Accumulated Depreciation			
Opening balance 1 January 2008	62.031.040	20.246.335	82.277.375
Amortization charge for the period	2.738.594	1.768.869	4.507.463
Disposals	(11.356)	(77.050)	(88.406)
Closing balance 30 September 2008	64.758.278	21.938.154	86.696.432
30 September 2008 net book value	8.890.699	5.770.009	14.660.708
31 December 2007 net book value	6.801.172	3.644.145	10.445.317

	Rights	Leasehold Improvements	Total
Cost			
Opening balance 1 January 2007	65.652.323	19.848.969	85.501.292
Additions	2.405.958	2.613.729	5.019.687
Disposals	(33.654)	-	(33.654)
Closing balance 30 September 2007	68.024.627	22.462.698	90.487.325
Accumulated Depreciation			
Opening balance 1 January 2007	58.966.832	19.025.840	77.992.672
Amortization charge for the period	2.294.860	716.728	3.011.588
Disposals	(4.337)	-	(4.337)
Closing balance 30 September 2007	61.257.355	19.742.568	80.999.923
30 September 2007 net book value	6.767.272	2.720.130	9.487.402
31 December 2006 net book value	6.685.491	823.129	7.508.620

20 GOODWILL

None.

21 GOVERNMENT GRANTS

None.

22 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions for short-term liabilities comprised the following:

	30 September 2008	31 December 2007
Other provisions for legal claims	5.769.970	4.695.954
Other provisions for liabilities	2.187.962	83.267
	7.957.932	4.779.221

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

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

Movements in the provisions for legal claims at 30 September 2008 and 2007 periods set out below:

	1 January - 30 September 2008	1 January - 30 September 2007
Provision at 1 January	4.695.954	5.544.394
Charge for the period	1.270.778	501.784
Provisions released	(196.762)	(773.186)
Provision at the end of the period	5.769.970	5.272.993

a) Guarantees Given:

Amount of letter of guarantees given is TRY 45.565.741 as of 30 September 2008 (31 December 2007: TRY 43.439.870).

b) Letters of comfort:

	30 September 2008	31 December 2007
Letters of comfort given to Sun Express	-	US Dollar 2.900.000
	-	Euro 2.556.459

c) At the beginning of 2006, US Ministry of Justice Antitrust Unit and Europe Antitrust Authorities synchronously initiated an investigation in Europe and the United States about the fix of the air cargo prices that covers the leading airline companies. Within the context of this investigation, information and documents that the Company holds are requested to be presented by USA Columbia (Washington) Regional Court through official notification in April 6, 2006. Similar notifications are sent to the other concerning airline companies. Within the context of this investigation, the Company's inviolation of the agreement is declared to Anti-trust department of US Ministry of Justice, negotiations are continued by the American lawyers on behalf of the Company. As of the report date, the Company management thinks that the results of this investigation initiated by the US Ministry of Justice cannot be reliably measured. For this reason, no provision is provided for this issue in the accompanying financial statements. But, there is a possibility of financial liability to the Group as the result of this issue.

d) The Group's discounted retirement pay provision is TRY 140.192.774. The Group's liability for retirement pay would be approximately TRY 262.274.112 as of 30 September 2008, if all employees were dismissed on that date.

23 COMMITMENTS

The Group has signed agreements for delivery of 59 aircrafts with delivery dates between years 2005-2008. 5 of above mentioned aircrafts are delivered in 2005, 23 of these aircrafts are delivered in 2006 and 12 of these aircrafts are delivered in the 2007 and 13 of these aircrafts are delivered in first half of 2008. Total value of aircrafts is approximately US Dollar 4,7 billion according to the list prices before any discounts applicable by aircraft manufacturers. The Group paid a deposit of US Dollar 74 million as of 30 September 2008 related to aircrafts to be purchased.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

24 EMPLOYEE BENEFITS

Short-term employee benefits are as follows:

	30 September 2008	31 December 2007
Salary accruals	31.736.497	27.511.763
Debt to personnel	628.457	729.765
	32.364.954	28.241.528

Provisions for long-term retirement pay liability comprised the following:

	30 September 2008	31 December 2007
Provision for retirement pay liability	140.192.774	131.959.011

Provision for retirement pay liability is recorded according to following explanations:

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

Retirement pay liability is subject to an upper limit of monthly TRY 2.173,19 as of 1 October 2008 (1 October 2007: TRY 2.030,19)

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 ("Employee Benefits") stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

Main assumption is that maximum liability amount increases parallel to inflation rate for every service year. Therefore, discount rate used is the expected real rate adjusted for the future inflationary effects. Because of this, provisions in the accompanying financial statements as of 30 September 2008 are calculated by estimating present value of probable liabilities arising due to retirement of employees. Provisions in the relevant balance sheet dates are calculated by using an approximate 5.71 % the real discount rate with the assumptions of 5 % annual inflation rate and 11 % discount rate. (31 December 2007: %5.71). Estimated amount of retirement pay not paid due to voluntary leaves and kept in the Company is also taken into consideration. Ceiling for retirement pay is revised semi-annually, ceiling amount of TRY 2.173,19 which is in effect since 1 October 2008 is used in the calculation of Group's provision for retirement pay liability.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

24 EMPLOYEE BENEFITS (cont'd)

Movements in the provision for retirement pay liability in the balance sheet are as follows:

	1 January - 30 September 2008	1 January - 30 September 2007
Provision at 1 January	131.959.011	117.304.909
Current service costs	16.253.361	21.403.232
Interest cost	5.582.185	4.941.834
Payments	(13.601.783)	(4.749.988)
Provision at the end of the period	140.192.774	138.899.987

25 RETIREMENT PLANS

None (31 December 2007: None).

26 OTHER ASSETS AND LIABILITIES

Details of other current assets comprised the following:

	30 September 2008	31 December 2007
Advances for business purposes	3.773.508	727.382
Advance given to personel	708.764	400.642
Prepaid sales commissions	8.606.700	11.254.831
Technical maintenance income accruals	4.159.433	5.458.505
Prepaid insurance expenses	1.450.588	3.366.409
Prepaid operating lease expenses	9.119.230	7.845.528
VAT to be refunded	4.396.022	3.462.269
Prepaid rent expenses	370.033	594.629
Advance given for orders	8.416.402	1.968.365
Interline passenger income accruals	5.626.905	7.715.608
Prepaid Eximbank USA guarantee and exposure fee	1.092.408	1.092.408
Prepaid aircraft financing expenses	809.574	764.269
Income Accruals	4.471.471	2.176.269
Deferred VAT	780.973	1.744.538
Prepaid other expenses	3.933.727	1.410.818
Prepaid financial expense of bank borrowing	21.690	21.690
Expenses relating to future periods	476.964	169.056
Other currents assets	1.465	3.776
	58.215.857	50.176.992

Other non-current assets comprised the following:

	30 September 2008	31 December 2007
Prepayment for tangible assets	63.613.497	49.020.239
Maintenance reserve for engines	16.199.500	9.420.039
Prepaid Eximbank USA guarantee and exposure fee	2.892.597	3.704.559
Prepaid aircraft financing expenses	4.975.413	4.797.882
Prepaid operating lease expenses	2.665.087	2.743.798
Prepaid expenses	334.939	388.190
	90.681.033	70.074.707

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

26 OTHER ASSETS AND LIABILITIES (cont'd)

Details of flight liabilities are as follows:

	30 September 2008	31 December 2007
Flight liability resulting from ticket sales	335.188.744	227.074.654
Flight liability resulting from mileage sales	78.375.417	71.787.413
	413.564.161	298.862.067

Other short-term liabilities comprised the following:

	30 September 2008	31 December 2007
Frequent flyer program liability	55.249.310	49.186.534
Manufacturer's credit related to aircrafts to be received	9.616.466	20.327.228
Accruals for maintenance costs	7.834.754	5.899.117
Accruals for sales incentive premiums	17.310.184	7.144.213
Accruals for operational expenses	27.478.499	
Accruals for code share expenses	3.270.484	
Accruals for other expenses	4.097.336	2.650.295
Deferred income	839.421	150.945
Other liabilities	7.140.809	1.215.963
	132.837.263	86.574.295

Long-term other current assets comprised the following**:**

	30 September 2008	31 December 2007
Gross manufacturer's credits	29.367.843	27.843.438
Accumulated depreciations of manufacturer's credit	(5.801.444)	(3.743.686)
	23.566.399	24.099.752

27 SHAREHOLDERS' EQUITY

Share Capital- Adjustment to Share Capital

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

	Group	%	30 September 2008	%	31 December 2007
Republic of Turkey Prime Ministry Privatization Administration(*)	A, C	49,12(**)	85.963.662	49,12(**)	85.963.662
Others (publicly held)	A	50,88(**)	89.036.338	50,88(**)	89.036.338
Share capital			175.000.000		175.000.000
Restatement effect (***)			1.729.307.557		1.739.005.871
Restated share capital			1.904.307.557		1.914.005.871

(*) 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.

27 SHAREHOLDERS' EQUITY (cont'd)

(**) The shares of the stock owned by Turkish Republic Privatization Administration are offered to the public between 16-18.05.2006 with the 12.05.2006 dated and 22/569 numbered allowance of CMB. The A group registered shares with the total of TRY 50.312.500 (28,75% of the issued capital) which were sold in Istanbul Stock Exchange Whole Sales Market in 24.05.2006 with the nominal value of TRY 1 consists of the 43.750.000 TRY amount of shares which is 25% of the total amount of the issued capital which is TRY 175.000.000 and the rest of the A Group registered shares consist of the additional selling amount of shares which is 15% of the total amount of the public offering as well as which comes out to the 3,75% of the issued capital which is TRY 6.562.500. The Privatization Administration's share on capital approached to 49,12% after Privatization Administration had acquired the 212.254 THY shares which are returned from credit sales.

(***) According to the Decision made at General Assembly held on 17 April 2008, accumulated losses arising from first-time restatement of financial statements for inflation were setted off against extraordinary reserves, legal reserves, share premium, special reserves and capital reserves arised from restatement of items of shareholdes' equity for inflation accounting after setting off against 2007 profit.

As at 30 September 2008, the Group's issued and paid-in share capital consists of 174.999.999.999 Class A shares and 1 Class C share, all with a par value of YKr 0.1 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 seven members of which one member has to be nominated by the class C shareholder.

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.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

27 SHAREHOLDERS' EQUITY (cont'd)

Accumulated profits in statutory books can be distributed except for the following legal provision related to legal reserves. According to Turkish Commercial Code, legal reserves can be categorized as order I (first) legal reserves and order II (second) legal reserves. Order I (first) legal reserves are apportioned as 5% of statutory net profit to the extent that they reach to 20% of the company's paid-in capital. Order II (second) legal reserves equal to 10% of distributable profit exceeding 5% of paid-in capital. According to Turkish Commercial Code, legal reserves can only be used to set off losses as long as they do not exceed 50% of paid-in capital. Publicly held companies distribute dividends in the following way that Capital Market Board requires.

According to CMB's decision numbered 4/138 and dated 8 January 2008, beginning from 1 January 2008, minimum ratio of profit distribution will be applied as % 20 for corporations whose shares are publicly held (31 December 2007: %20). According to this decision, it is allowed that companies may distribute cash dividends or by increase of capital bonus shares to shareholders or as some amount of cash and some amount of bonus shares depending on a decision made by General Assembly, and also companies, in case first dividend amount is less than % 5 of share capital/issued capital, may retain that amount without distribution; but it is compulsory to distribute the first dividend in cash for corporations which increased capital without distributing dividends relating to previous period and therefore whose shares are seperated as "old" and "new" and these corporations will distribute the first dividend as cash out of profit as the result of 2007 operations.

28 SALES REVENUES AND COST OF SALES

Details of Gross Profit are as follows:

	1 January - 30 September 2008	**1 July - 30 September 2008**	**1 January - 30 September 2007**	**1 July - 30 September 2007**
Scheduled flights				
- Passenger	3.845.755.872	1.597.210.635	3.150.119.546	1.288.335.804
- Cargo and mail	276.554.358	97.786.140	233.983.795	78.237.701
Total scheduled flights	4.122.310.230	1.694.996.775	3.384.103.341	1.366.573.505
Non-scheduled flights	66.885.687	32.144.954	43.747.853	24.462.080
Other revenues	226.902.653	75.318.753	139.417.613	48.203.436
Total revenues	**4.416.098.570**	**1.802.460.482**	**3.567.268.807**	**1.439.239.021**
Less: Discounts and Sales returns	(9.979)	(3.525)	(7.472)	(3.924)
Net Sales	**4.416.088.591**	**1.802.456.957**	**3.567.261.335**	**1.439.235.097**
Cost of Sales (-)	(3.318.642.696)	(1.267.665.840)	(2.562.874.085)	(942.657.052)
Gross Operating Profit	**1.097.445.895**	**534.791.117**	**1.004.387.250**	**496.578.045**

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

28 SALES REVENUES AND COST OF SALES (cont'd)

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

	1 January - 30 September 2008	1 July - 30 September 2008	1 January - 30 September 2007	1 July - 30 September 2007
- Europe	1.700.878.887	741.082.886	1.397.035.259	601.280.162
- Far East	684.127.376	253.420.616	617.602.922	230.936.607
- Middle East	435.052.434	171.902.087	308.021.746	108.039.986
- North America	166.588.903	71.761.766	162.264.635	69.193.791
- North Africa	101.970.483	41.327.570	74.265.797	27.605.885
- South Africa	34.237.081	12.673.796	1.082.277	1.082.277
- West Africa	17.879.517	8.043.917	11.261.395	5.698.669
- Middle Africa	15.175.249	6.159.504	12.787.372	4.930.738
	3.155.909.930	1.306.372.142	2.584.321.403	1.048.768.115
Domestic	966.400.300	388.624.633	799.781.938	317.805.390
Total Revenue from the scheduled flights	4.122.310.230	1.694.996.775	3.384.103.341	1.366.573.505

Cost of sales consists of the following:

	1 January - 30 September 2008	1 July - 30 September 2008	1 January - 30 September 2007	1 July - 30 September 2007
Fuel expenses	1.414.470.778	574.763.029	853.859.907	332.629.625
Staff expenses	620.489.067	219.651.693	553.200.662	199.719.000
Landing and navigation expenses	283.115.117	108.961.864	249.878.374	96.752.982
Depreciation expenses	257.578.110	84.934.975	257.600.592	86.796.547
Handling expenses	198.496.829	74.923.096	177.891.899	63.827.242
Passenger service and catering expenses	188.079.373	73.183.322	152.522.189	58.255.231
Maintenance expenses	182.727.282	69.753.210	106.108.911	38.931.623
Operating lease expenses	99.243.658	33.499.604	130.182.077	40.421.528
Insurance expenses	17.055.529	6.632.843	25.769.279	6.250.876
Other renting expenses	15.231.640	6.414.652	16.485.639	7.127.130
Service expenses	9.312.568	3.008.067	8.430.897	2.633.097
Communication expenses	5.670.272	2.240.209	4.640.616	1.728.357
Code share expenses	5.615.812	3.251.846	4.927.768	2.050.146
Other taxes	4.013.014	1.180.261	3.119.084	1.485.822
Transportation expenses	3.983.253	1.332.526	5.224.549	1.845.674
Lighting, heating, energy and water expenses	2.364.648	987.917	2.934.374	918.346
Cost of other sales	11.195.746	2.946.726	10.097.268	1.283.826
	3.318.642.696	1.267.665.840	2.562.874.085	942.657.052

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

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

	1 January - 30 September 2008	**1 July - 30 September 2008**	**1 January - 30 September 2007**	**1 July - 30 September 2007**
Marketing, Selling and Distribution Expenses	463.312.025	161.447.655	459.053.099	161.629.614
General Administrative Expenses	144.731.466	50.787.151	126.905.507	43.501.083
	608.043.491	212.234.806	585.958.606	205.130.697

Marketing, selling and distrubition expenses comprised the following:

	1 January - 30 September 2008	**1 July - 30 September 2008**	**1 January - 30 September 2007**	**1 July - 30 September 2007**
Marketing, selling and distribution expenses				
Staff expenses	144.536.202	49.635.680	131.214.994	46.782.277
Commission and promotion Expenses	123.577.841	45.658.982	172.697.864	63.378.828
Reservation system expenses	79.159.205	25.184.397	64.784.066	21.190.144
Code share expenses	24.124.281	12.528.431	15.694.699	7.158.927
Advertisement expenses	17.369.991	6.355.272	8.033.864	4.015.221
Other renting expenses	13.624.297	3.900.041	13.575.223	4.067.133
Membership expenses	11.994.724	553.399	9.844.508	209.364
Service expenses	8.059.060	2.941.623	7.107.511	2.274.262
Communication expenses	7.695.351	2.089.331	9.296.443	2.473.421
Passenger service and catering Expenses	5.769.611	2.142.042	4.899.341	1.694.483
Other taxes	4.755.432	1.518.121	2.939.104	815.688
Transportation expenses	3.362.261	1.130.212	3.554.003	1.297.940
Lighting, heating, energy water expenses	1.883.395	625.125	1.477.141	510.862
Maintenance expenses	996.733	199.956	1.138.392	345.710
Fuel expenses	612.544	181.895	595.741	216.330
Depreciation expenses	391.613	143.432	364.285	216.263
Insurance expenses	378.594	91.246	423.652	112.805
Other sales and marketing expenses	15.020.890	6.568.470	11.412.268	4.869.956
	463.312.025	161.447.655	459.053.099	161.629.614

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

29 RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (cont'd)

General administrative expenses comprised the following:

	1 January - 30 September 2008	1 July - 30 September 2008	1 January - 30 September 2007	1 July - 30 September 2007
General administrative expenses (-)				
Staff expenses	89.511.797	31.393.432	77.214.050	26.948.014
Depreciation expenses	16.678.117	6.079.652	12.635.585	4.535.640
Maintenance expenses	6.877.083	1.940.616	5.373.230	1.627.210
Service expenses	5.934.738	2.258.801	4.572.513	1.805.833
Other taxes	5.116.780	1.611.170	4.574.816	1.459.571
Other renting expenses	4.605.933	1.473.150	4.502.631	1.621.647
Commission and promotion expenses	3.237.253	1.273.370	2.734.261	891.592
Communication expenses	2.402.091	622.705	3.940.211	1.077.507
Insurance expenses	1.289.057	348.881	1.456.078	386.031
Lighting, heating, energy and water expenses	1.251.737	533.964	1.447.291	365.011
Fuel expenses	234.681	75.962	294.535	92.897
Other general administrative expenses	7.592.199	3.175.448	8.160.306	2.690.130
Total Operating Expenses	144.731.466	50.787.151	126.905.507	43.501.083

30 EXPENSES ACCORDING TO CATEGORIES

	1 January - 30 September 2008	1 July - 30 September 2008	1 January - 30 September 2007	1 July - 30 September 2007
Expenses according to categories				
Fuel expenses	1.415.318.003	575.020.886	854.750.183	332.938.852
Staff expenses	854.537.066	300.680.805	761.629.706	273.449.291
Landing and navigation expenses	283.115.117	108.961.864	249.878.374	96.752.982
Depreciation expenses	274.647.840	91.158.059	270.600.462	91.548.450
Handling expenses	198.496.829	74.923.096	177.891.899	63.827.242
Passenger service and cat expenses	193.848.984	75.325.364	157.421.530	59.949.714
Maintenance expenses	190.601.098	71.893.782	112.620.533	40.904.543
Rent expenses	162.445.619	63.535.756	185.368.037	62.446.511
Commission and promotion expenses	126.815.094	46.932.352	175.432.125	64.270.420
Other expenses	226.860.537	71.468.682	203.239.842	61.699.744
	3.926.686.187	1.479.900.646	3.148.832.691	1.147.787.749

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

31 OTHER OPERATING INCOME / (EXPENSES)

Other operating income consists of the following:

	1 January - 30 September 2008	1 July - 30 September 2008	1 January - 30 September 2007	1 July - 30 September 2007
Real decrease in provision for diminution in value of tangible asset	169.273.679	15.393.203	146.852.216	(997.425)
Discounts received from spare parts suppliers	28.238.552	22.633.006	4.582.715	1.629.249
Indemnity and penalty income	3.187.088	377.395	4.563.821	(3.906.815)
Yapı Kredi protocol income	2.625.288	884.713	2.503.686	884.713
Provision released	1.714.300	335.003	2.598.624	1.305.764
Purchase discounts	879.060	(19.125)	556.496	25.528
Cost free material income	792.349	7.206	812.102	293.622
Rent income	736.415	251.006	728.871	282.735
Maintenance fee returns from fuel, service and handling companies	466.721	302.316	1.706.835	6.291
Profit on sale of scrap material	367.668	257.069	584.266	405.437
Maintenance fee returns from leasing companies	-	-	9.013.303	(528.312)
Other	10.063.047	5.997.781	6.796.556	3.602.363
	218.344.167	46.419.573	181.299.491	3.003.150

Other operating expenses consist of the following:

	1 January - 30 September 2008	1 July - 30 September 2008	1 January - 30 September 2007	1 July - 30 September 2007
Provision expense	14.748.228	7.881.588	15.328.711	5.630.276
Indemnity and penalty expense	582.695	504.829	999.937	(82.812)
Passengers without visa expense	555.900	307.144	383.493	85.432
Loss on sale of fixed assets	116.888	116.888	1.018	1.018
Other expenses	4.875.778	956.768	1.192.967	111.304
	20.879.489	9.767.217	17.906.126	5.745.218

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

32 FINANCIAL INCOME

Financial income consist of the following:

	1 January - 30 September 2008	1 July - 30 September 2008	1 January - 30 September 2007	1 July - 30 September 2007
Decrease in provision for diminution in value of tangible asset due to exchange rate changes	189.967.787	67.280.623	-	-
Interest income	73.686.120	35.112.157	28.811.981	15.367.788
Foreign exchange gain	43.069.681	(8.618.074)	-	-
Discount interest income	2.996.169	706.100	969.207	350.075
Financial liabilities foreign exchange gain	-	-	219.514.555	104.536.862
Dividend income	27.641	27.641	2.539.966	(203)
Gain from the change in fair value of derivative instruments	-	(974.400)	-	-
	309.747.398	93.534.047	251.835.709	120.254.522

33 FINANCIAL EXPENSES

Financial expenses consist of the following:

	1 January - 30 September 2008	1 July - 30 September 2008	1 January - 30 September 2007	1 July - 30 September 2007
Financial liabilities foreign exchange loss	81.416.493	(75.494.650)	-	-
Finance lease interest expenses	69.416.055	26.836.774	65.252.229	21.886.040
Loss from the change in fair value of derivative instruments	5.704.769	5.704.769	4.225.613	100.979
Retirement pay interest cost	5.582.185	1.860.728	5.027.354	1.675.784
Discount expenses	5.186.703	920.509	2.529.354	162.835
Finacial debts interest expens	1.033.015	(2.868.025)	1.900.642	566.991
Increase in provision for diminution in value of tangible asset due to exchange rate changes	-	-	408.508.597	202.196.273
Foreign exchange losses	-	-	91.100.918	47.379.682
Loss on sale of securities	-	-	119.871	119.871
Other financial expenses	51.130	37.041	15.241	3.408
	168.390.350	(43.002.854)	578.679.819	274.091.863

34 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31 December 2007: None).

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

35 TAX ASSETS AND TAX LIABILITIES

Corporate tax payable is as follows:

	30 September 2008	31 December 2007
Provision for corporate tax payable	58.387.751	122.471.610
Prepaid taxes and funds	(8.956.089)	(102.490.395)
	49.431.662	19.981.215

Tax expense is as follows:

	1 January - 30 September 2008	1 January - 30 September 2007
Current period tax expense	58.387.751	108.956.139
Deferred tax expense / (income)	107.551.453	(30.616.412)
Tax expense / (income)	165.939.204	78.339.727

Turkish tax legislation does not permit a parent company, its subsidiaries, joint ventures and affiliates to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

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

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

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

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

Group preferred to deduct the investment allowances of 2005 from the earnings in 2006 and 2007. Therefore, the applicable current corporate tax rate is 30% for 2006 and 2007. Despite that, the parent company uses 20 % as deferred tax rate for deferred tax assets and liabilities which are of long-term.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

35 TAX ASSETS AND TAX LIABILITIES (cont'd)

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

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

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

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

	1 January - 30 September 2008	**1 January - 30 September 2007**
Reconciliation of provision for taxes:		
Profit from operations before tax	833.469.956	272.533.662
Tax at the domestic income tax rate of %20 (2007: %30)	166.693.991	81.760.099
Tax effect of :		
- revenue that is exempt from taxation	(3.207.340)	(1.426.628)
- investment incentive used		(9.747.583)
- expenses that are not deductible in determining taxable profit	2.452.552	2.076.132
- effect of change in tax rate at deferred tax calculation		5.677.707
Tax provision expense in statement of income	165.939.204	78.339.727

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

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

35 TAX ASSETS AND TAX LIABILITIES (cont'd)

The deferred tax assets and liabilities as of 30 September 2008 and 31 December 2007 are as follows:

	30 September 2008	31 December 2007
Long term lease obligations	46.665.580	61.960.569
Retirement pay liability	28.038.555	26.391.803
Short term lease obligations	18.148.178	17.036.113
Expense accruals	9.270.875	10.545.592
Provision for diminution in value of inventories	5.580.840	2.169.102
Allowance for doubtful receivables	2.032.553	865.498
Discount on receivables	676.654	415.605
Income and expenses relating to future periods	965.762	(112.032)
Discount on payables	(594.450)	(626.155)
Provision for advance ticket sales	(27.809.938)	(21.728.406)
Fixed assets	(330.502.610)	(236.888.551)
Other	138.102	132.416
	(247.389.899)	(139.838.446)

	30 September 2008	31 December 2007
Deferred tax assets	375.078	2.544.815
Deferred tax liabilities	(247.764.977)	(142.383.261)
Deferred tax assets / (liabilities), net	(247.389.899)	(139.838.446)

Movement in deferred tax liability as of 30 September 2008 and 2007 are as follows:

	1 January - 30 September 2008	1 January - 30 September 2007
1 January opening value of deferred tax	139.838.446	149.979.174
Deferred tax expense/ (income)	107.551.453	(30.616.412)
Deferred taxes netted off from financial assets fair value reserve	-	(309.464)
Current period deferred tax liability	247.389.899	(119.053.298)

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

36 EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income by the weighted average 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 shares") 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 is 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 September 2008 and 2007 as follows:

	1 January - 30 September 2008	**1 January - 30 September 2007**
Number of shares outstanding on 1 January (in full)	175.000.000.000	175.000.000.000
New shares issued (in full)	-	-
Number of shares outstanding on 30 September (in full)	175.000.000.000	175.000.000.000
Weighted average number of shares outstanding during the period (in full)	175.000.000.000	175.000.000.000
Net profit for the period	667.530.752	194.193.935
Earnings per share (YKr)	0,381	0,111

37 RELATED PARTY DISCLOSURES

Due from related parties (short-term) comprised the following:

	30 September 2008	**31 December 2007**
Sun Express (Note 10)	399.011	702.938

Other non-trading due from related parties (short-term) comprised the following:

	30 September 2008	**31 December 2007**
THY DO&CO İkram Hizmetleri A.Ş. (Note 11)	1.797.800	10.293.642
	1.797.800	10.293.642

Due from THY DO&CO İkram Hizmetleri A.Ş. comprised of short credit at an amount of EUR 1.000.000.The Group accrues 5,00 % interest on this debt.

Due from related parties (long-term) comprised the following:

	30 September 2008	**31 December 2007**
THY DO&CO İkram Hizmetleri A.Ş. (Note 11)	-	3.591.420

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

37 RELATED PARTY DISCLOSURES (cont'd)

Due to related parties (short-term) comprised the following:

	30 September 2008	31 December 2007
Sun Express (Note 10)	7.950.741	2.644.738
THY DO&CO İkram Hizmetleri A.Ş. (Note 10)	10.856.238	4.481.293
	18.806.979	7.126.031

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

	1 January - 30 September 2008	1 January - 30 September 2007
Services rendered to Sun Express	6.008.414	5.549.767
Services rendered to THY DO&CO	591.446	1.751.187
Interest income fromTHY DO&CO	389.705	-
	6.989.565	7.300.954

	1 January - 30 September 2008	1 January - 30 September 2007
Services received from Sun Express	24.151.200	18.017.415
Services received from THY DO&CO	109.508.694	79.079.298
	133.659.894	97.096.713

Details of dividends received from related parties are as follows:

	1 January - 30 September 2008	1 January - 30 September 2007
Sun Express	6.999.950	
Star Alliance Services GmbH	27.641	-
Uçak Servisi A.Ş (USAŞ)	-	2.539.966
	7.027.591	2.539.966

The Group's total salary and similar benefits paid to the chairman of the board of directors and members, general manager, general coordinator and general deputy manager are TRY 1.493.713 (2007: TRY 1.141.034)

38 CHARACTERISTICS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

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

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

38 CHARACTERISTICS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(a) Capital risk management (cont'd)

The top management of the Group assesses the cost of capital and the risks associated with each class of capital. At the time of these analyses, top management assesses the risks associatable with each class of capital and gives the ones that are dependent to Board of Directors to the assessment of Board of Directors. As the results of the assessments of top management and Board of Directors, the Group provides the optimisation of the capital diversification through obtaining new debts, repayment of the existing debts and/or capital increase.

Overall strategy of the Group does not differ from the previous period.

(b) Financial risk factors

The Group is exposed to the market risk (foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Risk management program of the Group generally focuses on the minimization of potential negative effects of uncertainty on the Group's performance. The Group uses financial derivative instruments in order to hedge against several financial risks.

(c) Significant accounting policies

Significant accounting policies on financial instruments are disclosed in note 2 "Basis of Presentation of Financial Statements", "2.5.9 Financial Instruments".

(d) Financial risk management objectives

A formally specified risk management model and its active application are not available within the Group. Currency risk, interest rate risk and liquidity risk are some important risks of the Group.

The Group management manages the risks through its decisions and applications. Even a formally specified risk management model is not available, corporate risk management model has been aimed and the related activities are being performed.

(e) Market risk

The Group is subject to the financial risks related to the changes in the exchange rate (Please see (f) below) and interest rate (Please see (g) below) due to its operations. Distribution of expenses and incomes based the types of exchange rates and distribution of debts based on the types of exchange rates and fixed and variable interest rates are managed by the company management

(f) Foreign currency risk management

There is a natural balance in the foreign currency risk between the Group's incomes and expenses. This balance is tried to be kept through taking into consideration the future forecasts and market conditions.

<u>Foreign currency sensitivity</u>

The Group is primarily subject to US Dollar and EUR foreign currency risk.

The table below demonstrates that the sensitivity of the Group against the 10 % change in US Dollar and Euro exchange rates. Negative amount demonstrates the decrease effect of the 10 % increase in the value of US Dollar and EUR against TRY in the net profit for the year.

38 CHARACTERISTICS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management (cont'd)

	US Dollar effect (i)		Euro effect (ii)	
	1 January-30 September 2008	**1 January-30 September 2007**	**1 January-30 September 2008**	**1 January-30 September 2007**
Income statement effect	(44.271.767)	(66.399.990)	(84.146.573)	(24.877.859)

(i) Related to the receivables and payables in US Dollar not due yet as of the end of the period
(ii) Related to the receivables and payables in Euro not due yet as of the end of the period

If US Dollar or Euro is devaluated against TRY by 10 %, the amounts are the same as the figures in the table above and its effect in profit or loss will be reverse.

In the impairment calculation of aircrafts, spare engines, and simulators, US Dollar denominated market prices are used. Accordingly, the impairment provided by the Group for the tangible assets decreases when the US Dollar is evaluated against TRY, and increases when the US Dollar is devaluated against TRY. In this context, If US Dollar is evaluated by 10 % against TRY, there would be an increase amounted TRY 242.463.156 (01 January – 30 September 2007: TRY 185.532.444) in the net profit for the period except for the effects in the table above due to the decrease in the impairment of aircrafts, spare engines and simulators. If US Dollar is devaluated by 10 % against TRY, effect in the profit or loss would be reverse except for the effects in the table above.

(g) Interest rate risk management

The Group's liabilities are on fixed and variable interest rates. When the interest situations of the existing debts are being considered, it is seen that the variable interests compose the majority. In recent years, a partial balance between the debts with fixed interest and the debts with variable interest is tried to be provided through increasing the weight of the debts with fixed interest provided that the financing of the aircraft is favorable. Because the Group's debts with variable interest rate are dependent to Libor and Euribor, dependency to local risks is low.

The interest rates of the Group's financial liabilities are disclosed in note 8.

Interest rate sensitivity

Sensitivity analysis below is determined according to the interest rate risk that is subject to as of the reporting date and the change in this rate and is kept constant throughout the reporting period. The Group Management calculates the effects that are arisen from the fluctuation in the Libor and Euribor rates by 0,5 % that are the interest rates of the Group's variable interest rates and reports them to the top management.

When there is an increase by 0,5 % in Libor and Euribor interest rates and the other variables remain to be constant:

Group's net profit for nine months period decreases by TRY 3.228.221 (In 30 September 2007 period, it decreases by TRY 3.852.025). When the Libor and Euribor interest rates decrease by 0,5 %, nine months profit increases as the same amount.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

38 CHARACTERISTICS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(h) Credit risk management

The risk of a financial loss for the Group due to failing of one of the parties of the contract to meet its obligations is defined as credit risk.

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

(i) Liquidity risk management

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

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

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

	Less than 1 month	1 month-3 months	3 months-1 year	1 year-4 years	Over 4 years	Adjustments	Balance sheet amount
30 September 2008							
Bank borrowings	486.452	727.543	29.084.296	-	-	(961.343)	29.336.948
Finance lease obligations	53.833.617	50.782.333	270.671.351	981.348.180	1.604.866.765	(574.585.625)	2.386.916.621
Other financial liabilities	17.264.391	-	-	-	-	-	17.264.391
Accounts payable	340.519.328	-	55.685.055	-	-	(2.972.251)	393.232.132
	412.103.788	51.509.876	355.440.702	981.348.180	1.604.866.765	(578.519.219)	2.826.750.092
31 December 2007							
Bank borrowings	536.418	803.067	3.936.297	27.921.706	-	(2.746.749)	30.450.739
Finance lease obligations	26.525.543	45.909.340	226.373.258	797.170.667	1.137.792.480	(439.461.194)	1.794.310.094
Other financial liabilities	877.628	-	-	-	-	-	877.628
Accounts payable	322.809.225	-	44.845.542	-	-	(3.130.776)	364.523.991
	350.748.814	46.712.407	275.155.097	825.092.373	1.137.792.480	(445.338.719)	2.190.162.452

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

38 CHARACTERISTICS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

FOREIGN CURRENCY POSITION

Foreign currency risk arises from the change of the value of financial instruments due to change in exchange rates. The Group has a foreign currency risk because of the foreign currency denominated debts US Dollar, Euro and Sterling are the main currencies that make the foreign currency position of the Group.
The foreign currency position of the Company as of 30 September 2008 and 31 December 2007 in terms of TRY is as follows:

In Totals ;

	30 September 2008	31 December 2007
A. Foreign currency denominated assets	1.542.431.250	1.066.805.281
B. Foreign currency denominated liabilities	2.820.112.445	2.107.056.739
Net foreign currency position (A-B)(*)	(1.277.681.196)	(1.040.251.458)

(*) Although the Group seems to be in an open position based on its monetary assets and liabilities, the Group values its aircraft, spare engines and simulators according to their US Dollar selling prices as explained in Note 2.5.7. In this respect, the Group's management has the opinion that the Group's those tangible assets which are carried by their US Dollar values should also be considered in the overall evaluation of the sensitivity of the Group's assets and liabilities against the changes in foreign exchange rates. As of 30 September 2008, the value of aircraft, spare engines and simulators, which are carried by their US Dollar selling prices, is TRY 3.729.133.605 (31 December 2007: TRY 2.822.415.164).

	30 September 2008			31 December 2007		
Assets	**Currency**	**Currency Amount**	**TRY Amount**	**Currency**	**Currency Amount**	**TRY Amount**
Cash and Cash Equivalents	US Dollar	131,313,454	161,725,650	US Dollar	34,638,634	40,343,617
	Euro	16,829,560	30,256,182	Euro	181,002,086	309,549,767
	Sterling	4,857,431	10,992,851	Sterling	1,182,794	2,751,061
	Other	-	93,995,582	Other	-	47,238,521
Financial Assets	US Dollar	413,800,000	509,636,080	US Dollar	-	-
	Euro	112,270,000	201,839,006	Euro	100,000,000	171,020,000
	Sterling	-	-	Sterling	-	-
	Other	-	-	Other	-	-
Accounts Receivable (Short Term)	US Dollar	112,148,948	138,122,645	US Dollar	28,208,739	32,854,718
	Euro	42,280,475	76,011,839	Euro	35,242,383	60,271,524
	Sterling	4,113,404	9,309,044	Sterling	1,918,840	4,463,030
	Other	-	108,434,276	Other	-	55,340,461

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

38 CHARACTERISTICS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

	30 September 2008			31 December 2007		
Assets	**Currency**	**Currency Amount**	**TRY Amount**	**Currency**	**Currency Amount**	**TRY Amount**
Other Receivables (Short Term)	US Dollar	85,239,703	104,981,219	US Dollar	241,668,675	281,471,506
	Euro	1,303,916	2,344,180	Euro	183,005	312,975
	Sterling	6,787,752	15,361,363	Sterling	41,684	96,953
	Other	-	493,729	Other	-	365,767
Other Current Assets	US Dollar	66,824	82,300	US Dollar	19,677,125	22,917,948
	Euro	119,922	215,595	Euro	1,267,709	2,168,036
	Sterling	1,990	4,503	Sterling	148,300	344,931
	Other	-	416,293	Other	-	2,256,551
Other Receivables (Long Term)	US Dollar	12,766,941	15,723,765	US Dollar	6,269,193	7,301,729
	Euro	378,429	680,339	Euro	2,475,263	4,233,195
	Sterling	31,050	70,269	Sterling	31,050	72,219
	Other	-	804,274	Other	-	701,626
Other Tangible Assets	US Dollar	49,472,447	60,930,266	US Dollar	17,743,864	20,666,278
	Euro	-	-	Euro	36,761	62,868
	Sterling	-	-	Sterling	-	-
	Other	-	-	Other	-	-
TOTAL			**1,542,431,250**	**TOTAL**		**1,066,805,281**
Liabilities						
Bank Borrowings (Short Term)	US Dollar	23,820,192	29,336,948	US Dollar	3,206,973	3,735,162
	Euro	-	-	Euro	-	-
	Sterling	-	-	Sterling	-	-
	Other	-	-	Other	-	-
Finance Lease Obligations (Short Term)	US Dollar	143,173,969	176,333,060	US Dollar	145,185,979	169,098,110
	Euro	63,368,294	113,923,510	Euro	32,794,470	56,085,103
	Sterling	-	-	Sterling	-	-

	Other	-	-	Other	-	-

38 CHARACTERISTICS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

	30 September 2008			31 December 2007		
Liabilities	**Currency**	**Currency Amount**	**TRY Amount**	**Currency**	**Currency Amount**	**TRY Amount**
Accounts Payable (Short Term)	US Dollar	244,003,966	300,515,285	US Dollar	142,519,789	165,992,798
	Euro	16,434,542	29,546,020	Euro	36,363,863	62,189,479
	Sterling	9,484,808	21,465,070	Sterling	2,760,771	6,421,277
	Other	-	37,789,955	Other	-	40,634,022
Other Liabilities (Short Term)	US Dollar	1,499,826	1,847,186	US Dollar	-	-
	Euro	1,344,154	2,416,520	Euro	-	-
	Sterling	90,538	204,896	Sterling	-	-
	Other	-	2,881,941	Other	-	-
Bank Borrowings (Long Term)	US Dollar	-	-	US Dollar	22,937,732	26,715,577
	Euro	-	-	Euro	-	-
	Sterling	-	-	Sterling	-	-
	Other	-	-	Other	-	-
Finance Lease Obligations (Long Term)	US Dollar	729,895,078	898,938,779	US Dollar	837,543,822	975,487,289
	Euro	666,214,969	1,197,721,271	Euro	347,117,062	593,639,600
	Sterling	-	-	Sterling	-	-
	Other	-	-	Other	-	-
Other Liabilities (Long Term)	US Dollar	598,827	737,515	US Dollar	535,355	623,528
	Euro	3,050,677	5,484,507	Euro	3,201,426	5,475,078
	Sterling	1,920	4,345	Sterling	1,920	4,466
	Other	-	965,637	Other	-	955,250
TOTAL			**2,820,112,445**	**TOTAL**		**2,107,056,739**

38 CHARACTERISTICS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

As of 30 September 2008, totals of export and import amounts are as follows:

Total export amount	3.204.159.887
Total import amount	1.148.797.168
Hedging ratio of total foreign currency denominated liabilities (%)	-

39 FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments

Fair values of financial assets and liabilities are determined as follows:

- In standard maturities and conditions, fair values of financial assets and liabilities which are traded in an active market are determined as qouted market prices.
- Fair values of financial assets and liabilities except derivative instruments are determined according to generally accepted pricing models. These models depend on discounted cash flows which uses given prices of observable market transactions
- Fair values of derivative instruments are calculated by using qouted prices. In absence of prices, discounted cash flows analysis is used through applicable yield curve for maturities of derivative instruments not containing options (forward and swap). On the other hand, option pricing models are used for derivative instruments containing options.

(All amounts expressed in New Turkish Lira (TRY) unless otherwise stated.)

39 FINANCIAL INSTRUMENTS (cont'd)

Categories and fair values of financial instruments:

30 September 2008 Balance Sheet	Financial assets at amortized cost	Loans and receivables	Financial assets at fair value through profit or loss	Investments available for sale	Financial liabilities at amortized cost	Carrying Value	Fair value	Note
Financial assets								
Cash and cash equivalents	355.880.905	-	-	-	-	355.880.905	355.880.905	6
Financial assets	1.156.175.086	-	-	1.750.943	-	1.157.926.029	1.157.926.029	7
Accounts receivable	-	420.875.514	-	-	-	420.875.514	420.875.514	10
Other receivables		154.012.351				154.012.351	154.012.351	11
Financial liabilities								
Bank borrowings	-	-	-	-	29.336.948	29.336.948	29.336.948	8
Finance lease obligations	-	-	-	-	2.386.916.621	2.386.916.621	2.386.916.621	8
Other financial liabilities	-	-	-	-	21.659.074	21.659.074	21.659.074	9
Accounts payable	-	-	-	-	393.232.132	393.232.132	393.232.132	10

31 December 2007 Balance Sheet	Financial assets at amortized cost	Loans and receivables	Financial assets at fair value through profit or loss	Investments available for sale	Financial liabilities at amortized cost	Carrying Value	Fair value	Note
Financial assets								
Cash and cash equivalents	480.196.215	-	-	-	-	480.196.215	480.196.215	6
Financial assets	292.020.000	-	1.310.086	1.706.478	-	295.036.564	295.036.564	7
Accounts receivable	-	245.539.019	-	-	-	245.539.019	245.539.019	10
Other receivables	-	327.612.085	-		-	327.612.085	327.612.085	11
Financial liabilities								
Bank borrowings	-	-	-	-	30.450.739	30.450.739	30.450.739	8
Finance lease obligations	-	-	-	-	1.794.310.094	1.794.310.094	1.794.310.094	8
Other financial liabilities	-	-	-	-	877.628	877.628	877.628	9
Accounts payable	-	-	-	-	364.523.991	364.523.991	364.523.991	10

39 FINANCIAL INSTRUMENTS (cont'd)

Derivative instruments

The Group made interest rate and exchange rate swap agreements for changing some financial leasing liabilities with fixed interest rate into financial leasing liabilities with floating interest rate, and changing financial leasing liabilities denominated in EUR into financial leasing liabilities denominated in USD.

Gains and losses on changes in the fair value of these transactions are immediately recognized in profit or loss.

Fair value of transaction at issue as of 30 September 2008 and 31 December 2007 as follows:

	30 September 2008	31 December 2007
Cross rate swap contracts	700.561	(332.468)
Interest rate swap contracts	(5.095.244)	1.642.554
	(4.394.683)	1.310.086

40 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

a) Within the HABOM Project, the company named "Pratt&Whitney THY Teknik Uçak Motoru Bakım Merkezi Limited Şirketi„ which is under the partnership of Pratt&Whitney, a company of United Technologies Corporation group, and THY Teknik A.Ş., was registered to the Trade Registry on 10 October 2008.

b) In the framework of 2009-2023 fleet projection, Group decided to invite aircraft manufacturers Boeing and Airbus to present their offers for the purchase of 35 wide body, long distance aircrafts, 25 of which is certain and 10 is optional, and 70 narrow body, short and medium distance aircrafts, 50 of which is certain, 20 is optional.

c) The negotiations with potential companies have been started in order to determine a partner for TGS Yer Hizmetleri A.Ş., a subsidiary of the Group, and the negotiations are continuing.

d) Board of Directors of the Group decided to open İstanbul-Nairobi-İstanbul, İstanbul-Lviv-İstanbul lines and start flights in 2009 according to the fleet availability, in addition to open Adana- Ercan-Adana (Anadolu Jet), Ankara-Tekirdağ ve Çorlu-Ankara (Anadolu Jet) lines and start flights in 2008-2009 winter tariff.

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

Consolidated financial statements were approved by Board of Directors on 14 November 2008 and authorization was given to be published.