

**TÜRK HAVA YOLLARI TEKNİK
ANONİM ŞİRKETİ AND
ITS SUBSIDIARY**

Consolidated Interim Financial Statements
For the Six-Month Period Ended
30 June 2019



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Independent Auditor's Report on Review of Interim Condensed Consolidated Financial Information

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Türk Hava Yolları Teknik Anonim Şirketi (the "Company") (and its subsidiary (the "Group")) as at 30 June 2019, and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34.

Other Matter

We draw attention to Note 20 which describes the large-scale operations with related parties of the Group. For the period 1 January – 30 June 2019, 81% of sales are realized with the related companies. Our conclusion is not modified in respect of this matter.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member firm of KPMG International Cooperative

Gökhan Atılgan, SMMM
Partner
8 August 2019
İstanbul, Turkey

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TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY**Condensed Consolidated Balance Sheet as at 30 June 2019**

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

ASSETS	Notes	Reviewed 30 June 2019	Audited 31 December 2018
Current Assets			
Cash and Cash Equivalents	3	32.103.521	35.019.019
Trade Receivables		1.503.000.866	1.694.778.477
- <i>Trade Receivables From Related Parties</i>	20	1.221.972.244	1.423.845.662
- <i>Trade Receivables From Non-Related Parties</i>	5	281.028.622	270.932.815
Other Receivables		1.936.847	1.695.277
- <i>Other Receivables From Related Parties</i>	20	153.405	-
- <i>Other Receivables From Non-Related Parties</i>		1.783.442	1.695.277
Inventories	6	3.205.449.945	2.422.130.184
Prepaid Expenses	12	191.040.630	135.896.482
Current Tax Assets	18	17.695.908	103.056.134
Other Current Assets		760.244	180.665
TOTAL CURRENT ASSETS		4.951.987.961	4.392.756.238
Non-Current Assets			
Financial Investments		1.485.025	1.485.025
Equity Accounted Investees	7	350.579.833	343.671.970
Right of Use Assets	13	161.654.686	-
Property, Plant and Equipment	8	2.771.772.827	2.340.370.229
Intangible Assets		38.902.087	28.017.659
- <i>Other Intangible Assets</i>	9	38.902.087	28.017.659
Prepaid Expenses	12	13.931.441	14.436.959
TOTAL NON-CURRENT ASSETS		3.338.325.899	2.727.981.842
TOTAL ASSETS		8.290.313.860	7.120.738.080

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

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Condensed Consolidated Balance Sheet as at 30 June 2019

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

	Notes	Reviewed 30 June 2019	Audited 31 December 2018
LIABILITIES			
Current Liabilities			
Other Financial Liabilities		12.757	25.052.709
Short-Term Portion of Long-Term Lease Liabilities	4	15.550.292	-
Trade Payables		661.789.335	529.284.510
- Trade Payables to Related Parties	20	70.926.066	82.239.240
- Trade Payables to Non-Related Parties	5	590.863.269	447.045.270
Payables Related to Employee Benefits		163.159.895	188.346.214
Other Payables		125.081.552	209.912.451
- Other Payables to Related Parties	20	5.755	73.321.784
- Other Payables to Non-Related Parties		125.075.797	136.590.667
Deferred Income	12	867.869.747	743.635.681
Short Term Provisions		63.309.546	55.377.965
- Provisions for Employee Benefits	11	33.108.201	25.264.433
- Other Short-term Provisions	11	30.201.345	30.113.532
Other Current Liabilities		4.132.751	2.158.017
TOTAL SHORT TERM LIABILITIES		1.900.905.875	1.753.767.547
Non-Current Liabilities			
Long-Term Lease Liabilities	4	147.957.464	-
Long-Term Provisions		168.043.868	142.257.378
- Provisions for Employee Benefits	11	168.043.868	142.257.378
Deferred Tax Liability	18	320.060.690	265.749.367
TOTAL LONG TERM LIABILITIES		636.062.022	408.006.745
EQUITY			
Share Capital	14	960.850.000	960.850.000
Adjustment to Share Capital	14	84.081	84.081
Accumulated Other Comprehensive Income or Expenses That Will Never Be Reclassified to Profit or Loss		(11.986.705)	(525.242)
- Actuarial Losses from Defined Pension Plans Loss/Benefit	14	(11.986.705)	(525.242)
Accumulated Other Comprehensive Income or Expenses That Are or May Be Reclassified to Profit or Loss		3.093.920.585	2.620.459.102
- Foreign Currency Translation Differences	14	3.093.920.585	2.620.459.102
Restricted Profit Reserves	14	64.258.023	64.258.023
Retained Earnings	14	1.311.301.657	649.444.524
Net Profit for the Period	14	332.394.791	661.857.133
Equity Attributable to Equity Holders of the Parent		5.750.822.432	4.956.427.621
Non – Controlling Interest	14	2.523.531	2.536.167
TOTAL EQUITY		5.753.345.963	4.958.963.788
TOTAL LIABILITIES AND EQUITY		8.290.313.860	7.120.738.080

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

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the Six-Month Period Ended at 30 June 2019

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

	Notes	Reviewed 1 January - 30 June 2019	Reviewed 1 January - 30 June 2018
Revenue	15	3.566.479.747	2.447.252.891
Cost of Sales (-)	15	(2.851.800.827)	(1.862.137.470)
GROSS PROFIT		714.678.920	585.115.421
General Administrative Expenses (-)	16	(256.656.012)	(163.850.751)
Marketing and Sales Expenses (-)		(18.751.425)	(17.156.399)
Research and Development Expenses (-)		(14.396.346)	(6.747.940)
Impairment Loss on Trade and Other Receivables		(33.932.441)	2.093.267
Other Operating Income	17	52.771.785	16.709.816
Other Operating Expenses (-)	17	(16.754.565)	(27.811.657)
OPERATING PROFIT		426.959.916	388.351.757
Gain from (Loss of) Investing Activities		142.133	(4.185)
Share of Investments' (Loss) Profit Accounted by Using the Equity Method	7	(31.221.387)	27.379.390
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		395.880.662	415.726.962
Finance Income		556.480	58.815.872
Finance Expenses (-)		(13.916.081)	(14.731.580)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		382.521.061	459.811.254
Tax Expense of Continuing Operations		(50.138.906)	(189.541.308)
- Current Tax Expense	18	(20.314.667)	(134.639.752)
- Deferred Tax Expens)	18	(29.824.239)	(54.901.556)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		332.382.155	270.269.946
Profit Attributable to			
Non-Controlling Interest		(12.636)	-
Parent Company		332.394.791	270.269.946
		332.382.155	270.269.946
OTHER COMPREHENSIVE INCOME			
Not To Be Reclassified to Profit or Loss		(11.461.463)	(4.945.419)
Actuarial Gains From Defined Pension Plans	11	(14.694.183)	(6.340.281)
Tax Benefit of Actuarial Benefit From Defined Pension Plans	18	3.232.720	1.394.862
To Be Reclassified to Profit or Loss		473.461.483	675.163.700
Currency Translation Foreign Differences		371.979.642	567.304.049
Currency Translation Differences of Equity Accounted Investees		101.481.841	107.859.651
OTHER COMPREHENSIVE INCOME		462.000.020	670.218.281
TOTAL COMPREHENSIVE INCOME		794.382.175	940.488.227
Total Comprehensive Income Attributable to:			
Non-controlling Interest		(12.636)	-
Parent Company		794.394.811	940.488.227
		794.382.175	940.488.227

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

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY
Condensed Consolidated Interim Statement of Changes in Equity
For the Six-Month Period Ended at 30 June 2019
(All amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

			Accumulated Other Comprehensive Income or Expenses Not To Be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income or Expenses To Be Reclassified to Profit or Loss				Retained Earnings		
	Share Capital	Adjustment to Share Capital	Actuarial (Gain) / Losses From Defined Pension Plans	Currency Translation Differences	Restricted Profit Reserves	Retained Earnings	Net Profit for the Period	Equity Attributable to Equity Holders of The Parent	Non- controlling Interests	Total Equity
Balances as at 1 January 2018	960.850.000	84.081	15.143.884	1.350.230.063	27.152.358	390.002.053	303.528.705	3.046.991.144	-	3.046.991.144
Adjustment on initial application of IFRS 9	-	-	-	-	-	(6.980.569)	-	(6.980.569)	-	(6.980.569)
Adjusted balance as at 1 January 2018	960.850.000	84.081	15.143.884	1.350.230.063	27.152.358	383.021.484	303.528.705	3.040.010.575	-	3.040.010.575
Transfers	-	-	-	-	37.105.665	266.423.040	(303.528.705)	-	-	-
Total Comprehensive Income	-	-	(4.945.419)	675.163.700	-	-	270.269.946	940.488.227	-	940.488.227
Balance as at 30 June 2018	960.850.000	84.081	10.198.465	2.025.393.763	64.258.023	649.444.524	270.269.946	3.046.991.144	-	3.980.498.802
Balances as at 1 January 2019	960.850.000	84.081	(525.242)	2.620.459.102	64.258.023	649.444.524	661.857.133	4.956.427.621	2.536.167	4.958.963.788
Transfers	-	-	-	-	-	661.857.133	(661.857.133)	-	-	-
Total Comprehensive Income	-	-	(11.461.463)	473.461.483	-	-	332.394.791	794.394.811	(12.636)	794.382.175
Balance as at 30 June 2019	960.850.000	84.081	(11.986.705)	3.093.920.585	64.258.023	1.311.301.657	332.394.791	5.750.822.432	2.523.531	5.753.345.963

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

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Condensed Consolidated Interim Statement of Cash Flows

For the Six-Month Period Ended at 30 June 2019

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

	Notes	Reviewed 1 January - 30 June 2019	Reviewed 1 January - 30 June 2018
Profit for the period		332.382.155	270.269.946
Adjustments to Reconcile Cash Flow Generated From Operating Activities:			
Adjustments for depreciation and amortization	6,8,9,13	345.242.527	214.339.797
Adjustments for provisions, net	11	6.282.172	20.238.770
Adjustments for provisions for inventories	6	(1.275.104)	4.884.045
Adjustments for provisions for employee benefits	11	17.320.914	13.370.708
Adjustments for provisions for doubtful receivables	5	30.887.125	(4.579.752)
Adjustments for changes in expected credit loss	5	3.045.316	2.486.485
Adjustments for interest income and expenses		13.359.601	14.577.459
Adjustments for discount for receivables and payables		21.513	691.922
Adjustments for unrealized foreign exchange loss and translation differences		337.309.283	350.616.418
Adjustments for loss from sale of fixed asset		(142.133)	4.185
Adjustments for share of investments' loss (profit) accounted by using the equity method	7	31.221.387	(27.379.390)
Adjustments for deferred tax expense	18	29.824.239	54.901.556
Adjustments for tax expense	18	20.314.667	134.639.752
Operating Profit Before Working Capital Changes		1.165.793.662	1.049.061.901
Adjustments for increase in inventories		(955.290.647)	(461.843.363)
Adjustments for decrease in trade receivables		160.868.973	16.802.259
Adjustments for increase in other receivables		(241.570)	(742.273)
Adjustments for increase in other current assets		(579.580)	(394.708)
Adjustments for increase/ (decrease) in trade payables and due to related parties		132.504.825	(29.939.914)
Adjustments for decrease in other payables and due to related parties		(11.514.870)	(63.586.859)
Adjustments for increase in prepaid expense		(54.638.630)	(39.227.359)
Adjustments for increase in deferred income		124.234.066	62.479.005
Adjustments in payables related to employee benefits		(25.186.319)	(33.746.912)
Adjustments for increase in other current and non-current liabilities		1.974.734	464.623
Cash Flows Generated From Operating Activities		537.924.644	499.326.400
Interest received		1.853.040	154.121
Taxes paid	18	(47.372.848)	(108.486.150)
Employee benefit indemnity paid	11	(6.228.607)	(6.713.807)
Net Cash Generated From Operating Activities		486.176.229	384.280.564
Cash Flows From Investing Activities			
Cash outflow arising from capital increase in investments	8	3.474.709	111.020
Purchase of property, plant and equipment	8	(372.146.782)	(95.388.298)
Purchase of intangible assets	9	(16.863.672)	(6.955.588)
Share capital increase of investments		(5.200.000)	-
Net cash used in investing activities		(390.735.745)	(102.232.866)
Cash Flows From Financing Activities			
Interest paid		-	(8.289.595)
Adjustments for decrease in other payables to related parties		(73.316.029)	(266.306.319)
Cash outflow arising from financial liabilities		(25.039.953)	(224.612)
Net Cash Used In Financing Activities		(98.355.982)	(274.820.526)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(2.915.498)	7.227.172
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		35.019.019	11.410.411
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		32.103.521	18.637.583

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

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Condensed Consolidated Interim Financial Statements

For the Six-Month Period as at ended 30 June 2019

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

For the purpose of the consolidated financial statements, the Company and its consolidated subsidiary Cornea Havacılık Sistemleri Sanayi ve Ticaret A.Ş. (“Cornea”) are collectively referred as the “Group”.

Total average number of employees working for the Group for the six-month period ended 30 June 2019 is 8.631 (31 December 2018: 7.844). Total number of employees working for the Group as at 30 June 2019 is 8.776 (31 December 2018: 8.466).

	<u>30 June 2019</u>	<u>31 December 2018</u>
Administrative staff	2.435	2.262
Production staff	6.341	6.204
Total	8.776	8.466

The company is registered in Turkey and its head office address is as follows:

Sanayi Mah. Havaalanı İyolu Cd. Sabiha Gökçen Havalimanı E Kapısı No:3 Pendik/İSTANBUL

(a) Subsidiary

As at 30 June 2019 and 31 December 2018 the detail of the Group’s subsidiary is as follows:

Name of the company	Principal Activity	Participation Rate		Country of Registration
		30 June 2019	31 December 2018	
Cornea	Cabin Interior Entertainment Systems	80%	80%	Turkey

Cornea was founded in order to design, manufacture, repair, maintain, market, sell and perform after-sales services, including in-cabin entertainment and internet service provider systems in land, sea, rail systems and air platforms, and spare parts of other software systems in civil aviation.

(b) Associates

As at 30 June 2019 and 31 December 2018 associates accounted by using equity method and participation rate of associates are as below:

Name of the Company	Principal Activity	Participation Rate		Country of Registration
		30 June 2019	31 December 2018	
P&W T.T. Uçak Bakım Merkezi Limited Şirketi (“TEC”)	Technical Maintenance	49%	49%	Turkey
Goodrich THY Teknik Servis Merkezi Limited Şirketi (“Goodrich”)	Technical Maintenance	40%	40%	Turkey
TCI Kabin içi Sistemleri Sanayi ve Ticaret Anonim Şirketi (“TCP”)	Cabin Interior	20%	20%	Turkey

TÜRK HAVA YOLLARI TEKNİK ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Condensed Consolidated Interim Financial Statements

For the Six-Month Period as at ended 30 June 2019

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Preparation of the Consolidated Financial Statements

The accompanying condensed consolidated financial statements have been prepared in accordance with Turkish Financial Reporting Standards (“TFRS’s”) published by Public Oversight, Accounting and Auditing Standards Authority (“POA”). TFRS’s are consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TAS interpretations and TFRS interpretations. The accompanying condensed consolidated financial statements are presented in accordance with the TAS Taxonomy issued by POA and announcement regarding with formats of financial statements and notes issued by CMB.

For the six months period ended 30 June 2019, the Group prepared its condensed consolidated financial statements in accordance with the Turkish Accounting Standard No.34 “Interim Financial Reporting”.

Interim consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2018.

The consolidated financial statements are the first consolidated financial statements in which TFRS 16 have been applied. Changes to significant accounting policies are described in Note 2.3.

Adjustment of Consolidated Financial Statements in Hyperinflationary Periods

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

Basis of Measurements

Consolidated financial statements have been prepared on cost basis principal.

Functional and Reporting Currency

Functional Currency

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

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

2.1 Basis of Presentation *(continued)*

Preparation of the Consolidated Financial Statements *(continued)*

Functional and Reporting Currency *(continued)*

Translation to the presentation currency

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

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

2.2 Basis of the Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(b) Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(d) Interests in equity accounted investees

The Group’s interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

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

2.2 Basis of the Consolidation *(continued)*

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.3 Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group’s financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group’s financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted TFRS 16 Leasing from 1 January 2019. Although there are other standards which are effective from 1 January 2018, these standards do not have any significant effect on the Group's financial statements.

TFRS 16 Leasing

The Group has initially adopted TFRS 16 Leases from 1 January 2019. It replaced TAS 17 Leases. TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has adopted TFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019.

i. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to TFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under TFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

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

2.3 Changes in significant accounting policies *(continued)*

IFRS 16 Leasing *(continued)*

i. Definition of a lease *(continued)*

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

ii. As a lessee

The Group leases many assets, including properties, production equipment and IT equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are as below:

	Right of Use Assets		
TL	Real Estate	Vehicles	Total
Balance as at 1 January 2019	151.445.255	6.285.712	157.730.967
Balance as at 30 June 2019	156.066.668	5.588.018	161.654.686

The Group has presented lease liabilities in the statement of financial position.

	Lease Liabilities		
TL	Real Estate	Vehicles	Total
Balance as at 1 January 2019	151.445.255	6.285.712	157.730.967
Balance as at 30 June 2019	158.152.388	5.355.368	163.507.756

Significant Accounting Policies

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

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

2.3 Changes in significant accounting policies *(continued)*

IFRS 16 Leasing *(continued)*

Significant Accounting Policies *(continued)*

When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group’s accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Transition

Previously, the Group classified property leases as operating leases under IAS 17. These include warehouse and factory facilities. The leases typically run for a period of 10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

2.3 Changes in significant accounting policies *(continued)*

IFRS 16 Leasing *(continued)*

iii. Impacts on financial statements

(a) Impact on transition

On transition to IFRS 16, the Group recognized additional right-of-use assets, the impact on transition is summarized below.

	1 January 2019
Right of use assets	157.730.967
Lease liabilities	157.730.967

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 20,75% for rent contracts in TL and is 3,68% for rent contracts in USD.

	1 January 2019
Operating lease commitment at 31 December 2018 as disclosed in the Group’s consolidated financial statements	214.873.483
Lease liabilities recognized at 1 January 2019	157.730.967

(b) Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognized TL 166.038.998 thousand of right-of-use assets (including investment property) and TL 162.453.588 thousand of lease liabilities as at 30 June 2019. As of 30 June 2019, the alternative interest rate is 20,75% for TL leasing contracts, 3,68% for USD leasing contracts and 2,34% for Euro leasing contracts.

Also in relation to those leases under IFRS 16, the Group has recognized depreciation and interest costs, instead of operating lease expense. During the six-month ended 30 June 2019, the Group recognized TL 10.018.307 thousand of depreciation charges and TL 5.603.171 thousand of interest costs from these leases.

2.4 Changes and Errors in Accounting Estimates

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

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

The significant estimates and assumptions used in preparation of these consolidated financial statements as at 30 June 2019 are same with those used in the preparation of the Group’s consolidated financial statements as at and for the year ended 31 December 2018, except for the implementations of IFRS 16 explained in Note 2.3.

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

2.5 New and Revized Standards and Interpretations

Standards and interpretations issued but not yet effective as at 30 June 2019

Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

The revized Conceptual Framework

The revised Conceptual Framework issued on 27 September 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing TFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to TAS 1 and TAS 8 - Definition of Material

In October 2018 the IASB issued Definition of Material (Amendments to TAS 1 and TAS 8). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in TFRS Standards. The amended “definition of material “was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TFRS 1 and TFRS 8.

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

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

Amendments to TFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgment. The IASB has issued amendments to TFRS 3 Business Combinations to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. With this amendments confirmed that a business must include inputs and a process, and clarified that the process shall be substantive and the inputs and process must together significantly contribute to creating outputs. It narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a concentration test that makes it easier to conclude that a group has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TFRS 3.

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3. CASH AND CASH EQUIVALENTS

As at 30 June 2019 and 31 December 2018, cash and cash equivalents comprised the following:

	30 June 2019	31 December 2018
Cash	71.389	-
Banks (demand deposits)	3.396.096	184.615
Banks (time deposits)	28.636.036	34.834.404
	32.103.521	35.019.019

As at 30 June 2019 and 31 December 2018, the details of time deposits comprised the following:

Capital	Currency	Opening date	Interest rate	Maturity	30 June 2019
6.253.000	TL	28 June 2019	23,50%	1 July 2019	6.253.000
760.000	Euro	28 June 2019	0,10%	1 July 2019	4.978.532
857.000	USD	28 June 2019	0,50%	1 July 2019	4.932.121
12.472.383	TL	28 June 2019	21,75%	1 July 2019	12.472.383
					28.636.036

Capital	Currency	Opening date	Interest rate	Maturity	31 December 2018
1.292.000	TL	31 December 2018	25,17%	2 January 2019	1.292.000
1.084.000	Euro	31 December 2018	0,10%	2 January 2019	6.534.352
2.737.000	USD	31 December 2018	0,50%	2 January 2019	14.399.083
12.608.969	TL	28 December 2018	22,00%	2 January 2019	12.608.969
					34.834.404

4. BORROWING

As at 30 June 2019 and 31 December 2018, the detail of liabilities from financial leasing the following:

	The present value of lease payments	
	30 June 2019	31 December 2018
Less the one year	15.550.292	-
The present value of the lease liability	15.550.292	-

	30 June 2019	31 December 2018
More than 2 years	147.957.464	-
The present value of the lease liability	147.957.464	-

5. TRADE RECEIVABLES AND PAYABLES

As at 30 June 2019 and 31 December 2018, trade receivables from non-related comprised the following:

	30 June 2019	31 December 2018
Trade receivables	437.223.151	377.589.836
Notes receivables	23.440.380	29.926.057
Provision for doubtful receivables	(179.634.909)	(136.583.078)
	281.028.622	270.932.815

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5. TRADE RECEIVABLES AND PAYABLES *(continued)*

For the period ended 30 June 2019 and 2018, the movements of provision for doubtful receivables comprised the following:

	1 January - 30 June 2019	1 January - 30 June 2018
Provision at the beginning of the period	136.583.078	103.820.029
Adjustment on initial application of TFRS 9 (*)	-	8.949.448
Foreign currency translation difference	9.119.390	9.513.861
Current period charge of TFRS 9	3.045.316	2.486.485
Current period charge	33.111.153	1.275.608
Collections during period	(2.224.028)	(5.855.360)
Provision at the end of the period	179.634.909	120.190.071

As at 30 June 2019 and 31 December 2018, trade payables to non-related parties comprised the following:

	30 June 2019	31 December 2018
Trade payables	528.527.383	358.233.603
Expense accruals	62.335.886	88.811.667
	590.863.269	447.045.270

6. INVENTORIES

As at 30 June 2019 and 31 December 2018, inventories comprised the following:

	30 June 2019	31 December 2018
Components and repairable spare parts	3.532.776.751	2.988.145.641
Technical equipment inventories	1.433.764.762	999.877.454
Scrap equipment inventories	127.223.851	117.644.622
Technical equipment inventories in transit	70.719.341	70.102.854
Provision for impairment of inventories (-)	(127.223.851)	(117.644.622)
Accumulated depreciation of components and repairable spare parts (-)	(1.831.810.909)	(1.635.995.765)
	3.205.449.945	2.422.130.184

For the periods ended 30 June 2019 and 2018, the movement of provision for impairment of inventories is as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
Provision at the beginning of the period	117.644.622	94.234.469
Foreign currency translation difference	10.854.333	20.635.094
Cancellation of inventory impairment	(1.275.104)	-
Current period provision	-	4.884.045
Provision at the end of the period	127.223.851	119.753.608

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For the period ended 30 June 2019, the movement of components and repairable spare parts comprised the following:

<u>Cost</u>	<u>Components and repairable spare parts</u>
Opening balance 1 January 2019	2.988.145.641
Foreign currency translation difference	280.701.320
Additions	537.016.549
Disposals	(273.086.759)
Closing balance as at 30 June 2019	3.532.776.751
<u>Accumulated depreciation</u>	
Opening balance 1 January 2019	1.635.995.765
Foreign currency translation difference	154.673.910
Current charge for the period	173.245.990
Disposals	(132.104.756)
Closing balance as at 30 June 2019	1.831.810.909
Net book value as at 30 June 2019	1.700.965.842

For the period ended 30 June 2018, the movement of components and repairable spare parts comprised the following:

<u>Cost</u>	<u>Components and repairable spare parts</u>
Opening balance 1 January 2018	1.975.288.095
Foreign currency translation difference	413.082.863
Additions	213.426.915
Disposals	(150.574.673)
Closing balance as at 30 June 2018	2.451.223.200
<u>Accumulated depreciation</u>	
Opening balance 1 January 2018	1.075.937.466
Foreign currency translation difference	231.638.423
Current charge for the period	108.354.612
Disposals	(51.264.266)
Closing balance as at 30 June 2018	1.364.666.235
Net book value as at 30 June 2018	1.086.556.965

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As at 30 June 2019 and 31 December 2018, shares in other entities comprised the following:

	30 June 2019	31 December 2018
TEC	322.874.906	327.101.170
Goodrich	15.557.119	10.292.560
TCI	12.147.808	6.278.240
	350.579.833	343.671.970

For the periods ended 30 June 2019 and 2018, the shares of investment (loss)/ profit accounted for using the equity method comprised the following:

	1 January – 30 June 2019	1 January – 30 June 2018
TEC	4.397.917	(577.924)
Goodrich	(236.540)	182.894
TCI	(35.382.764)	27.774.420
	(31.221.387)	27.379.390

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8. PROPERTY, PLANT AND EQUIPMENT

For the period ended 30 June 2019, the movement of property, plant and equipment comprised the following:

	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Construction in Progress	Leasehold Improvements	Total
<u>Cost</u>							
Opening balance as at 1 January 2019	956.415.691	61.661.089	187.440.184	22.955.492	254.584.740	2.350.549.292	3.833.606.488
Foreign currency translation difference	89.844.063	5.792.337	17.607.812	2.156.401	23.915.258	220.806.614	360.122.485
Additions	51.688.923	6.946.575	12.612.088	3.142.938	256.836.779	40.919.479	372.146.782
Disposals	(4.687.374)	(15.628)	(121.917)	(4.452)	-	-	(4.829.371)
Transfers	14.295.918	-	(10)	35.423	(190.095.543)	175.764.212	-
Closing balance as at 30 June 2019	1.107.557.221	74.384.373	217.538.157	28.285.802	345.241.234	2.788.039.597	4.561.046.384
<u>Accumulated depreciation</u>							
Opening balance as at 1 January 2019	549.768.211	36.236.527	127.743.057	11.851.647	-	767.636.817	1.493.236.259
Foreign currency translation difference	52.846.021	3.506.401	12.315.112	1.153.860	-	74.115.365	143.936.759
Current charge for the period	51.237.850	4.265.199	13.198.740	1.684.680	-	83.210.865	153.597.334
Disposals	(1.360.759)	(15.006)	(118.784)	(2.246)	-	-	(1.496.795)
Closing balance as at 30 June 2019	652.491.323	43.993.121	153.138.125	14.687.941	-	924.963.047	1.789.273.557
Net book value as at 1 January 2019	406.647.478	25.424.562	59.697.127	11.103.845	254.584.740	1.582.912.475	2.340.370.229
Net book value as at 30 June 2019	455.065.898	30.391.252	64.400.032	13.597.861	345.241.234	1.863.076.550	2.771.772.827

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8. PROPERTY, PLANT AND EQUIPMENT *(continued)*

For the period ended at 30 June 2018, the movement of property, plant and equipment comprised the following :

	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Construction in Progress	Leasehold Improvements	Total
<u>Cost</u>							
Opening balance as at 1 January 2018	539.523.714	30.512.552	115.621.323	12.576.336	56.874.146	1.625.894.573	2.381.002.644
Foreign currency translation difference	112.828.098	6.380.949	24.179.352	2.630.031	11.893.826	340.015.813	497.928.069
Additions	58.848.200	2.818.227	7.019.334	2.062.904	22.087.660	2.551.973	95.388.298
Disposals	(66.183)	(536.673)	(460.392)	-	-	-	(1.063.248)
Transfers	2.162.476	-	-	-	(67.266.466)	65.103.990	-
Closing balance as at 30 June 2018	713.296.305	39.175.055	146.359.617	17.269.271	23.589.166	2.033.566.349	2.973.255.763
<u>Accumulated depreciation</u>							
Opening balance as at 1 January 2018	330.609.586	23.233.630	77.655.640	7.078.371	-	443.239.598	881.816.825
Foreign currency translation difference	73.065.382	5.007.674	17.080.994	1.597.515	-	99.391.863	196.143.428
Current charge for the period	33.857.072	1.758.213	7.653.386	1.009.208	-	57.663.750	101.941.629
Disposals	(59.295)	(476.276)	(412.472)	-	-	-	(948.043)
Closing balance as at 30 June 2018	437.472.745	29.523.241	101.977.548	9.685.094	-	600.295.211	1.178.953.839
Net book value as at 1 January 2018	208.914.128	7.278.922	37.965.683	5.497.965	56.874.146	1.182.654.975	1.499.185.819
Net book value as at 30 June 2018	275.823.560	9.651.814	44.382.069	7.584.177	23.589.166	1.433.271.138	1.794.301.924

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For the period ended 30 June 2019, the movement of intangible assets comprised the following:

	Rights
<u>Cost</u>	
Opening balance as at 1 January 2019	152.464.652
Foreign currency translation difference	14.322.270
Additions	16.863.672
Closing balance as at 30 June 2019	183.650.594
<u>Accumulated amortization</u>	
Opening balance as at 1 January 2019	124.473.090
Foreign currency translation difference	11.894.521
Current charge for the period	8.380.896
Closing balance as at 30 June 2019	144.748.507
Net book value as at 1 January 2019	27.991.562
Net book value as at 30 June 2019	38.902.087

For the period ended 30 June 2018, the movement of intangible assets comprised the following:

	Rights
<u>Cost</u>	
Opening balance as at 1 January 2018	95.604.723
Foreign currency translation difference	19.993.374
Additions	6.955.588
Closing balance as at 30 June 2018	122.553.685
<u>Accumulated amortization</u>	
Opening balance as at 1 January 2018	81.195.399
Foreign currency translation difference	17.449.789
Current charge for the period	4.043.556
Closing balance as at 30 June 2018	102.688.744
Net book value as at 1 January 2018	14.409.324
Net book value as at 30 June 2018	19.864.941

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10. COMMITMENTS

As at 30 June 2019 and 31 December 2018 the guarantees given are as follows:

	30 June 2019		31 December 2018	
	Original	TL	Original	TL
	Amount	Equivalent	Amount	Equivalent
A. Total amounts of GPM given on the behalf of its own legal entity				
-Guarantees	15.565.294	38.611.138	17.123.658	37.672.074
TL	10.718.741	10.718.741	12.301.105	12.301.105
Euro	-	-	-	-
USD	4.846.553	27.892.397	4.822.553	25.370.969
Other	-	-	-	-
-Pledges	-	-	-	-
-Mortgages	-	-	-	-
Total TRİ	15.565.294	38.611.138	17.123.658	37.672.074

11. PROVISIONS, CONTINGENTS ASSETS AND LIABILITIES

As at 30 June 2019 and 31 December 2018 short-term provisions are as follows:

(a) Short-term provisions for employee benefits

	30 June 2019	31 December 2018
Provisions for unused vacation	33.108.201	25.264.433
	33.108.201	25.264.433

For the periods ended 30 June 2019 and 2018 the movements of provision for unused vacation are as follows:

	1 January – 30 June 2019	1 January – 30 June 2018
Provision at the beginning of the period	25.264.433	19.816.701
Current period provision	7.695.610	4.104.278
Reversal of provision for the unused vacation	(1.428.478)	(860.573)
Foreign currency translation difference	1.576.636	943.143
Provision at the end of the period	33.108.201	24.003.549

(b) Other short-term provisions

	30 June 2019	31 December 2018
Provisions for legal claims	23.640.531	29.403.310
Other provisions (*)	6.560.814	710.222
	30.201.345	30.113.532

(*) In accordance with TFRS 15, it consists of the calculated amount of penalty expenses and discounts arising from the contract to be paid in 2018.

For the periods ended 30 June 2019 and 2018 the movements of provision for legal claims are as follows:

	1 January – 30 June 2019	1 January – 30 June 2018
Provision at the beginning of the period	29.403.310	28.249.913
Charge for the period	574.424	4.263.528
Provisions no longer required for legal claims	(6.207.183)	(1.745.019)
Foreign currency translation difference	(130.020)	532.546
Provision at the end of the period	23.640.531	31.300.968

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11. PROVISIONS, CONTINGENTS ASSETS AND LIABILITIES (continued)

(*) As at 30 June 2019, provision for legal claims amounting to TL 17.354.292 is related with reinstatement cases (30 June 2018: TL 17.501.390).

For the periods ended 30 June 2019 and 2018 the movements of other provisions are as follows:

	1 January – 30 June 2019	1 January – 30 June 2018
Provision at the beginning of the period	710.222	-
Charge for the period	6.406.458	14.476.556
Foreign currency translation difference	202.793	(193.543)
Reversal of provision for the legal claims	(758.659)	-
Provision at the end of the period (*)	6.560.814	14.283.013

(c) Other long-term provisions for employee benefits

As at 30 June 2019 and 31 December 2018 other long-term provisions for employee benefits is as follows:

	30 June 2019	31 December 2018
Retirement pay liability	168.043.868	142.257.378
	168.043.868	142.257.378

The movement of provision for employee benefits are as follows:

	1 January – 30 June 2019	1 January – 30 June 2018
Provisions at the beginning of the period	142.257.378	107.328.996
Interest charges	8.221.230	6.386.835
Service charge for the period	9.099.684	6.983.873
Payments	(6.228.607)	(6.713.807)
Actuarial gain	14.694.183	6.340.281
Provisions at the end of the period	168.043.868	120.326.178

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12. PREPAID EXPENSES AND DEFERRED INCOME

As at 30 June 2019 and 31 December 2018, short-term prepaid expenses comprised the following:

	30 June 2019	31 December 2018
Advances given for orders (*)	174.814.785	95.086.474
Prepaid expenses (**)	16.225.845	40.810.008
	191.040.630	135.896.482

As at 30 June 2019 and 31 December 2018, long-term prepaid expenses comprised the following:

	30 June 2019	31 December 2018
Prepaid expenses (**)	13.931.441	14.436.959
	13.931.441	14.436.959

(*) Advances given for orders comprise advances given for purchasing of trading goods, components and consumables.

(**) Prepaid expenses comprise costs amounting to TL 17.851.744 is related with Kıyı Emniyeti Genel Müdürlüğü (“KEGM”) (31 December 2018: TL 17.501.390).

As at 30 June 2019 and 31 December 2018, short-term deferred income comprised the following:

	30 June 2019	31 December 2018
Advances received	743.646.389	607.250.552
Deferred income	124.223.358	136.385.129
	867.869.747	743.635.681

13. RIGHT OF USE ASSETS

For the period ended 30 June 2019, the movement of right of use assets comprised the following:

	Real Estate	Vehicles	Total
Opening balance at 1 January 2019	-	-	-
TFRS 16 transition effect	151.445.255	6.285.712	157.730.967
Additions	-	23.104	23.104
Depreciation charge	(8.763.439)	(1.254.868)	(10.018.307)
Foreign currency translation difference	13.384.852	534.070	13.918.922
30 June 2019 closing balance	156.066.668	5.588.018	161.654.686

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14. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

(a) Issued share capital and ve share capital adjustments

As at 30 June 2019, the paid-in capital of the Group comprises of 960.850.000 shares issued (31 December 2018: 960.850.000 shares) of kr 1 each.

As at 31 December the ownership structure of the Group’s share capital is as follows:

	Class	30 June 2019		31 December 2018	
		Ownership Interest	%	Ownership Interest	%
THY A.O.	A group	960.850.000	100	960.850.000	100
Total		960.850.000	100	960.850.000	100
Share Capital Adjustmentes		84.081		84.081	
Adjusted Capital		960.934.081		960.934.081	

960.850.000 (A) group shares with a nominal value of 960.850.000 TL have privilege in nominating the members of the board of directors and voting rights.

As at 30 June 2019, capital adjustment differences amounting to TL 84.081 consist of the capital adjustment differences arising from the restatement of the paid-in capital amount according to inflation and not deducted from previous years' loss or added to capital (31 December 2018: TL 84.081).

As at 30 June 2019 and 31 December 2018, the Group has no unpaid capital amount which is committed by its shareholders.

(b) Restricted Profit Reserves

Restricted reserves are reserves which are reserved for specific purposes from previous period profit other than due to law or contractual obligations or dividend payments. These reserves are presented as the same amount in Group’s statutory books and differences arising preparing the financial statements in accordance with TFRS are associated with prior years' profit or losses.

As at 30 June 2019 and 31 December 2018, restricted reserves comprised the followings:

	30 June 2019	31 December 2018
The first legal reserve	64.258.023	27.152.358
Total	64.258.023	27.152.358

In accordance with the Turkish Commercial Code (“TCC”) numbered 519, the first legal reserve is appropriated out of statutory profits at the rate of 5 percent per annum, until the total reserve reaches 20 percent of the Group’s paid-in share capital. The second legal reserve is appropriated at the rate of 10 percent per annum of all cash distributions in excess of 5 percent of the paid-in share capital.

As at 30 June 2019, the first legal reserve amount is 6,69 percent of the paid-in share capital of the Group, there is no limit for the second legal reserve. Unless such reserves do not exceed half of the Group's paid-in capital, the reserves may only be used to cover the losses, to continue operations or to prevent unemployment and to mitigate the consequences when business is not doing well.

As at 30 June 2019, the Group does not have any reacquired shares (31 December 2018: None)

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14. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (continued)

(c) Accumulated other comprehensive income or expenses not to be reclassified to profit or loss

Actuarial losses from defined pension plans

As at 30 June 2019, the account comprise actuarial gains and losses recognized in other comprehensive income amounting to TL (11.986.705) (31 December 2018: TL (525.242)).

(d) Accumulated other comprehensive income or expenses to be reclassified to profit or loss

Translation reserves

As at 30 June 2019, the Group has foreign currency translation differences amounting to TL 3.093.920.585 (31 December 2018: TL 2.620.459.102) in the consolidated financial statements.

Retained earnings

The accumulated profits other than the net profit for the period is presented in retained earnings. The extraordinary reserves which are accumulated profits are also presented in retained earnings. The Group’s retained earnings are detailed as below:

	30 June 2019	31 December 2018
Retained earnings	1.311.301.657	649.444.524
Total	1.311.301.657	649.444.524

Net profit for the period

For the year period ended 30 June 2019, the net profit for the period end is amounting to TL 332.382.155 (30 June 2018: TL 270.269.946).

Non-controlling interests

The parts of the subsidiary's net assets that are not subject to the direct and / or indirect control of the parent company are classified as non-controlling interests in the Group's consolidated financial statements.

The movements of the non-controlling interests in the years ended 30 June are as follows:

	1 January- 30 June 2019	1 January- 30 June 2018
Beginning of the period	2.536.167	-
Part of period loss attributed to non-controlling interests	(12.636)	-
End of the period	2.523.531	-

15. REVENUE AND COST OF SALES

For the periods ended 30 June 2019 and 2018 revenue is as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
Aircraft maintenance income	1.448.732.732	1.022.366.792
Pool income	674.345.329	444.836.343
Component maintenance income	568.053.145	386.274.901
Line maintenance income	478.251.245	356.076.765
Equipment sales income	174.640.513	61.959.610
Engine maintenance income	132.718.712	119.551.885
Others	89.738.071	56.186.595
Revenue	3.566.479.747	2.447.252.891
Cost of sales (-)	(2.851.800.827)	(1.862.137.470)
Gross profit	714.678.920	585.115.421

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15. REVENUE AND COST OF SALES (continued)

For the periods ended 30 June 2019 and 2018 the detail of cost of sales is as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
Equipment expenses	961.561.516	651.920.406
Personnel expenses	718.418.180	521.791.033
Maintenance expenses	422.849.638	268.968.584
Service expenses	317.219.298	138.464.150
Depreciation and amortization expenses	278.182.121	178.867.627
Transportation expenses	97.455.562	62.093.163
Lighting, heating and water expenses	14.500.200	8.807.685
Rent expense of component and equipment	14.188.273	5.154.122
Customs brokerage expenses	12.525.537	9.552.278
Others	14.900.502	16.518.422
	2.851.800.827	1.862.137.470

16. GENERAL ADMINISTRATIVE EXPENSES

For the periods ended 30 June 2019 and 2018 general administrative expenses is as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
Personnel expenses	101.744.888	67.403.191
Depreciation and amortization expenses	55.564.323	32.408.031
Service expenses	40.873.768	26.482.870
Equipment expenses	11.350.414	5.622.516
Security, surveillance and audit expenses	9.158.562	6.960.237
Lighting, heating and water expenses	5.758.414	3.612.793
Others	32.205.643	21.361.113
	256.656.012	163.850.751

17. OTHER OPERATING INCOME AND EXPENSES

For the periods ended 30 June 2019 and 2018 other operating income is as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
Insurance, indemnities and penalties income	25.226.170	2.282.351
Foreign exchange gain from trade operations, net	12.742.206	2.573.692
Provisions no longer required for legal claims (Note 11)	6.207.183	1.745.019
Late payment interest income of trade receivables	2.277.249	1.062.714
Plant maintenance income	1.910.183	1.788.856
Others	4.408.794	7.257.184
	52.771.785	16.709.816

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17. OTHER OPERATING INCOME AND EXPENSES *(continued)*

For the periods ended 30 June 2019 and 2018 other operating expense is as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
Punishment costs arising from a contract (*)	8.367.943	10.400.625
Expense of not hiring to the job (job security) provisions	2.610.484	1.436.054
Provision expense of the legal claims (Note 11)	574.424	4.263.528
Others	5.201.714	11.711.450
	16.754.565	27.811.657

(*) In accordance with TFRS 15, it consists of the calculated amount related to penalty expenses arising from the contract to be paid in 2018.

18. TAX ASSET AND LIABILITIES

As at 30 June 2019 and 31 December 2018, current period tax expense comprise of following:

	1 January - 30 June 2019	1 January - 31 December 2018
Provision for corporate tax	29.676.940	210.018.478
Prepaid taxes	(47.372.848)	(313.074.612)
Current tax assets	(17.695.908)	(103.056.134)

The Group’s current tax expense comprises current tax expense and deferred tax expense.

	1 January - 30 June 2019	1 January - 30 June 2018
Current period tax expense	(20.314.667)	(134.639.752)
-Current period tax expense	(26.141.761)	(134.639.752)
-Adjustments for prior year	5.827.094	-
Deferred tax benefit	(29.824.239)	(54.901.556)
	(50.138.906)	(189.541.308)

Corporate Taxes

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group’s results for the years and periods.

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

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017 “Law Amending Some Tax Laws and Some Other Laws”, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20 percent to 22 percent.

As at 30 June 2019, corporations are required to pay advance corporation tax quarterly at the rate of 22 percent on their corporate income (2018: 20 percent) and tax payments that are made in advance during the year are being deducted from the total final tax liability of the fiscal year.

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

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18. TAX ASSET AND LIABILITIES (continued)

Deferred Tax Assets and Liabilities

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

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017 “Law Amending Some Tax Laws and Some Other Laws”, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20 percent to 22 percent. Therefore, deferred tax assets and liabilities as of 31 December 2018 and 2017 are calculated with 22 percent tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20 percent tax for those which will be realized after 2021 and onwards.

As at 30 June 2019 and 31 December 2018, the deferred tax assets and liabilities comprised the following:

	30 June 2019	31 December 2018
Provision for retirement pay liability	36.969.651	31.296.623
Provision for doubtful receivables	20.806.657	12.253.712
Provision for vacation pay liability	7.283.804	5.558.175
Provision for legal claims	5.200.917	6.468.728
Inventories	(141.091.561)	(101.523.494)
Fixed assets	(291.161.864)	(232.863.942)
Others	41.931.706	13.060.831
	(320.060.690)	(265.749.367)

For the periods ended 30 June 2019 and 2018, the movements of deferred tax liability comprised the following:

	1 January – 30 June 2019	1 January – 30 June 2018
Deferred tax liability at the beginning of the period	265.749.367	130.212.045
Deferred tax expense	29.824.239	54.901.556
Adjustment on initial application of TFRS 9	-	1.968.879
Actuarial loss/(gain)	(3.232.720)	(1.394.862)
Foreign currency translation difference	27.719.804	26.207.792
Deferred tax liability at the end of the period	320.060.690	211.895.410

19. EARNINGS PER SHARE

There is not any equity (dilutive equity instruments) that have reducing effects on the earnings per share. The calculation of weighted average of total shares and earnings per share is as follows:

	1 January– 30 June 2019	1 January– 30 June 2018
Number of total outstanding shares as at 1 January (in full)	960.850.000	960.850.000
Number of outstanding shares as at 30 June (in full)	960.850.000	960.850.000
Weighted Average number of shares outstanding during the period (in full)	960.850.000	960.850.000
Net profit for the period	332.394.791	270.269.946
Earnings per share (Kr)	34,59	28,13

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20. RELATED PARTY TRANSACTIONS

As at 30 June 2019 and 31 December 2018 trade receivables from related parties are as follows:

	30 June 2019	31 December 2018
THY A.O.	1.183.519.476	1.379.659.622
Güneş Express Havacılık A.Ş. (“Sun Ekspress”)	22.262.281	26.709.936
TEC	5.908.943	7.987.309
Goodrich	2.563.848	1.184.352
Air Albania SHPK	1.137.549	492.190
TCI	853.278	2.366.714
Others	5.726.869	5.445.539
	1.221.972.244	1.423.845.662

As at 30 June 2019 and 31 December 2018 trade payables to related parties are as follows:

	30 June 2019	31 December 2018
THY A.O.	57.822.071	64.488.125
Goodrich	7.654.572	11.908.315
Uçak Koltuk Üretim Sanayi Ticaret A.Ş	3.817.584	2.495.749
TGS Yer Hizmetleri A.Ş. (“TGS”)	1.584.995	2.503.219
Others	46.844	843.832
	70.926.066	82.239.240

As at 30 June 2019 and 31 December 2018 other receivables from related parties are as follows:

	30 June 2019	31 December 2018
THY A.O.	153.405	-
	153.405	-

As at 30 June 2019 and 31 December 2018 short-term other payables to related parties are as follows:

	30 June 2019	31 December 2018
THY A.O.	5.755	73.321.784
	5.755	73.321.784

As at 30 June 2019 and 31 December 2018, the details of assets in banks are as follows:

	30 June 2019	31 December 2018
Time deposit (*)	12.472.383	-
Demand deposit	20.781	-
	12.493.164	-

(*) The details of time deposits are shown in Note 3.

As at 31 December advances received from related parties are as follows:

	30 June 2019	31 December 2018
THY A.O.	726.895.522	591.248.041
	726.895.522	591.248.041

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20. RELATED PARTY TRANSACTIONS (continued)

For the periods ended 30 June 2019 and 2018, transactions with related parties are as follows:

	1 January- 30 June 2019	1 January- 30 June 2018
Sales		
THY A.O.	2.789.633.876	1.979.281.640
Sun Express	63.627.746	66.758.000
TEC	22.043.002	23.783.840
THY Aydın Çıldır	10.129.483	5.270.111
Goodrich	6.405.217	1.071.806
TCI	1.708.250	917.816
Uçak Koltuk	970.315	695.922
TGS	845.460	132.685
Others	5.163.088	20.464
	2.900.526.437	2.077.932.284
	1 January- 30 June 2019	1 January- 30 June 2018
Purchases		
THY A.O.	201.362.409	89.349.166
Goodrich	80.380.811	36.988.185
Uçak Koltuk	18.571.137	8.428.026
TGS	9.137.103	9.409.158
TCI	2.270.148	11.320.445
Türk Hava Yolları Opet Havacılık Yakıtları A.Ş.	1.132.901	712.551
Others	1.180.493	312.712
	314.035.002	156.520.243
	30 June 2019	30 June 2018
Interest income		
Ziraat Bankası A.Ş.	1.287.745	-
	1.287.745	-
	30 June 2019	30 June 2018
Interest expense		
THY A.O.	-	8.319.362
	-	8.319.362

For the period ended 30 June 2019, total amount of salaries and other benefits provided to key management personnel is amounting to TL 2.591.686 (30 June 2018: TL 1.989.509).

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21. GOVERNMENTS INCENTIVES AND GRANTS

The Ministry of Industry and Technology (Former ministry: Ministry of Commerce) General directorate of Incentive Practices and Foreign Capital approved the letter with the application numbered 51664236-401.01-E.66875 dated 28.06.2018 which was applied on 1 March 2018 by the Group and Istanbul Investment Incentive certificate dated 29.06.2018 and numbered 138160 amounting to TL 600.000.000 has been issued. This incentive certificate is regional incentive, and VAT exemption, Customs Duty Deduction, Tax Deduction and Insurance Premium Employer Share Support has been entitled and in this investment incentive certificate, the tax deduction and the investment contribution rate is determined as is 50% and 15%, respectively. In 2018, the rates have been doubled by Ministry until 31 December 2018 and the tax reduction rate and the investment contribution rate was applied as 100% and 30%, respectively. Tax Reduction and Incentive of investment rates of the year 2019 are same with 2018. In February 2019, the total investment amount of Incentive Document A-138160 updated as increasing amounting to TL 755.768.999. In the first six months of 2019, the investment incentive is amounting to TL 100.049.532.

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22. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

Foreign Currency Risk Management

As at 30 June 2019 and 31 December 2018, Group’s foreign currency position table comprised the following:

	30 June 2019					31 December 2018				
	TL Equivalent	TL	Euro	GBP	Other	TL Equivalent	TL	Euro	GBP	Other
1. Trade Receivables	51.466.569	19.842.103	31.541.273	83.193	-	128.368.522	40.354.558	86.204.553	6.919	1.802.492
2a. Monetary Financial Assets	24.439.301	19.244.643	5.152.001	42.657	-	20.616.157	14.065.393	6.539.874	10.891	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	21.954.827	1.722.888	17.088.122	3.143.817	-	24.591.610	8.634.291	15.827.623	129.696	-
4. Total Current Assets (1+2+3)	97.860.697	40.809.634	53.781.396	3.269.667	-	173.576.290	63.054.242	108.572.050	147.506	1.802.492
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Total Non- Current Assets (5)	-	-	-	-	-	-	-	-	-	-
9. Total Assets (4+6)	97.860.697	40.809.634	53.781.396	3.269.667	-	173.576.290	63.054.242	108.572.050	147.506	1.802.492
10. Trade Payables	186.513.285	111.983.597	69.035.028	5.226.421	268.239	166.123.457	103.580.635	52.971.882	4.764.143	4.806.797
11. Financial Borrowings	7.632.894	7.620.408	12.486	-	-	25.052.709	25.052.709	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other Non- Monetary Liabilities	340.487.866	324.072.925	15.108.626	18.323	1.287.992	321.936.108	306.832.775	14.755.561	36.784	310.988
13. Total Current Liabilities (10+11+12)	534.634.045	443.676.930	84.156.140	5.244.744	1.556.231	513.112.273	435.466.119	67.727.443	4.800.927	5.117.785
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Borrowings	28.775.174	28.767.366	7.808	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non- Monetary Liabilities	168.043.857	168.043.857	-	-	-	142.257.363	142.257.363	-	-	-
17. Non Current Liabilities (14+15+16)	196.819.031	196.811.223	7.808	-	-	142.257.363	142.257.363	-	-	-
18. Total Liabilities (13+17)	731.453.076	640.488.153	84.163.948	5.244.744	1.556.231	655.369.636	577.723.482	67.727.443	4.800.927	5.117.785
19. Net Foreign Currency Asset/ (Liability) Position (9-18)	(633.592.380)	(599.678.519)	(30.382.552)	(1.975.077)	(1.556.231)	(481.793.346)	(514.669.240)	40.844.607	(4.653.421)	(3.315.293)
20. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (1+2-10-11-12)	(118.240.309)	(80.517.260)	(32.354.239)	(5.100.571)	(268.239)	(42.191.486)	(74.213.393)	39.772.545	(4.746.334)	(3.004.305)

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

Foreign Currency Risk Management (continued)

Foreign currency sensitivity

The Group is exposed to foreign currency risk due to TL, Euro and GBP (2018: TL, Euro and GBP) exchange rate fluctuations. The following table details the Group’s sensitivity to a 10% increase and decrease in TL, Euro and GBP exchange rates. 10% is used in, the reporting of currency risk to the key management and it represents the management’s expectation on the potential exchange currency fluctuations. Sensitivity analysis can only made on the year-end outstanding foreign currency denominated monetary items and it shows the year end effects of the 10% of exchange currency fluctuation on the related items. Positive value represents an increase in profit/loss and other equity items.

	30 June 2019	
	Profit/ (Loss) Before Tax	
	<u>If foreign currency appreciated 10 %</u>	<u>If foreign currency depreciated 10 %</u>
1-TL net asset / liability	(8.051.726)	8.051.726
2-Part of hedged from TL risk (-)	-	-
3-TL net effect (1+2)	<u>(8.051.726)</u>	<u>8.051.726</u>
4-Euro net asset / liability	(3.235.424)	3.235.424
5-Part of hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	<u>(3.235.424)</u>	<u>3.235.424</u>
7-GBP net asset / liability	(510.057)	510.057
8-Part of hedged from GBP risk (-)	-	-
9-GBP net effect (7+8)	<u>(510.057)</u>	<u>510.057</u>
10-Other net asset / liability	(26.824)	26.824
11-Part of hedged from other risk (-)	-	-
12-Other net effect (10+11)	<u>(26.824)</u>	<u>26.824</u>
TOTAL (3+6+9+12)	<u>(11.824.031)</u>	<u>11.824.031</u>

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

Foreign Currency Risk Management (continued)

Foreign currency sensitivity (continued)

	31 December 2018	
	Profit/ (Loss) Before Tax	
	If foreign currency appreciated 10 %	If foreign currency depreciated 10 %
1-TL net asset / liability	(7.421.339)	7.421.339
2-Part of hedged from TL risk (-)	-	-
3-TL net effect (1+2)	(7.421.339)	7.421.339
4-Euro net asset / liability	3.977.255	(3.977.255)
5-Part of hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	3.977.255	(3.977.255)
7-GBP net asset / liability	(474.633)	474.633
8-Part of hedged from GBP risk (-)	-	-
9-GBP net effect (7+8)	(474.633)	474.633
10-Other net asset / liability	(300.430)	300.430
11-Part of hedged from other risk (-)	-	-
12-Other net effect (10+11)	(300.430)	300.430
TOTAL (3+6+9+12)	(4.219.147)	4.219.147

Credit risk management

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

The Group’s credit risk is basically related to its trade 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 economic conditions. Because there are so many customers, the Group’s credit risk is dispersed and there is not important credit risk concentration.

	Weighted-average loss rate %	Gross carrying amount	Loss allowance
Current (not past due)	4,04%	167.031.209	6.740.108
1-30 days past due	6,55%	65.928.775	4.315.337
31-90 days past due	10,92%	63.171.041	6.896.047
91-180 days past due	28,09%	10.770.004	3.024.766
+180 days past due	65,07%	1.673.188	1.088.719
		308.574.217	22.064.977

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

Fair values of financial instruments

30 June 2019	Financial assets carried at amortized cost	Financial liabilities carried at amortized cost	Book value
<u>Financial assets</u>			
Cash and cash equivalents	32.103.521	-	32.103.521
Trade receivables	1.503.000.866	-	1.503.000.866
Other receivables	1.936.847	-	1.936.847
<u>Financial liabilities</u>			
Financial borrowings	-	12.757	12.757
Lease liabilities	-	163.507.756	163.507.756
Trade payables	-	661.789.335	661.789.335
Other payables	-	125.081.552	125.081.552
<hr/>			
31 December 2018	Financial assets carried at amortized cost	Financial liabilities carried at amortized cost	Book value
<u>Financial assets</u>			
Cash and cash equivalents	35.019.019	-	35.019.019
Trade receivables	1.694.778.477	-	1.694.778.477
Other receivables	1.695.277	-	1.695.277
<u>Financial liabilities</u>			
Financial borrowings	-	25.052.709	25.052.709
Trade payables	-	529.284.510	529.284.510
Other payables	-	209.912.451	209.912.451

23. EVENTS AFTER THE BALANCE SHEET DATE

None.