

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 30 June 2017
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Reviewed	Audited
ASSETS	30 June 2017	31 December 2016
Current Assets		
Cash and Cash Equivalents	4.307	5.159
Financial Investments	4.838	1.228
Trade Receivables		
-Trade Receivables From Non-Related Parties	2.040	1.334
Other Receivables		
-Other Receivables from Related Parties	10	9
-Other Receivables from Non-Related Parties	1.378	2.968
Derivative Financial Instruments	201	694
Inventories	790	763
Prepaid Expenses	445	346
Current Income Tax Assets	54	79
Other Current Assets	154	93
TOTAL CURRENT ASSETS	14.217	12.673
Non-Current Assets		
Financial Investments	124	165
Other Receivables		
-Other Receivables from Non-Related Parties	2.177	1.815
Investments Accounted by Using Equity Method	861	869
Investment Property	2	2
Property and Equipment	45.160	47.422
Intangible Assets		
- Other Intangible Assets	240	259
- Goodwill	44	44
Prepaid Expenses	1.648	1.825
TOTAL NON-CURRENT ASSETS	50.256	52.401
TOTAL ASSETS	64.473	65.074

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	Reviewed	Audited
	30 June 2017	31 December 2016
LIABILITIES		
Current Liabilities		
Short Term Borrowings	4.974	4.776
Short-Term Portion of Long-Term Borrowings	3.832	3.746
Other Financial Liabilities	74	13
Trade Payables		
-Trade Payables to Related Parties	545	455
-Trade Payables to Non-Related Parties	1.957	1.714
Payables Related to Employee Benefits	482	504
Other Payables		
-Other Payables to Non-Related Parties	372	326
Derivative Financial Instruments	425	514
Deferred Income	5.371	2.803
Current Tax Provision	43	8
Short-Term Provisions		
-Provisions for Employee Benefits	174	155
-Other Provisions	70	60
Other Current Liabilities	689	758
TOTAL CURRENT LIABILITIES	19.008	15.832
Non- Current Liabilities		
Long-Term Borrowings	25.887	27.526
Other Payables		
-Other Payables to Non-Related Parties	49	39
Deferred Income	161	20
Long-Term Provisions		
-Provisions for Employee Benefits	420	397
Deferred Tax Liability	2.813	3.361
TOTAL NON-CURRENT LIABILITIES	29.330	31.343
Equity		
Share Capital	1.380	1.380
Inflation Adjustment on Share Capital	1.124	1.124
Items That Will Not Be Reclassified to Profit or Loss		
-Actuarial (Losses) on Retirement Pay Obligation	(35)	(37)
Items That Are or May Be Reclassified to Profit or Loss		
-Foreign Currency Translation Differences	7.727	7.685
-Fair Value (Losses) / Gains on Hedging Instruments Entered into for Cash Flow Hedges	(127)	69
-Gains on Remeasuring Available for Sale Financial Investments	3	-
Restricted Profit Reserves	59	59
Previous Years Profit	7.619	7.666
Net (Loss) for the Period	(1.615)	(47)
TOTAL EQUITY	16.135	17.899
TOTAL LIABILITIES AND EQUITY	64.473	65.074

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Profit or Loss and
Other Comprehensive Income For the Six-Month Period Ended 30 June 2017
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Reviewed	Not Reviewed	Reviewed	Not Reviewed
	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
PROFIT OR LOSS				
Sales Revenue	16.674	9.364	13.508	7.077
Cost of Sales (-)	(14.423)	(7.516)	(12.518)	(6.434)
GROSS PROFIT	2.251	1.848	990	643
General Administrative Expenses (-)	(506)	(250)	(481)	(241)
Marketing and Sales Expenses (-)	(2.015)	(1.067)	(1.933)	(1.003)
Other Operating Income	375	203	234	22
Other Operating Expenses (-)	(66)	(31)	(16)	3
OPERATING PROFIT/(LOSS) BEFORE INVESTMENT ACTIVITIES	39	703	(1.206)	(576)
Income from Investment Activities	388	288	164	102
Expenses from Investment Activities	(5)	(5)	(59)	(59)
Share of Investments' Profit / (Loss) Accounted by Using The Equity Method	78	87	(8)	63
OPERATING PROFIT / (LOSS)	500	1.073	(1.109)	(470)
Financial Income	113	59	218	173
Financial Expenses (-)	(2.617)	(1.420)	(1.500)	(519)
LOSS BEFORE TAX	(2.004)	(288)	(2.391)	(816)
Tax Income	389	94	497	160
Current Tax Expense	(86)	(45)	(41)	(13)
Deferred Tax Income	475	139	538	173
LOSS FOR THE PERIOD	(1.615)	(194)	(1.894)	(656)

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Profit or Loss and
Other Comprehensive Income For the Six-Month Period Ended 30 June 2017
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	<u>Reviewed</u>	<u>Not Reviewed</u>	<u>Reviewed</u>	<u>Not Reviewed</u>
	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
<u>OTHER COMPREHENSIVE INCOME</u>				
Items That May Be Reclassified Subsequently To Profit or Loss	(151)	(662)	651	800
Currency Translation Adjustment	42	(628)	(53)	266
Gains on Remeasuring Available for Sale Financial Investments	4	4	-	-
Fair Value (Losses) / Gains on Hedging Instruments Entered into for Cash Flow Hedges	(206)	(18)	876	670
Fair Value (Losses) / Gains Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges	(39)	(28)	4	(3)
Income / (Expense) Tax Relating Items That May Be Reclassified Subsequently to Profit or Loss	48	8	(176)	(133)
Items That Will Not Be Reclassified Subsequently To Profit or Loss	2	6	5	4
Actuarial Gains on Retirement Pay Obligation	3	8	6	5
Income Tax Relating Items That Will Not Be Reclassified Subsequently to Profit or Loss	(1)	(2)	(1)	(1)
OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD	(149)	(656)	656	804
TOTAL COMPREHENSIVE (EXPENSE) FOR THE PERIOD	(1.764)	(850)	(1.238)	148
Basic (Loss) Per Share (Full US Cents)	(1,17)	(0,14)	(1,37)	(0,48)

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2017
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

			Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss				Retained Earnings		Total Equity
	Share Capital	Inflation Adjustment on Share Capital	Actuarial (Losses) Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains/ (Losses) on Hedging Instruments Entered Into For Cash Flow Hedges	Gains on Remeasuring Available for Sale Financial Investments	Restricted Profit Reserves	Previous Years Profit	Net (Loss) for The Period	
As of 31 December 2016	1.380	1.124	(37)	7.685	69	-	59	7.666	(47)	17.899
Transfers	-	-	-	-	-	-	-	(47)	47	-
Total comprehensive income	-	-	2	42	(196)	3	-	-	(1.615)	(1.764)
As of 30 June 2017	1.380	1.124	(35)	7.727	(127)	3	59	7.619	(1.615)	16.135

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2017
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Items That Will Not Be Reclassified Subsequently To Profit or Loss			Items That May Be Reclassified Subsequently To Profit or Loss				Retained Earnings		Total Equity
	Share Capital	Inflation Adjustment on Share Capital	Actuarial (Losses) Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains/ (Losses) on Hedging Instruments Entered Into For Cash Flow Hedges	Gains on Remeasuring Available for Sale Financial Investments	Restricted Profit Reserves	Previous Years Profit	Net (Loss) for The Period	
As of 31 December 2015	1.380	1.124	(23)	4.836	(952)	-	59	4.673	2.993	14.090
Transfers	-	-	-	-	-	-	-	2.993	(2.993)	-
Total comprehensive income	-	-	5	(53)	704	-	-	-	(1.894)	(1.238)
As of 30 June 2016	1.380	1.124	(18)	4.783	(248)	-	59	7.666	(1.894)	12.852

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Cash Flows

For the Six-Month Period Ended 30 June 2017

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

	Reviewed	Reviewed
	1 January -	1 January -
	30 June 2017	30 June 2016
(Loss) for the period	(1.615)	(1.894)
Adjustments to Reconcile Profit (Loss)		
Adjustments for Depreciation and Amortisation Expense	1.844	1.623
Adjustments for Provisions Related with Employee Benefits	73	77
Adjustments for (Reversal of) Provisions for Payables	8	(5)
Adjustments for Free Provisions for Probable Risks	(21)	(6)
Adjustments for Interest Income	(170)	(132)
Adjustments for Interest Expense	372	270
Adjustments For Unrealised Foreign Exchange Loss	1.658	1.202
Adjustments for Manufacturers' Credits	5	4
Adjustments for Fair Value Losses on Derivative Financial Instruments	204	(134)
Adjustments for Undistributed Profits of Associates	(78)	8
Adjustments for Tax Income	(389)	(497)
Adjustments for (Gains) / Losses Arised From Sale of Tangible Assets	(162)	59
Adjustments for Losses Arised from Sale of Other Non-Current Assets	33	39
Operating Profit Before Changes in Working Capital	1.762	614
(Increase) in Trade Receivables from Related Parties	-	1
Increase in Trade Receivables from Non Related Parties	(737)	(585)
(Increase) / Decrease in Other Non-Related Party Receivables Related with Operations	(253)	830
Adjustments for Increase in Inventories	(31)	(44)
Adjustments for Decrease / (Increase) in Prepaid Expenses	73	(363)
Decrease in Trade Payables to Related Parties	95	7
Increase in Trade Payables to Non-Related Parties	258	153
Adjustments for (Decrease) / Increase in Payables Due to Employee Benefits	(21)	73
Increase / (Decrease) in Other Operating Payables to Non-Related Parties	59	(27)
Increase in Deferred Income	2.749	1.134
(Decrease) / Increase in Other Assets Related with Operations	(63)	9
Cash Flows From Operations	3.891	1.802
Payments for Provisions Related with Employee Benefits	(31)	(15)
Income taxes refund (paid)	25	4
Net Cash From Operating Activities	3.885	1.791
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Cash Receipts Proceed from sales of property, plant and equipment	3.409	5
Cash Payments From Purchasing of Property, Plant and Equipment (*)	(1.526)	(1.910)
Cash Payments From Purchasing of Other Long-Term Assets	(3.706)	(100)
Other Cash Advances and Loans	1.513	1.494
Dividends Received	63	66
Interest Received	159	95
Net Cash Flows From Investing Activities	(88)	(350)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from Loans	183	365
Payments of finance lease liabilities	(4.663)	(1.205)
Interest Paid	(232)	(178)
Other Inflows / (Outflows) of Cash	63	(26)
Net Cash Flows Used in Financing Activities	(4.649)	(1.044)
Net Change in Cash and Cash Equivalents	(852)	397
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	5.159	2.617
CASH AND CASH EQUIVALENTS		
AT THE END OF THE PERIOD	4.307	3.014

(*) 1.401 TRY portion of property and equipment and intangible assets purchases in total of 2.927 TRY for the year ended 30 June 2017 was financed through finance leases. (30 June 2016: 5.559 TRY portion of property and equipment and intangible assets purchases in total of 7.469 TRY was financed through finance leases.)