

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 30 June 2018
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Reviewed	Audited
ASSETS	30 June 2018	31 December 2017
Current Assets		
Cash and Cash Equivalents	11.628	7.132
Financial Investments	395	736
Trade Receivables		
-Trade Receivables From Non-Related Parties	2.990	2.233
Other Receivables		
-Other Receivables from Non-Related Parties	4.516	1.204
Derivative Financial Instruments	1.303	767
Inventories	931	728
Prepaid Expenses	546	450
Current Income Tax Assets	83	120
Other Current Assets	312	329
TOTAL CURRENT ASSETS	22.704	13.699
Non-Current Assets		
Financial Investments	834	193
Other Receivables		
-Other Receivables from Non-Related Parties	3.276	2.336
Investments Accounted by Using Equity Method	1.356	1.209
Investment Property	1	2
Property and Equipment	58.918	49.040
Intangible Assets		
- Other Intangible Assets	299	249
- Goodwill	57	47
Prepaid Expenses	2.930	1.872
TOTAL NON-CURRENT ASSETS	67.671	54.948
TOTAL ASSETS	90.375	68.647

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	Reviewed	Audited
	30 June 2018	31 December 2017
LIABILITIES		
Current Liabilities		
Short Term Borrowings	3.953	2.807
Short-Term Portion of Long-Term Borrowings	4.840	3.707
Other Financial Liabilities	71	61
Trade Payables		
-Trade Payables to Related Parties	784	635
-Trade Payables to Non-Related Parties	3.259	2.594
Payables Related to Employee Benefits	652	755
Other Payables		
-Other Payables to Related Parties	-	25
-Other Payables to Non-Related Parties	284	245
Derivative Financial Instruments	562	481
Deferred Income	7.965	3.831
Current Tax Provision	88	47
Short-Term Provisions		
-Provisions for Employee Benefits	198	155
-Other Provisions	87	82
Other Current Liabilities	904	784
TOTAL CURRENT LIABILITIES	23.647	16.209
Non- Current Liabilities		
Long-Term Borrowings	35.898	27.684
Other Payables		
-Other Payables to Non-Related Parties	546	314
Deferred Income	259	159
Long-Term Provisions		
-Provisions for Employee Benefits	536	482
Deferred Tax Liability	4.546	3.628
TOTAL NON-CURRENT LIABILITIES	41.785	32.267
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	(70)	(55)
Items That Are or May Be Reclassified to Profit or Loss		
-Foreign Currency Translation Differences	13.238	9.171
-Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	911	231
-Gains on Remeasuring FVOCI	(32)	3
Restricted Profit Reserves	59	59
Previous Years Profit	8.206	7.619
Net Profit for the Period	127	639
TOTAL EQUITY	24.943	20.171
TOTAL LIABILITIES AND EQUITY	90.375	68.647

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 2018
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

		Reviewed	Not Reviewed	Reviewed	Not Reviewed
	Notes	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
PROFIT OR LOSS					
Revenue	20	24.375	13.843	16.674	9.364
Cost of Sales (-)	21	(19.887)	(10.943)	(14.423)	(7.516)
GROSS PROFIT		4.488	2.900	2.251	1.848
General Administrative Expenses (-)	22	(569)	(297)	(506)	(250)
Marketing and Sales Expenses (-)	22	(2.761)	(1.457)	(2.015)	(1.067)
Other Operating Income	23	269	175	375	203
Other Operating Expenses (-)	23	(346)	(396)	(66)	(31)
OPERATING PROFIT BEFORE INVESTMENT ACTIVITIES		1.081	925	39	703
Income from Investment Activities	24	160	80	388	288
Expenses from Investment Activities	24	-	-	(5)	(5)
Share of Investments' Profit Accounted by Using The Equity Method	3	144	132	78	87
OPERATING PROFIT		1.385	1.137	500	1.073
Financial Income	25	178	177	113	59
Financial Expenses (-)	25	(1.436)	(801)	(2.617)	(1.420)
PROFIT / (LOSS) BEFORE TAX		127	513	(2.004)	(288)
Tax Expense		-	(72)	389	94
Current Tax Expense	26	(135)	(76)	(86)	(45)
Deferred Tax Income	26	135	4	475	139
NET PROFIT / (LOSS) FOR THE PERIOD		127	441	(1.615)	(194)

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Condensed Consolidated Interim Statement of Profit or Loss and
Other Comprehensive Income For the Six-Month Period Ended 30 June 2018
(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>
	<u>Notes</u>	<u>1 January - 30 June 2018</u>	<u>1 April - 30 June 2018</u>	<u>1 January - 30 June 2017</u>	<u>1 April - 30 June 2017</u>
<u>OTHER COMPREHENSIVE INCOME</u>					
Items That May Be Reclassified Subsequently To Profit or Loss					
		4.712	4.444	(151)	(663)
Currency Translation Adjustment		4.067	3.175	42	(628)
(Losses)/Gains on Remeasuring Available for Sale Financial Investments		(44)	(46)	3	3
Related Tax of Remeasuring Available for Sale Financial Investments		9	9	-	-
Fair Value Gains/(Losses) on Hedging Instruments Entered into for Cash Flow Hedges		807	1.584	(206)	(18)
Fair Value Gains/(Losses) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges		53	56	(39)	(28)
Related Tax of Hedging Instruments Entered into for Cash Flow Hedges		(180)	(334)	49	8
Items That Will Not Be Reclassified Subsequently To Profit or Loss					
		(15)	(16)	2	6
Actuarial (Losses)/Gains on Retirement Pay Obligation		(19)	(20)	3	8
Related Tax of Other Comprehensive Income		4	4	(1)	(2)
OTHER COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD					
		4.697	4.428	(149)	(657)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD					
		4.824	4.869	(1.764)	(851)
Basic Gain / (Loss) Per Share (Full US Cents)		0,09	0,32	(1,17)	(0,14)
Diluted Gain / (Loss) Per Share (Full US Cents)		0,09	0,32	(1,17)	(0,14)

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2018
(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 FVOCI	Restricted Profit Reserves	Previous Years Profit	Net Profit for The Period	
As of 1 January 2018	1.380	1.124	(55)	9.171	231	3	59	7.619	639	20.171
Adjustment on initial application of IFRS 15	-	-	-	-	-	-	-	(23)	-	(23)
Adjustment on initial application of IFRS 9	-	-	-	-	-	-	-	(29)	-	(29)
Restated As of 1 January 2018	1.380	1.124	(55)	9.171	231	3	59	7.567	639	20.119
Transfers	-	-	-	-	-	-	-	639	(639)	-
Total comprehensive income	-	-	(15)	4.067	680	(35)	-	-	127	4.824
As of 30 June 2018	1.380	2.248	(70)	13.238	911	(32)	59	8.206	127	24.943

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Condensed Consolidated Interim Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2018
(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 FVOCI	Restricted Profit Reserves	Previous Years Profit		Net (Loss) for The Period
As of 1 January 2017	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 Cash Flows
For the Six-Month Period Ended 30 June 2018
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Reviewed 1 January - 30 June 2018	Reviewed 1 January - 30 June 2017
Profit / (Loss) for the period	127	(1.615)
Adjustments to Reconcile Profit / (Loss)		
Adjustments for Depreciation and Amortisation Expense	2.189	1.844
Adjustments for Provisions Related with Employee Benefits	91	73
Adjustments for Provisions for Payables	5	8
Adjustments for Reversal of Probable Risks	(23)	(21)
Adjustments for Interest Income	(124)	(170)
Adjustments for Interest Expense	568	372
Adjustments For Unrealised Foreign Exchange Losses	1.390	1.658
Adjustments for Manufacturers' Credits	1	5
Adjustments for Fair Value (Gains) / Losses on Derivative Financial Instruments	(80)	204
Adjustments for Undistributed Profits of Associates	(144)	(78)
Adjustments for Tax Income	-	(389)
Adjustments for Gains Arised From Sale of Tangible Assets	(13)	(162)
Adjustments for Losses Arised from Sale of Other Non-Current Assets	83	33
Operating Profit Before Changes in Working Capital	4.070	1.762
Increase in Trade Receivables from Non Related Parties	(260)	(737)
Increase in Other Non-Related Party Receivables Related with Operations	(642)	(253)
Adjustments for Increase in Inventories	(45)	(31)
Adjustments for (Increase) / Decrease in Prepaid Expenses	(599)	73
Increase in Trade Payables to Related Parties	15	95
Increase in Trade Payables to Non-Related Parties	109	258
Adjustments for Decrease in Payables Due to Employee Benefits	(234)	(21)
Increase in Other Operating Payables to Non-Related Parties	111	59
Increase in Deferred Income	3.006	2.749
Decrease / (Increase) in Other Assets Related with Operations	96	(63)
Cash Flows From Operations	5.627	3.891
Payments for Provisions Related with Employee Benefits	(29)	(31)
Income taxes paid	109	25
Net Cash From Operating Activities	5.707	3.885
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Cash Receipts Proceed From Sales of Property, Plant and Equipment	53	3.409
Cash Payments From Purchasing of Property, Plant and Equipment (*)	(1.973)	(1.526)
Cash Payments From Purchasing of Other Long-term Assets	(198)	(3.706)
Other Cash Advances and Loans	(2.992)	1.513
Dividends Received	150	63
Interest Received	124	159
Net Cash Flows / (Used In) Investing Activities	(4.836)	(88)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds From Loans	5.972	183
Payments of Finance Lease Liabilities	(1.949)	(4.663)
Interest Paid	(396)	(232)
Other (Outflows) / Inflows of Cash	(2)	63
Net Cash Used in Financing Activities	3.625	(4.649)
Net Change in Cash and Cash Equivalents	4.496	(852)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7.132	1.466
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11.628	614

(*) 0 TRY portion of property and equipment and intangible assets purchases in total of 1.973 TRY for the year ended 30 June 2018 was financed through finance leases. (30 June 2017: 1.401 TRY portion of property and equipment and intangible assets purchases in total of 2.927 TRY was financed through finance leases.)