

**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Balance Sheet as at 30 September 2016**  
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

ASSETS	Notes	Not Reviewed	Audited
		30 September 2016	31 December 2015
<b>Current Assets</b>			
Cash and Cash Equivalents	5	4.178	2.617
Financial Investments	6	570	180
Trade Receivables			
-Trade Receivables From Related Parties	9	-	1
-Trade Receivables From Non-Related Parties		1.479	1.051
Other Receivables			
-Other Receivables from Related Parties	9	7	7
-Other Receivables from Non-Related Parties	10	3.255	4.019
Derivative Financial Instruments	28	372	290
Inventories		750	628
Prepaid Expenses		295	215
Current Income Tax Assets	26	52	35
Other Current Assets		121	105
<b>TOTAL CURRENT ASSETS</b>		<b>11.079</b>	<b>9.148</b>
<b>Non-Current Assets</b>			
Financial Investments	6	140	3
Other Receivables			
-Other Receivables from Non-Related Parties	10	1.857	3.078
Investments Accounted by Using Equity Method	3	816	715
Investment Property		2	2
Property and Equipment	11	40.001	33.191
Intangible Assets			
- Other Intangible Assets	12	232	258
- Goodwill		37	36
Prepaid Expenses		1.552	1.207
<b>TOTAL NON-CURRENT ASSETS</b>		<b>44.637</b>	<b>38.490</b>
<b>TOTAL ASSETS</b>		<b>55.716</b>	<b>47.638</b>

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

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**Condensed Consolidated Interim Balance Sheet as at 30 September 2016**  
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

		<u>Not Reviewed</u>	<u>Audited</u>
	<u>Notes</u>	<u>30 September 2016</u>	<u>31 December 2015</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short Term Borrowings	7	2.995	727
Short-Term Portion of Long-Term Borrowings	7 and 13	2.956	2.218
Other Financial Liabilities	8	66	44
Trade Payables			
-Trade Payables to Related Parties	9	428	383
-Trade Payables to Non-Related Parties		1.800	1.566
Payables Related to Employee Benefits		451	351
Other Payables			
-Other Payables to Non-Related Parties		257	245
Derivative Financial Instruments	28	602	1.650
Deferred Income	18	2.767	3.209
Current Tax Provision	26	33	29
Short-Term Provisions			
-Provisions for Employee Benefits	14	173	150
-Other Provisions	14	55	44
Other Current Liabilities		668	632
<b>TOTAL CURRENT LIABILITIES</b>		<b>13.251</b>	<b>11.248</b>
<b>Non- Current Liabilities</b>			
Long-Term Borrowings	7 and 13	25.746	19.294
Other Payables			
-Other Payables to Non-Related Parties		35	34
Deferred Income	18	24	46
Long-Term Provisions			
-Provisions for Employee Benefits	16	380	348
Deferred Tax Liability	26	2.377	2.578
<b>TOTAL NON- CURRENT LIABILITIES</b>		<b>28.562</b>	<b>22.300</b>
<b>Equity</b>			
Share Capital	19	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	19	( 19)	( 23)
Items That Are or May Be Reclassified to Profit or Loss			
-Foreign Currency Translation Differences	19	5.243	4.836
-Fair Value (Losses) on Hedging Instruments Entered into for Cash Flow Hedges	19	( 204)	( 952)
Restricted Profit Reserves	19	59	59
Previous Years Profit	19	7.666	4.673
Net (Loss) / Profit for the Period		( 1.346)	2.993
<b>TOTAL EQUITY</b>		<b>13.903</b>	<b>14.090</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>55.716</b>	<b>47.638</b>

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**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the Nine-Month Period Ended 30 September 2016**  
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

		<u>Not Reviewed</u>	<u>Not Reviewed</u>	<u>Not Reviewed</u>	<u>Not Reviewed</u>
	<u>Notes</u>	<u>1 January - 30 September 2016</u>	<u>1 July - 30 September 2016</u>	<u>1 January - 30 September 2015</u>	<u>1 July - 30 September 2015</u>
<b><u>PROFIT OR LOSS</u></b>					
Sales Revenue	20	22.170	8.662	21.593	9.291
Cost of Sales (-)	21	( 19.420)	( 6.902)	( 16.736)	( 6.375)
<b>GROSS PROFIT</b>		<b>2.750</b>	<b>1.760</b>	<b>4.857</b>	<b>2.916</b>
General Administrative Expenses (-)	22	( 709)	( 228)	( 527)	( 182)
Marketing and Sales Expenses (-)	22	( 2.793)	( 860)	( 2.251)	( 788)
Other Operating Income	23	397	163	521	96
Other Operating Expenses (-)	23	( 89)	( 73)	( 77)	( 35)
<b>OPERATING (LOSS)/PROFIT BEFORE INVESTMENT ACTIVITIES</b>		<b>( 444)</b>	<b>762</b>	<b>2.523</b>	<b>2.007</b>
Income from Investment Activities	24	257	93	147	60
Expenses from Investment Activities	24	( 59)	-	( 2)	( 1)
Share of Investments' (Loss) / Profit Accounted by Using The Equity Method	3	139	147	227	193
<b>OPERATING (LOSS)/PROFIT</b>		<b>( 107)</b>	<b>1.002</b>	<b>2.895</b>	<b>2.259</b>
Financial Income	25	310	97	1.047	25
Financial Expenses (-)	25	( 1.924)	( 429)	( 723)	( 519)
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>( 1.721)</b>	<b>670</b>	<b>3.219</b>	<b>1.765</b>
<b>Tax Income (Expense)</b>		<b>375</b>	<b>( 122)</b>	<b>( 844)</b>	<b>( 423)</b>
Current Tax Expense	26	( 74)	( 33)	( 5)	( 5)
Deferred Tax Income / (Expense)	26	449	( 89)	( 839)	( 418)
<b>(LOSS)/ PROFIT FOR THE PERIOD</b>		<b>( 1.346)</b>	<b>548</b>	<b>2.375</b>	<b>1.342</b>

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**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the Nine-Month Period Ended 30 September 2016**  
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

		<u>Not Reviewed</u>	<u>Not Reviewed</u>	<u>Not Reviewed</u>	<u>Not Reviewed</u>
	<u>Notes</u>	<u>1 January - 30 September 2016</u>	<u>1 July - 30 September 2016</u>	<u>1 January - 30 September 2015</u>	<u>1 July - 30 September 2015</u>
<b><u>OTHER COMPREHENSIVE INCOME</u></b>					
<b>Items That May Be Reclassified Subsequently To Profit or Loss</b>		<b>1.155</b>	<b>504</b>	<b>3.123</b>	<b>1.312</b>
Currency Translation Adjustment		407	460	3.193	1.678
Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges		940	64	( 87)	( 446)
Fair Value Gains /(Losses) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges		( 5)	( 9)	-	( 11)
Income Tax Relating Items That May Be Reclassified Subsequently to Profit or Loss		( 187)	( 11)	17	91
<b>Items That Will Not Be Reclassified Subsequently To Profit or Loss</b>		<b>4</b>	<b>( 1)</b>	<b>( 11)</b>	<b>( 4)</b>
Actuarial Gains on Retirement Pay Obligation		5	( 1)	( 14)	( 5)
Income Tax Relating Items That Will Not Be Reclassified Subsequently to Profit or Loss		( 1)	-	3	1
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1.159</b>	<b>503</b>	<b>3.112</b>	<b>1.308</b>
<b>TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD</b>		<b>( 187)</b>	<b>1.051</b>	<b>5.487</b>	<b>2.650</b>
<b>Basic (Loss) Earning Per Share (Full US Cents)</b>	27	( 0,98)	0,40	1,72	0,97

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

**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**For the Nine-Month Period Ended 30 September 2016**  
(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	Restricted Profit Reserves	Previous Years Profit	Net (Loss) for The Period	
<b>As of 31 December 2015</b>	<b>1.380</b>	<b>1.124</b>	<b>(23)</b>	<b>4.836</b>	<b>(952)</b>	<b>59</b>	<b>4.673</b>	<b>2.993</b>	<b>14.090</b>
Transfers	-	-	-	-	-	-	2.993	(2.993)	-
Total comprehensive income	-	-	4	407	748	-	-	(1.346)	(187)
<b>As of 30 September 2016</b>	<b>1.380</b>	<b>1.124</b>	<b>(19)</b>	<b>5.243</b>	<b>(204)</b>	<b>59</b>	<b>7.666</b>	<b>(1.346)</b>	<b>13.903</b>

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**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**For the Nine-Month Period Ended 30 September 2016**  
(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	Restricted Profit Reserves	Previous Years Profit	Net Profit for The Period	
<b>As of 31 December 2014</b>	<b>1.380</b>	<b>1.124</b>	<b>(20)</b>	<b>2.367</b>	<b>(429)</b>	<b>59</b>	<b>2.854</b>	<b>1.819</b>	<b>9.154</b>
Transfers	-	-	-	-	-	-	1.819	(1.819)	-
Total comprehensive income	-	-	(11)	3.193	(70)	-	-	2.377	5.489
<b>As of 30 September 2015</b>	<b>1.380</b>	<b>1.124</b>	<b>(31)</b>	<b>5.560</b>	<b>(499)</b>	<b>59</b>	<b>4.673</b>	<b>2.377</b>	<b>14.643</b>

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

**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**

**Notes to the Condensed Consolidated Interim Financial Statements**

**As At And For the Nine-Month Period Ended 30 September 2016**

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

		Not Reviewed	Not Reviewed
	Notes	1 January- 30 September 2016	1 January- 30 September 2015
Profit (loss)		(1.346)	2.375
<b>Adjustments to Reconcile Profit (Loss)</b>			
Adjustments for Depreciation and Amortisation Expense	11 and 12	2.485	1.758
Adjustments for Provisions Related with Employee Benefits	14 and 16	77	76
Adjustments for (Reversal of) Provisions for Payables	14	15	12
Adjustments for Free Provisions for Probable Risks		9	8
Adjustments for Interest Income	24 and 25	(204)	(65)
Adjustments for Interest Expense	25	411	320
Adjustments For Unrealised Foreign Exchange Losses / (Gains)		1.061	(262)
Adjustments for Manufacturers' Credits		6	0
Adjustments for Fair Value Losses / (Gains) on Derivative Financial Instruments		(185)	347
Adjustments for Undistributed Profits of Associates	3	(139)	(227)
Adjustments for Tax (Income) / Expenses	26	(375)	844
Adjustments for Losses / (Gains) Arised From Sale of Tangible Assets	24	59	(6)
Adjustments for Losses / (Gains) Arised from Sale of Other Non-Current Assets		69	111
<b>Changes in Working Capital</b>		<b>1.943</b>	<b>5.291</b>
(Increase) in Trade Receivables from Related Parties		1	1
Increase in Trade Receivables from Non-Related Parties		(387)	(87)
Decrease in Other Non-Related Party Receivables Related with Operations		564	(472)
Adjustments for Increase in Inventories		(101)	(184)
Adjustments for Increase in Prepaid Expenses		(374)	(312)
Increase / (Decrease) in Trade Payables to Related Parties		33	(41)
Increase in Trade Payables to Non-Related Parties		182	171
Adjustments for Increase / (Decrease) in Payables Due to Employee Benefits		87	(91)
Decrease in Other Operating Payables to Non-Related Parties		4	18
Increase in Deferred Income		(534)	(256)
Decrease / (Increase) in Other Assets Related with Operations		(11)	52
<b>Cash Flows From (Used in) Operations</b>		<b>1.407</b>	<b>4.090</b>
Payments for Provisions Related with Employee Benefits	16	(33)	(19)
Income taxes refund (paid)	26	(17)	(8)
<b>Net Cash From (Used in) Operating Activities</b>		<b>1.357</b>	<b>4.063</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>			
Cash Receipts Proceed from sales of property, plant and equipment		5	10
Cash Payments From Purchasing of property, plant and equipment (*)	11 and 12	(1.668)	(1.381)
Cash Payments From Purchasing of Other Long-Term Assets		(513)	214
Other Cash Advances and Loans		1.653	451
Dividends Received		66	73
Interest Received		172	64
<b>Net Cash Flows From Investing Activities</b>		<b>( 285 )</b>	<b>( 569 )</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from Loans		2.656	-
Payments of finance lease liabilities		( 1.914 )	(1.193)
Interest Paid		( 273 )	(284)
Other Outflows of Cash		20	29
<b>Net Cash Flows From Financing Activities</b>		<b>489</b>	<b>( 1.448 )</b>
<b>Net Change in Cash and Cash Equivalents</b>		<b>1.561</b>	<b>2.046</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>2.617</b>	<b>1.474</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>4.178</b>	<b>3.520</b>

(\*) 6,594 TL portion of property and equipment and intangible assets purchases in total of 8,262 TL for the period ended 30 September 2016 was financed through finance leases. (30 September 2015: 5,917 TL portion of property and equipment and intangible assets purchases in total of 7,298 TL was financed through finance leases.)

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