

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 31 March 2016
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

ASSETS	Not Reviewed	Audited
	31 March 2016	31 December 2015
Current Assets		
Cash and Cash Equivalents	3.122	2.617
Financial Investments	-	180
Trade Receivables		
-Trade Receivables From Related Parties	4	1
-Trade Receivables From Non-Related Parties	1.368	1.051
Other Receivables		
-Other Receivables from Related Parties	7	7
-Other Receivables from Non-Related Parties	3.360	4.019
Derivative Financial Instruments	206	290
Inventories	608	628
Prepaid Expenses	241	215
Current Income Tax Assets	23	35
Other Current Assets	125	105
TOTAL CURRENT ASSETS	9.064	9.148
Non-Current Assets		
Financial Investments	89	3
Other Receivables		
-Other Receivables from Non-Related Parties	2.597	3.078
Investments Accounted by Using Equity Method	641	715
Investment Property	2	2
Property and Equipment	34.394	33.191
Intangible Assets		
- Other Intangible Assets	242	258
- Goodwill	35	36
Prepaid Expenses	1.285	1.207
TOTAL NON-CURRENT ASSETS	39.285	38.490
TOTAL ASSETS	48.349	47.638

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

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Condensed Consolidated Interim Balance Sheet as at 31 March 2016
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Not Reviewed	Audited
	31 March 2016	31 December 2015
LIABILITIES		
Current Liabilities		
Short Term Borrowings	708	727
Short-Term Portion of Long-Term Borrowings	2.420	2.218
Other Financial Liabilities	60	44
Trade Payables		
-Trade Payables to Related Parties	297	383
-Trade Payables to Non-Related Parties	1.532	1.566
Payables Related to Employee Benefits	536	351
Other Payables		
-Other Payables to Non-Related Parties	258	245
Derivative Financial Instruments	1.368	1.650
Deferred Income	38	37
Passenger Flight Liabilities	3.550	3.172
Current Tax Provision	-	29
Short-Term Provisions		
-Provisions for Employee Benefits	168	150
-Other Provisions	42	44
Other Current Liabilities	595	632
TOTAL CURRENT LIABILITIES	11.572	11.248
Non- Current Liabilities		
Long-Term Borrowings	21.430	19.294
Other Payables		
-Other Payables to Non-Related Parties	34	34
Deferred Income	43	46
Long-Term Provisions		
-Provisions for Employee Benefits	359	348
Deferred Tax Liability	2.207	2.578
TOTAL NON- CURRENT LIABILITIES	24.073	22.300
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	(22)	(23)
Items That Are or May Be Reclassified to		
Profit or Loss		
-Foreign Currency Translation Differences	4.517	4.836
-Fair Value (Losses) on Hedging Instruments	(782)	(952)
Entered into for Cash Flow Hedges		
Restricted Profit Reserves	59	59
Previous Years Profit	7.666	4.673
Net (Loss) / Profit for the Period	(1.238)	2.993
TOTAL EQUITY	12.704	14.090
TOTAL LIABILITIES AND EQUITY	48.349	47.638

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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 Three-Month Period Ended 31 March 2016
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	<u>Not Reviewed</u>	<u>Not Reviewed</u>
	1 January - 31 March 2016	1 January - 31 March 2015
<u>PROFIT OR LOSS</u>		
Sales Revenue	6.431	5.456
Cost of Sales (-)	(6.084)	(4.704)
GROSS PROFIT	347	752
General Administrative Expenses (-)	(240)	(179)
Marketing and Sales Expenses (-)	(930)	(659)
Other Operating Income	215	151
Other Operating Expenses (-)	(22)	(23)
OPERATING (LOSS) / PROFIT BEFORE INVESTMENT ACTIVITIES	(630)	42
Income from Investment Activities	62	32
Share of Investments' (Loss) Accounted by Using The Equity Method	(71)	(33)
OPERATING (LOSS) / PROFIT	(639)	41
Financial Income	45	785
Financial Expenses (-)	(981)	(234)
(LOSS) / PROFIT BEFORE TAX	(1.575)	592
Tax Income / (Expense)	337	(219)
Current Tax Expense	(28)	-
Deferred Tax Income / (Expense)	365	(219)
(LOSS) / PROFIT FOR THE PERIOD	(1.238)	373
<u>OTHER COMPREHENSIVE INCOME</u>		
Items That May Be Reclassified Subsequently To Profit or Loss	(149)	1.401
Currency Translation Adjustment	(319)	1.176
Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	206	259
Fair Value (Loss)/Gains Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges	7	22
Income Tax Relating to Items That May Be Reclassified Subsequently to Profit or Loss	(43)	(56)
Items That Will Not Be Reclassified Subsequently To Profit or Loss	1	(4)
Actuarial Gains/(Losses) on Retirement Pay Obligation	1	(5)
Income Tax Relating to Items That Will Not Be Reclassified Subsequently to Profit or Loss	-	1
OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD	(148)	1.397
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD	(1.386)	1.770
Basic (Loss) / Earning Per Share	(0,90)	0,27

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TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Three-Month Period Ended 31 March 2016
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Share Capital	Inflation Adjustment on Share Capital	Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss		Restricted Profit Reserves	Retained Earnings		Total Equity
			Actuarial (Losses) on Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value (Losses) on Hedging Instruments Entered Into For Cash Flow Hedges		Previous Years Profit	Net (Loss) / Profit 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 /(loss)	-	-	1	(319)	170	-	-	(1.238)	(1.386)
As of 31 March 2016	1.380	1.124	(22)	4.517	(782)	59	7.666	(1.238)	12.704

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Condensed Consolidated Interim Statement of Changes in Equity
For the Three-Month Period Ended 31 March 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) on Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value (Losses) on Hedging Instruments Entered Into For Cash Flow Hedges	Restricted Profit Reserves	Previous Years Profit	Net (Loss) / Profit for the Period	
As of 31 December 2014	1.380	1.124	(20)	2.367	(429)	59	2.854	1.819	9.154
Transfers	-	-	-	-	-	-	1.819	(1.819)	-
Total comprehensive income /(loss)	-	-	(4)	1.176	225	-	-	373	1.770
As of 31 March 2015	1.380	1.124	(24)	3.543	(204)	59	4.673	373	10.924

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TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Cash Flows
For the Three-Month Period Ended 31 March 2016
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	<u>Not Reviewed</u>	<u>Not Reviewed</u>
	<u>1 January -</u>	<u>1 January -</u>
	<u>31 March 2016</u>	<u>31 March 2015</u>
(Loss) / Profit for the Period	(1.238)	373
Adjustments to reconcile cash flows generated from operating activities:		
Adjustments for Depreciation and Amortization	792	501
Adjustments for Provisions for Employee Benefits	18	13
Adjustments for Provisions, Net	15	12
Adjustments for Interest Income	(50)	(21)
Adjustment for Component and Repairable Spare parts	14	-
Share of Investments' (Profit) Accounted for Using The Equity Method	71	33
Adjustments for Interest Expense	146	97
Change in Manufacturers' Credit	4	(1)
Unrealized Foreign Exchange Translation Differences	818	(604)
Change in Provision for Doubtful Receivables	(4)	(15)
Tax (Expense) / Income	(337)	219
Change in Fair Value of Derivative Instruments	26	125
Operating profit before working capital changes	275	732
Adjustments for Change in Trade Receivables	(360)	(330)
Adjustments for Change in Other Short and Long Term Receivables	237	(6)
Adjustments for Change in Inventories	4	(81)
Adjustments for Change in Other Receivables Related to Operations	(24)	25
Non- Current Assets and Prepaid Expenses	(146)	(68)
Long Term Trade Payables	(73)	(164)
Adjustments for Change in Short-Term Provisions for Employee Benefits	222	(27)
Adjustments for Change in Short Term and Long Term Payables Related to Operations and Deferred Income	(22)	-
Adjustments for Change in Passenger Flight Liabilities	476	871
Cash Flows Generated From Operating Activities	589	952
Payment of Retirement Pay Liabilities	(10)	(11)
Taxes Received	7	(3)
Net Cash Generated From Operating Activities	586	938
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From Sale of Property Equipment and Intangible Assets	-	5
Interest Received	48	18
Payments for Property and Equipment and Intangible Assets (*)	(691)	(375)
Prepayments for the Purchase of Aircrafts	747	(413)
Change in Financial Investments,Net	98	209
Net Cash Used In Investing Activities	202	(556)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Financial Lease Liabilities	(579)	(326)
Proceeds From Short-Term Borrowings	369	-
Decrease in Other Financial and Derivative Liabilities	18	(14)
Interest Paid	(91)	(76)
Net Cash Used In Financing Activities	(283)	(416)
NET INCREASE IN CASH AND CASH EQUIVALENTS	505	(34)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2.617	1.474
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3.122	1.440

(*) 2.232 TRY portion of property and equipment and intangible assets purchases in total of 2.923 TRY for the year ended 31 March 2016 was financed through finance leases. (31 March 2015: 929 TRY portions of property and equipment and intangible assets purchases in total of 1.304 TRY was financed through finance leases.)

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