

**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Balance Sheet as at 31 December 2017**  
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	<u>Audited</u>	<u>Audited</u>
<b>ASSETS</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	7.132	5.159
Financial Investments	736	1.228
Trade Receivables		
-Trade Receivables From Non-Related Parties	2.233	1.334
Other Receivables		
-Other Receivables from Related Parties	-	9
-Other Receivables from Non-Related Parties	1.204	2.968
Derivative Financial Instruments	767	694
Inventories	728	763
Prepaid Expenses	450	346
Current Income Tax Assets	120	79
Other Current Assets	329	93
<b>TOTAL CURRENT ASSETS</b>	<b>13.699</b>	<b>12.673</b>
<b>Non-Current Assets</b>		
Financial Investments	193	165
Other Receivables		
-Other Receivables from Non-Related Parties	2.336	1.815
Investments Accounted by Using Equity Method	1.209	869
Investment Property	2	2
Property and Equipment	49.040	47.422
Intangible Assets		
- Other Intangible Assets	249	259
- Goodwill	47	44
Prepaid Expenses	1.872	1.825
<b>TOTAL NON-CURRENT ASSETS</b>	<b>54.948</b>	<b>52.401</b>
<b>TOTAL ASSETS</b>	<b>68.647</b>	<b>65.074</b>

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	<b>Audited</b>	<b>Audited</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Short Term Borrowings	2.807	4.776
Short-Term Portion of Long-Term Borrowings	3.707	3.746
Other Financial Liabilities	61	13
Trade Payables		
-Trade Payables to Related Parties	635	455
-Trade Payables to Non-Related Parties	2.594	1.714
Payables Related to Employee Benefits	755	504
Other Payables		
-Other Payables to Related Parties	25	-
-Other Payables to Non-Related Parties	245	326
Derivative Financial Instruments	481	514
Deferred Income	3.831	2.803
Current Tax Provision	47	8
Short-Term Provisions		
-Provisions for Employee Benefits	155	155
-Other Provisions	82	60
Other Current Liabilities	784	758
<b>TOTAL CURRENT LIABILITIES</b>	<b>16.209</b>	<b>15.832</b>
<b>Non- Current Liabilities</b>		
Long-Term Borrowings	27.684	27.526
Other Payables		
-Other Payables to Non-Related Parties	314	39
Deferred Income	159	20
Long-Term Provisions		
-Provisions for Employee Benefits	482	397
Deferred Tax Liability	3.628	3.361
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>32.267</b>	<b>31.343</b>
<b>Equity</b>		
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	( 55)	( 37)
Items That Are or May Be Reclassified to		
Profit or Loss		
-Foreign Currency Translation Differences	9.171	7.685
-Fair Value Gains on Hedging		
Instruments Entered into for Cash Flow Hedges	231	69
-Gains on Remeasuring Available for Sale		
Financial Investments	3	-
Restricted Profit Reserves	59	59
Previous Years Profit	7.619	7.666
Net Profit / (Loss) for the Year	639	( 47)
<b>TOTAL EQUITY</b>	<b>20.171</b>	<b>17.899</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>68.647</b>	<b>65.074</b>

**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Statement of Profit or Loss and**  
**Other Comprehensive Income For the Year Ended 31 December 2017**  
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	<b>Audited</b>	<b>Audited</b>
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
<b><u>PROFIT OR LOSS</u></b>		
Sales Revenue	39.779	29.468
Cost of Sales (-)	( 31.943)	( 26.051)
<b>GROSS PROFIT</b>	<b>7.836</b>	<b>3.417</b>
General Administrative Expenses (-)	( 1.002)	( 948)
Marketing and Sales Expenses (-)	( 4.101)	( 3.493)
Other Operating Income	961	439
Other Operating Expenses (-)	( 126)	( 280)
<b>OPERATING PROFIT/(LOSS) BEFORE INVESTMENT</b>		
<b>ACTIVITIES</b>	<b>3.568</b>	<b>( 865)</b>
Income from Investment Activities	640	420
Expenses from Investment Activities	( 5)	( 59)
Share of Investments' Profit Accounted by Using The Equity Method	357	130
<b>OPERATING PROFIT / (LOSS)</b>	<b>4.560</b>	<b>( 374)</b>
Financial Income	204	1.074
Financial Expenses (-)	( 3.951)	( 698)
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>813</b>	<b>2</b>
<b>Tax Expense</b>	<b>( 174)</b>	<b>( 49)</b>
Current Tax Expense	( 179)	( 65)
Deferred Tax (Expense) / Income	5	16
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	<b>639</b>	<b>( 47)</b>
<b><u>OTHER COMPREHENSIVE INCOME</u></b>		
<b>Items That May Be Reclassified Subsequently To Profit or Loss</b>	<b>1.651</b>	<b>3.870</b>
Currency Translation Adjustment	1.486	2.849
Gains on Remeasuring Available for Sale Financial Investments	4	-
Related Tax of Remeasuring Available for Sale Financial Investments	( 1)	-
Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	250	1.262
Fair Value (Losses) / Gains Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges	( 41)	14
Related Tax of Hedging Instruments Entered into for Cash Flow Hedges	( 47)	( 255)
<b>Items That Will Not Be Reclassified Subsequently To Profit or Loss</b>	<b>( 18)</b>	<b>( 14)</b>
Actuarial Loses on Retirement Pay Obligation	( 23)	( 18)
Related Tax of Other Comprehensive Income	5	4
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1.633</b>	<b>3.856</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2.272</b>	<b>3.809</b>
Basic Gain / (Loss) Per Share (Full US Cents)	0,46	( 0,03)
Diluted Gain / (Loss) Per Share (Full US Cents)	0,46	( 0,03)

**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**For the Year Ended 31 December 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 Profit for The Year	
<b>As of 1 January 2017</b>	<b>1.380</b>	<b>1.124</b>	<b>(37)</b>	<b>7.685</b>	<b>69</b>	<b>-</b>	<b>59</b>	<b>7.666</b>	<b>(47)</b>	<b>17.899</b>
Transfers	-	-	-	-	-	-	-	(47)	47	-
Total comprehensive income	-	-	(18)	1.486	162	3	-	-	639	2.272
<b>As of 31 December 2017</b>	<b>1.380</b>	<b>1.124</b>	<b>(55)</b>	<b>9.171</b>	<b>231</b>	<b>3</b>	<b>59</b>	<b>7.619</b>	<b>639</b>	<b>20.171</b>

**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**For the Year Ended 31 December 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	
<b>As of 1 January 2016</b>	<b>1.380</b>	<b>1.124</b>	<b>(23)</b>	<b>4.836</b>	<b>(952)</b>	<b>-</b>	<b>59</b>	<b>4.673</b>	<b>2.993</b>	<b>14.090</b>
Transfers	-	-	-	-	-	-	-	2.993	(2.993)	-
Total comprehensive income	-	-	(14)	2.849	1.021	-	-	-	(47)	3.809
<b>As of 31 December 2016</b>	<b>1.380</b>	<b>1.124</b>	<b>(37)</b>	<b>7.685</b>	<b>69</b>	<b>-</b>	<b>59</b>	<b>7.666</b>	<b>(47)</b>	<b>17.899</b>

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

**Condensed Consolidated Interim Statement of Cash Flows**

**For the Year Ended 31 December 2017**

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

	<b>Audited</b>	<b>Audited</b>
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
Profit / (Loss) for the year	639	(47)
<b>Adjustments to Reconcile Profit / (Loss)</b>		
Adjustments for Depreciation and Amortisation Expense	3.893	3.470
Adjustments for Provisions Related with Employee Benefits	74	83
Adjustments for (Reversal of) Provisions for Payables	22	16
Adjustments for Free Provisions for Probable Risks	(4)	17
Adjustments for Interest Income	(407)	(267)
Adjustments for Interest Expense	808	619
Adjustments For Unrealised Foreign Exchange Losses / (Gains)	2.917	(1.307)
Adjustments for Manufacturers' Credits	9	6
Adjustments for Fair Value Losses / (Gains) on Derivative Financial Instruments	157	(266)
Adjustments for Undistributed Profits of Associates	(357)	(130)
Adjustments for Tax Income	174	49
Adjustments for (Gains) / Losses Arised From Sale of Tangible Assets	(171)	47
Adjustments for Losses Arised from Sale of Other Non-Current Assets	113	84
<b>Operating Profit Before Changes in Working Capital</b>	<b>7.867</b>	<b>2.374</b>
Increase in Trade Receivables from Non Related Parties	(776)	(52)
(Increase) / Decrease in Other Non-Related Party Receivables Related with Operations	(37)	1.092
Adjustments for Decrease / (Increase) in Inventories	87	(2)
Adjustments for Decrease / (Increase) in Prepaid Expenses	5	(386)
Increase / (Decrease) in Trade Payables to Related Parties	143	(7)
Increase / (Decrease) in Trade Payables to Non-Related Parties	731	(156)
Adjustments for Increase in Payables Due to Employee Benefits	208	68
Increase in Other Operating Payables to Non-Related Parties	186	23
Increase / (Decrease) in Deferred Income	904	(964)
(Decrease) / Increase in Other Assets Related with Operations	(215)	42
<b>Cash Flows From Operations</b>	<b>9.103</b>	<b>2.032</b>
Payments for Provisions Related with Employee Benefits	(50)	(47)
Income taxes paid	(41)	(44)
<b>Net Cash From Operating Activities</b>	<b>9.012</b>	<b>1.941</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Cash Outflow Arising From Capital Increase in Investments	-	(18)
Cash Receipts Proceed from Sales of Property, Plant and Equipment	3.426	370
Cash Payments From Purchasing of Property, Plant and Equipment (*)	(3.020)	(2.651)
Proceeds / (Payments) From Sales of Other Long-Term Assets	533	(1.028)
Other Cash Advances and Loans	1.602	2.207
Dividends Received	73	66
Interest Received	407	259
<b>Net Cash Flows / (Used In) Investing Activities</b>	<b>3.021</b>	<b>(795)</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Repayments / Proceeds From Loans	(2.802)	4.476
Payments of Finance Lease Liabilities	( 6.565)	(2.686)
Interest Paid	( 738)	(359)
Other Inflows of Cash	45	(35)
<b>Net Cash (Used in) / Flows Financing Activities</b>	<b>( 10.060)</b>	<b>1.396</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>1.973</b>	<b>2.542</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT THE BEGINNING OF THE YEAR</b>	<b>5.159</b>	<b>2.617</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT THE END OF THE YEAR</b>	<b>7.132</b>	<b>5.159</b>

(\*) 2.476 TRY portion of property and equipment and intangible assets purchases in total of 5.496 TRY for the year ended 31 December 2017 was financed through finance leases. (31 December 2016: 7.491 TRY portion of property and equipment and intangible assets purchases in total of 10.142 TRY was financed through finance leases.)