

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 31 March 2018
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Not Reviewed	Audited
	31 March 2018	31 December 2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	7.500	7.132
Financial Investments	198	736
Trade Receivables		
-Trade Receivables From Non-Related Parties	2.803	2.233
Other Receivables		
-Other Receivables from Non-Related Parties	2.230	1.204
Derivative Financial Instruments	752	767
Inventories	817	728
Prepaid Expenses	549	450
Current Income Tax Assets	107	120
Other Current Assets	271	329
TOTAL CURRENT ASSETS	15.227	13.699
Non-Current Assets		
Financial Investments	296	193
Other Receivables		
-Other Receivables from Non-Related Parties	2.691	2.336
Investments Accounted by Using Equity Method	1.262	1.209
Investment Property	2	2
Property and Equipment	51.025	49.040
Intangible Assets		
- Other Intangible Assets	260	249
- Goodwill	49	47
Prepaid Expenses	2.317	1.872
TOTAL NON-CURRENT ASSETS	57.902	54.948
TOTAL ASSETS	73.129	68.647

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	Not Reviewed	Audited
	31 March 2018	31 December 2017
LIABILITIES		
Current Liabilities		
Short Term Borrowings	3.652	2.807
Short-Term Portion of Long-Term Borrowings	3.893	3.707
Other Financial Liabilities	24	61
Trade Payables		
-Trade Payables to Related Parties	649	635
-Trade Payables to Non-Related Parties	2.754	2.594
Payables Related to Employee Benefits	645	755
Other Payables		
-Other Payables to Related Parties	23	25
-Other Payables to Non-Related Parties	262	245
Derivative Financial Instruments	521	481
Deferred Income	5.910	3.831
Current Tax Provision	61	47
Short-Term Provisions		
-Provisions for Employee Benefits	175	155
-Other Provisions	85	82
Other Current Liabilities	799	784
TOTAL CURRENT LIABILITIES	19.453	16.209
Non- Current Liabilities		
Long-Term Borrowings	29.032	27.684
Other Payables		
-Other Payables to Non-Related Parties	333	314
Deferred Income	240	159
Long-Term Provisions		
-Provisions for Employee Benefits	483	482
Deferred Tax Liability	3.514	3.628
TOTAL NON-CURRENT LIABILITIES	33.602	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	(54)	(55)
Items That Are or May Be Reclassified to		
Profit or Loss		
-Foreign Currency Translation Differences	10.063	9.171
-Fair Value Gains on Hedging Instruments		
Entered into for Cash Flow Hedges	(395)	231
-Gains on Remeasuring Available for Sale		
Financial Investments	5	3
Restricted Profit Reserves	59	59
Previous Years Profit	8.206	7.619
Net (Loss) / Profit for the Period	(314)	639
TOTAL EQUITY	20.074	20.171
TOTAL LIABILITIES AND EQUITY	73.129	68.647

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

	<u>Not Reviewed</u>	<u>Not Reviewed</u>
	<u>31 March 2018</u>	<u>31 March 2017</u>
<u>PROFIT OR LOSS</u>		
Revenue	10.532	7.310
Cost of Sales (-)	(8.944)	(6.907)
GROSS PROFIT	1.588	403
General Administrative Expenses (-)	(272)	(256)
Marketing and Sales Expenses (-)	(1.304)	(948)
Other Operating Income	181	172
Other Operating Expenses (-)	(37)	(35)
OPERATING PROFIT / (LOSS) BEFORE INVESTMENT ACTIVITIES	156	(664)
Income from Investment Activities	80	100
Share of Investments' Profit / (Loss) Accounted by Using The Equity Method	12	(9)
OPERATING PROFIT / (LOSS)	248	(573)
Financial Income	43	54
Financial Expenses (-)	(677)	(1.197)
LOSS BEFORE TAX	(386)	(1.716)
Tax Expense	72	295
Current Tax Expense	(59)	(41)
Deferred Tax Income	131	336
NET LOSS FOR THE PERIOD	(314)	(1.421)
<u>OTHER COMPREHENSIVE INCOME</u>		
Items That May Be Reclassified Subsequently To Profit or Loss	268	511
Currency Translation Adjustment	892	670
Gains on Remeasuring Available for Sale Financial Investments	2	-
Related Tax of Remeasuring Available for Sale Financial Investments	-	-
Fair Value Losses on Hedging Instruments Entered into for Cash Flow Hedges	(777)	(188)
Fair Value Losses Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges	(3)	(11)
Related Tax of Hedging Instruments Entered into for Cash Flow Hedges	154	40
Items That Will Not Be Reclassified Subsequently To Profit or Loss	1	(4)
Actuarial Gains/(Losses) on Retirement Pay Obligation	1	(5)
Related Tax of Other Comprehensive Income	-	1
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	269	507
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(45)	(914)
Basic Loss Per Share (Full US Cents)	(0,23)	(1,03)
Diluted Loss Per Share (Full US Cents)	(0,23)	(1,03)

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Year Ended 31 March 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			
	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 / (Loss) for The Period	Total Equity
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	-	-	1	892	(626)	2	-	-	(314)	(45)
As of 31 March 2018	1.380	1.124	(54)	10.063	(395)	5	59	8.206	(314)	20.074

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Year Ended 31 March 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		
	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	Total Equity
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	-	-	(4)	670	(159)	-	-	-	(1.421)	(914)
As of 31 March 2017	1.380	1.124	(41)	8.355	(90)	-	59	7.619	(1.421)	16.985

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Cash Flows

For the Year Ended 31 March 2018

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

	Not Reviewed	Not Reviewed
	31 March 2018	31 March 2017
Loss for the period	(314)	(1.421)
Adjustments to Reconcile Profit / (Loss)		
Adjustments for Depreciation and Amortisation Expense	1.025	950
Adjustments for Provisions Related with Employee Benefits	42	11
Adjustments for Provisions for / (Reversal of) Payables	3	6
Adjustments for Free Reversal of Probable Risks	(8)	(9)
Adjustments for Interest Income	(55)	(66)
Adjustments for Interest Expense	258	185
Adjustments For Unrealised Foreign Exchange Losses	397	745
Adjustments for Manufacturers' Credits	1	2
Adjustments for Fair Value Losses on Derivative Financial Instruments	42	43
Adjustments for Undistributed (Profits) / Loss of Associates	(12)	9
Adjustments for Tax Income	(72)	(295)
Adjustments for Gains Arised From Sale of Tangible Assets	(8)	(4)
Adjustments for Losses Arised from Sale of Other Non-Current Assets	35	16
Operating Profit Before Changes in Working Capital	1.334	172
Increase in Trade Receivables from Non Related Parties	(449)	(571)
(Increase) / Decrease in Other Non-Related Party Receivables Related with Operations	(197)	119
Adjustments for Increase in Inventories	(53)	(25)
Adjustments for (Increase) / Decrease in Prepaid Expenses	(420)	39
Decrease in Trade Payables to Related Parties	(15)	(39)
Increase in Trade Payables to Non-Related Parties	37	148
Adjustments for Decrease in Payables Due to Employee Benefits	(140)	(40)
Increase / (Decrease) in Other Operating Payables to Non-Related Parties	6	(6)
Increase in Deferred Income	1.882	1.129
Decrease / (Increase) in Other Assets Related with Operations	76	(97)
Cash Flows From Operations	2.061	829
Payments for Provisions Related with Employee Benefits	(20)	(21)
Income taxes paid	13	12
Net Cash From Operating Activities	2.054	820
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Cash Receipts Proceed From Sales of Property, Plant and Equipment	44	15
Cash Payments From Purchasing of Property, Plant and Equipment (*)	(790)	(734)
Proceeds From Sales of Other Long-Term Assets	449	429
Other Cash Advances and Loans	(1.157)	401
Interest Received	55	62
Net Cash Flows / (Used In) Investing Activities	(1.399)	173
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds From Loans	848	322
Payments of Finance Lease Liabilities	(910)	(841)
Interest Paid	(187)	(107)
Other (Outflows) / Inflows of Cash	(38)	58
Net Cash Used in Financing Activities	(287)	(568)
Net Change in Cash and Cash Equivalents	368	425
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	7.132	5.159
CASH AND CASH EQUIVALENTS		
AT THE END OF THE PERIOD	7.500	5.584

(*) 0 TRY portion of property and equipment and intangible assets purchases in total of 790 TRY for the year ended 31 March 2018 was financed through finance leases. (31 Mart 2017: 495 TRY portion of property and equipment and intangible assets purchases in total of 1.229 TRY was financed through finance leases.)