

TÜRK HAVA YOLLARI A.O.
Financial Report
Consolidated
2018 - 2. 3 Monthly Notification

General Information About Financial Statements

Independet Audit Comment

Independent Audit Company	KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Audit Type	Limited
Audit Result	Positive

Ara Dönem Konsolide Finansal Bilgilere İlişkin

Sınırlı Denetim Raporu

Türk Hava Yolları Anonim Ortaklığı Yönetim Kurulu'na,

Giriş

Türk Hava Yolları Anonim Ortaklığı ("Şirket") ve bağlı ortaklıklarının (birlikte "Grup" olarak anılacaktır) 30 Haziran 2018 tarihli ilişikteki özet konsolide bilançosunun, aynı tarihte sona eren altı aylık hesap dönemine ait özet konsolide kar veya zarar ve diğer kapsamlı gelir tablosunun, özkaynak değişim tablosunun ,nakit akış tablosunun ve diğer açıklayıcı dipnotlarının ("ara dönem özet konsolide finansal bilgiler") sınırlı denetimini yürütmüş bulunuyoruz. Grup yönetimi, söz konusu ara dönem özet konsolide finansal bilgilerin Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu ("KGK") tarafından yayımlanan Türkiye Muhasebe Standardı 34 "Ara Dönem Finansal Raporlama" Standardı'na ("TMS 34") uygun olarak hazırlanmasından ve sunumundan sorumludur. Sorumluluğumuz, yaptığımız sınırlı denetime dayanarak söz konusu ara dönem özet konsolide finansal bilgilere ilişkin bir sonuç bildirmektir.

Sınırlı Denetimin Kapsamı

Yaptığımız sınırlı denetim Sınırlı Bağımsız Denetim Standardı ("SBDS") 2410 "Ara Dönem Finansal Bilgilerin, İşletmenin Yıllık Finansal Tablolarının Bağımsız Denetimini Yürüten Denetçi Tarafından Sınırlı Bağımsız Denetimi"ne uygun olarak yürütülmüştür. Ara dönem özet konsolide finansal bilgilere ilişkin sınırlı denetim, başta finans ve muhasebe konularından sorumlu kişiler olmak üzere ilgili kişilerin sorgulanması ve analitik prosedürler ile diğer sınırlı denetim prosedürlerinin uygulanmasından oluşur. Ara dönem özet konsolide finansal bilgilerin sınırlı denetiminin kapsamı, Bağımsız Denetim Standartları'na uygun olarak yapılan ve amacı finansal tablolar hakkında bir görüş bildirmek olan bağımsız denetimin kapsamına kıyasla önemli ölçüde dardır. Sonuç olarak ara dönem özet konsolide finansal bilgilerin sınırlı denetimi, denetim şirketinin, bir bağımsız denetimde belirlenebilecek tüm önemli hususlara vâkıf olabileceğine ilişkin bir güvence sağlamamaktadır. Bu sebeple, bir bağımsız denetim görüşü bildirmemekteyiz.

Sonuç

Sınırlı denetimimize göre ilişikteki ara dönem özet konsolide finansal bilgilerin, tüm önemli yönleriyle, TMS 34 "Ara Dönem Finansal Raporlama" Standardı'na uygun olarak hazırlanmadığı kanaatine varmamıza sebep olacak herhangi bir husus dikkatimizi çekmemiştir.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member of KPMG International Cooperative

Gökhan Atılğan, SMMM

Sorumlu Denetçi

8 Ağustos 2018

İstanbul, Türkiye

Statement of Financial Position (Balance Sheet)

Presentation Currency	1.000.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 30.06.2018	Previous Period 31.12.2017
Statement of Financial Position (Balance Sheet)			
Assets [abstract]			
CURRENT ASSETS			
Cash and cash equivalents	5	11.628	7.132
Financial Investments	6	395	736
Time Deposits	6	395	736
Financial Assets at Fair Value Through Other Comprehensive Income		0	0
Trade Receivables		2.990	2.233
Trade Receivables Due From Unrelated Parties		2.990	2.233
Other Receivables	10	4.516	1.204
Other Receivables Due From Unrelated Parties	10	4.516	1.204
Derivative Financial Assets	28	1.303	767
Derivative Financial Assets Held for Hedging	28	1.303	767
Inventories		931	728
Prepayments		546	450
Prepayments to Unrelated Parties		546	450
Current Tax Assets	26	83	120
Other current assets		312	329
Other Current Assets Due From Unrelated Parties		312	329
SUB-TOTAL		22.704	13.699
Total current assets		22.704	13.699
NON-CURRENT ASSETS			
Financial Investments	6	834	193
Financial Assets at Fair Value Through Other Comprehensive Income	6	830	189
Financial Assets Measured At Fair Value Through Other Comprehensive Income	6	830	189
Other Financial Investments	6	4	4
Other Receivables		3.276	2.336
Other Receivables Due From Unrelated Parties	10	3.276	2.336
Investments accounted for using equity method	3	1.356	1.209
Investment property		1	2
Property, plant and equipment	12	58.918	49.040
Buildings	12	957	547
Machinery And Equipments	12	782	646
Leasehold Improvements	12	1.573	1.313
Construction in Progress	12	1.989	1.260
Operational Lease Assets	12	48.243	40.835
Other property, plant and equipment	12	5.374	4.439
Intangible assets and goodwill	13	356	296
Goodwill		57	47
Other intangible assets	13	299	249
Prepayments		2.930	1.872
Prepayments to Unrelated Parties		2.930	1.872
Total non-current assets		67.671	54.948
Total assets		90.375	68.647
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current Borrowings		3.953	2.807
Current Borrowings From Unrelated Parties		3.953	2.807
Bank Loans	7	3.953	2.807
Current Portion of Non-current Borrowings		4.840	3.707
Current Portion of Non-current Borrowings from Unrelated Parties	7-14	4.840	3.707
Bank Loans	7-14	675	109
Leasing Debts	7-14	4.165	3.598
Other Financial Liabilities	8	71	61
Other Miscellaneous Financial Liabilities	8	71	61
Trade Payables		4.043	3.229
Trade Payables to Related Parties	9	784	635
Trade Payables to Unrelated Parties		3.259	2.594

Employee Benefit Obligations		652	755
Other Payables		284	270
Other Payables to Related Parties	9	0	25
Other Payables to Unrelated Parties		284	245
Derivative Financial Liabilities	28	562	481
Derivative Financial Liabilities Held for Hedging	28	562	481
Deferred Income		7.965	3.831
Deferred Income from Unrelated Parties	11	7.965	3.831
Current tax liabilities, current	26	88	47
Current provisions		285	237
Current provisions for employee benefits	15	198	155
Other current provisions	15	87	82
Other Current Liabilities		904	784
Other Current Liabilities to Unrelated Parties		904	784
SUB-TOTAL		23.647	16.209
Total current liabilities		23.647	16.209
NON-CURRENT LIABILITIES			
Long Term Borrowings	7-14	35.898	27.684
Long Term Borrowings From Unrelated Parties	7-14	35.898	27.684
Bank Loans	7-14	5.081	302
Leasing Debts	7-14	30.817	27.382
Other Payables		546	314
Other Payables to Unrelated parties		546	314
Deferred Income		259	159
Deferred Income from Unrelated Parties	11	259	159
Non-current provisions		536	482
Non-current provisions for employee benefits	17	536	482
Deferred Tax Liabilities	26	4.546	3.628
Total non-current liabilities		41.785	32.267
Total liabilities		65.432	48.476
EQUITY			
Equity attributable to owners of parent		24.943	20.171
Issued capital	19	1.380	1.380
Inflation Adjustments on Capital	19	1.124	1.124
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		-70	-55
Gains (Losses) on Revaluation and Remeasurement		-70	-55
Gains (Losses) on Remeasurements of Defined Benefit Plans	19	-70	-55
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		14.117	9.405
Exchange Differences on Translation	19	13.238	9.171
Gains (Losses) on Hedge		911	231
Gains (Losses) on Cash Flow Hedges	19	911	231
Gains (Losses) on Revaluation and Reclassification		-32	3
Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets	19	-32	3
Restricted Reserves Appropriated From Profits		59	59
Legal Reserves	19	59	59
Prior Years' Profits or Losses	19	8.206	7.619
Current Period Net Profit Or Loss		127	639
Total equity		24.943	20.171
Total Liabilities and Equity		90.375	68.647

Statement of Profit or Loss and Other Comprehensive Income

Presentation Currency	1.000.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2018 - 30.06.2018	Previous Period 01.01.2017 - 30.06.2017	Current Period 3 Months 01.04.2018 - 30.06.2018	Previous Period 3 Months 01.04.2017 - 30.06.2017
Statement of Profit or Loss and Other Comprehensive Income					
PROFIT (LOSS)					
Revenue	20	24.375	16.674	13.843	9.364
Cost of sales	21	-19.887	-14.423	-10.943	-7.516
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		4.488	2.251	2.900	1.848
GROSS PROFIT (LOSS)		4.488	2.251	2.900	1.848
General Administrative Expenses	22	-569	-506	-297	-250
Marketing Expenses	22	-2.761	-2.015	-1.457	-1.067
Other Income from Operating Activities	23	269	375	175	203
Other Expenses from Operating Activities	23	-346	-66	-396	-31
PROFIT (LOSS) FROM OPERATING ACTIVITIES		1.081	39	925	703
Investment Activity Income	24	160	388	80	288
Investment Activity Expenses	24	0	-5	0	-5
Share of Profit (Loss) from Investments Accounted for Using Equity Method	3	144	78	132	87
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		1.385	500	1.137	1.073
Finance income	25	178	113	177	59
Finance costs	25	-1.436	-2.617	-801	-1.420
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		127	-2.004	513	-288
Tax (Expense) Income, Continuing Operations		0	389	-72	94
Current Period Tax (Expense) Income	26	-135	-86	-76	-45
Deferred Tax (Expense) Income	26	135	475	4	139
PROFIT (LOSS) FROM CONTINUING OPERATIONS		127	-1.615	441	-194
PROFIT (LOSS)		127	-1.615	441	-194
Profit (loss), attributable to [abstract]					
Non-controlling Interests		0	0	0	0
Owners of Parent		127	-1.615	441	-194
Earnings per share [abstract]					
Earnings per share [line items]					
Basic earnings per share					
Diluted Earnings Per Share					
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income that will not be Reclassified to Profit or Loss		-15	2	-16	6
Gains (Losses) on Remeasurements of Defined Benefit Plans		-19	3	-20	8
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		4	-1	4	-2
Taxes Relating to Remeasurements of Defined Benefit Plans		4	-1	4	-2
Other Comprehensive Income That Will Be Reclassified to Profit or Loss		4.712	-151	4.444	-663
Exchange Differences on Translation		4.067	42	3.175	-628
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		-44	3	-46	3
Gains (losses) on Remeasuring Available-for-sale Financial Assets		-44	3	-46	3
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		807	-206	1.584	-18
Gains (Losses) on Cash Flow Hedges		807	-206	1.584	-18
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss		53	-39	56	-28
Gains (Losses) on Cash Flow Hedges of Associates and Joint Ventures Accounted for Using Equity Method		53	-39	56	-28
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss		-171	49	-325	8
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		9	0	9	0
Taxes Relating to Cash Flow Hedges		-169	41	-323	3

Taxes Relating to Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss		-11	8	-11	5
OTHER COMPREHENSIVE INCOME (LOSS)		4.697	-149	4.428	-657
TOTAL COMPREHENSIVE INCOME (LOSS)		4.824	-1.764	4.869	-851
Total Comprehensive Income Attributable to					
Non-controlling Interests		0	0	0	0
Owners of Parent		4.824	-1.764	4.869	-851

Statement of cash flows (Indirect Method)

Presentation Currency	1.000.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2018 - 30.06.2018	Previous Period 01.01.2017 - 30.06.2017
Statement of cash flows (Indirect Method)			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		5.707	3.885
Profit (Loss)		127	-1.615
Profit (Loss) from Continuing Operations		127	-1.615
Adjustments to Reconcile Profit (Loss)		3.943	3.377
Adjustments for depreciation and amortisation expense	12-13	2.189	1.844
Adjustments for provisions		73	60
Adjustments for (Reversal of) Provisions Related with Employee Benefits	15-17	91	73
Adjustments for (Reversal of) Free Provisions for Probable Risks		-23	-21
Adjustments for (Reversal of) Other Provisions	15	5	8
Adjustments for Interest (Income) Expenses		444	202
Adjustments for Interest Income	24-25	-124	-170
Adjustments for interest expense	17-25	568	372
Adjustments for unrealised foreign exchange losses (gains)		1.390	1.658
Adjustments for Manufacturers' Grants	11	1	5
Adjustments for fair value losses (gains)		-80	204
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	25	-80	204
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		-144	-78
Adjustments for undistributed profits of associates	3	-144	-78
Adjustments for Tax (Income) Expenses	26	0	-389
Adjustments for losses (gains) on disposal of non-current assets		70	-129
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets	24	-13	-162
Adjustments for losses (Gains) Arised from Sale of Other Non-current Assets	12	83	33
Changes in Working Capital		1.557	2.129
Adjustments for decrease (increase) in trade accounts receivable		-260	-737
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties		-260	-737
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		-642	-253
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	10	-642	-253
Adjustments for decrease (increase) in inventories		-45	-31
Decrease (Increase) in Prepaid Expenses		-599	73
Adjustments for increase (decrease) in trade accounts payable		124	353
Increase (Decrease) in Trade Accounts Payables to Related Parties	9	15	95
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		109	258
Increase (Decrease) in Employee Benefit Liabilities		-234	-21
Adjustments for increase (decrease) in other operating payables		111	59
Increase (Decrease) in Other Operating Payables to Unrelated Parties		111	59
Increase (Decrease) in Deferred Income	11	3.006	2.749
Other Adjustments for Other Increase (Decrease) in Working Capital		96	-63
Decrease (Increase) in Other Assets Related with Operations		96	-63
Cash Flows from (used in) Operations		5.627	3.891
Payments Related with Provisions for Employee Benefits	17	-29	-31
Income taxes refund (paid)	26	109	25
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		-4.836	-88
Proceeds from sales of property, plant, equipment and intangible assets		53	3.409
Proceeds from sales of property, plant and equipment		53	3.409
Purchase of Property, Plant, Equipment and Intangible Assets		-1.973	-1.526
Purchase of property, plant and equipment	12-13	-1.973	-1.526
Purchase of other long-term assets	6	-198	-3.706
Cash advances and loans made to other parties		-2.992	1.513
Other Cash Advances and Loans Made to Other Parties		-2.992	1.513
Dividends received		150	63
Interest received	24-25	124	159

CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		3.625	-4.649
Proceeds from borrowings		5.972	183
Proceeds from Loans	7	5.972	183
Payments of Finance Lease Liabilities	7	-1.949	-4.663
Interest paid		-396	-232
Other inflows (outflows) of cash	8	-2	63
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		4.496	-852
Net increase (decrease) in cash and cash equivalents		4.496	-852
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		7.132	5.159
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		11.628	4.307

Footnote Reference		Equity																		
		Equity attributable to owners of parent [member]																Non-controlling interests [member]		
		Issued Capital	Inflation Adjustments on Capital	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss						Restricted Reserves Appropriated From Profits [member]	Retained Earnings						
				Gains/(Losses) on Revaluation and Remeasurement [member]			Exchange Differences on Translation	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Revaluation and Reclassification			Prior Years' Profits or Losses		Net Profit or Loss						
Gains (Losses) on Remeasurements of Defined Benefit Plans			Cash Flow Hedges	Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets																
Previous Period 01.01.2017 – 30.06.2017	Statement of changes in equity (abstract)																			
	Statement of changes in equity (line items)																			
	Equity at beginning of period	1.380	1.124	-37	-37	-37	7.685	69	69	0	0	7.754	59	7.666	-47	7.619	17.899	0	17.899	
	Adjustments Related to Accounting Policy Changes																			
	Adjustments Related to Required Changes in Accounting Policies																			
	Adjustments Related to Voluntary Changes in Accounting Policies																			
	Adjustments Related to Errors																			
	Other Restatements																			
	Restated Balances																			
	Transfers														-47	47	0	0	0	0
	Total Comprehensive Income (Loss)				2	2	2	42	-196	-196	3	-151				-1.615	-149		0	-149
	Profit (loss)															-1.615	-1.615		0	-1.615
	Other Comprehensive Income (Loss)				2	2	2	42	-196	-196	3	-151								
	Issue of equity																			
	Capital Decrease																			
	Capital Advance																			
	Effect of Merger or Liquidation or Division																			
	Effects of Business Combinations Under Common Control																			
	Advance Dividend Payments																			
	Dividends Paid																			
	Decrease through Other Distributions to Owners																			
	Increase (Decrease) through Treasury Share Transactions																			
	Increase (Decrease) through Share-Based Payment Transactions																			
	Acquisition or Disposal of a Subsidiary																			
	Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity																			
	Transactions with noncontrolling shareholders																			
	Increase through Other Contributions by Owners																			
Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																				
Amount Removed from Reserve of Change in Value of Time Value of Options and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																				
Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																				
Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																				
Increase (decrease) through other changes, equity																				
Equity at end of period		1.380	1.124	-35	-35	-35	7.727	-127	-127	3	3	7.603	59	7.619	-1.615	6.004	16.135	0	16.135	
	Statement of changes in equity (abstract)																			
	Statement of changes in equity (line items)																			
	Equity at beginning of period	1.380	1.124	-55	-55	-55	9.171	231	231	3	3	9.405	59	7.619	639	8.258	20.171	0	20.171	
	Adjustments Related to Accounting Policy Changes																			
	Adjustments Related to Required Changes in Accounting Policies													-52	0	-52	-52	0	-52	
	Adjustments Related to Voluntary Changes in Accounting Policies																			
	Adjustments Related to Errors																			
	Other Restatements																			
	Restated Balances	1.380	1.124	-55	-55	-55	9.171	231	231	3	3	9.405	59	7.567	639	8.206	20.119	0	20.119	
	Transfers													639	-639	0	0	0	0	
	Total Comprehensive Income (Loss)				-15	-15	-15	4.067	680	680	-35	-35	4.712							
	Profit (loss)															127	127	127	0	127
	Other Comprehensive Income (Loss)				-15	-15	-15	4.067	680	680	-35	-35	4.712				4.697		0	4.697
	Issue of equity																			
	Capital Decrease																			
	Capital Advance																			
	Effect of Merger or Liquidation or Division																			
	Effects of Business Combinations Under Common Control																			
	Advance Dividend Payments																			
	Dividends Paid																			

[illegible]