

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 30 September 2017
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Not Reviewed	Audited
	30 September 2017	31 December 2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	8.679	5.159
Financial Investments	1.290	1.228
Trade Receivables		
-Trade Receivables From Non-Related Parties	2.031	1.334
Other Receivables		
-Other Receivables from Related Parties	10	9
-Other Receivables from Non-Related Parties	1.497	2.968
Derivative Financial Instruments	331	694
Inventories	754	763
Prepaid Expenses	491	346
Current Income Tax Assets	91	79
Other Current Assets	281	93
TOTAL CURRENT ASSETS	15.455	12.673
Non-Current Assets		
Financial Investments	127	165
Other Receivables		
-Other Receivables from Non-Related Parties	2.150	1.815
Investments Accounted by Using Equity Method	1.180	869
Investment Property	2	2
Property and Equipment	45.301	47.422
Intangible Assets		
- Other Intangible Assets	239	259
- Goodwill	44	44
Prepaid Expenses	1.734	1.825
TOTAL NON-CURRENT ASSETS	50.777	52.401
TOTAL ASSETS	66.232	65.074

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	Not Reviewed	Audited
	30 September 2017	31 December 2016
LIABILITIES		
Current Liabilities		
Short Term Borrowings	4.861	4.776
Short-Term Portion of Long-Term Borrowings	3.513	3.746
Other Financial Liabilities	62	13
Trade Payables		
-Trade Payables to Related Parties	516	455
-Trade Payables to Non-Related Parties	2.449	1.714
Payables Related to Employee Benefits	501	504
Other Payables		
-Other Payables to Related Parties	24	
-Other Payables to Non-Related Parties	410	326
Derivative Financial Instruments	371	514
Deferred Income	3.811	2.803
Current Tax Provision	56	8
Short-Term Provisions		
-Provisions for Employee Benefits	165	155
-Other Provisions	74	60
Other Current Liabilities	664	758
TOTAL CURRENT LIABILITIES	17.477	15.832
Non- Current Liabilities		
Long-Term Borrowings	25.908	27.526
Other Payables		
-Other Payables to Non-Related Parties	53	39
Deferred Income	156	20
Long-Term Provisions		
-Provisions for Employee Benefits	422	397
Deferred Tax Liability	3.350	3.361
TOTAL NON-CURRENT LIABILITIES	29.889	31.343
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	(35)	(37)
Items That Are or May Be Reclassified to		
Profit or Loss		
-Foreign Currency Translation Differences	7.986	7.685
-Fair Value (Losses) / Gains on Hedging		
Instruments Entered into for Cash Flow Hedges	(93)	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 Period	823	(47)
TOTAL EQUITY	18.866	17.899
TOTAL LIABILITIES AND EQUITY	66.232	65.074

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 2017
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Not Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
<u>PROFIT OR LOSS</u>				
Sales Revenue	29.332	12.658	22.170	8.662
Cost of Sales (-)	(22.693)	(8.270)	(19.420)	(6.902)
GROSS PROFIT	6.639	4.388	2.750	1.760
General Administrative Expenses (-)	(734)	(228)	(709)	(228)
Marketing and Sales Expenses (-)	(3.057)	(1.042)	(2.793)	(860)
Other Operating Income	597	226	397	163
Other Operating Expenses (-)	(106)	(44)	(89)	(73)
OPERATING PROFIT/(LOSS) BEFORE INVESTMENT	3.339	3.300	(444)	762
ACTIVITIES				
Income from Investment Activities	554	166	257	93
Expenses from Investment Activities	(5)	-	(59)	-
Share of Investments' Profit Accounted by Using The Equity Method	370	292	139	147
OPERATING PROFIT / (LOSS)	4.258	3.758	(107)	1.002
Financial Income	149	36	310	97
Financial Expenses (-)	(3.437)	(820)	(1.924)	(429)
PROFIT / (LOSS) BEFORE TAX	970	2.974	(1.721)	670
Tax (Expense) / Income	(147)	(536)	375	(122)
Current Tax Expense	(140)	(54)	(74)	(33)
Deferred Tax (Expense) / Income	(7)	(482)	449	(89)
NET PROFIT / (LOSS) FOR THE PERIOD	823	2.438	(1.346)	548

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Other Comprehensive Income For the Nine-Month Period Ended 30 September 2017
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Not Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
<u>OTHER COMPREHENSIVE INCOME</u>				
Items That May Be Reclassified Subsequently To Profit or Loss	142	293	1.155	504
Currency Translation Adjustment	301	259	407	460
Gains on Remeasuring Available for Sale Financial Investments	4	-	-	-
Fair Value (Losses) / Gains on Hedging Instruments Entered into for Cash Flow Hedges	(168)	38	940	64
Fair Value (Losses) / Gains Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges	(35)	4	(5)	(9)
Income / (Expense) Tax Relating Items That May Be Reclassified Subsequently to Profit or Loss	40	(8)	(187)	(11)
Items That Will Not Be Reclassified Subsequently To Profit or Loss	2	-	4	(1)
Actuarial Gains on Retirement Pay Obligation	3	-	5	(1)
Expense Tax Relating Items That Will Not Be Reclassified Subsequently to Profit or Loss	(1)	-	(1)	-
OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD	144	293	1.159	503
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD	967	2.731	(187)	1.051
Basic Gain / (Loss) Per Share (Full US Cents)	0,60	1,77	(0,98)	0,40

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 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
				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	
	Share Capital	Inflation Adjustment on Share Capital	Actuarial (Losses) Retirement Pay Obligation							
As of 31 December 2016	1.380	1.124	(37)	7.685	69	-	59	7.666	(47)	17.899
Transfers	-	-	-	-	-	-	-	(47)	47	-
Total comprehensive income	-	-	2	301	(162)	3	-	-	823	967
As of 30 September 2017	1.380	1.124	(35)	7.986	(93)	3	59	7.619	823	18.866

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Condensed Consolidated Interim Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 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	
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	-	-	4	407	748	-	-	-	(1.346)	(187)
As of 30 September 2016	1.380	1.124	(19)	5.243	(204)	-	59	7.666	(1.346)	13.903

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Cash Flows

For the Nine-Month Period Ended 30 September 2017

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

	Not Reviewed	Not Reviewed
	1 January -	1 January -
	30 September 2017	30 September 2016
Profit / (Loss) for the period	823	(1.346)
Adjustments to Reconcile Profit (Loss)		
Adjustments for Depreciation and Amortisation Expense	2.725	2.485
Adjustments for Provisions Related with Employee Benefits	77	77
Adjustments for (Reversal of) Provisions for Payables	12	15
Adjustments for Free Provisions for Probable Risks	(22)	9
Adjustments for Interest Income	(327)	(204)
Adjustments for Interest Expense	570	411
Adjustments For Unrealised Foreign Exchange Loss	2.000	1.061
Adjustments for Manufacturers' Credits	7	6
Adjustments for Fair Value Losses on Derivative Financial Instruments	66	(185)
Adjustments for Undistributed Profits of Associates	(370)	(139)
Adjustments for Tax Income	147	(375)
Adjustments for (Gains) / Losses Arised From Sale of Tangible Assets	(166)	59
Adjustments for Losses Arised from Sale of Other Non-Current Assets	49	69
Operating Profit Before Changes in Working Capital	5.591	1.943
Increase in Trade Receivables from Non Related Parties	-	1
Increase in Trade Receivables from Non Related Parties (Increase) / Decrease in Other Non-Related Party Receivables Related with Operations	(693)	(387)
Adjustments for Increase in Inventories	16	(101)
Adjustments for Increase in Prepaid Expenses	(34)	(374)
Decrease in Trade Payables to Related Parties	58	33
Increase in Trade Payables to Non-Related Parties	727	182
Adjustments for (Decrease) / Increase in Payables Due to Employee Benefits	(8)	87
Increase / (Decrease) in Other Operating Payables to Non-Related Parties	120	4
Increase / (Decrease) in Deferred Income	1.028	(534)
Decrease in Other Assets Related with Operations	(189)	(11)
Cash Flows From Operations	6.498	1.407
Payments for Provisions Related with Employee Benefits	(40)	(33)
Income taxes paid	(12)	(17)
Net Cash From Operating Activities	6.446	1.357
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Cash Receipts Proceed from sales of property, plant and equipment	3.375	5
Cash Payments From Purchasing of Property, Plant and Equipment (*)	(1.978)	(1.668)
Cash Payments From Purchasing of Other Long-Term Assets	(13)	(513)
Other Cash Advances and Loans	1.300	1.653
Dividends Received	63	66
Interest Received	313	172
Net Cash Flows From Investing Activities	3.060	(285)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from Loans	65	2.656
Payments of finance lease liabilities	(5.744)	(1.914)
Interest Paid	(356)	(273)
Other Inflows of Cash	49	20
Net Cash Flows Used in Financing Activities	(5.986)	489
Net Change in Cash and Cash Equivalents	3.520	1.561
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.159	2.617
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8.679	4.178

(*) 1.384 TRY portion of property and equipment and intangible assets purchases in total of 3.362 TRY for the year ended 30 September 2017 was financed through finance leases. (30 September 2016: 6.594 TRY portion of property and equipment and intangible assets purchases in total of 8.262 TRY was financed through finance leases.)