

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

**Consolidated Balance Sheet as at 31 December 2014**

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

ASSETS	Notes	Audited	Audited
		31 December 2014	31 December 2013
<b>Current Assets</b>			
Cash and Cash Equivalents	6	1.473.508.453	1.338.983.835
Financial Investments	7	200.932.718	42.774.034
Trade Receivables			
-Trade Receivables From Related Parties	10	628.622	382.750
-Trade Receivables From Non-Related Parties	11	1.056.706.451	1.147.707.413
Other Receivables			
-Other Receivables from Related Parties	10	7.505.738	4.087.847
-Other Receivables from Non-Related Parties	13	2.772.633.154	1.376.697.906
Derivative Financial Instruments	44	353.543.745	64.279.662
Inventories	14	452.228.491	342.324.371
Prepaid Expenses	16	138.866.880	89.366.115
Current Income Tax Assets	41	18.570.204	16.507.184
Other Current Assets	31	89.723.728	112.423.952
<b>TOTAL CURRENT ASSETS</b>		<b>6.564.848.184</b>	<b>4.535.535.069</b>
<b>Non-Current Assets</b>			
Financial Investments	7	2.664.861	2.452.721
Other Receivables			
-Other Receivables from Non-Related Parties	13	2.454.780.090	2.680.608.826
Equity Accounted Investees	4	525.582.579	389.674.199
Investment Property	17	82.560.000	76.320.000
Property and Equipment	18	21.335.501.851	17.165.656.116
Intangible Assets			
- Other Intangible Assets	19	165.458.929	113.081.412
- Goodwill	20	28.799.966	26.507.294
Prepaid Expenses	16	715.410.602	412.242.181
		-	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>25.310.758.878</b>	<b>20.866.542.749</b>
<b>TOTAL ASSETS</b>		<b>31.875.607.062</b>	<b>25.402.077.818</b>

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**Consolidated Balance Sheet as at 31 December 2014**

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

		<b>Audited</b>	<b>Audited</b>
	<b>Notes</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short-Term Portion of Long-Term Borrowings	8-21	1.421.172.095	1.188.220.823
Other Financial Liabilities	9	44.261.101	33.808.413
Trade Payables			
-Trade Payables to Related Parties	10	343.039.672	374.606.410
-Trade Payables to Non-Related Parties	11	1.195.561.375	1.076.575.170
Payables Related to Employee Benefits	12	296.516.690	307.983.476
Other Payables			
-Other Payables to Non-Related Parties	13	165.560.060	114.181.687
Derivative Financial Instruments	44	990.806.416	233.949.090
Deferred Income	16	22.095.569	46.629.988
Passenger Flight Liabilities	30	3.242.625.728	2.562.506.267
Current Tax Provision	41	1.860.231	-
Short-term Provisions			
-Provisions for Employee Benefits	26	133.462.891	64.731.115
-Other Provisions	26	36.593.232	29.819.212
Other Current Liabilities	31	611.789.688	619.744.180
<b>TOTAL CURRENT LIABILITIES</b>		<b>8.505.344.748</b>	<b>6.652.755.831</b>
<b>Non- Current Liabilities</b>			
Long-Term Borrowings	8-21	12.333.917.978	10.364.269.509
Trade Payables			
- Trade Payables to Non- Related Parties		3.472.514	3.549.001
Other Payables			
-Other Payables to Non-Related Parties	13	33.177.620	30.917.704
Deferred Income	16	32.930.871	31.157.986
Long-term Provisions			
-Provisions for Employee Benefits	28	294.422.303	249.604.088
Deferred Tax Liability	41	1.517.937.898	1.107.333.343
<b>TOTAL NON- CURRENT LIABILITIES</b>		<b>14.215.859.184</b>	<b>11.786.831.631</b>
<b>Equity Attributable to Equity Holders of the Parent</b>			
Share Capital	32	1.380.000.000	1.380.000.000
Inflation Adjustment on Share Capital	32	1.123.808.032	1.123.808.032
Items That Will Never Be Reclassified to			
Profit or Loss			
-Actuarial Losses from Defined Pension Plans	32	( 20.415.807)	( 12.436.923)
Items That Are or May Be Reclassified to			
Profit or Loss			
-Foreign currency translation differences	32	2.367.369.791	1.659.392.608
-Losses from Hedging	32	( 428.551.847)	( 101.206.786)
Restricted Profit Reserves	32	59.372.762	59.372.762
Retained Earnings	32	2.853.560.663	2.170.853.236
Net Profit	32	1.819.259.536	682.707.427
<b>TOTAL EQUITY</b>		<b>9.154.403.130</b>	<b>6.962.490.356</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>31.875.607.062</b>	<b>25.402.077.818</b>

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

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the Year Ended 31 December 2014**

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

		<b>Audited</b>	<b>Audited</b>
	<b>Notes</b>	<b>1 January - 31 December 2014</b>	<b>1 January - 31 December 2013</b>
<b><u>PROFIT OR LOSS</u></b>			
Sales Revenue	33	24.157.801.405	18.776.784.325
Cost of Sales (-)	34	( 19.812.624.371)	( 15.304.655.417)
<b>GROSS PROFIT</b>		<b>4.345.177.034</b>	<b>3.472.128.908</b>
General Administrative Expenses (-)	35	( 598.748.595)	( 434.976.154)
Marketing and Sales Expenses (-)	35	( 2.462.255.861)	( 1.947.304.294)
Other Operating Income	36	178.577.444	218.962.448
Other Operating Expenses (-)	36	( 104.192.122)	( 82.685.160)
<b>OPERATING PROFIT</b>		<b>1.358.557.900</b>	<b>1.226.125.748</b>
Income from Investment Activities	37	210.887.363	145.511.240
Expenses from Investment Activities (-)	37	( 52.200.322)	( 2.105.578)
Share of Investments' Profit / Loss Accounted By Using The Equity Method	4	160.773.731	108.973.512
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE</b>		<b>1.678.018.672</b>	<b>1.478.504.922</b>
Financial Income	39	980.209.225	50.145.542
Financial Expenses (-)	39	( 397.081.094)	( 563.406.209)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>2.261.146.803</b>	<b>965.244.255</b>
<b>Tax Expense of Continuing Operations</b>		<b>( 441.887.267)</b>	<b>( 282.536.828)</b>
Current Tax Expense	41	( 9.875.007)	-
Deferred Tax Expense	41	( 432.012.260)	( 282.536.828)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>1.819.259.536</b>	<b>682.707.427</b>
<b><u>OTHER COMPREHENSIVE INCOME</u></b>			
<b>To Be Reclassified To Profit or Loss</b>		<b>380.632.122</b>	<b>1.033.459.675</b>
Currency Translation Adjustment		707.977.183	1.089.281.590
Gains/ (Losses) of Cash Flow Hedge Reserves		( 417.647.105)	( 65.561.681)
Actuarial Gains/(Losses) from Cash Flow Hedge Reserves of			
Investment Accounted by Using the Equity Method		8.465.779	( 4.215.713)
Tax (Expense)/Income of Other Comprehensive Income		81.836.265	13.955.479
<b>Not To Be Reclassified To Profit or Loss</b>		<b>( 7.978.884)</b>	<b>14.560.628</b>
Actuarial Gains/(Losses) from Defined Pension Plans		( 10.492.174)	18.814.466
Actuarial Gains/(Losses) from Defined Pension Plans of			
Investments Accounted by Using the Equity Method		518.569	( 613.681)
Tax Expense/(Income) of Other Comprehensive Income		1.994.721	( 3.640.157)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>372.653.238</b>	<b>1.048.020.303</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2.191.912.774</b>	<b>1.730.727.730</b>
<b>Earning Per Share (Kr)</b>	42	1,32	0,49

*Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish*  
**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Consolidated Statement of Changes in Equity**  
**For the Year Ended 31 December 2014**  
(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

			Accumulated Items That Will Never Be Reclassified To Profit or Loss		Accumulated Items That Are or May Be Reclassified To Profit or Loss			Accumulated Profit	
	Paid-in Share Capital	Inflation Adjustment on Share Capital	Actuarial Losses from Defined Pension Plans	Currency Translation Differences	Gains/ (Losses) of Hedging	Restricted Profit Reserves	Retained Earnings	Net Profit for The Period	Total Equity
As of 1 January 2014	1.380.000.000	1.123.808.032	(12.436.923)	1.659.392.608	(101.206.786)	59.372.762	2.170.853.236	682.707.427	6.962.490.356
Transfers	-	-	-	-	-	-	682.707.427	(682.707.427)	-
Total Comprehensive Income	-	-	(7.978.884)	707.977.183	(327.345.061)	-	-	1.819.259.536	2.191.912.774
As of 31 December 2014	1.380.000.000	1.123.808.032	(20.415.807)	2.367.369.791	(428.551.847)	59.372.762	2.853.560.663	1.819.259.536	9.154.403.130

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**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Consolidated Statement of Changes in Equity**  
**For the Year Ended 31 December 2013**  
(All amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

			Accumulated Items That Will Never Be Reclassified To Profit or Loss		Accumulated Items That Are or May Be Reclassified To Profit or Loss			Accumulated Profit	
	Paid-in Share Capital	Inflation Adjustment on Share Capital	Actuarial Losses from Defined Pension Plans	Currency Translation Differences	Gains/ (Losses) of Hedging	Restricted Profit Reserves	Retained Earnings	Net Profit for The Period	Total Equity
<b>As of 1 January 2013</b>	<b>1.200.000.000</b>	<b>1.123.808.032</b>	<b>(26.997.551)</b>	<b>570.111.018</b>	<b>(45.384.871)</b>	<b>39.326.341</b>	<b>1.388.463.563</b>	<b>1.155.717.057</b>	<b>5.405.043.589</b>
Transfers	-	-	-	-	-	20.046.421	1.135.670.636	(1.155.717.057)	-
Issuence of Bonus Shares	180.000.000	-	-	-	-	-	(180.000.000)	-	-
Dividends paid	-	-	-	-	-	-	(173.280.963)	-	(173.280.963)
Total Comprehensive Income	-	-	14.560.628	1.089.281.590	(55.821.915)	-	-	682.707.427	1.730.727.730
<b>As of 31 December 2013</b>	<b>1.380.000.000</b>	<b>1.123.808.032</b>	<b>(12.436.923)</b>	<b>1.659.392.608</b>	<b>(101.206.786)</b>	<b>59.372.762</b>	<b>2.170.853.236</b>	<b>682.707.427</b>	<b>6.962.490.356</b>

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**TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**  
**Consolidated Statement of Changes in Equity**  
**For the Year Ended 31 December 2014**  
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		<b>Audited</b>	<b>Audited</b>
	<b>Notes</b>	<b>1 January - 31 December 2014</b>	<b>1 January - 31 December 2013</b>
Profit for the Year		1.819.259.536	682.707.427
<b>Adjustments to reconcile cash flow generated from operating activities:</b>			
Adjustments for Depreciation and Amortization	18-19	1.625.997.651	1.240.527.159
Adjustments for Provision for Employee Benefits	28	71.764.855	41.220.674
Adjustments for Provisions, Net	15-26	75.018.425	18.890.248
Adjustments for Interest Income	37-39	(76.188.692)	(79.271.750)
Gain on Sales of Fixed Assets	37	1.581.607	(1.658.418)
Share of Investments' (Profit) / Loss Accounted by Using The Equity Method	4	(160.773.731)	(108.973.512)
Adjustments for Interest Expense	39	360.960.866	261.649.506
Change in Manufacturers' Credit	16	(6.015.242)	(648.585)
Unrealized Foreign Exchange Translation Differences		(892.320.013)	210.292.593
Change in Provision for Doubtful Receivables	46	8.857.705	37.442.673
Increase in Fair Value of Investment Property	37	( 6.240.000)	(18.835.000)
Tax Expense	41	441.887.267	282.536.828
Change in Fair Value of Derivative Instruments	39	(53.168.614)	31.058.964
<b>Operating profit before working capital changes</b>		<b>3.210.621.620</b>	<b>2.596.938.807</b>
Adjustments for Change in Trade Receivables		179.204.340	( 193.366.224)
Adjustments for Change in Other Short and Long Term Receivables		(691.558.532)	(2.872.430)
Adjustments for Change in Inventories		(75.711.210)	(28.524.263)
Adjustments for Change in Other Receivables Related to Operations		32.036.733	(640.438)
Adjustments for Change in Other Non- Current Assets and Prepaid Expenses		(291.625.158)	(113.633.417)
Adjustments for Change in Trade Payables		(36.282.626)	272.248.976
Adjustments for Change in Short and Long Term Payables Related to Operations and Deferred Income		2.813.091	79.175.438
Adjustments for Change in Short-Term Provisions for Employee Benefits		(85.848.594)	28.648.858
Adjustments for Change in Passenger Flight Liabilities		432.305.456	503.722.973
<b>Cash Flows Generated From Operating Activities</b>		<b>2.675.955.120</b>	<b>3.141.698.280</b>
Payment of Retirement Pay Liabilities	28	(32.067.388)	(28.139.267)
<b>Net Cash Generated From Operating Activities</b>		<b>2.643.887.732</b>	<b>3.113.559.013</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds From Sale of Property and Equipment, Intangible Assets and Investment Property		414.185.090	38.199.601
Interest Received		88.224.455	36.432.249
Purchase of Property and Equipment and Intangible Assets (*)	18-19	(1.074.213.563)	(1.092.367.554)
Prepayments For The Purchase of Aircrafts		(285.045.336)	(1.128.522.317)
Change in Financial Investments		(157.887.972)	513.555.407
Cash Outflow Arising From Capital Increase in Investments		( 300.000)	( 1.721.250)
Dividends Received		32.470.899	21.500.000
Cash Outflow Arising from Acquisition of Subsidiaries		-	( 45.929.808)
<b>Net Cash Used In Investing Activities</b>		<b>( 982.566.427)</b>	<b>( 1.658.853.672)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Financial Lease Liabilities		( 1.196.700.032)	( 1.022.387.330)
Decrease in Other Financial Liabilities and Derivative Instruments		7.098.680	( 3.018.238)
Interest Paid		(337.195.335)	(272.577.511)
Dividends Paid		-	( 173.280.963)
<b>Net Cash Used In Financing Activities</b>		<b>( 1.526.796.687)</b>	<b>( 1.471.264.042)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>134.524.618</b>	<b>( 16.558.701)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>1.338.983.835</b>	<b>1.355.542.536</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>1.473.508.453</b>	<b>1.338.983.835</b>

(\*) TL 3.539.374.557 portion of property and equipment and intangible assets purchases in total of TL 4.613.588.120 for the year ended 31 December 2014 was financed through finance leases. (31 December 2013: 1.854.263.247 TL portion of property and equipment and intangible assets purchases in total of TL 2.946.630.801 was financed through finance leases.)