

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES**Consolidated Balance Sheet as at 31 December**

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

	<u>Audited</u>	<u>Audited</u>
	<u>31 December 2015</u>	<u>31 December 2014</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	2.617	1.474
Financial Investments	180	201
Trade Receivables		
-Trade Receivables From Related Parties	1	1
-Trade Receivables From Non-Related Parties	1.051	1.057
Other Receivables		
-Other Receivables from Related Parties	7	7
-Other Receivables from Non-Related Parties	4.019	2.773
Derivative Financial Instruments	290	353
Inventories	628	452
Prepaid Expenses	215	139
Current Income Tax Assets	35	18
Other Current Assets	105	90
TOTAL CURRENT ASSETS	9.148	6.565
Non-Current Assets		
Financial Investments	3	3
Other Receivables		
-Other Receivables from Non-Related Parties	3.078	2.454
Investments Accounted by Using Equity Method	715	526
Investment Property	2	83
Property and Equipment	33.191	21.336
Intangible Assets		
- Other Intangible Assets	258	165
- Goodwill	36	29
Prepaid Expenses	1.207	715
TOTAL NON-CURRENT ASSETS	38.490	25.311
TOTAL ASSETS	47.638	31.876

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Balance Sheet as at 31 December

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

	Audited	Audited
	31 December 2015	31 December 2014
LIABILITIES		
Current Liabilities		
Short Term Borrowings	727	-
Short-Term Portion of Long-Term Borrowings	2.218	1.421
Other Financial Liabilities	44	44
Trade Payables		-
-Trade Payables to Related Parties	383	343
-Trade Payables to Non-Related Parties	1.566	1.196
Payables Related to Employee Benefits	351	296
Other Payables		
-Other Payables to Non-Related Parties	245	166
Derivative Financial Instruments	1.650	991
Deferred Income	37	22
Passenger Flight Liabilities	3.172	3.243
Current Tax Provision	29	2
Short-Term Provisions		
-Provisions for Employee Benefits	150	133
-Other Provisions	44	37
Other Current Liabilities	632	612
TOTAL CURRENT LIABILITIES	11.248	8.506
Non- Current Liabilities		
Long-Term Borrowings	19.294	12.334
Trade Payables		
- Trade Payables to Non-Related Parties	-	3
Other Payables		
-Other Payables to Non-Related Parties	34	33
Deferred Income	46	33
Long-Term Provisions		
-Provisions for Employee Benefits	348	295
Deferred Tax Liability	2.578	1.518
TOTAL NON- CURRENT LIABILITIES	22.300	14.216
Equity		
Share Capital	1.380	1.380
Inflation difference on shareholders' equity	1.124	1.124
Items That Will Not Be Reclassified to Profit or Loss		
-Actuarial (Losses) on Retirement Pay Obligation	(23)	(20)
Items That Are or May Be Reclassified to Profit or Loss		
-Foreign Currency Translation Differences	4.836	2.367
-Fair Value (Losses) on Hedging Instruments		
Entered into for Cash Flow Hedges	(952)	(429)
Restricted Profit Reserves	59	59
Previous Years Profit	4.673	2.854
Net Profit for the Year	2.993	1.819
TOTAL EQUITY	14.090	9.154
TOTAL LIABILITIES AND EQUITY	47.638	31.876

The accompanying notes are an integral part of these consolidated financial statements .

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

	Audited	Audited
	1 January- 31 December 2015	1 January- 31 December 2014
<u>PROFIT OR LOSS</u>		
Sales Revenue	28.752	24.158
Cost of Sales (-)	(22.959)	(19.729)
GROSS PROFIT	5.793	4.429
General Administrative Expenses (-)	(740)	(599)
Marketing and Sales Expenses (-)	(3.129)	(2.462)
Other Operating Income	646	176
Other Operating Expenses (-)	(84)	(101)
OPERATING PROFIT BEFORE INVESTMENT ACTIVITIES	2.486	1.443
Income from Investment Activities	286	210
Expenses from Investment Activities	(3)	(52)
Share of Investments' Profit / Loss Accounted by Using The Equity Method	226	161
OPERATING PROFIT	2.995	1.762
Financial Income	1.450	927
Financial Expenses (-)	(534)	(428)
PROFIT BEFORE TAX	3.911	2.261
Tax Expense	(918)	(442)
Current Tax Expense	(34)	(10)
Deferred Tax Expense	(884)	(432)
PROFIT FOR THE YEAR	2.993	1.819
<u>OTHER COMPREHENSIVE INCOME</u>		
Items That May Be Reclassified Subsequently To Profit or Loss	1.946	380
Currency Translation Adjustment	2.469	708
Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	(657)	(418)
Fair Value Gains/(Loss) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges	3	8
Income Tax Relating to Items That May Be Reclassified Subsequently to Profit or Loss	131	82
Items That Will Not Be Reclassified Subsequently To Profit or Loss	(3)	(8)
Actuarial Gains/(Losses) on Retirement Pay Obligation	(4)	(10)
Income Tax Relating to Items That Will Not Be Reclassified Subsequently to Profit or Loss	1	2
OTHER COMPREHENSIVE INCOME FOR THE YEAR	1.943	372
OTHER COMPREHENSIVE INCOME FOR THE YEAR	4.936	2.191
Basic Earning Per Share	2,17	1,32

The accompanying notes are an integral part of these consolidated financial statements.

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 Million Turkish Lira (TRY) unless otherwise stated.)

	Share Capital	Inflation Adjustment on Share Capital	Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss		Restricted Profit Reserves	Retained Earnings		Total Equity
			Actuarial (Losses) on Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value (Losses) on Hedging Instruments Entered Into For Cash Flow Hedges		Previous Years Profit	Net Profit for The Year	
As of 1 January 2015	1.380	1.124	(20)	2.367	(429)	59	2.854	1.819	9.154
Transfers	-	-	-	-	-	-	1.819	(1.819)	-
Total comprehensive income /(loss)	-	-	(3)	2.469	(523)	-	-	2.993	4.936
As of 31 December 2015	1.380	1.124	(23)	4.836	(952)	59	4.673	2.993	14.090

The accompanying notes are an integral part of these consolidated financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2015
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Share Capital	Inflation Adjustment on Share Capital	Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss		Restricted Profit Reserves	Retained Earnings		Total Equity
			Actuarial (Losses) on Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value (Losses) on Hedging Instruments Entered Into For Cash Flow Hedges		Previous Years Profit	Net Profit for The Year	
As of 1 January 2014	1.380	1.124	(12)	1.659	(101)	59	2.171	683	6.963
Transfers	-	-	-	-	-	-	683	(683)	-
Total comprehensive income /(loss)	-	-	(8)	708	(328)	-	-	1.819	2.191
As of 31 December 2014	1.380	1.124	(20)	2.367	(429)	59	2.854	1.819	9.154

The accompanying notes are an integral part of these consolidated financial statements.

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 Million Turkish Lira (TRY) unless otherwise stated.)

	<u>Audited</u>	<u>Audited</u>
	<u>1 January- 31 December 2015</u>	<u>1 January- 31 December 2014</u>
Profit for the Year	2.993	1.819
Adjustments to reconcile cash flows generated from operating activities:		
Adjustments for Depreciation and Amortization	2.534	1.627
Adjustments for Provisions for Employee Benefits	77	71
Adjustments for Provisions, Net	26	76
Adjustments for Interest Income	(73)	(76)
(Gain)/Loss on Sales of Fixed Assets	(7)	2
Share of Investments' (Profit) Accounted for Using The Equity Method	(226)	(161)
Adjustments for Interest Expense	445	361
Change in Manufacturers' Credit	7	(6)
Unrealized Foreign Exchange Translation Differences	(788)	(974)
Change in Provision for Doubtful Receivables	13	9
Adjustment in Fair Value of Investment Property	(13)	(7)
Tax Expense	918	442
Change in Fair Value of Derivative Instruments	27	23
Operating profit before working capital changes	5.933	3.206
Adjustments for Change in Trade Receivables	256	179
Adjustments for Change in Other Short and Long Term Receivables	(806)	(692)
Adjustments for Change in Inventories	(57)	(76)
Adjustments for Change in Other Receivables Related to Operations	12	32
Adjustments for Change in Other Current and Non- Current Assets and Prepaid Expenses	(328)	(292)
Adjustments for Change in Short Term and Long Term Trade Payables	14	(36)
Adjustments for Change in Short Term and Long Term Trade Payables	9	3
Adjustments for Change in Short Term and Long Term Payables Related to Operations and Deferred Income	(113)	(86)
Adjustments for Change in Passenger Flight Liabilities	(836)	432
Cash Flows Generated From Operating Activities	4.084	2.670
Payment of Retirement Pay Liabilities	(25)	(32)
Taxes (Paid)/Received	(17)	-
Net Cash Generated From Operating Activities	4.042	2.638
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From Sale of Property Equipment and Intangible Assets	32	420
Net Book Value of Incident Aircraft (net of leasing liability)	17	-
Interest Received	72	88
Payments for Property and Equipment and Intangible Assets	(2.008)	(1.074)
Prepayments for the Purchase of Aircrafts	290	(285)
Change in Financial Investments, Net	68	(158)
Dividends Received	73	32
Net Cash Used In Investing Activities	(1.456)	(977)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Financial Lease Liabilities	(1.830)	(1.196)
Proceeds From Short-Term Borrowings	727	-
Decrease in Other Financial and Derivative Liabilities	(11)	7
Interest Paid	(329)	(337)
Net Cash Used In Financing Activities	(1.443)	(1.526)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1.143	135
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE YEAR	1.474	1.339
CASH AND CASH EQUIVALENTS		
AT THE END OF THE YEAR	2.617	1.474 (*)

6.746 TRY portion of property and equipment and intangible assets purchases in total of 8.754 TRY for the year ended 31 December 2015 was financed through finance leases. (31 December 2014: 3.538 TRY portions of property and equipment and intangible assets purchases in total of 4.612 USD was financed through finance leases.)

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