

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.)

	Audited	Audited
	31 December 2016	31 December 2015
ASSETS		
Current Assets		
Cash and Cash Equivalents	5.159	2.617
Financial Investments	1.228	180
Trade Receivables		
-Trade Receivables From Related Parties	-	1
-Trade Receivables From Non-Related Parties	1.334	1.051
Other Receivables		
-Other Receivables from Related Parties	9	7
-Other Receivables from Non-Related Parties	2.968	4.019
Derivative Financial Instruments	694	290
Inventories	763	628
Prepaid Expenses	346	215
Current Income Tax Assets	79	35
Other Current Assets	93	105
TOTAL CURRENT ASSETS	12.673	9.148
Non-Current Assets		
Financial Investments	165	3
Other Receivables		
-Other Receivables from Non-Related Parties	1.815	3.078
Investments Accounted by Using Equity Method	869	715
Investment Property	2	2
Property and Equipment	47.422	33.191
Intangible Assets		
- Other Intangible Assets	259	258
- Goodwill	44	36
Prepaid Expenses	1.825	1.207
TOTAL NON-CURRENT ASSETS	52.401	38.490
TOTAL ASSETS	65.074	47.638

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.)

	Audited	Audited
	31 December 2016	31 December 2015
LIABILITIES		
Current Liabilities		
Short Term Borrowings	4.776	727
Short-Term Portion of Long-Term Borrowings	3.746	2.218
Other Financial Liabilities	13	44
Trade Payables		
-Trade Payables to Related Parties	455	383
-Trade Payables to Non-Related Parties	1.714	1.566
Payables Related to Employee Benefits	504	351
Other Payables		
-Other Payables to Non-Related Parties	326	245
Derivative Financial Instruments	514	1.650
Deferred Income	2.803	3.209
Current Tax Provision	8	29
Short-Term Provisions		
-Provisions for Employee Benefits	155	150
-Other Provisions	60	44
Other Current Liabilities	758	632
TOTAL CURRENT LIABILITIES	15.832	11.248
Non- Current Liabilities		
Long-Term Borrowings	27.526	19.294
Other Payables		
-Other Payables to Non-Related Parties	39	34
Deferred Income	20	46
Long-Term Provisions		
-Provisions for Employee Benefits	397	348
Deferred Tax Liability	3.361	2.578
TOTAL NON- CURRENT LIABILITIES	31.343	22.300
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	(37)	(23)
Items That Are or May Be Reclassified to Profit or Loss		
-Foreign Currency Translation Differences	7.685	4.836
-Fair Value (Losses) on Hedging Instruments		
Entered into for Cash Flow Hedges	69	(952)
Restricted Profit Reserves	59	59
Previous Years Profit	7.666	4.673
Net (Loss) / Profit for the Period	(47)	2.993
TOTAL EQUITY	17.899	14.090
TOTAL LIABILITIES AND EQUITY	65.074	47.638

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2016
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Audited	Audited
	1 January - 31 December 2016	1 January - 31 December 2015
<u>PROFIT OR LOSS</u>		
Sales Revenue	29.468	28.752
Cost of Sales (-)	(26.051)	(22.959)
GROSS PROFIT	3.417	5.793
General Administrative Expenses (-)	(948)	(740)
Marketing and Sales Expenses (-)	(3.493)	(3.129)
Other Operating Income	439	646
Other Operating Expenses (-)	(280)	(84)
OPERATING (LOSS)/PROFIT BEFORE INVESTMENT ACTIVITIES	(865)	2.486
Income from Investment Activities	420	286
Expenses from Investment Activities	(59)	(3)
Share of Investments' (Loss) / Profit Accounted by Using The Equity Method	130	226
OPERATING (LOSS)/PROFIT	(374)	2.995
Financial Income	1.074	1.450
Financial Expenses (-)	(698)	(534)
(LOSS)/PROFIT BEFORE TAX	2	3.911
Tax Income (Expense)	(49)	(918)
Current Tax Expense	(65)	(34)
Deferred Tax Income / (Expense)	16	(884)
(LOSS)/ PROFIT FOR THE PERIOD	(47)	2.993
<u>OTHER COMPREHENSIVE INCOME</u>		
Items That May Be Reclassified Subsequently To Profit or Loss	3.870	1.946
Currency Translation Adjustment	2.849	2.469
Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	1.262	(657)
Fair Value Gains /(Losses) Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges	14	3
Income Tax Relating Items That May Be Reclassified Subsequently to Profit or Loss	(255)	131
Items That Will Not Be Reclassified Subsequently To Profit or Loss	(14)	(3)
Actuarial Gains on Retirement Pay Obligation	(18)	(4)
Income Tax Relating Items That Will Not Be Reclassified Subsequently to Profit or Loss	4	1
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	3.856	1.943
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD	3.809	4.936
Basic (Loss) Earning Per Share (Full US Cents)	(0,03)	2,17

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2016
(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) Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains/ (Losses) on Hedging Instruments Entered Into For Cash Flow Hedges		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	-	-	(14)	2.849	1.021	-	-	(47)	3.809
As of 31 December 2016	1.380	1.124	(37)	7.685	69	59	7.666	(47)	17.899

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2016
(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) Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains/ (Losses) on Hedging Instruments Entered Into For Cash Flow Hedges		Previous Years Profit	Net Profit for The Period	
As of 31 December 2014	1.380	1.124	(20)	2.367	(429)	59	2.854	1.819	9.154
Transfers	-	-	-	-	-	-	1.819	(1.819)	-
Total comprehensive income	-	-	(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

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2016

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

	Audited	Audited
	1 January- 31 December 2016	1 January- 31 December 2015
Profit (loss)	(47)	2.993
Adjustments to Reconcile Profit (Loss)		
Adjustments for Depreciation and Amortisation Expense	3.470	2.534
Adjustments for Provisions Related with Employee Benefits	83	96
Adjustments for (Reversal of) Provisions for Payables	16	7
Adjustments for Free Provisions for Probable Risks	17	13
Adjustments for Interest Income	(267)	(73)
Adjustments for Interest Expense	619	445
Adjustments For Unrealised Foreign Exchange Losses / (Gains)	(2.106)	(788)
Adjustments for Manufacturers' Credits	6	7
Adjustments for Fair Value Losses (Gains) of Investment Property	-	(13)
Adjustments for Fair Value Losses / (Gains) on Derivative Financial Instruments	(266)	27
Adjustments for Undistributed Profits of Associates	(130)	(226)
Adjustments for Tax (Income) / Expenses	49	918
Adjustments for Losses / (Gains) Arised From Sale of Tangible Assets	47	(7)
Adjustments for Losses / (Gains) Arised from Sale of Other Non-Current Assets	84	-
Changes in Working Capital	1.575	5.933
Increase in Trade Receivables from Non-Related Parties	(52)	256
Decrease / Increase in Other Non-Related Party Receivables Related with Operations	1.054	(806)
Adjustments for Increase in Inventories	(2)	(57)
Adjustments for Increase in Prepaid Expenses	(386)	(328)
Increase / (Decrease) in Trade Payables to Related Parties	(7)	(44)
Increase in Trade Payables to Non-Related Parties	(156)	58
Adjustments for Increase / (Decrease) in Payables Due to Employee Benefits	68	(19)
Decrease in Other Operating Payables to Non-Related Parties	23	28
Increase in Deferred Income	(964)	(949)
Decrease / (Increase) in Other Assets Related with Operations	42	12
Cash Flows From (Used in) Operations	1.195	4.084
Payments for Provisions Related with Employee Benefits	(47)	(25)
Income taxes refund (paid)	(44)	(17)
Net Cash From (Used in) Operating Activities	1.104	4.042
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Cash Outflow Arising From Capital Increase in Investments	(18)	-
Cash Receipts Proceed from sales of property, plant and equipment	370	49
Cash Payments From Purchasing of property, plant and equipment (*)	(2.651)	(2.008)
Cash Payments From Purchasing of Other Long-Term Assets	(1.028)	68
Other Cash Advances and Loans	2.245	290
Dividends Received	66	73
Interest Received	259	72
Net Cash Flows From Investing Activities	(757)	(1.456)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from Loans	4.476	727
Payments of finance lease liabilities	(1.971)	(1.830)
Interest Paid	(275)	(329)
Other Outflows of Cash	(35)	(11)
Net Cash Flows From Financing Activities	2.195	(1.443)
Net Change in Cash and Cash Equivalents	2.542	1.143
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	2.617	1.474
CASH AND CASH EQUIVALENTS		
AT THE END OF THE PERIOD	5.159	2.617