(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi

Interim condensed consolidated financial statements for the period between 1 January – 30 June 2009 together with independent auditors' review report

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

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(Convenience translation of a report and financial statements originally issued in Turkish)

For the period between 1 January-30 June 2008
Independent Auditors' Review Report

To the Shareholders of Türk Telekomünikasyon Anonim Şirketi

Introduction

We have reviewed the accompanying interim consolidated financial statements of Türk Telekomünikasyon Anonim Şirketi and its subsidiaries (together will be referred to as “the Company”) which comprise the consolidated balance sheet as at 30 June 2009 and the consolidated income statement, consolidated statement of changes in equity,consolidated statement of comprehensive income and consolidated cash flow statement for the six month period then ended. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with financial reporting standards issued by Capital Markets Board. Our responsibility is to express a conclusion based on our review of the interim consolidated financial statements.

Scope of review

We conducted our review in accordance with standards on auditing issued by Capital Markets Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing issued by Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared in accordance with all material respects in financial reporting standards issued by Capital Markets Board.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst&Young International

Metin Canoğulları, SMMM
Partner

20 July 2009
İstanbul, Türkiye

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated balance sheet
As at 30 June 2009
(Currency - in Thousands of Turkish Lira ("TRY") unless otherwise indicated)

	Notes	Current period (Reviewed) 30 June 2009	Prior period (Audited) 31 December 2008
Assets			
Current assets		**2.954.114**	**2.998.480**
Cash and cash equivalents	6	**731.022**	1.041.982
Trade receivables			
- Trade receivables from related parties	7	**144.494**	92.944
- Other trade receivables		**1.447.432**	1.324.986
Financial assets	15	**24.793**	793
Other receivables		**18.461**	67.188
Inventories		**55.542**	49.080
Other current assets		**532.370**	414.147
		2.954.114	**2.991.120**
Assets held for sale	**9**	**-**	**7.360**
Non-current assets		**9.927.598**	**9.660.966**
Other receivables		**710**	669
Financial investments		**11.840**	11.840
Investment property		**302.336**	310.654
Property, plant and equipment	9	**6.191.815**	6.277.125
Intangible assets	9	**3.121.501**	2.734.374
Goodwill	10	**49.172**	48.735
Deferred tax asset		**245.184**	272.894
Other non-current assets		**5.040**	4.675
TOTAL ASSETS		**12.881.712**	**12.659.446**

The accompanying policies and explanatory notes on pages 8 through 30 form an integral part of the consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated balance sheet
As at 30 June 2009
(Currency - in Thousands of Turkish Lira ("TRY") unless otherwise indicated)

	Notes	Current period (Reviewed) 30 June 2009	Prior period (Audited) 31 December 2008
Liabilities			
Current liabilities		**5.720.486**	**3.548.688**
Financial liabilities			
- Bank borrowings	8	3.427.803	1.285.578
- Obligations under finance leases		5.432	5.233
Other financial liabilities			
- Derivative financial instruments	15	132.911	-
Trade payables			
- Trade payables to related parties	7	8.201	21.517
- Other trade payables		562.675	881.319
Other payables		33.590	29.294
Income tax payable		192.177	93.882
Provisions		264.238	232.075
Other current liabilities	11	1.093.459	999.790
Non-current liabilities		**2.624.726**	**3.997.151**
Financial liabilities			
- Bank borrowings	8	1.011.539	2.122.904
- Obligations under finance leases		39.171	41.527
Other financial liabilities			
- Minority put option liability		553.729	586.439
- Derivative financial instruments	15	65.129	209.515
Other payables			
- Other payables to related parties	7	325	336
- Other payables		8.984	16.094
Provisions		6.133	5.126
Provisions for employee termination benefits		713.831	667.148
Deferred tax liability		217.845	338.504
Other non-current liabilities		8.040	9.558
Equity		**4.536.500**	**5.113.607**
Equity attributable to parent			
Paid-in share capital		3.500.000	3.500.000
Inflation adjustments to paid in capital (-)		(239.752)	(239.752)
Other reserves			
- Minority put option liability reserve (-)		(411.728)	(386.719)
- Fair value difference arising from acquisition of subsidiary (-)		(294.065)	(294.065)
- Unrealized loss on derivative financial instruments (-)		(52.996)	(169.957)
- Share based payment reserve		9.528	9.528
Currency translation gain/(loss)		89	(57)
Restricted reserves allocated from profits		1.205.074	1.231.408
Retained earnings/(accumulated deficit)	12	(602)	(288.991)
Net profit for the period/year		820.952	1.752.212
Total liabilities and equity		**12.881.712**	12.659.446

The accompanying policies and explanatory notes on pages 8 through 30 form an integral part of the consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated income statement
For the six-month period ended 30 June 2009
(Currency - in Thousands of Turkish Lira ("TRY") unless otherwise indicated)

		Current Period		Prior Period	
		(Reviewed)		(Reviewed) (Restated Note 2.2)	
	Notes	**1 January 2009 - 30 June 2009**	**1 April 2009 - 30 June 2009**	1 January 2008 - 30 June 2008	1 April 2008 - 30 June 2008
Continuing operations					
Revenue	5	5.149.363	2.641.645	4.977.428	2.554.090
Cost of sales (-)	5	(2.503.848)	(1.341.842)	(2.502.942)	(1.273.207)
Gross profit		2.645.515	1.299.803	2.474.486	1.280.883
Marketing, sales and distribution expenses (-)	5	(643.505)	(334.280)	(511.276)	(252.560)
General administrative expenses (-)	5	(835.960)	(427.239)	(701.817)	(383.553)
Research and development expenses (-)	5	(17.252)	(10.619)	(7.867)	(4.248)
Other operating income	5	190.274	91.704	110.346	52.788
Other operating expense (-)	5	(66.270)	(10.074)	(13.755)	(8.672)
Operating profit		1.272.802	609.295	1.350.117	684.638
Financial income		455.690	292.769	331.694	202.389
Financial expense (-)		(690.929)	(232.271)	(383.812)	(92.348)
Profit before tax from continuing operations		1.037.563	669.793	1.297.999	794.679
Tax expense from continuing operations					
Tax expense for the period		(394.547)	(192.903)	(370.808)	(163.157)
Deferred tax income		92.949	38.847	66.118	7.050
Net profit		735.965	515.737	993.309	638.572
Attributable to equity holders of the parent		820.952	529.853	1.025.530	627.298
Minority interest		(84.987)	(14.116)	(32.221)	11.274
Earnings per shares attributable to equity holders of the parent from continuing operations (in full Kuruş)	4	0,2346	0,1514	0,2930	0,1792
Earnings per diluted shares attributable to equity holders of the parent from continuing operations (in full Kuruş)	4	0,2346	0,1514	0,2930	0,1792

The accompanying policies and explanatory notes on pages 8 through 30 form an integral part of the consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated comprehensive income statement
For the six-month period ended 30 June 2009
(Currency - in Thousands of Turkish Lira ("TRY") unless otherwise indicated)

		Current Period		Prior Period	
		(Reviewed)		(Reviewed)	
				(Restated Note 2.2)	
		1 January 2009 - 30 June 2009	1 April 2009 - 30 June 2009	1 January 2008 - 30 June 2008	1 January 2008 - 30 June2008
	Notes				
Profit for the period		**735.965**	**515.737**	**993.309**	**638.572**
Other comprehensive income:					
Profit / (loss) from derivative financial instruments transfered to consolidated income statement	15	115.823	109.378	(67)	-
Change in fair value of derivative financial instruments	15	28.406	47.663	(9.453)	47.087
Currency translation gain / (loss)		146	73	-	-
Other comrehensive income (After tax)		**144.375**	**157.114**	**(9.520)**	**47.087**
Total comprehensive income		**880.340**	**672.851**	**983.789**	**685.659**
Distrubution of total comprehensive income:					
Attributable to equity holders of the parent		938.059	657.280	1.017.807	665.494
Minority interest		(57.719)	15.571	(34.018)	20.165

The accompanying policies and explanatory notes on pages 8 through 30 form an integral part of the consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated statement of changes in equity
for the six-month period ended 30 June 2009
(Currency - in Thousands of Turkish Lira ("TRY") unless otherwise indicated)

				Other reserves								
	Paid-in share capital	Inflation adjustment to paid in capital	Restricted reserves allocated from profits	Minority put option liability reserve	Share based payment reserve	Fair value difference arising from acquisition of subsidiary	Unrealised loss on derivative financial instruments	Currency translation gain /(loss)	Retained Earnings/ (accumulated deficit)	Net profit for the period	Minority interest	Total Equity
Balance as at 1 January 2008	3.500.000	(239.752)	816.348	(436.811)	-	(294.065)	(55.554)	-	322.810	2.546.864	-	6.159.840
Transfer to retained earnings	-	-	-	-	-	-	-	-	2.546.864	(2.546.864)	-	-
Transfer to restricted reserves allocated from profits	-	-	415.060	-	-	-	-	-	(415.060)	-	-	-
Minority interest before classification to minority put option liability	-	-	-	-	-	-	-	-	-	-	351.189	351.189
Share based payment reserve	-	-	-	-	9.528	-	-	-	-	-	-	9.528
Total comprehensive income / (loss)	-	-	-	-	-	-	(7.723)	-	-	-	(1.797)	(9.520)
Minority put option liability	-	-	-	(48.930)	-	-	-	-	-	-	(317.171)	(366.101)
Dividend paid (Note 12b)	-	-	-	-	-	-	-	-	(2.743.605)	-	--	(2.743.605)
Net profit for the period	-	-	-	-	-	-	-	-	-	1.025.530	(32.221)	993.309
Balance as at 30 June 2008	3.500.000	(239.752)	1.231.408	(485.741)	9.528	(294.065)	(63.277)	-	(288.991)	1.025.530	-	4.394.640
Balance as at 1 January 2009	3.500.000	(239.752)	1.231.408	(386.719)	9.528	(294.065)	(169.957)	(57)	(288.991)	1.752.212	-	5.113.607
Transfer to retained earnings	-	-	-	-	-	-	-	-	1.752.212	(1.752.212)	-	-
Transfer to restricted reserves allocated from profits	-	-	262.657	-	-	-	-	-	(262.657)	-	-	-
Transfer of retained earnings to restricted reserves allocated from profits (Note 12a)	-	-	(288.991)	-	-	-	-	-	288.991	-	-	-
Minority interest before classification to minority put option liability	-	-	-	-	-	-	-	-	-	-	199.720	199.720
Total comprehensive income / (loss)	-	-	-	-	-	-	116.961	146	-	-	27.268	144.375
Minority put option liability	-	-	-	(25.009)	-	-	-	-	-	-	(142.001)	(167.010)
Dividend paid (Note 12b)	-	-	-	-	-	-	-	-	(1.490.157)	-	-	(1.490.157)
Net profit for the period	-	-	-	-	-	-	-	-	-	820.952	(84.987)	735.965
Balance as at 30 June 2009	3.500.000	(239.752)	1.205.074	(411.728)	9.528	(294.065)	(52.996)	89	(602)	820.952	-	4.536.500

The accompanying policies and explanatory notes on pages 8 through 30 form an integral part of the consolidated financial statements

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated cash flow statement
for the six-month period ended 30 June 2009

(Currency - in Thousands of New Turkish Lira ("TRY") unless otherwise indicated)

	Current period (Reviewed) 1 January 2009 - 30 June 2009	Prior period (Reviewed) (Restated Note 2.2) 1 January 2008 - 30 June 2008
Profit for the period before tax	**1.037.563**	**1.297.999**
Adjustments to reconcile profit before tax to cash provided by operating activities:		
Depreciation and amortisation expense	864.453	831.683
Gain on sale of property, plant and equipment	(5.775)	(112)
Foreign currency exchange (income) / expense, net	44.503	132.546
Interest income and (expense), net	28.524	(64.318)
Reversal of doubtful receivables	(120.733)	(33.082)
Allowance for doubtful receivables	196.438	73.323
Provision for employee termination benefits	40.187	67.479
Litigation provision / (release), net	15.219	730
Loss on derivative financial instruments	108.913	(7.010)
Unused vacation provision / (release), net	16.944	(10.613)
Share based Payment	-	9.528
Other provisions	460	408
Operating profit before working capital changes	**2.226.696**	**2.298.561**
Net working capital changes in:		
Trade receivables and other receivables	(247.797)	(145.788)
Other current assets and inventories	(62.076)	(58.694)
Trade payables and other payables	(331.960)	(192.597)
Other non-current assets	(843)	(277)
Other current liabilities and provisions	(892)	7.766
Other non-current liabilities and provisions	(1.518)	(549)
Payments of employee termination benefits	(9.288)	(160.813)
Restricted cash	(9.502)	(1.772)
Income taxes paid	(296.251)	(422.114)
Net cash provided by operating activities	**1.266.569**	**1.323.723**
Investing activities		
Interest received	99.378	142.876
Acquisition of financial assets	-	(640)
Proceeds from sale of property, plant, equipment and intangible assets	13.380	7.996
Purchases of property, plant and equipment and intangible assets	(1.066.076)	(459.648)
Proceeds from sale of assets held for sale	-	93
Net cash used in investing activities	**(953.318)**	**(309.323)**
Cash flows from financing activities		
Proceeds from bank borrowings (Note 8)	7.464.677	2.202.554
Repayment of bank borrowings (Note 8)	(6.460.594)	(1.525.861)
Repayment of obligations under finance leases	(2.320)	(2.859)
Interest paid	(145.318)	(91.068)
Dividends paid (Note 12)	(1.490.157)	(1.829.070)
Net cash used in financing activities	**(633.712)**	**(1.246.304)**
Net decrease in cash and cash equivalents	(320.461)	(231.904)
Cash and cash equivalents at the beginning of the period	616.109	922.473
Cash and cash equivalents at the end of the period (Note 6)	**295.648**	**690.569**

The accompanying policies and explanatory notes on pages 8 through 30 form an integral part of the consolidated financial statements.

1. Corporate organization and activities

Türk Telekomünikasyon Anonim Şirketi (“Türk Telekom” or “the Company”) is a joint stock company incorporated in Turkey. The Company has its history in the Posthane-i Amirane (Department of Post Office) which was originally established as a Ministry on 23 October 1840. On 4 February 1924, under the Telephone and Telegraph Law No. 406, the authorization to install and operate telephone networks throughout Turkey was given to the General Directorate of Post, Telegraph and Telephone (“PTT”). The Company was founded on 24 April 1995 as a result of the split of the telecommunication and postal services formerly carried out by the PTT. All of the personnel, assets and obligations of the PTT pertaining to telecommunication services were transferred to the Company, the shares of which were fully owned by the Prime Ministry Undersecretariat of Treasury (“the Treasury”).

On 24 August 2005, Ojer Telekomünikasyon A.Ş. (“OTAŞ”), entered into a Share Sale Agreement with the Turkey’s Privatization Authority for the purchase of a 55% stake in the Company. A Shareholders Agreement and a Share Pledge Agreement for the block sale of the Company were signed on 14 November 2005.

According to the permission of the Capital Market Board (“CMB”) numbered 22/256, out of TL 3.500.000 nominal amount of capital, 15% of the Company’s shares owned by the Treasury corresponding to a nominal amount of TL 525.000 has been issued to the public through an initial public offering with the permission of Directorate of Istanbul Stock Exchange on 15 May 2008.

Oger Telecom Limited (Oger Telecom) owns 99% of the shares of OTAŞ, which in turn owns 55% of the Company. Oger Telecom is an entity incorporated in August 2005 as a limited liability company under the laws of the Dubai International Financial Centre.

As at 30 June 2009 and 31 December 2008, the ultimate parent and controlling party of the Company is Saudi Oger Ltd (“Saudi Oger”), because of its controlling ownership in Oger Telecom.

A concession agreement (“the Concession Agreement”) was signed by the Company and the Turkish Telecommunication Authority (“TA”) as of 14 November 2005. The Concession Agreement covers the provision of all kinds of telecommunication services, establishment of necessary telecommunications facilities and the use of such facilities by other licensed operators and the marketing and supply of telecommunication services. The term of the Concession Agreement is 25 years starting from 28 February 2001.

On 12 March 2009, the Company acquired 99,5% shares and voting rights of Sobee Yazılım Ticaret Limited Şirketi, (“Sebit”), which is incorporated in Turkey.

(Currency - in Thousands of Turkish Lira ("TRY") unless otherwise indicated.
All other currencies are also expressed in thousands)

1. Corporate information (continued)

The details of the Company's subsidiaries as at 30 June 2009 and 31 December 2008 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Effective ownership of the Company %	
			30 June 2009	31 December 2008
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet Service Provider	**99,96**	99,96
Avea İletişim Hizmetleri A.Ş.("Avea")	Turkey	GSM Operator	**81.37**	81,12
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("Argela")	Turkey	Telecommunications Solutions	**99,96**	99,96
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunications Solutions	**99,96**	99,96
Assistt Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssisTT")	Turkey	Call Centre and Customer Relations	**99,96**	99,96
Sebit Eğitim ve Bilgi Teknolojileri A.Ş. ("Sebit")	Turkey	Web Based Learning	**99,96**	99,96
Argela - USA. Inc.	USA	Telecommunication Solutions	**99,96**	99,96
Sebit LLC	USA	Web Based Learning	**99,96**	99,96
IVEA Software Solutions FZ-LLC ("IVEA")	UAE	Telecommunication Solutions	**99,96**	99,96
SOBEE Yazılım Ticaret Limited Şirketi ("SOBEE")	Turkey	Software Solutions	**99,96**	-

Hereinafter, Türk Telekom and its subsidiaries together will be referred to as "the Group".

The Group's principal activities include the provision of local, national, international and mobile telecommunication services, internet products and services, as well as call centre and customer relationship management, technology and information management.

The Company's registered office address is Turgut Özal Bulvarı, 06103 Aydınlıkevler, Ankara.

The number of personnel of the Group as at 30 June 2009 and 31 December 2008 is respectively 35.820 and 34.025.

Consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on 20 July 2009. The general assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

2. Basis of preparation financial statements

The main accounting policies used for preparing the Group's consolidated financial statements are stated below:

2.1 Basis of presentation of the consolidated financial statements

Excluding the subsidiaries incorporated outside of Turkey, the Group maintains its books of account and prepares its statutory financial statements in Turkish lira ("TL") in accordance with Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts ("UCA") issued by the Ministry of Finance.

The consolidated financial statements and disclosures have been prepared in accordance with the format that must be applied according to the communiqué numbered XI-29 announced by the CMB (hereinafter will be referred to as "the CMB Accounting Standards") on 9 April 2008.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the CMB and are presented in TL. Such adjustments mainly comprise accounting for deferred taxation, provision for doubtful receivables, accounting for the depreciation charge of property, plant and equipment according to lower of useful life and concession periods, accounting for expense accruals, accounting of tangible and intangible assets in accordance with International Financial Reporting Interpretations Committee ("IFRIC") 12, effects of application for long-term employee benefits according to International Accounting Standards ("IAS") 19, accounting for provisions and the effects of application of IFRS 3 "Business Combinations".

As of 30 June 2009 and 31 December 2008, the consolidated financial statements have been prepared on the historical cost basis except with respect to the Company's property, plant and equipment and investment property for which the deemed cost method was applied for acquisitions prior to 1 January 2000, derivative financial instruments and minority put option, which have been reflected at their fair values.

(Currency - in Thousands of Turkish Lira ("TRY") unless otherwise indicated.
All other currencies are also expressed in thousands)

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies

The acquisition of Sebit on 17 December 2007 has been accounted provisionally at 31 December 2007 subject to change in accordance with IFRS 3. The Purchase Price Allocation (PPA) accounting for Sebit has been finalized as of 31 December 2008 and the assets, liabilities and contingent liabilities determined based on IFRS 3 have been recorded based on their fair values at the date of acquisition. As a result of application of IFRS 3, effects of adjustment records in financial statements as of 30 June 2008 are summarized below:

	30 June 2008 (before the adoption of IFRS 3)	30 June 2008 (after the adoption IFRS 3)	Difference
Research and development expenses (-)	(7.459)	(7.867)	(408)

The accounting policies adopted in the preparation of the consolidated financial statements as of 30 June 2008 are consistent with those followed in the preparation of the financial statements of the prior year and for the year ended 31 December 2008, except for the adoption of new standards and IFRIC interpretations.

Adoption of new and revised international financial reporting standards

The new standards which are effective as of 1 January 2009 and changes and interpretations of current standards are as follows:

New standards and changes that are not important for financial position or performance of Group are summarized below:

IFRS 2 "Share Based Payment"(change) – Vesting Conditions and Cancellations

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:

IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

IAS 10 “Events after the Reporting Period”

IAS 16 “Property, Plant and Equipment”:

IAS 18 “Revenue”:

IAS 19 “Employee Benefits”:

IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance”:

IAS 23 "Borrowing Costs" (change)

IAS 27 "Consolidated and Separate Financial Statements" (change)

IAS 28 “Investment in associates”

IAS 29 “Financial Reporting in Hyperinflationary Economies”

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

Adoption of new and revised international financial reporting standards (continued)

IAS 31 "Interest in Joint Ventures"

IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements" "Putable Financial Instruments"

IAS 36 "Impairment of Assets":

IAS 38 "Intangible Assets":

IAS 39 "Financial Instruments: Recognition and Measurement" *:*

IAS 40 "Investment Property":

IAS 41 "Agriculture" (change)

IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 "Financial Instruments: Recognition and Measurement"

IFRIC 15 – "Agreements for the Construction of Real Estate"

IFRIC 16 – "Hedges of a Net Investment in a Foreign Operation"

New standards and interpretations are summarized below:

IFRS 7 "Financial Instruments" (change)

Additional explanation about measurement of realisable value and liquidity risk will be stated in annual financial statements.

IFRS 8, "Operating Segments"

The Group has reflected the information regarding operating segments in accordance with IFRS 8 for annual periods beginning on 1 January 2009.

IAS 1 "Presentation of Financial Statements" (change)

Group has applied CMB compulsory reporting format changes in two tables.

IAS 34 "Interim Financial Reporting" :

Group explained basic and diluted earnings per share in notes of consolidated financial statements.

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

Adoption of new and revised international financial reporting standards (continued)

IFRIC 13, "Customer Loyalty Programmes"

Avea is giving free prepaid minutes to subscribers according to their past consumption values. Group takes into consideration these free minutes in deferred income. There is not any other policy related with IFRIC 13 " Customer Loyalty Programmes". Change in this interpretation has no effect on Group's financial position and performance.

Standards that are published as of the approval date of the financial statements but not yet effective and not early adopted by the Group and interpretations and amendments to published standards

Revisions to IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009): A revised version of IFRS 3 and an amended version of IAS 27 were issued by IASB on 10 January 2008. Revised IFRS 3 (IFRS 3R) introduces a number of changes in the accounting for business combinations, which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). Amended IAS 27 (IAS 27R) requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. This amendment must be retrospectively and prospectively.

Changes in IAS 39 are published in July 2008 and effective at starting date of 1 July 2009. Changes according to IAS 32, IAS 1 and IFRS 3 and changes of IAS 39 made in May 2008 also includes all changes.

Changes in IFRS 1 are published in November 2008 and effective at starting date of 1 July 2009. Untill 3 July 2008, changes in IAS and IFRS includes changes in IAS 1.

IFRIC 17 "Distributions of Non-cash Assets to Owners" (effective for annual periods beginning on or after 1 July 2009 and must be applied prospectively). The interpretation applies to all non-reciprocal distributions of non-cash assets, including those giving the shareholders a choice of receiving non-cash assets or cash. The Group is currently assessing the effect of the interpretation on the consolidated financial statements.

IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after 1 July 2009 : The standard provides guidance on how to account for items of property, plant and equipment or cash for the acquisition or construction of such items received from customers. The Group is currently assessing the effect of the interpretation on the consolidated financial statements.

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

Adoption of new and revised international financial reporting standards (continued)

Improvements to IFRSs

In April 2009, International Accounting Standards Board made 15 changes in 12 standards. Changed standards are summarized below:

- IFRS 2: Scope of IFRS 2 and IFRS 3
- IFRS 5: Disclosure of assets held for sale and discontinued operations
- IFRS 8: Disclosure of segmental assets
- IAS 1: Classification under current or non current assets
- IAS 7: Classification of expenses related to non accounted assets
- IAS 17: Classification of rentals of lands and buildings
- IAS 18: Determination of business or agent
- IAS 36: Accounting unit in testing impairment of goodwill
- IAS 38: Additional changes in revised IFRS 3
- IAS 38: Fair value determination of intangible assets in business combinations
- IAS 39: Assumption of prepaid penalties related to bank loans as derivative instrument
- IAS 39: Exception in scope of business combination agreements
- IAS 39: Cash flow hedge accounting
- IFRIC 9: Scope of IFRIC 9 and IFRS 3
- IFRIC 16: Change in restrictions on hedges of a net investment in a foreign operation

2.3 Basis of consolidation

As of 30 June 2009, the consolidated financial statements include the financial results of Türk Telekom, TTNet, Avea, Innova, Argela, AssisTT, Sebit, Argela - USA Inc, IVEA, Sebit LLC and SOBEE. Control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a subsidiary’s share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The results of subsidiaries acquired during the year are included in the consolidated statements of income from the effective date of acquisition as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared for the same reporting year as the Company.

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated.

(Currency - in Thousands of Turkish Lira ("TRY") unless otherwise indicated.
All other currencies are also expressed in thousands)

2. Basis of preparation financial statements (continued)

2.3 Basis of consolidation (continued)

Minority interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. As of 30 June 2009, the minority interest in Innova, Argela, AssisTT, Sebit, Argela USA Inc., IVEA and Sebit LLC have not been presented separately in the consolidated financial statements due to their immateriality.

On 15 September 2006, the Company, Türkiye İş Bankası A.Ş. (İş Bank) and the companies controlled by İş Bank (altogether will be referred as İş Bank Group) and other Avea shareholders signed an "Amendment Agreement" to the "Shareholder Agreement" and the "IPO and Put Option Agreement" originally dated 15 February 2004. In accordance with the Amendment Agreement, the Company has granted a put option to İş Bank Group, the minority shareholder in Avea, on the shares owned by İş Bank Group. In order to reflect the minority put option liability in the consolidated financial statements, the minority interest, which is being presented separately within equity, is reclassified as minority put option liability at each reporting date after appropriation to the minority interest of its share of recognized income and expense for the year. The value of the minority interest reclassified as minority put option liability, is re-measured to the fair value of the put option calculated at each reporting date, and the effect of the re-measurement is reflected in equity, based on the Group's policy on the accounting for the acquisition of minority interest.

3. Seasonal changes in the operations

The operations of the Group have no significant change according to season.

4. Earnings per share

The calculation of the earnings per share attributable to the equity holders of the parent is as follows:

	For the six month period ended 30 June 2009	For the six month period ended 30 June 2008
Weighted average number of shares outstanding during the period (number)	**350.000.000.000**	350.000.000.000
Net profit for the period attributable to equity holders of parent	**820.952**	1.025.530
Earnings per share (in full Kuruş)	**0,2346**	0,2930

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5. Segment reporting

The Group has two segments: Fixed line and GSM services. Fixed line services are provided by Türk Telekom and TTNET and GSM services by Avea. The segment results and condensed balance sheet lines are presented below:

	Fixed line		GSM		Eliminations		Consolidated	
	1 January-30 June 2009	1 January-30 June 2008	**1 January-30 June 2009**	1 January-30 June 2008	**1 January-30 June 2009**	1 January-30 Haziran 2008	**1 January-30 June 2009**	1 January-30 June 2008
Revenue								
Domestic PSTN	**2.395.870**	2.613.312	**-**	-	**-**	-	**2.395.870**	2.613.312
ADSL	**1.021.064**	790.512	**-**	-	**-**	-	**1.021.064**	790.512
GSM	**-**	-	**1.157.120**	1.016.909	**-**	-	**1.157.120**	1.016.909
Data service revenue	**143.993**	108.903	**-**	-	**-**	-	**143.993**	108.903
International interconnection revenue	**104.231**	110.421	**-**	-	**-**	-	**104.231**	110.421
Domestic interconnection revenue	**105.149**	81.664	**-**	-	**-**	-	**105.149**	81.664
Leased lines	**272.507**	288.373	**-**	-	**-**	-	**272.507**	288.373
Rental income from GSM operators	**57.751**	62.110	**-**	-	**-**	-	**57.751**	62.110
Other	**38.741**	18.608	**-**	-	**-**	-	**38.741**	18.608
Discounts / returns	**(259)**	(116)	**-**	-	**-**	-	**(259)**	(116)
IFRIC12 Revenue	**3.419**	6.536	**-**	-	**-**	-	**3.419**	6.536
Eliminations	**-**	-	**-**	-	**(150.223)**	(119.804)	**(150.223)**	(119.804)
	4.142.466	4.080.323	**1.157.120**	1.016.909	**(150.223)**	(119.804)	**5.149.363**	4.977.428
Cost of sales selling and marketing expenses,general administrative expenses,reserch and development expenses (excluding depreciation and amortization)	**(2.180.271)**	(2.221.007)	**(1.105.076)**	(793.041)	**149.235**	121.829	**(3.136.112)**	(2.892.219)
Depreciation and amortization	**(587.276)**	(583.444)	**(277.177)**	(248.239)	**-**	-	**(864.453)**	(831.683)
Other operating inome/(expense), net	**121.256**	97.850	**3.370**	(198)	**(622)**	(1.061)	**124.004**	96.591
Operating profit / (loss)	**1.496.175**	1.373.722	**(221.763)**	(24.569)	**(1.610)**	964	**1.272.802**	1.350.117
Capital expenditure	**(498.260)**	(404.470)	**(659.944)**	(113.077)	**-**	-	**(1.158.204)**	(517.547)

(Currency - in thousands of Turkish Lira ("TRY") unless otherwise indicated.
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5. Segment reporting (continued)

	Fixed line		GSM		Eliminations		Consolidated	
	1 April- 30 June 2009	1 April- 30 June 2008	**1 April- 30 June 2009**	1 April- 30 June 2008	**1 April- 30 June 2009**	1 April- 30 June 2008	**1 April- 30 June 2009**	1 April- 30 June 2008
Revenue								
Domestic PSTN	**1.190.541**	1.310.464	**-**	-	**-**	-	**1.190.541**	1.310.464
ADSL	**525.037**	412.503	**-**	-	**-**	-	**525.037**	412.503
GSM	**-**	-	**624.747**	534.796	**-**	-	**624.747**	534.796
Data service revenue	**72.464**	57.689	**-**	-	**-**	-	**72.464**	57.689
International interconnection revenue	**53.678**	61.780	**-**	-	**-**	-	**53.678**	61.780
Domestic interconnection revenue	**59.067**	40.736	**-**	-	**-**	-	**59.067**	40.736
Leased lines	**136.386**	147.130	**-**	-	**-**	-	**136.386**	147.130
Rental income from GSM operators	**29.417**	31.133	**-**	-	**-**	-	**29.417**	31.133
Other	**30.907**	10.409	**-**	-	**-**	-	**30.907**	10.409
Discounts / returns	**(250)**	(78)	**-**	-	**-**	-	**(250)**	(78)
IFRIC12 Revenue	**2.092**	3.164	**-**	-	**-**	-	**2.092**	3.164
Eliminations	**-**	-	**-**	-	**(82.441)**	(55.636)	**(82.441)**	(55.636)
	2.099.339	2.074.930	**624.747**	534.796	**(82.441)**	(55.636)	**2.641.645**	2.554.090
Cost of sales selling and marketing expenses,general administrative expenses,reserch and development expenses (excluding depreciation and amortization)	**(1.144.763)**	(1.150.019)	**(609.888)**	(405.259)	**81.441**	57.591	**(1.673.210)**	(1.497.687)
Depreciation and amortization	**(297.721)**	(292.895)	**(143.049)**	(122.986)	**-**	-	**(440.770)**	(415.881)
Other operating inome/(expense), net	**80.358**	48.038	**1.699**	(3.044)	**(427)**	(878)	**81.630**	44.116
Operating profit / (loss)	**737.213**	680.054	**(126.491)**	3.507	**(1.427)**	1.077	**609.295**	684.638
Capital expenditure	**(335.044)**	(254.029)	**(595.570)**	(65.405)	**-**	-	**(930.614)**	(319.434)

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5. Segment reporting (continued)

30 June 2009

	Fixed line	GSM	Eliminations	Total
Total segment assets	**8.961.599**	**4.697.241**	**(777.128)**	**12.881.712**
Total segment liabilities	**(3.723.326)**	**(3.857.858)**	**(764.028)(*)**	**(8.345.212)**

31 December 2008

	Fixed line	GSM	Eliminations	Total
Total segment assets	**8.362.608**	**4.433.345**	**(136.507)**	**12.659.446**
Total segment liabilities	**(3.748.375)**	**(3.345.812)**	**(451.652)(*)**	**(7.545.839)**

(*) Includes minority put option liability amounting to TL 553.729 (31 December 2008 – TL 586.439).

6. Cash and cash equivalents

	30 June 2009	31 December 2008
Cash on hand	**1.552**	1.305
Cash at banks – Demand deposits	**273.255**	246.452
Cash at banks – Time deposits	**452.453**	793.776
Other	**3.762**	449
	731.022	1.041.982

Time deposits of the Group as at 30 June 2009 are all short-term, maturing within one month and denominated in both foreign currencies and TRY. The effective interest rates are between 9,50% - 23,00% for TRY deposits and 1,00% - 8,00% for USD deposits, 0,50%-7,50% for Euro deposits. (31 December 2008 -12,50% - 23,00% for TRY deposits, 0,15 % - 8,00% for USD deposits and 2,21% – 7,50% for Euro deposits). Time deposits held in foreign currencies are disclosed in Note 14.

As at 30 June 2009, TRY 193.045 (31 December 2008 - TRY 258.092) included in time deposits represents advances received from the Turkish Armed Forces related to the Turkish Armed Forces Integrated Communication Systems (TAFICS) projects. The interest income from these time deposits are added to the advances received and are not reflected in the consolidated income statement as per agreement between parties (Note 11). These time deposits are restricted and can only be used for payments related to TAFICS projects.

As at 30 June 2009, a demand deposit amounting to TRY 232.310 (31 December 2008 – TRY 155.794) is also restricted due to collection protocols signed with banks for receipts from the subscribers, under which proceeds are made available to the Group a certain number of days after the cash is collected. An also TRY 3.706 of demand deposits (31 December 2008 – TRY 3.722) arising from collections through automated teller machine ("ATM") is not available for use at 30 June 2009.

(Currency - in thousands of Turkish Lira ("TRY") unless otherwise indicated.
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6. Cash and cash equivalents (continued)

Cash and cash equivalents included in the cash flow statement are as follows:

	1 January – 30 June 2009	1 January – 30 June 2008
Cash and cash equivalents	**731.022**	1.102.660
- TAFICS projects	**(193.045)**	(244.613)
- Collection protocols	**(232.310)**	(154.732)
- ATM collection	**(3.706)**	(4.799)
- Other	**(6.313)**	(7.947)
	295.648	690.569

Within the context of the Bank Account Pledge Agreement signed by Avea, Avea provided an account pledge over all of its bank accounts amounting to TRY 316.219 at 30 June 2009 (31 December 2008 - TRY 550.480) in favour of Security Trustee (Note 8). Avea is required to pledge any new bank account as they are opened and also to inform the Security Trustee on a monthly basis about such new accounts as well as the closed accounts.

7. Related party balances and transactions

All intra-group transactions and balances including intra-group unrealised profits and losses are eliminated in the consolidated statement of income for consolidation purposes and are not disclosed in this note. Sales of goods or services to related parties were made at the Group's usual list prices. The amounts outstanding are unsecured and will be settled in cash.

Details of balances as at 30 June 2009 and 31 December 2008 between the Group and other related parties are disclosed below:

	30 June 2009	31 December 2008
Trade receivables from other related parties (trade receivables, short term)		
State controlled entities	**137.293**	84.747
Cell-C Ltd. (1)	**-**	96
PTT	**3.961**	4.303
Other	**3.240**	3.798
	144.494	92.944

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7. Related party balances and transactions (continued)

	30 June 2009	31 December 2008
Trade payables to related parties (trade payables , short term)		
State controlled entities	**5.395**	14.288
Oger Telekom Yönetim Hizmetleri Limited Şirketi (OTYH) (2)	**1.278**	4.457
PTT	**1.269**	1.973
Other	**259**	799
	8.201	21.517

(1) a subsidiary of Oger Telecom
(2) a subsidiary of Oger Telecom

Other payables to shareholders (other payables, long term)		
State controlled entities	**325**	336
	325	336

Transactions with shareholders

Dividend payment to the Treasury and OTAŞ during the period ended 30 June 2009 amounted to TRY 447.047 (30 June 2008 – TRY 823.081) and TRY 819.586 (30 June 2008 – TRY 1.005.989) respectively. As of 30 June 2008, outstanding balance amounting to TRY 914.535 has been reflected as "due to related party" in the interim consolidated financial statements.

Avea is required under the terms of the Avea's concession agreement, to pay a share to the Treasury of 15% (the Treasury Share) of its monthly gross revenue. As of 30 June 2009, Treasury Share accrual is TRY 35.796 (31 December 2008: TRY 29.238) and the total Treasury Share expense is TRY 163.899 (30 June 2008 TRY 136.909).

Transactions with Other Related Parties

Postage services rendered by PTT to the Group in the period ended 30 June 2009 amounted to TRY 58.811 (30 June 2008 - TRY 59.798) while commission for collection of invoices and other services amounted to TRY 15.285 (30 June 2008 - TRY 17.393).

After the foundation of the Company, an agreement was signed between the Company and the PTT in 1997 to grant free use of buildings occupied by both parties for 49 years. In 2005, an amendment made to the agreement provided that the Company pay TRY 35.000 per year for ten years (for the spaces owned by the Group but occupied by the PTT or vice versa). The parties will renegotiate the term of the agreement at the end of ten years. The transaction between the PTT and the Company is not an arms' length transaction and has therefore been reflected on net cash basis rather than gross basis measured at fair value in the interim consolidated financial statements.

Guarantees provided to related parties

The guarantees given by the Company for the long-term financing of Avea are explained in Note 8.

Company guaranteed 8.000 EURO to support financing of CETEL.

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7. Related party balances and transactions (continued)

Compensation of key management personnel

The remuneration of directors and other members of key management were as follows:

	30 June 2009	30 June 2008
Short-term benefits	**16.196**	13.424
Long-term defined benefit plans	**339**	270
	16.535	13.694

Furthermore, OTMSC charged to the Company a management fee for an amount of TRY 9.665 for the period ended 30 June 2009 (30 June 2008 – TRY 12.270), based on a three years contract between OTMSC and the Company. OTMSC 's ultimate parent company is Saudi Oger. Major portion of these payments are related with the certain key management salaries.

8. Borrowings

Bank borrowings

Bank borrowings used by the Group during the period ended 30 June 2009 amounts to TRY 7.464.677 (30 June 2008- TRY 2.202.554).

The total repayment of bank borrowings during the period ended 30 June 2009 amounts to TRY 6.460.594 (30 June 2008- TRY 1.525.861).

The following borrowings as of 30 June 2009 and 31 December 2008 are secured by a security package:

	30 June 2009			31 December 2008		
	USD	**EURO**	**TRY equivalent**	USD	EURO	TRY equivalent
Borrowings secured by security package	**1.387.322**	**73.320**	**2.280.152**	1.451.856	76.440	2.359.285

In 2007, the Group has restructured the Avea’s short-term debt with a long-term financing package (Multi Tranche Project Finance ("MTPF")). For this financing, existing security package has been updated and extended and Türk Telekom has provided certain guarantees for the loans obtained by Avea.

8. Borrowings (continued)

Accordingly, the revised security package consists of:

- Commercial Enterprise Pledge on all movable fixed assets of commercial enterprise of İş-TIM and the trade name of Avea, (excluding the movable fixed assets of commercial enterprise of Aycell). The Commercial Enterprise Pledge secures the Senior Secured Financial Indebtedness of Avea up to a maximum amount of TRY 1.000.000 (equivalent to USD 653.552 as at 30 June 2009). At 30 June 2009, the total Senior Secured Financial Indebtedness of Avea amounts to approximately TRY 2.280.152 (31 December 2008 - TRY 2.359.285).

- Account pledges on all the bank accounts of Avea, which do not restrict operational usage of the accounts in the normal course of business (30 June 2009 - TRY 316.219; 31 December 2008- TRY 550.480) (Note 6).

  As of 30 June 2009, the Management of the Group has reviewed the financial covenants and general undertakings of Avea and concluded that there is no default on the above conditions except the purchase of property, plant and equipment. AVEA, on February 2009 provided a disclaimer from banks to avoid default.

Avea signed the amended and restated CTA on June 25, 2009 for restructuring of the outstanding long-term borrowings. In accordance with this amended CTA, some of general undertakings and the financial covenants mentioned below will be abolished as of 30 June 2009 and forward if Avea make an early principal payment amounting to at least USD 670.000 USD. This prepayment will be financed by The Company. In case of non-occurrence of the early principal payment, the general undertakings and the financial covenants at 30 June 2009 will be tested retrospectively on 15 November 2009. Accordingly, TRY 1.205.167 early principal payment is classified from non-current bank borrowings to current bank borrowings. In addition to the reclassification, TRY 53.845 derivative financial instruments related to the reclassified bank borrowings is also reclassified as current financial instruments from non-current other financial liabilities. TRY 109.345 unrealized hedge loss is reclassified from comprehensive income statement to income statement since effectiveness test of hedging accounting will be ineffective due to expected changes in nominal value of the principal of bank borrowing as of 30 September 2009.

In addition to Commercial Enterprise Pledge, there are certain other conditions:

1. Financial covenants (ratios):

   a) Debt Service Coverage Ratio of Avea should be minimum 1,1 for the first reporting period starting from September 2008. (The ratio is calculated by dividing cash inflows from operations in the last four periods to the principal and interest payments related with financing activities.

   b) Net Debt to EBITDA Ratio of Avea should maintain certain levels as set out in the Finance Documents thereafter.

8. Borrowings (continued)

2. General undertakings, among others, are:

a) License agreement (Avea's Concession Agreement) must be maintained in full force and effect.

b) To keep Avea's business unaffected from any sale or disposal of any assets, there is an annual limitation of USD 10.000 for selling, leasing or disposing of its assets, with some exceptions determined in the Finance Documents.

c) Avea created security over its assets in favour of the lenders as collateral that should not be diluted with new securities created over the same assets.

d) Assignment of Receivables: The material contracts entered into by Avea that results in a revenue or cost to Avea over USD 20.000 per annum are assigned as security in favour of the Lenders as part of Security Package. In case of an event of default, Avea counterparties under material contracts will perform any of their obligations towards Lenders in the same conditions as they were valid to Avea during the normal course of business.

e) Acquisition of assets: Avea should not acquire assets during the period beginning on 1 January 2006 and ending on 31 December 2008 for cumulative consideration that exceeds by more than 17,5% the cumulative amount set out in the Lenders' Base Case (business plan) for capital expenditure during such period.

The Company also supports the long-term financing of Avea in the form of:

a) USD 300.000 "Contingent Equity Support" to be drawn when cash generated by Avea is insufficient to pay its debt service,

b) USD 500.000 "Corporate Guarantee" to be called in an event of default,

c) Pledging shares it owns in Avea,

d) Assignment of Receivables: As a condition to the facilities being made available to Avea, the Company is obliged to assign its rights, titles, interests and benefits in, to and under its receivables and the claims arising from Subordinated Loan Agreements made towards Avea and in respect of each condemnation event, in favour of the Security Trustee as a continuing security for the fulfilment of the secured obligations.

e) Company also provides extra support on demand of Avea due to operational or financial shortage,amounting to USD 450.000.

f) Türk Telekom provides support amounting to EURO 214.000 for financing of 3G licence fee.

g) Türk Telekom provides support amounting to USD 250.000 for financing acquisition of assets under Ericsson 2G and 3G contract.

9. Tangible and Intangible Assets

The amount of tangible and intangible assets purchased during the six month period ended 30 June 2009 amounts to TRY 1.158.204 (30 June 2008 – TRY 470.838).

The cost of tangible and intangible assets sold during the six month period ended 30 June 2009 amounts to TRY 25.656 (30 June 2008 – TRY 11.098).

As of June 30, 2009, Avea re-assessed the sales ability for base station equipment classified as assets held for sale according to IFRS 5 and accounted such amount as Property and Equipment with a carrying value of TL 1.730. The Company has recognized depreciation expense amounting to TL 5.630 as of June 30, 2009.

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10. Goodwill

On 12 March 2009, the Company acquired 99.50% of the issued share capital of SOBEE for a consideration of USD 200, all paid in cash. This transaction has been provisionally accounted for using the purchase method of accounting. The assets acquired in the transaction and the goodwill arising, are as follows:

Net assets acquired	Carrying amount at the acquisition date	Provisional fair value adjustments	Provisional fair value
Cash and cash equivalents	1	-	1
Trade receivables, net	13	-	13
Other current and non current assets	17	-	17
Property, plant and equipment	71	-	71
Intangible assets	1	-	1
Trade payables	(17)	-	(17)
Other payables, expense accruals and provisions	(191)	-	(191)
	(105)	**-**	**(105)**
Acquired net assets (%99.50)	-	-	(105)
Goodwill, 30 June 2009	-	-	437
Total consideration			**332**
Net cash out flow arising on acquisition			
Cash consideration paid	-	-	(332)
Cash and cash equivalent required	-	-	1
Total consideration			**(331)**

The carrying values for property, plant and equipment and for intangible assets of SOBEE in its statutory financial statements as of 12 March 2009 have been considered as provisional fair values for the purpose of purchase price allocation since the fair valuation studies were not comlete as of the approval date of the financial statements. This provisional accounting will be finalized within 12 months of the acquisition date.

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11. Other current liabilities

	30 June 2009	31 December 2008
Taxes and dues payable	**261.714**	247.035
Expense accrual	**251.331**	121.602
Advances received (3)	**218.709**	273.853
Accrual for capital expenditures (4)	**118.730**	26.993
Deferred revenue (2)	**92.556**	103.571
Accrual for Universal Service Fund (1)	**48.431**	94.133
Accrual for the Treasury Share	**35.796**	29.238
Social security premiums payable	**27.986**	22.105
Accrual for contribution to be paid to the Information and Communication Technology Authority	**27.046**	45.564
Other payables	**6.168**	4.896
Due to personnel	**4.992**	30.800
	1.093.459	999.790

1) According to the article numbered 5369 related with "International Service Found" published on 16 June 2005, Türk Telekom and TTNet will contribute 1% of their net revenues of each year to the Ministry of Transportation as Universal Service Fund. The contribution is payable by the end of April of the following year.

2) Deferred revenue is composed of the invoiced but unconsumed minutes' sales value.

3) Advances received include the amounts received from Turkish Armed Forces for TAFICS projects. The Group acts as an intermediary for TAFICS projects and implements the payments made to the contractors from the advances received and provides support in project management. The amount of expenditures made related with the projects is deducted from the advances received at the time expenditures are incurred. The unused amount of advances received is kept in time deposits and the related interest income is also credited to the advances according to the agreement between the parties (Note 6).

4) Capital expenditure accruals represent fixed asset purchases that will be invoiced at the delivery of the fixed assets within the agreement.

12. Dividend and Accumulated Deficit

a) Prior period losses amount to TRY 288.991 in 31 December 2008 financial statements prepared in accordance with CMB Accounting Standards. This amount does not represent an actually realized loss of the Company in previous years; but it is the consequence of the fact and former obligation that the Company used the financial statements prepared in accordance with Turkish Commercial Code and Turkish Tax Code for the profit distribution prior to the financial year-end of 2008, when the Company first-time adopted the profit distribution based on CMB financials.

The Company has reclassified prior period losses amounting to TR 288.991 to restricted reserves allocated from profit, in accordance with the General Assembly decision dated 11 May 2009, in line with the written explanations of CMB.

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12. Dividend and Accumulated Deficit (continued)

b) The Company has committed dividend payment with respect to 2008 profit amounting to TL 1.490.157 (Kr 0,4258 per share) which is all paid to its stockholders. This amount corresponds the 100% of the total distributable profit for the year ended 2008 after the deduction of legal reserves amount from the net profit.

As at 30 June 2008, the Company has committed dividend payment with respect to 2007 profit amounting to Kr 0,7839 per share (total dividend TRY 2.743.605) and TRY 1.829.070 of dividend is paid.

13. Commitments and contingencies

Guarantees provided

Guaantees received and given by the Group are summarized below:

		30 June 2009		31 December 2008	
		Original amount	**TL**	Original amount	TL
Guarantees received	USD	**183.383**	**280.594**	149.479	226.057
	TL	**513.306**	**513.306**	484.991	484.991
	EURO	**93.206**	**200.104**	94.073	201.392
	Other	**-**	**201**	-	-
			994.205		912.440
Guarantees given (*)	USD	**152.489**	**233.323**	153.919	232.772
	TL	**66.775**	**66.775**	58.809	58.809
	EURO	**13.254**	**28.455**	6.589	14.107
	Other	**-**	**102**	-	-
			328.655		305.688

(*) USD 151.500 of the amount (2008 - USD 151.500) is related with a performance bond provided to the ICTA with respect to the Avea Concession Agreement.

Changes in Group's commitments and contingencies are summarized below;

In the interest of restructuring the personnel structure, Board of Directors has decided to dismiss some of the personnel based on, retirement rights and needs of the Company. In this manner, legal cases have been opened against the Company. These cases are still ongoing and related provision is set on the consolidated financial statements.

According to the Network Interconnection and Cooperation Agreement, dated 24 April 2008, between the Company and Turkcell İletişim Hizmetleri AŞ ("Turkcell"), the Company claimed a rental fee including the interest charge of the defaulted invoices on 9 May 2002, amounting to TRY 30.067, for the monthly leased line services rendered between the period from 1 July 2000 to 31 December 2000. Turkcell has filed a lawsuit against the Company to seek the declatory action that there is no obligation regarding the interest of default, based on the preliminary temporary injunction decision number E.2002/317 D.İş., K.2002/44 taken by Ankara 7th Civil Court, dated 30 May 2002. The Court rejected the objection of Turkcell finally at the end of 2008 and the Company began to deduct the receivable amount declared by the Court from its current account payable balance to Turkcell..

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14. Financial risk management objectives and policies

Foreign currency position:

	30 June 2009					31 December 2008				
	TL Equivalent	US Dollar	Euro	GBP	Other	TL Equivalent	US Dollar	Euro	GBP	Other
1. Trade receivables	157.181	66.214	26.021	-	-	147.121	79.370	12.654	-	-
2a. Monetary financial assets (Cash and banks accounts included)	201.618	129.279	1.769	4	-	388.775	224.559	22.962	8	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	27.538	17.531	326	-	-	25.235	14.840	1.285	19	-
4. Current assets (1+2+3)	386.337	213.024	28.116	4	-	561.131	318.769	36.901	27	-
5. Trade receivables	174	-	81	-	-	-	-	-	-	-
6a. Monetary financial assets	80	53	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	464	303	-	-	-	-	-	-	-	-
7. Other	729	219	151	-	172	380	250	-	1	-
8. Non-current assets (5+6+7)	1.447	575	232	-	172	380	250	-	1	-
9. Total assets (4+8)	387.784	213.599	28.348	4	172	561.511	319.019	36.901	28	-
10. Trade payables	132.766	43.801	30.037	523	52	181.480	79.829	27.374	967	40
11. Financial liabilities	540.717	340.301	9.326	-	-	549.523	347.360	11.309	-	-
12a. Monetary other liabilities	116.642	48.552	19.727	-	-	24.075	8.025	5.577	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-
13. Short-term liabilities (10+11+12)	790.125	432.654	59.090	523	52	755.078	435.214	44.260	967	40
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	2.075.877	1.239.501	83.524	-	-	2.374.897	1.440.199	87.728	-	-
16 a. Monetary other liabilities	962	629	-	-	-	16	11	-	-	-
16 b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	2.076.839	1.240.130	83.524	-	-	2.374.913	1.440.210	87.728	-	-
18. Total liabilities (13+17)	2.866.964	1.672.784	142.614	523	52	3.129.991	1.875.424	131.988	967	40
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	(173.248)	(113.227)	-	-	-	(208.722)	(138.016)	-	-	-
19a. Total asset amount hedged **	24.793	16.203	-	-	-	793	524	-	-	-
19b. Total liability amount hedged ***	198.041	129.430	-	-	-	209.515	138.540	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(2.652.429)	(1.572.412)	(114.266)	(519)	120	(2.777.202)	(1.694.421)	(95.087)	(939)	(40)
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(2.507.911)	(1.477.238)	(114.743)	(519)	(52)	(2.594.095)	(1.571.495)	(96.372)	(959)	(40)
	-	-	-	-		-	-	-	-	-

15. Derivative financial instruments

Cash flow hedges

Interest rate swap

Avea entered into three separate interest rate hedging transactions as the First Hedge, Overlay 1 and Overlay 2 to control its exposure to interest rate risk of expected future cash outflows in relation to its floating rate debt. Although the three structures are separate deals, the Overlay 1 is built on the First Hedge, and the Overlay 2 is built on the Overlay 1, in order the offset various legs of the previous one.

First Hedge: Avea has executed the First Hedge with different banks on July 11, 18 and 24, 2007 to cover the period commencing on September 28, 2007 and ending on September 30, 2012. Hedged item in relation to First Hedge will be applicable on 75% of each of the interest payments of the MTPF loans that are to be made on March 31 and September 30 of each year, throughout the term of the hedging instrument. As of March 31, 2008 the total outstanding notional amount is USD 1.118.188 which will be amortized till 30 September 2012.

For the First Hedge, the transacted interest rate hedge is designated as a cash-flow hedge. Avea will:

- For the September 28, 2007 – September 30, 2009 period: Pay a fixed rate under the interest rate hedge and in return will receive a floating interest rate, and
- For the September 30, 2009 –September 30, 2012 period: Pay structured capped rate and receive a floating interest rate

Overlay 1: Avea entered into a new hedging structure as Overlay 1 on September 26, 2008 which will cover the period commencing on March 31, 2008 and ending on September 30, 2015. The First Hedge will remain in place, and the Overlay 1 will be applicable on;

i) 55% of the notional amount of First Hedge ("Part 1 Notional") in order to restructure the First Hedge and
ii) 40% of the notional amount of the floating part of the MTPF loans ("Part 2 Notional") based on the scheduled repayments as per the MTPF agreements which was not hedged before.

As of June 30, 2008 the total outstanding notional amount is USD 611.415 for Part 1 Notional which will be amortized till September 30, 2012 and USD 147.160 for Part 2 Notional which will be amortized till September 30, 2015.

For the Overlay 1: The transacted interest rate hedge is designated as a cash-flow hedge. Avea will:

- For March 31, 2008 - September 30, 2009 period: Pay a structured capped interest rate under the interest rate hedge and in return will receive a fixed interest rate for Part 1 Notional; plus pay a structured capped rate and receive a floating rate for the Part 2 Notional,
- For September 30, 2009 - September 30, 2012 period: Pay a structured capped rate and receive another structured capped rate for Part 1 Notional; plus pay a structured capped rate and receive a floating rate for Part 2 Notional,
- For September 30, 2012 - September 30, 2015 period: Pay a structured capped rate and receive a floating rate for Part 2 Notional.

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16. Derivative financial instruments (continued)

Cash flow hedges (continued)

Interest rate swap (continued)

Overlay 2: Avea entered into a new hedging structure as Overlay 2 on December 1, 2008 which will cover the period commencing on September 30, 2008 and ending on March 31, 2010. The First Hedge and Overlay 1 will remain in place, and the Overlay 2 will be applicable on the total notional amount of Overlay 1 between the periods September 30, 2008 and March 31, 2010. As of June 30, 2009 the total outstanding notional amount is USD 758.575 which will be amortizing till March 31, 2010.

For the Overlay 2: The transacted interest rate hedge is designated as a cash-flow hedge. Avea will:

- For September 30,2008 –March 31, 2010 period: Pay a fixed rate under the interest rate hedge and in return will receive a structured capped interest rate.

Fair value of the interest rate swap at June 30, 2009 is TL 174.475 (December 31, 2008 - TL 209.515). The interest rate swaps have been assessed to be highly effective hedge and as at December 31, 2008 an unrealized loss of TRY 109.345 was included in statement of comprehensive income and TRY 65.129 unrealized loss recognized in other reserve account under equity in respect of these contracts. For the year ending December 31, 2008 net loss for interest swap amounting to TRY 6.478 (December 31, 2008 – 15.370) is reclassified from statement of comprehensive income and included in the income statement.

Currency option contracts

The Company entered into foreign currency option and forward transactions for which the total current outstanding notional amount is USD 120.000 and which will mature in the following six months period.

The Company does not designate option contracts for hedge accounting. Accordingly, at June 30, 2009 a cumulative net unrealized gain of TRY 24.793 (fair value of the derivatives at inception date) is included in income statement.

The Company has entered into a new forward contract for foreign currency transactions ending on 24 September 2009 and having a face value of USD 975.000. Accordingly, as of 30 June 2009 TRY 23.566 (fair value of the drivatives at the inception date) is recognised in the accompanying consolidated income statement.

17. Events after the balance sheet date

The Company has made vairous forward and option transactions whose maturities in September 2009 in order to hedge foreign currency rate risk of the repayment of the USD denominated or USD indexed shareholder loan, which will be provided to Avea. These transactions are summarised below:

Type	Maturity	Currency	Amount (USD)
Forward	28.09.2009	1,5675	50.000
Forward	28.09.2009	1,5850	50.000
Forward	28.09.2009	1,5770	100.000
Forward	28.09.2009	1,5820	50.000
Forward	28.09.2009	1,5705	100.000
Forward	28.09.2009	1,5665	50.000
Forward	28.09.2009	1,5635	50.000
Forward	28.09.2009	1,5610	170.000
Forward	28.09.2009	1,5550	50.000
Option to buy	28.09.2009	1,7000	670.000
Option to sale	28.09.2009	1,6000	670.000