Türk Telekomünikasyon Anonim Şirketi

Interim condensed consolidated financial statements for the period between 1 January – 30 June 2013 together with independent auditors' review report

(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

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

For the period between 1 January-30 June 2013
Independent Auditors' Review Report

To the Shareholders of Türk Telekomünikasyon Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Türk Telekomünikasyon Anonim Şirketi and its subsidiaries (together will be referred to as "the Company") as at 30 June 2013 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with Turkish Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority. Our responsibility is to express a conclusion based on our review of the condensed consolidated financial statements.

Scope of review

We conducted our review in accordance with standards on auditing issued by the Capital Markets Board of Turkey. 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 the Capital Markets Board of Turkey 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with Turkish Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority.

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

Ethem Kutucular, SMMM
Engagement Partner

17 July 2013
İstanbul, Türkiye

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Interim consolidated balance sheet
as at 30 June 2013
(Currency - in Thousands of Turkish Lira (“TL”))

	Notes	Current period (Reviewed) 30 June 2013	Prior period (Audited) 31 December 2012
Assets			
Current assets		**4.823.125**	4.366.561
Cash and cash equivalents	6	**973.153**	960.788
Trade receivables			
- Due from related parties	7	**13.836**	5.773
- Other trade receivables		**2.987.228**	2.623.097
Other receivables			
- Other trade receivables		**99.666**	138.323
Inventories		**149.278**	128.107
Prepaid expenses		**354.442**	241.289
Other current assets	11	**219.674**	247.239
		4.797.277	4.344.616
Non-current asset held for sale	9	**25.848**	21.945
Non-current assets		**12.748.263**	12.841.289
Financial investments		**11.840**	11.840
Trade receivables			
- Other trade receivables		**21.480**	31.012
Other receivables			
- Other trade receivables		**28.886**	28.143
Derivative financial instruments	16	**39.976**	3.226
Investment property		**29.165**	30.630
Property, plant and equipment	9	**8.148.853**	8.315.882
Intangible assets			
-Goodwill	9	**48.633**	48.734
-Other intangible assets	9	**4.095.966**	4.050.250
Prepaid expenses		**32.242**	24.282
Deferred tax asset		**268.908**	262.531
Other non-current assets	11	**22.314**	34.759
Total assets		**17.571.388**	17.207.850

The accompanying policies and explanatory notes on pages 8 through 40 form an integral part of these interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Interim consolidated balance sheet
as at 30 June 2013
(Currency - in Thousands of Turkish Lira ("TL"))

	Notes	Current period (Reviewed) 30 June 2013	Prior period (Audited) 31 December 2012
Liabilities			
Current liabilities		**5.409.847**	4.196.847
Financial liabilities			
- Bank borrowings	8	**1.416.117**	284.763
Short term portion of long term financial liabilities			
- Bank borrowings	8	**1.428.896**	1.056.931
- Obligations under finance leases		**7.948**	7.125
Trade payables			
- Due to related parties	7	**7.979**	7.389
- Other trade payables		**1.506.917**	1.628.119
Employee benefit obligations		**14.586**	4.081
Other payables			
- Other trade payables		**369.205**	317.979
Derivative financial instruments	16	**3.684**	5.754
Income tax payable		**54.898**	125.405
Provisions			
-Short term provisions for employee benefits		**53.236**	100.623
-Other short term provisions		**164.380**	189.206
Other current liabilities	11	**382.001**	469.472
Non-current liabilities		**7.302.073**	6.555.855
Financial liabilities			
- Bank borrowings	8	**5.518.446**	4.668.350
- Obligations under finance leases		**18.804**	20.625
Other financial liabilities			
- Minority put option liability	13	**467.561**	467.561
Trade payables			
- Other trade payables		**5.591**	16.394
Other payables			
- Other payables		**11.050**	8.956
Derivative financial instruments	16	**8.461**	33.177
Provisions			
-Provisions for employee termination benefits	10	**606.644**	749.489
-Long term provisions for employee benefits excluding employee termination		**83.695**	91.435
-Other provisions		**8.443**	8.783
Deferred tax liability		**317.225**	254.803
Other non-current liabilities	11	**256.153**	236.282
Equity		**4.859.468**	6.455.148
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 comprehensive income/expense not to be reclassified to profit or loss			
-Minority put option liability reserve		**(200.812)**	(180.715)
-Difference arising from the change in shareholding rate in a subsidiary		**(858.134)**	(858.134)
-Actuarial loss arising from employee benefits		**(365.028)**	(340.679)
-Share based payment reserve		**9.528**	9.528
Other comprehensive income/expense not to be reclassified to profit or loss			
-Hedging loss		**(12.501)**	(57.923)
-Currency translation reserve		**41.299**	31.353
Restricted reserves allocated from profits		**2.049.085**	1.825.257
Retained earnings		**129.106**	129.106
Net income for the period		**806.677**	2.637.107
Total liabilities and equity		**17.571.388**	17.207.850

The accompanying policies and explanatory notes on pages 8 through 40 form an integral part of these interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Interim consolidated income statement
for the period ended 30 June 2013
(Currency - in Thousands of Turkish Lira ("TL"))

		Current Period		Prior Period	
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	Notes	1 January 2013 - 30 June 2013	1 April 2013 - 30 June 2013	1 January 2012 - 30 June 2012	1 April 2012 - 30 June 2012
Sales	5	**6.501.907**	**3.358.963**	6.141.935	3.182.397
Cost of sales (-)	5	**(3.360.884)**	**(1.748.569)**	(2.940.150)	(1.540.243)
Gross profit		**3.141.023**	**1.610.394**	3.201.785	1.642.154
General administrative expenses (-)	5	**(807.477)**	**(400.619)**	(747.605)	(370.935)
Marketing, sales and distribution expenses (-)	5	**(853.648)**	**(435.551)**	(833.694)	(440.229)
Research and development expenses (-)	5	**(23.013)**	**(9.598)**	(20.519)	(11.108)
Other operating income	5	**147.585**	**101.231**	142.352	77.311
Other operating expense (-)	5	**(81.776)**	**(54.993)**	(85.299)	(57.592)
Operating profit		**1.522.694**	**810.864**	1.657.020	839.601
Financial income		**371.667**	**159.980**	715.455	325.420
Financial expense (-)		**(850.876)**	**(604.877)**	(576.062)	(346.330)
Profit before tax		**1.043.485**	**365.967**	1.796.413	818.691
Tax expense					
- Current tax expense		**(208.582)**	**(103.344)**	(442.532)	(185.044)
- Deferred tax income/ (expense)		**(48.502)**	**7.194**	10.931	(14.022)
Profit for the year		**786.401**	**269.817**	1.364.812	619.625
Attribution of period income					
Attributable to equity holders of the parent		**806.677**	**280.267**	1.401.200	629.576
Minorty interest		**(20.276)**	**(10.450)**	(36.388)	(9.951)
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)		**0,2305**	**0,0801**	0,4003	0,1799
Earnings per diluted shares attributable to equity holders of the parent from (in full Kuruş)		**0,2305**	**0,0801**	0,4003	0,1799

The accompanying policies and explanatory notes on pages 8 through 40 form an integral part of these interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Interim consolidated statement of other comprehensive income for the period ended 30 June 2013
(Currency - in Thousands of Turkish Lira ("TL"))

	Notes	Current Period (Reviewed) 1 January 2013 - 30 June 2013	Current Period (Reviewed) 1 April 2013 - 30 June 2013	Prior Period 1 January 2012 - 30 June 2012	Prior Period 1 April 2012 - 30 June 2012
Profit for the year		**786.401**	**269.817**	1.364.812	619.625
Other comprehensive income:					
Items not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain/(loss)	10	**(30.478)**	**6.596**	(41.383)	(41.383)
Tax effect of actuarial loss from empoyee benefits		**6.161**	**(1.254)**	8.263	8.263
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Change in currency translation differences		**9.946**	**11.102**	(16.912)	(24.134)
Fair value loss on hedging instruments transferred to consolidated income statement	16	**1.652**	**393**	8.734	3.429
Change in fair value of hedging instrument	16	**70.718**	**62.879**	(21.030)	(22.615)
Tax effect of hedging instrument	16	**(14.180)**	**(12.594)**	4.475	4.475
Hedge of net investment in a foreign operation	16	**(15.775)**	**(19.665)**	20.670	10.489
Tax effect of hedge of net investment in a foreign operation	16	**3.155**	**3.933**	(4.134)	(2.098)
Other comrehensive income (after tax)		**31.199**	**51.390**	(41.317)	(63.574)
Total comprehensive income		**817.600**	**321.207**	1.323.495	556.051
Appropriation of total comprehensive income:					
Minority interest		**(20.096)**	**(10.387)**	(34.846)	(9.632)
Attributable to equity holders of the parent		**837.696**	**331.594**	1.358.341	565.683

The accompanying policies and explanatory notes on pages 8 through 40 form an integral part of these interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Interim consolidated statement of changes in equity
for the period ended 30 June 2013
(Currency - in Thousands of Turkish Lira (“TL”))

			Other comprehensive income items not to be reclassified to profit or loss in susequent periods				Other comprehensive income items to be reclassified to profit or loss in susequent				Retained earnings				
	Paid-in share capital	Inflation adjustment to paid in capital	Minority put option liability reserve	Share based payment reserve	Difference arising from the change in shareholding rate in a subsidiary	Actuarial loss arising from employee benefits	Reserve for hedge of net investment in a foreign operation	Cash flow hedge reserve	Currency translation reserve	Restricted reserves allocated from profits	Retained earnings	Net income for the period	Total	Minority interest	Total equity
Balance as at 1 January 2012	3.500.000	(239.752)	(779.383)	9.528	(308.634)	(252.745)	(37.976)	(13.386)	40.831	1.653.106	129.106	2.068.676	5.769.371	--	5.769.371
Net profit for the period	--	--	--	--	--	--	--	--	--	--	--	1.401.200	1.401.200	(36.388)	1.364.812
Other comprehensive income/(loss)	--	--	--	--	--	(33.120)	16.536	(9.363)	(16.912)	--	--	--	(42.859)	1.542	(41.317)
Total comprehensive income	--	--	--	--	--	(33.120)	16.536	(9.363)	(16.912)	--	--	1.401.200	1.358.341	(34.846)	1.323.495
Transfer to retained earnings	--	--	--	--	--	--	--	--	--	172.151	--	(172.151)	--	--	--
Minority interest before classification to minority put option liability	--	--	--	--	--	--	--	--	--	--	--	--	--	(221.133)	(221.133)
Minority put option liability (Note 13)	--	--	405.983	--	--	--	--	--	--	--	--	--	405.983	(294.489)	111.494
Difference due to the chance in shareholding rate in a subsidiary	--	--	--	--	(549.000)	(583)	--	(885)	--	--	--	--	(550.468)	550.468	--
Dividend paid	--	--	--	--	--	--	--	--	--	--	--	(1.896.525)	(1.896.525)	--	(1.896.525)
Balance as at 30 June 2012	3.500.000	(239.752)	(373.400)	9.528	(857.634)	(286.448)	(21.440)	(23.634)	23.919	1.825.257	129.106	1.401.200	5.086.702	--	5.086.702
Balance as at 1 January 2013	**3.500.000**	**(239.752)**	**(180.715)**	**9.528**	**(858.134)**	**(340.679)**	**(29.649)**	**(28.274)**	**31.353**	**1.825.257**	**129.106**	**2.637.107**	**6.455.148**	**--**	**6.455.148**
Net profit for the period	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**806.677**	**806.677**	**(20.276)**	**786.401**
Other comprehensive income/(loss)	**--**	**--**	**--**	**--**	**--**	**(24.349)**	**(12.620)**	**58.042**	**9.946**	**--**	**--**	**--**	**31.019**	**180**	**31.199**
Total comprehensive income	**--**	**--**	**--**	**--**	**--**	**(24.349)**	**(12.620)**	**58.042**	**9.946**	**--**	**--**	**806.677**	**837.696**	**(20.096)**	**817.600**
Transfer to retained earnings	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**223.828**	**--**	**(223.828)**	**--**	**--**	**--**
Minority interest before classification to minority put option liability	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**286.845**	**286.845**
Minority put option liability (Note 12)	**--**	**--**	**(20.097)**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**(20.097)**	**(266.749)**	**(286.846)**
Dividend paid	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**(2.413.279)**	**(2.413.279)**	**--**	**(2.413.279)**
Balance as at 30 June 2013	**3.500.000**	**(239.752)**	**(200.812)**	**9.528**	**(858.134)**	**(365.028)**	**(42.269)**	**29.768**	**41.299**	**2.049.085**	**129.106**	**806.677**	**4.859.468**	**--**	**4.859.468**

The accompanying policies and explanatory notes on pages 8 through 40 form an integral part of these interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Consolidated statement of cash flows for the period ended 30 June 2013

(Currency - in Thousands of Turkish Lira ("TL"))

	Notes	Current Period (Reviewed) 1 January 2013 - 30 June 2013	Prior Period (Reviewed) 1 January 2012 - 30 June 2012
Profit for the period before tax		**1.043.485**	1.796.413
Adjustments to reconcile profit before tax to cash provided by operating activities:			
Depreciation, amortisation expenses and impairment		**880.621**	847.172
Gain on sale of property, plant and equipment		**(67.165)**	(50.480)
IFRIC 12 adjustment		**(19.899)**	(24.130)
Interest income and (expense), net		**17.198**	45.969
Foreign currency exchange (income) / expense, net		**402.575**	(216.779)
Reversal of doubtful receivables		**(87.100)**	(82.585)
Allowance for doubtful receivables		**174.115**	101.686
Provision for employee termination benefits		**50.617**	45.246
Change in litigation provision, net		**15.642**	54.910
Change in unused vacation provision		**23.373**	25.412
Loss/(gain) on derivative financial instruments, net		**13.577**	8.017
Obsolete inventory provision		**1.482**	(9.309)
Other provisions		**(2.000)**	(3.926)
Operating profit before working capital changes		**2.446.521**	2.537.616
Net working capital changes in:			
Trade receivables and other receivables		**(440.437)**	(87.034)
Other current assets and inventories		**(64.746)**	(71.373)
Trade payables and other payables		**(142.006)**	(583.692)
Other non-current assets		**3.854**	(9.626)
Other current liabilities and provisions		**(74.038)**	(177.646)
Other non-current liabilities		**(4.386)**	(8.124)
Payments of employee termination benefits	10	**(223.921)**	(3.823)
Restricted cash		**69.906**	36.524
Provisions paid		**(17.844)**	(5.760)
Taxes paid		**(275.934)**	(438.158)
Net cash provided by operating activities		**1.276.969**	1.188.904
Investing activities			
Interest received		**96.560**	109.696
Proceeds from sale of property, plant, equipment and intangible assets		**81.773**	69.957
Purchase of property, plant, equipment and intangible assets	9	**(771.791)**	(1.032.819)
Net cash used in investing activities		**(593.458)**	(853.166)
Cash flows from financing activities			
Proceeds from bank borrowings	8	**7.592.634**	14.728.812
Repayment of bank borrowings	8	**(5.673.589)**	(13.037.189)
Repayment of obligations under finance leases	8	**(3.414)**	(3.225)
Interest paid		**(102.322)**	(112.876)
Dividends paid		**(2.413.279)**	(1.896.525)
Derivative instrument payments		**(11.457)**	(18.713)
Net cash used in financing activities		**(611.427)**	(339.716)
Net increase/ (decrease) in cash and cash equivalents		**72.084**	(3.978)
Foreign exchange differences on cash and cash equivalents at the beginning of the year		**10.187**	(8.660)
Cash and cash equivalents at the beginning of the year		**447.012**	226.595
Cash and cash equivalents at the end of the year	**6**	**529.283**	213.957

The accompanying policies and explanatory notes on pages 8 through 40 form an integral part of these interim condensed 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 Under secretariat of Treasury ("the Treasury").

On 24 August 2005, Oger 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 and then after, OTAŞ became the parent company of the Company.

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. Since then Company shares are traded in İstanbul Stock Exchange with the name of TTKOM.

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 2013 and 31 December 2012, 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 Turkish Telecommunication Authority (now named the Information and Communication Technologies Authority ("ICTA") as at 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 for 25 years starting from 28 February 2001. As The Concession Agreement will terminate on 28 February 2026 and the Company will transfer the entire infrastructure that has been used to provide telecommunication services to ICTA in working condition.

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

1. Corporate organization and activities (continued)

The details of the Company's subsidiaries as at 30 June 2013 and 31 December 2012 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%) 30 June 2013	31 December 2012
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet Service Provider	Turkish Lira	**100**	100
Avea İletişim Hizmetleri A.Ş.("Avea")	Turkey	GSM Operator	Turkish Lira	**89,99**	89,99
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("Argela")	Turkey	Telecommunications solutions	Turkish Lira	**100**	100
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunications solutions	Turkish Lira	**100**	100
Assistt Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssisTT")	Turkey	Call centre and customer relations	Turkish Lira	**100**	100
Sebit Eğitim ve BilgiTeknolojileri A.Ş.("Sebit")	Turkey	Web based learning	Turkish Lira	**100**	100
Argela - USA. Inc.	USA	Telecommunication Solutions	U.S. Dollar	**100**	100
Sebit LLC	USA	Web Based Learning	U.S. Dollar	**100**	100
IVEA Software Solutions FZ-LLC ("IVEA")	UAE	Telecommunication Solutions	U.S. Dollar	**100**	100
SOBEE YazılımTicaret Limited Şirketi("Sobee") (**)	Turkey	Software gaming services	Turkish Lira	**100**	100
TT International Holding B.V. ("TT International")	Netherlands	Holding company	Euro	**100**	100
TT Global Services B.V. ("TT Global")	Netherlands	Service company	Euro	**100**	100
Pantel International AG ("PantelAustria")	Austria	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
Pantel International Hungary Kft ("Pantel Hungary")(*)	Hungary	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
S.C. Euroweb Romania S.A. ("Pantel Romania")(*)	Romania	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
Pantel International Bulgaria EODD ("Pantel Bulgaria")(*)	Bulgaria	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
Pantel International CZ s.r.o("PantelCzech Republic")	Czech Republic	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
PantelTelcomd.o.o Beograd ("PantelSerbia ")(*)	Serbia	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
PantelTelcomunikacijed.o.o ("Pantel Slovenia ")(*)	Slovenia	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
Pantel International SK s.r.o ("Pantel Slovakia ")(*)	Slovakia	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
MTCTR Memorex Telekomunikasyon Sanayi ve Ticaret Limited Şirketi ("Pantel Turkey")(*)	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	**100**	100
Memorex Telex Communications UA Ltd.("Pantel Ukraine")(*)	Ukraine	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
Pantel International Italia S.R.L. ("Pantel İtalia)(*)	Italy	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
Pantel International DOOEL Skopje ("Pantel Macedonia")(*)	Macedonia	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
Pantel International LLC ("Pantel Russia")	Russia	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
TürkTelekomunikasyon Euro Gmbh. ("TT Euro")(*)	Germany	Mobil service marketing	Euro	**100**	100
Pan Telekom D.O.O. ("PantelCrotia")(*)	Crotia	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
Net Ekran TV ve MedyaHiz. A.Ş. ("Net Ekran")	Turkey	Television and radio broadcasting	Turkish Lira	**100**	100
TT Euro Belgium S.A.(*)	Belgium	Internet/data services, infrastructure and wholesale voice services provider	Euro	**100**	100
Flexus Mobil Finans ve Dağıtım Telekomünikasyon Hizmetleri A.Ş.	Turkey	Mobile finance	Turkish Lira	**100**	-

(*) Hereinafter, will be referred to as Pantel Group.
(**) As of 13 May 2013 merged with TTNET.

1. Corporate organization and activities (continued)

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 numbers of personnel of the Group as at 30 June 2013 and 31 December 2012 are 34.330 and 37.524, respectively.

Interim condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on 17 July 2013. The general assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

2. Basis of presentation financial statements

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

2.1 Basis of presentation of the consolidated financial statements

The interim condensed consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Accounting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676.

In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

For the period ended 30 June 2013, the Group prepared its consolidated financial statements in accordance with the Turkish Accounting Standard No.34 "Interim Financial Reporting".

Interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group's annual financial statements as of 31 December 2012.

Excluding the subsidiaries incorporated outside of Turkey functional currency of all entities' included in consolidation is Turkish Lira ("TL") and they maintain their books of account in Turkish Lira ("TL") in accordance with Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The interim condensed 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 POA and are presented in TL.

The consolidated financial statements have been prepared on the historical cost basis except with for the property, plant and equipment and investment property for which the deemed cost method was applied in accordance with TMS 16 "Property, Plant and Equipment" for acquisitions prior to 1 January 2000, derivative financial instruments and minority put option liability which have been reflected at their fair values. Investment properties and tangible assets which are recognised with deemed cost method are valued with fair values as of 1 January 2000, minority put option liabilities and derivative financial liabilities are valued with fair values as of balance sheet date.

2. Basis of presentation financial statements (continued)

2.1 Basis of presentation of the consolidated financial statements (continued)

In order to prepare financial statements in accordance with IFRSs, certain assumptions affecting notes to the financial statements and critical accounting estimations related to assets, liabilities, contingent assets and contingent liabilities are required to be used. Although these estimations are made upon the best afford of the Management by interpreting the cyclical circumstances, actual results may differ from the forecasts. Issues that are complex and needs further interpretation, which might have a critical impact on financial statements. There is no change in judgements and critical accounting estimates used in interim condensed consolidated financial statements as of 30 June 2013.

Additional paragraph for convenience translation to English:

As at 30 June 2013, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying interim condensed consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting and also for certain disclosures requirement of the CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Classifications applied to financial statements as of 30 June 2012 and 31 December 2012

Based on the decision taken on 7 June 2013 by the CMB at its meeting numbered 20/670, a new illustrative financial statement and guidance to it has been issued effective from the interim periods ended after 31 March 2013, which is applicable for the companies that are subject to Communiqué on the Principles of Financial Reporting In Capital Markets. Based on these new illustrative financial statements, a number of changes made at the Group's consolidated balance sheets. The reclassifications that are made at the Group's consolidated balance sheet as at 31 December 2012 are as:

- TL 218.200 which is disclosed in Group's other current assets is reclassified to prepaid expenses account,
- income accruals amounted to TL 502.882 is reclassified from other current assets to trade receivables account,
- expense accruals amounted to TL 475.457 is reclassified from other current liabilities to other trade payables account,
- payables to personnel amounted to TL 6.545 is reclassified to employee benefit obligations account,
- Advances given for fixed assets and inventories amounting to TL 23.089 is reclassified from other current assets to prepaid expenses.

As a result of amendment in the Group's cost accounts, amounts of TL (66.161), TL 92.377, TL (26.216) as of June 30, 2012 are reclassified between cost of sales, marketing, sales and distribution, general administration expenses, respectively (31 March 2012 TL (53.005), TL 61.680, TL (8.782) and TL 107 research and development expenses, respectively).

2. Basis of presentation financial statements (continued)

2.1 Basis of presentation of the consolidated financial statements (continued)

Classifications applied to financial statements as of 30 June 2012 and 31 December 2012 (continued)

As of 31 December 2012, vacation pay liability amounting to TL 91.435 presented in short term provisions has been reclassified to long term provisions for employee benefits due to amendments in TMS 19 "Employee Benefits" which has been effective as of 1 January 2013. According to revised TMS 19, the short term benefits provided to employees comprise the ones which are expected to be settled wholly in twelve months after the end of the reporting period. Regarding this issue, the Group's expectation is not to settle the whole vacation pay liability within twelve months after the end of the reporting period, so the related vacation pay liabilities has been reclassified as other long-term employee benefits and the necessary amendments on the previous period financial statements has been made by the Group.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 June 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows:

TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in

i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and,
ii) analyzing and comparing financial statements prepared in accordance with TFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to TAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to TAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the interim condensed consolidated financial statements of the Group.

TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Group.

2. Basis of presentation financial statements (continued)

2.1 Basis of presentation of the consolidated financial statements (continued)

TAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. Since the Group recognizes the actuarial gain and loss in the other comprehensive income statement, the amendment of the standard with regards to the accounting of actuarial gain/loss did not have any impact on the financial position or performance of the Group. However based on the amendment in the presentation of short term employee benefits, vacation pay liability formerly presented in the short term provisions has been retrospectively reclassified to long term provisions and calculated based on actuarial method.

TAS 27 Separate Financial Statements (Amended)

As a consequential amendment to TFRS 10 and TFRS 12, the POA also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Group.

TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the POA also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. This amendment did not have an impact on the financial position or performance of the Group.

TFRS 10 Consolidated Financial Statements

TFRS 10, TAS 27 Consolidated and Separate Financial Statements addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This amendment will not have an impact on the financial position or performance of the Group.

TFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Group.

TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Apart from the disclosures regarding the significant issues and transactions in the interim period, disclosures according to the new standards are not applicable to interim periods so the Group did not provide this disclosure in the interim period.

2. Basis of presentation financial statements (continued)

2.1 Basis of presentation of the consolidated financial statements (continued)

TFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted. Some of the disclosures about the financial instruments mentioned above, have to be provided in the interim condensed consolidated financial statements according to TAS 34.16 A (j). The Group has presented these disclosures in Note 14 and 15.This amendment did not have an impact on the interim consolidated financial statements of the Group.

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which TFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons POA has also amended TFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. These amendments did not have an impact on the interim consolidated financial statements of the Group.

Improvements to TFRSs

Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Group.
TAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory

TAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

2. Basis of presentation financial statements (continued)

2.1 Basis of presentation of the consolidated financial statements (continued)

TAS 34 Interim Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the interim financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

2. Basis of presentation financial statements (continued)

2.1 Basis of presentation of the consolidated financial statements (continued)

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

2.2 Basis of consolidation

As at 30 June 2013, the consolidated financial statements include the financial results of Türk Telekom and its subsidiaries listed at Note 1. Control is normally evidenced when the Company controls an investee if and only if the company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement with the investee and c) the ability to use its power over the investee to affect the amount of company's returns. 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 Group Companies. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and are prepared for the same chart of accounts of the Company.

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

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 within a subsidiary are attributed to minority interest even if that result is in deficit balance.

Transactions with minority shareholders are assumed to be occurred between main shareholders and so, accounted under equity.

Changes in shareholding rate that does not change control power of the Company are accounted under "Differences arising from the change in shareholding rate in a subsidiary" account.

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) 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 is reclassified as minority put option liability as ''long term liabilities' after appropriation to the minority interest of its share of recognized income and expense for the year. The value of the minority interest before the fair value calculation and the fair value amount is classified as 'minority put option liability reserve' based on the Group accounting principles applied for the acquisition of minority shares (Notes 13).

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

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 2013	**For the three month period ended 30 June 2013**	For the six month period ended 30 June 2012	For the three month period ended 30 June 2012
Weighted average number of shares outstanding during the period (in number)	**350.000.000.000**	**350.000.000.000**	350.000.000.000	350.000.000.000
Net profit for the period attributable to equity holders of parent	**806.676**	**280.266**	1.401.200	629.576
Earnings per share (in full kuruş)	**0,2305**	**0,0801**	0,4003	0,1799

5. Segment reporting

The Group has two main segments: Fixed line and GSM. Fixed line services are provided by Türk Telekom, TTNet, Argela, Innova, Sebit, Sobee, AssisTT and Pantel Group whereas GSM service is provided by Avea. Group management assesses segment performance over earnings before interest, tax, depreciation and amortization ("EBITDA"). EBITDA is calculated by adding interest, tax, depreciation, amortization, impairment and excluding exchange gains and losses, current account interest income and expense and receivable payable accounts discount income and expenses in other operating income and expense over operating income. Group management uses EBITDA as it is comparable with other companies in the sector. As Group management does not monitor Group's performance over geographical segments, geographical segment reporting is not presented. The segment results, balance sheet items are presented below:

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

5. Segment reporting (cont'd)

	Fixed line		Mobile		Eliminations		Consolidated	
	1 January-30 June 2013	1 January-30 June 2012	**1 January-30 June 2013**	1 January-30 June 2012	**1 January-30 June 2013**	1 January-30 June 2012	**1 January-30 June 2013**	1 January-30 June 2012
Revenue								
Domestic PSTN	**1.732.594**	1.964.262	**-**	-	**-**	-	**1.732.594**	1.964.262
ADSL	**1.668.224**	1.510.558	**-**	-	**-**	-	**1.668.224**	1.510.558
GSM	**-**	-	**1.922.048**	1.643.339	**-**	-	**1.922.048**	1.643.339
IFRIC12 revenue	**172.965**	209.747	**-**	-	**-**	-	**172.965**	209.747
Data service revenue	**343.695**	266.858	**-**	-	**-**	-	**343.695**	266.858
International interconnection revenue	**252.026**	206.300	**-**	-	**-**	-	**252.026**	206.300
Domestic interconnection revenue	**171.382**	150.700	**-**	-	**-**	-	**171.382**	150.700
Leased lines	**156.140**	191.770	**-**	-	**-**	-	**156.140**	191.770
Rental income from GSM operators	**40.473**	47.217	**-**	-	**-**	-	**40.473**	47.217
Other	**236.606**	115.467	**-**	-	**-**	-	**236.606**	115.467
Eliminations	**-**	-	**-**	-	**(194.246)**	(164.283)	**(194.246)**	(164.283)
Total revenue	**4.774.105**	4.662.879	**1.922.048**	1.643.339	**(194.246)**	(164.283)	**6.501.907**	6.141.935
Cost of sales and operating expenses (excluding depreciation and amortization)	**(2.676.432)**	(2.374.963)	**(1.684.294)**	(1.483.173)	**196.325**	163.340	**(4.164.401)**	(3.694.796)
Other income / (expense)	**64.850**	50.778	**762**	4.811	**197**	1.464	**65.809**	57.053
Depreciation and amortization	**(532.364)**	(534.588)	**(349.235)**	(314.429)	**978**	1.845	**(880.621)**	(847.172)
EBITDA	**2.162.523**	2.338.694	**238.516**	164.977	**2.276**	521	**2.403.315**	2.504.192
Doubtful receivable provision expense	**41.286**	(105)	**38.829**	21.986	-	-	**80.115**	21.881
Capital expenditure (*)	**550.676**	789.240	**173.490**	270.105	1.531	(2.283)	**725.697**	1.057.062
Contribution to the consolidated revenue (**)	**4.623.721**	4.515.499	**1.878.186**	1.626.435	-	-	**6.501.907**	6.141.934
Contribution to the consolidated EBITDA (***)	**2.063.351**	2.214.159	**339.964**	290.032	-	-	**2.403.315**	2.504.191

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

	Fixed line		Mobile		Eliminations		Consolidated	
	1 April- 30 June 2013	1 April- 30 June 2012	**1 April- 30 June 2013**	1 April- 30 June 2012	**1 April- 30 June 2013**	1 April- 30 June 2012	**1 April- 30 June 2013**	1 April- 30 June 2012
Revenue								
Domestic PSTN	**849.295**	974.165	**-**	-	**-**	-	**849.295**	974.165
ADSL	**838.342**	766.745	**-**	-	**-**	-	**838.342**	766.745
GSM	**-**	-	**1.004.947**	856.322	**-**	-	**1.004.947**	856.322
IFRIC12 revenue	**132.977**	176.980	**-**	-	**-**	-	**132.977**	176.980
Data service revenue	**179.011**	134.108	**-**	-	**-**	-	**179.011**	134.108
International interconnection revenue	**127.136**	101.895	**-**	-	**-**	-	**127.136**	101.895
Domestic interconnection revenue	**93.705**	73.494	**-**	-	**-**	-	**93.705**	73.494
Leased lines	**76.470**	92.891	**-**	-	**-**	-	**76.470**	92.891
Rental income from GSM operators	**20.378**	23.563	**-**	-	**-**	-	**20.378**	23.563
Other	**137.738**	64.413	**-**	-	**-**	-	**137.738**	64.413
Eliminations	**-**	-	**-**	-	**(101.036)**	(82.179)	**(101.036)**	(82.179)
Total revenue	**2.455.052**	2.408.254	**1.004.947**	856.322	**(101.036)**	(82.179)	**3.358.963**	3.182.397
Cost of sales and operating expenses (excluding depreciation and amortization)	**(1.379.122)**	(1.239.636)	**(875.597)**	(771.077)	**101.445**	81.141	**(2.153.186)**	(1.929.572)
Other income / (expense)	**45.949**	17.649	**(2)**	1.746	**291**	324	**46.238**	19.719
Depreciation and amortization	**(266.161)**	(274.929)	**(175.346)**	(157.486)	**444**	(528)	**(441.151)**	(432.943)
EBITDA	**1.121.879**	1.186.267	**129.348**	86.991	**788**	(714)	**1.252.015**	1.272.544
Doubtful receivable provision expense	**21.097**	(17.367)	**17.822**	11.356	**-**	-	**38.919**	(6.011)
Capital expenditure (*)	**359.991**	523.568	**112.872**	134.400	**(1.622)**	(1.746)	**471.241**	656.222
Contribution to the consolidated revenue (**)	**2.378.019**	2.334.705	**980.944**	847.691	**-**	-	**3.358.963**	3.182.396
Contribution to the consolidated EBITDA (***)	**1.071.818**	1.125.264	**180.196**	147.280	**-**	-	**1.252.014**	1.272.544

(*) Capital expenditures do not include TL 19.899 (2012 – TL 24.130) amounted profit margin which is capitalized on intangible assets that are accounted within the scope of TFRS Interpretation 12.

(**) "Contribution to the consolidated revenue" represents operating segments' revenues from companies other than those included in the consolidated financial statements. Group management still monitors financial performance of the segments based on their separate TFRS financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group's revenue is presented to give additional information to the readers of the financial statements.

(***) "Contribution to the consolidated EBITDA" represents operating segments' EBITDA arose from transactions with companies other than those included in the consolidated financial statements. Group management still monitors financial performance of the segments based on their separate TFRS financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group's revenue is presented to give additional information to the readers of the financial statements

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

5. Segment reporting (continued)

	Six months period ended 30 June 2013	Three months period ended 30 June 2013	Six months period ended 30 June 2012	Three months period ended 30 June 2012
Fixedline segment EBITDA	**2.162.523**	**1.121.879**	2.338.694	1.186.267
GSM segment EBITDA	**238.516**	**129.348**	164.977	86.991
Inter-segment eliminations	**2.276**	**788**	521	(714)
Consolidated EBITDA	**2.403.315**	**1.252.015**	2.504.192	1.272.544
Financial income	**371.667**	**159.980**	715.455	325.420
Financial expenses (-)	**(850.876)**	**(604.877)**	(576.062)	(346.330)
Depreciaiton and amortisation, impairment	**(880.621)**	**(441.151)**	(847.172)	(432.943)
Consolidated profit before tax	**1.043.485**	**365.967**	1.796.413	818.691

30 June 2013

	Fixed Line	Mobile	Eliminations	Other unallocated amounts (*)	Consolidated
Total segment assets	**14.187.662**	**5.487.236**	**(2.103.511)**	**-**	**17.571.387**
Total segment liabilities	**(11.515.698)**	**(2.850.370)**	**2.121.710**	**(467.561)**	**(12.711.919)**

31 December 2012

	Fixed Line	Mobile	Eliminations	Other unallocated amounts (*)	Consolidated
Total segment assets	13.352.814	5.535.783	(1.680.747)	-	17.207.850
Total segment liabilities	(9.282.987)	(2.698.019)	1.695.866	(467.561)	(10.752.702)

(*) Includes minority put option liability amounting to TL 467.561 (31 December 2012–TL 467.561).

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

6. Cash and cash equivalents

	30 June 2013	31 December 2012
Cash on hand	**673**	791
Cash at banks– Demand Deposit	**410.366**	439.694
Cash at banks– Time Deposit	**560.458**	520.232
Other	**1.656**	71
	973.153	960.788

As of 30 June 2013, time deposits are all short-term, maturing within one month and denominated in both foreign currencies and TL. The interest rates are between 3,00% -9,00% for TL deposits, between 0,50% -2,30% for US Dollar deposits and between 1,90% - 2,30% for Euro deposits. (31 December 2012 – for TL deposits between 3,25% and 12,10% for TL deposits, for US Dollar deposits between 0,10% and 4,55% and for Euro deposits between 0,10% and 5,29%).

As of 30 June 2013, TL 84.073 (30 June 2012 - TL 109.653) of time deposits represents advances received from the Turkish Armed Forces for Turkish Armed Forces Integrated Communication Systems (“TAFICS”) projects. The interest income from these time deposits are added to the advances received and 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.

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

	30 June 2013	30 June 2012
Cash and cash equivalents	**973.153**	929.514
Less: restricted amounts		
- Collection protocols	**(287.937)**	(328.603)
- Restricted deposit in relation to bank borrowings	**(52.310)**	(261.424)
- TSKEMS projects	**(84.073)**	(109.653)
- ATM collection	**(8.503)**	(5.813)
- Other	**(11.047)**	(10.064)
Not restricted cash	**529.283**	213.957

As of 30 June 2013, demand deposits amounting to TL 287.937 (30 June 2012 - TL 328.603) is 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. As of 30 June 2013, all (2012- all) of restricted deposits in relation to bank borrowings consist of blocked time deposits related to Avea’s bank borrowing. An additional amount of TL 8.503 arising from collections through automated teller machine (“ATM”) is not available for use at 30 June 2013 (30 June 2012- TL 5.813).

Within the context of the Bank Account Pledge Agreement signed by Avea and its lenders, Avea provided an account pledge over all of its bank accounts amounting to TL 537.475 at 30 June 2013 ; (2012- TL 485.084) in favour of Security Trustee. Avea is required to pledge any new bank account as they are opened and also to inform the Security Trustee about such new accounts as well as the closed accounts.

Out of TL 973.153 (31 December 2012- TL 960.788), cash and cash equivalents amounting to TL 537.475 (31 December 2012 – TL 508.809) belongs to Avea.

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

7. Due from and due to related parties - net

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated for consolidation purposes and are not disclosed in this note.

Institutions under state control are defined as related parties due to 30% ownership and the golden share of the Treasury. State controlled entities are defined as related parties but in accordance with the exemption given from the TMS 24 disclosure requirements, state controlled entities are excluded from general reporting requirements.

Details of balances and transactions between the Group and other related parties as at 30 June 2013 and 31 December 2012 are disclosed below:

	30 June 2013	31 December 2012
Due from related parties		
Parent company		
Saudi Telecom Company ("STC") (2)	**12.136**	5.240
Other related parties		
Oger Telekom Yönetim Hizmetleri Limited Şirketi ("OYTH") (1)	**183**	151
Other	**1.517**	382
	13.836	5.773
Due to related parties		
Parent company		
STC (2)	**1.088**	784
Other related parties		
OTYH (1)	**6.891**	6.552
Other	**-**	53
	7.979	7.389

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

Transactions with shareholders:

During the period ended 30 June 2013, the Company made dividend payment to the Treasury at the amount of gross TL 764.535 (30 June 2012 –TL 600.825). The dividend payment to OTAŞ amounts to gross TL 1.327.304 (30 June 2012 – TL 1.043.089).

Avea is required under the terms of the Avea Concession Agreement, to pay 15% share to the Treasury (the Treasury Share) of its monthly gross revenue. Besides, the Company and its subsidiaries that are operating in the telecommunications sector, are required to pay 1% of universal service fund and 0,35% of ICTA share to the Ministry of Transport and Communications under the law Global Service Act numbered 5369.

As of 30 June 2013, unpaid portion of these liabilities are recorded under other short term liabilities (Note 11) and reflected to cost of sales account.

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

7. Due from and due to related parties - net (continued)

Transactions with other related parties:

Postage services have been rendered by PTT to the Company. Besides, PTT is collecting Turk Telekom's and TTNet's invoices and in return for these services collection commissions are paid to PTT.

Operational lease payment made to PTT by the Company as part of the lease agreement amounts to TL 30.811 in 2013 (30 June 2012– TL 30.240).

The Company is rendering and receiving international traffic carriage services and data line rent services to and from STC. Total revenues and expenses incurred in relation to these services amounted to TL 16.429 and TL 574, respectively, as of 30 June 2013 (30 June 2012 – TL 8.213 revenues and TL 465 expenses)

Compensation of key management personnel

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

	1 January- 30 June 2013	**1 April- 30 June 2013**	1 January- 30 June 2013	1 April- 30 June 2013
Short-term benefits	**42.560**	**31.100**	37.679	13.478
Long-term defined benefit plans	**1.290**	**743**	842	627
	43.850	**31.843**	38.521	14.105

Furthermore, OTMSC charged to the Company a management fee amounting to TL 11.201 and an expense fee for an amount of TL 156 for the period ended 30 June 2013 (30 June 2012 – TL 8.915 and TL 81), based on the contract between OTMSC and the Company. OTMSC's ultimate shareholder is Saudi Oger. Significant portion of this payment represents salaries of key management personnel. The contract has been renewed on 15 April 2012 for an annual charge of USD 12.000 (prior contract value: 8.500 USD) for three years.

Guarantees provided to related parties:

The guarantees given by the Company to support the long term financing of Avea and Pantel are explained in Note 8.

The Company guaranteed EUR 8.000 to support financing of Cetel.

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

8. Financial liabilities– Net

Bank Borrowings

Bank borrowings and financial leasings used by the Group during the period ended 30 June 2013 amounts to TL 7.592.634 (30 June 2012 – TL 14.728.812).

The total principal repayment of bank borrowings and financial leases during the period ended 30 June 2013 amounts to TL 5.677.004 (30 June 2012 – TL 13.040.414).

	30 June 2013			31 December 2012		
	Weighted average nominal interest rate (%)	**Original amount**	**TL equivalent**	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Short-term borrowings:						
TL bank borrowings with fixed interest rates	**5,77**	**1.396.262**	**1.396.272**	5,17	284.162	284.162
Interest accruals:						
TL bank borrowings with fixed interest rates		**19.845**	**19.845**		604	604
Short-term borrowings			**1.416.117**			284.766
Short-term portion of long-term bank borrowings:						
USD bank borrowings with fixed interest rates	**3,06**	**168.111**	**323.580**	2,98	165.368	294.785
USD bank borrowings with variable interest rates (*)	**3,13**	**235.244**	**452.798**	3,47	187.824	334.815
Euro bank borrowings with variable interest rates (**)	**2,53**	**245.169**	**616.281**	2,84	166.035	390.465
Interest accruals of long-term bank borrowings						
USD bank borrowings with fixed interest rates		**1.477**	**2.843**		1.386	2.471
USD bank borrowings with variable interest rates (*)		**9.393**	**18.080**		8.615	15.357
Euro bank borrowings with variable interest rates (**)		**6.084**	**15.293**		7.769	18.270
JPY bank borrowings with variable interest rates (***)		**1.107**	**21**		37.201	768
Short-term portion of long-term bank borrowings			**1.428.896**			1.056.931
Total short-term borrowings			**2.845.013**			1.341.697
Long-term borrowings:						
USD bank borrowings with fixed interest rates	**3,06**	**244.058**	**469.763**	2,98	257.611	459.217
USD bank borrowings with variable interest rates (*)	**3,13**	**1.359.926**	**2.617.595**	3,47	1.010.218	1.800.815
Euro bank borrowings with variable interest rates (**)	**2,53**	**928.895**	**2.334.963**	2,84	980.585	2.306.042
JPY bank borrowings with variable interest rates (***)	**2,66**	**4.954.921**	**96.125**	2,82	4.951.728	102.283
Total long-term borrowings			**5.518.446**			4.668.357
Total financial liabilities			**8.363.459**			6.010.054

(*) Libor + (varies between %0,80 – %3,40) spread
(**) Euribor + (varies between %0,25 – %3,25) spread
(***) JPY Libor + %2,5

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

8. Financial Liabilities - Net (continued)

The contractual maturities of financial liabilities in equivalent of TL are as follows:

	30 June 2013					31 December 2012				
	Up to 3 moths	3 months to 1 year	1 year to 5 years	More than 5 year	Total	Up to 3 moths	3 months to 1 year	1 year to 5 years	More than 5 year	Total
TL bank borrowings with fixed interest rates	1.400.926	15.191	-	-	1.416.117	272.356	12.410	-	-	284.766
US bank borrowings with fixed interest rates	4.338	322.085	411.642	58.121	796.186	2.826	294.430	369.379	89.838	756.473
US bank borrowings with variable interest rates	157.231	313.647	2.114.950	502.645	3.088.473	207.895	142.277	1.333.293	467.522	2.150.987
Euro bank borrowings with variable interest rates	102.557	529.017	2.129.629	205.334	2.966.537	103.623	305.109	2.079.052	226.983	2.714.767
JPY bank borrowings with variable interest rates	21	-	96.125	-	96.146	768	-	102.283	-	103.051
	1.665.073	1.179.940	4.752.346	766.100	8.363.459	587.468	754.226	3.884.007	784.343	6.010.044

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

8. Financial liabilities (continued)

The following borrowings of Avea as of 30 June 2013 and 31 December 2012 are secured by a security package:

	30 June 2013			31 December 2012		
	US Dollar	**Euro**	**TL equivalent**	US Dollar	Euro	TL equivalent
Borrowings secured by security package	**22.111**	**2.908**	**49.869**	79.871	9.148	163.892

Before the merger of the Company's former subsidiary of Aycell Haberleşme ve Pazarlama Hizmetleri A.Ş. ("Aycell") with Aria İletişim Hizmetleri A.Ş. ("Aria", former subsidiary of İş-TIM Telekomünikasyon Hizmetleri A.Ş.), Aria was granted financing from its network suppliers in 2001 for the acquisition of its property and equipment secured with a security package created in favour of the Security Agent acting on behalf of the Senior Secured Creditors of Avea. In 2004, subsequent to merger of Aria and Aycell, the security package was revised. Accordingly, the revised security package consists of:

As of 30 June 2013 a maximum total amount of TL 49.869 equivalent to USD 22.111 and Euro 2.908 (31 December 2012 – TL 163.892 equivalent to USD 79.871 and Euro 9.148) guarantees represented below are given for financial liabilities of Avea.

- Commercial Enterprise Pledge on all movable fixed assets of commercial enterprise of Aria 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 TL 1 million (equivalent to USD 519.534 as at 30 June 2013).
- 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 2013 - TL 537.475; 31 December 2012 - TL 508.781). Within this scope, Avea has USD 22.221 and Euro 2.930 outstanding bank borrowings as of 30 June 2013.
- Mortgage on the building of AVEA in Ümraniye amounting up to US Dollar 40.600 in favor of the Security Agent.
- Assignment of Receivables: The material contracts entered into by Avea that results in a revenue or cost to Avea over US Dollar 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.
- Debt Service Reserve Fund: Restricted accounts used to ensure that in order to meet debt service of Avea for the next period (Note 6).

  Addition to the security package, other terms are summarized below:

1. Financial covenants (ratios):

   a) Based on the consolidated financial statements, Debt Service Coverage Ratio should be 5 at minimum. The ratio is calculated by dividing income before interest, tax, depreciation, and amortization for the last four financial periods, ("Türk Telekom consolidated EBITDA") to the payment obligations in the related periods excluding the principal repayments.

   b) Türk Telekom consolidated net debt to Türk Telekom consolidated EBITDA Ratio should be 2 at maximum.

8. Financial liabilities (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 US Dollar 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.

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

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

   b) US Dollar 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 favor 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 US Dollar 450.000. (additional support)

      The support has been wholly used as of 30 June 2013.

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

   The support has been wholly used as of 30 June 2013.

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

   The support has been wholly used as of 30 June 2013.

Pantel Turkey borrowed Euro 10.000 loan in total from a Turkish bank's Bahrain Branch for the investment of construction of fiber optic lines. In return for this loan,Pantel Turkey assigned its receivables amounting to its outstanding loan balance to the corresponding bank as a guarantee. As of 30 June 2013 loan payable amounts to Euro 840.

In terms of the loan utilized by Pantel amounting to Euro 46.000 on 10 May 2011, the Company provided company guarantee for the liabilities of Pantel AG under contract.

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

9. Tangible and intangible assets

The amount of tangible and intangible assets purchased during the six month period ended 30 June 2013 is TL 725.697 (30 June 2012 – TL 1.057.062).

Net book value of tangible and intangible assets sold during the six month period ended 30 June 2013 amounted to TL 14.608 (June 30, 2012 – TL 19.476).

Based on the decision of Board of Directors to sell 70 pieces of real estate, these assets were classified as held for sale (30 June 2013 – TL 25.848, 30 June 2012 – 8.494). The assets are measured at the lower of their carrying value and fair value less costs to sell.

10. Employee Termination Benefits

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment has ended due to retirement or for reasons other than resignation or misconduct. The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement.

The retirement pay liability as at 30 June 2013 is subject to a ceiling of full TL 3.129,25 (31 December 2012 – full TL 3.033,98) per monthly salary for each service year.

i) Reconciliation of opening and closing balances of defined benefit obligation:

	1 January - 30 June 2013	1 January - 30 June 2012
Defined benefit obligation at January 1	**749.411**	570.298
Current service cost	**25.713**	17.056
Interest cost	**24.904**	23.779
Actuarial loss / (gain) (*)	**30.478**	41.383
Benefits paid by the group	**(223.921)**	(3.823)
Foreign currency translation difference	**59**	(42)
Liabilities as at 31 December	**606.644**	648.651

(*) For the six month period ended as at 30 June 2013, actuarial loss amounting to TL 30.478 (30 June 2012 – 41.383) has been reflected to other comprehensive income.

ii) Analysis of the present value of the defined benefit obligation to the liabilities recognized in the balance sheet:

	30 June 2013	30 June 2012
Present value of defined benefit obligations	**606.644**	648.651
Unrecognized past service cost	**-**	(3.292)
Net liability recorded in the balance sheet	**606.644**	645.359

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

10. Employee Termination Benefits (continued)

iii) Total expense recognized in the consolidated statement of income:

	1 January - 30 June 2013	1 January - 30 June 2012
Current service cost	**25.713**	17.056
Interest cost	**24.904**	23.779
Past service cost	-	4.411
Total net cost recognized in the consolidated statement of income	**50.617**	45.246

iv) Principal actuarial assumptions use:

	30 June 2013	30 June 2012
Discount rate	% 8.5	% 9.5
Expected rate of ceiling increases	% 5.0	% 5.0

The age dependent voluntary withdrawal rate for the next years for the Group's remaining employees is estimated to change between 0,62% and 7,06% (2012–average 3%).

11. Other assets and liabilities

Other current assets

	30 June 2013	31 December 2012
Intermediary services for collection (1)	**114.981**	131.052
Advances given (2)	**72.826**	45.821
VAT and Special Communications Tax (SCT) receivable	**23.777**	65.840
Other current assets	**8.090**	4.526
	219.674	247.239

1) Intermediary services and sales for collection consist of advances given by Avea to its distributors.
2) Advances given consist of advances for inventory, tangible and intangible assets purchases and advances given to personnel.

Other non-current assets

	30 June 2013	31 December 2012
Intermediary services for collection (2)	**22.267**	34.759
Other non-current assets	**47**	--
	22.314	34.759

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

11. Other assets and liabilities (continued)

Other current liabilities

	30 June 2013	31 December 2012
Advances received (1)	**171.679**	171.800
Deferred revenue (2)	**57.233**	79.854
Accrual for the Treasury Share	**57.010**	49.151
Accrual for Universal Service Fund (3)	**55.973**	104.802
Accrual for contribution to the ICTA	**34.199**	50.727
Other payables	**5.907**	13.138
	382.001	469.472

1) The Company acts as an intermediary of Ministry of Defence and North Atlantic Treaty Organization (NATO) projects by transferring advances received to the contractors and supports the management of the projects. Expenditures arising from the projects are deducted from the advances received at the date of the expenditure. Advances not used are held as time deposits and the interest earned is credited to the advances received in accordance with the agreement between the parties (Note 6).
2) Deferred revenue consists of the invoiced but unconsumed minutes' sales value
3) According to the article numbered 5369 related with "International Service Fund" 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.

Other non-current liabilities

	30 June 2013	31 December 2012
Deferred Revenue (*)	**176.049**	158.717
Advances taken (**)	**80.104**	77.565
	256.153	236.282

(*) Deferred revenues mainly result from Pantel's indefeasible right of use contracts.
(**) Advances taken mainly result from the advances taken by Pantel according to indefeasible right of use contracts.

12. Dividends

During the year period 30 June 2013, remaining balance of 2012 distributable profit after assigning first and second legal reserves, which amounted to TL 2.413.279 (a dividend of full kuruş 0,6895 per share) has been committed to be distributed and distributed in cash to the shareholders.

During the year period 30 June 2012, remaining balance of 2011 distributable profit after assigning first and second legal reserves, which amounted to TL 1.896.525 (a dividend of full kuruş 0,5419 per share) has been committed to be distributed and distributed in cash to the shareholders.

13. Minority put option liability

On 15 September 2006, the Company, İş Bank Group and other Avea shareholders signed an "Amendment Agreement" to the "Shareholder Agreement" and the "IPO and Put Agreement" originally dated 2004. In accordance with the Amendment Agreement, the Company grants a put option to İş Bank Group on the shares of Avea owned by İş Bank Group. The put option is exercisable under the following conditions:

a) If an IPO for Avea does not take place before 1 January 2011, then starting from 1 January 2011 until 31 December 2014 ("First Period") İş Bank Group at any time during the First Period shall have the right to demand that the Company initiate and execute an IPO to be concluded within nine months starting from the date of the demand. However, the Company may decide,within thirty days following the date of the demand for IPO, to postpone the IPO until the end of the First Period.

b) If an IPO does not take place by the end of the "First Period" then starting from 1 January 2015 until 31 December 2015, İş Bank Group shall have the right to demand that the Company initiate and execute an IPO.

c) Within one month following the execution of an IPO, via any of the methods described above and regardless of the timing of the IPO, İş Bank Group shall have the right to sell to the Company all of their outstanding shares in Avea at a price equal to the IPO price less a five percent discount.

While determining fair value of minority put option liability as of 30 June 2013, it had been assumed that İş Bankası Group would exercise its option on 1 January 2015. The Company has estimated a value based discounted cash flows after 31 December 2014. The value determined as at 1 January 2015 is then discounted back to 30 June 2013. The fair value of the put option liability as at 30 June 2013 amounts to TL 467.561 (31 December 2012 – TL 467.561). In accordance with Group's accounting policies, the change between fair values of minority put option liabilities as of 30 June 2013 and 31 December 2012 has been accounted in minority put option liability reserve under equity.

In order to reflect the minority put option liability in the consolidated financial statements, the minority interest (after giving the effect of loss) as at 30 June 2013, amounting to negative TL 266.749 (31 December 2012 –TL 286.845), has been reclassified from equity to "minority put option liability" under long-term liabilities after appropriation of profit / loss to the minority interest for the year. The fair value of minority put option liability, has been determined as TL 467.561 (31 December 2012 - TL 467.561), and the difference of TL 200.812 (31 December 2012 - TL 180.716) is reflected in equity as "minority put option liability reserve", based on the Group's accounting policy for the acquisition of minority interest.

The fair value of the minority put option liability has been estimated based on multiple approaches including discounted cash flows after 31 December 2014. The enterprise value used as a base for the put option fair value determination has been calculated by using cash flow projections from the business plan of Avea covering a five-year plan. WACC used for the discount of cash flows are 13,7% and 14,7% for taxable and non-taxable periods, respectively. The valuation is tested at a sensitivity of +2% / -2%. The value in use projections are based on a discounted cash flow (DCF) study implemented until 2029. The average of the values determined as of 1 January 2015 is then discounted back to 31 December 2012.

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

14. Commitments and contingencies

Guarantees received and given by the Group are summarized below:

		30 June 2013		31 December 2012	
		Original currency	**TL**	Original currency	TL
Guarantees received	**USD**	**219.568**	**422.624**	276.378	492.671
	TL	**672.850**	**672.850**	718.981	718.981
	Euro	**86.491**	**217.412**	92.155	216.721
	Sterlin	**8**	**23**	8	23
			1.312.909		1.428.396
Guarantees given (*)	**USD**	**197.594**	**380.329**	160.402	285.933
	TL	**163.377**	**163.377**	171.901	171.901
	Euro	**22.251**	**55.932**	14.678	34.518
	Other	**47**	**25**	-	-
Total			**599.663**		492.352

(*) US Dollar 151.500 of the amount (2012–US Dollar 151.500) is related with the guarantee provided to the ICTA by Avea with respect to the Avea Concession Agreement and Euro 12.840 is related with the guarantee provided for 3G (2012 – Euro 12.840) license.

The Company's guarantee, pledge and mortgage (GPM) position as at 30 June 2013 and 31 December 2012 is as follows:

GPMs given by the Company	**30 June 2013**	31 December 2012
A.GPMs given on behalf of the Company's legal personality	**2.215.084**	2.324.106
B.GPMs given in favor of subsidiaries included in full consolidation	**1.656.424**	1.535.164
C.GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**-**	-
D.Other GPMs	**20.110**	18.814
i. GPMs given in favor of parent company	**-**	-
ii. GPMs given in favor of Company companies not in the scope of B and C above	**20.110**	18.814
iii. GPMs given in favor of third party companies not in the scope of C above	**-**	-
	3.891.618	3.878.084

GPMs given by the Group as at 30 June 2013 are equivalent to 0,41% of the Company's equity (31 December 2012 – 0,29%).

Based on law 128/1 of Turkish Code of Obligations, Avea has given TL 162.000 amounted guarantee to Mobil İletişim A.Ş. for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by Avea.

14. Commitments and contingencies (continued)

Legal proceedings of Türk Telekom

From time to time the Group has been, and expects to continue to be, subject to legal proceedings and claims arising in the ordinary course of its business.

Disputes between Türk Telekom and Turkcell İletişim Hizmetleri A.Ş ("Turkcell")

Interconnection tariff and leased line disputes:

The Company and Turkcell have disputes over international interconnection and leased line rates charged by the Company. Based on the assessments of the Company management and its legal representatives, TL 28.691 additional provision has been recognized to and TL 48.966 provision has been reversed in the condensed consolidated financial statements as of the period ended 30 June 2013.The Company provided a provision for principal and interest amounting to TL 83.125 as of 30 June 2013 (31 December 2012–TL 103.400).

Disputes between the Company and its former personnel

In the scope of the ongoing restructuring of the personnel organization of the Company in order to achieve the number of personnel identified, the contracts of the employees who are entitled for pension and who are regarded as a surplus to the Company have been terminated based on the Board of Directors Decision. Accordingly, certain part of those employees has filed re-employment lawsuits against the Company. Most of the courts decided against the Company while the remaining cases are still ongoing. Provision amounting to TL 6.563 (31 December 2012 – TL 6.766) has been provided as of 30 June 2013 for the ongoing cases.

Disputes between the Company and Istanbul Metropolitan Municipality

Total amount filed against the Company by Istanbul Metropolitan Municipality as contribution to the infrastructure investment and municipality share is TL 26.855. A cumulative provision amounting to TL 50.856 (31 December 2012 – TL 49.739) including the nominal amount and legal interest charges has been recognised as at 30 June 2013.

Legal proceedings of Avea

Monetary penalties to Avea by Ministry of Finance and penalty provisions

The Company has recognized a provision amounting to TL 1.020 for the ongoing cases in relation to VAT, SCT and Reversed Charge VAT on International Roaming Services and for the years not subject to investigation about the same subjects as of 30 June 2013. (31 December 2012- TL 935).

Disputes between the Group and the ICTA

The Company has filed various lawsuits against ICTA. These lawsuits are related with the sector-specific and tariff legislations and legislations with respect to the other operators in the market. The sector-specific disputes generally stem from the objections with respect to the provisions of interconnection legislation, legislation with respect to telecommunication services and infrastructure. As of 30 June 2013 TL 890 provision provided for ICTA penalties (31 December 2012: TL 8.713).

Other issues

Provision has been provided in the consolidated financial statements for the probable court cases against the Group based on the lawyers' assessments. The provision for such court cases is amounting to TL 21.926 as at 30 June 2013 (31 December 2012 – TL 19.654). For the rest of the cases, Group lawyers commented that basis of those cases are not realistic and should be appealed. Therefore, no provision has been provided for these cases

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

15. Financial risk management objectives and policies

Foreign currency risk

	30 June 2013						31 December 2012					
	TL Equivalent	US Dollar	Euro	JPY	GBP	Other	TL equivalent	USD	Euro	JPY	GBP	Other
1. Trade receivables	**207.613**	**39.885**	**51.912**	**-**	**-**	**287**	180.368	42.128	44.436	-	-	1.612
2a. Monetary financial assets (Cash and banks accounts included)	**176.269**	**67.321**	**18.569**	**-**	**5**	**-**	306.121	141.317	22.491	-	459	-
2b. Non-monetary financial assets	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
3. Other	**17.697**	**3.958**	**4.005**	**-**	**4**	**-**	20.934	3.152	6.499	-	11	-
4. Current assets (1+2+3)	**401.579**	**111.164**	**74.486**	**-**	**9**	**287**	**507.423**	**186.597**	**73.426**	**-**	**470**	**1.612**
5. Trade receivables	**-**	**-**	**-**	**-**	**-**	**-**	-	-	436	-	-	-
6a. Monetary financial assets	**241**	**-**	**96**	**-**	**-**	**-**	205	-	87	-	-	-
6b. Non-monetary financial assets	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
7. Other	**462**	**71**	**130**	**-**	**-**	**-**	529	71	171	**-**	**-**	**-**
8. Non-current assets (5+6+7)	**703**	**71**	**226**	**-**	**-**	**-**	**734**	**71**	**694**	**-**	**-**	**-**
9. Total assets (4+8)	**402.282**	**111.235**	**74.712**	**-**	**9**	**287**	**508.157**	**186.668**	**74.120**	**-**	**470**	**1.612**
10. Trade payables	**483.497**	**129.894**	**93.047**	**-**	**82**	**-**	573.803	201.188	91.407	-	57	(2)
11. Financial liabilities	**1.415.879**	**415.305**	**245.248**	**1.107**	**-**	**-**	1.049.724	366.408	168.302	37.201	-	-
12a. Monetary other liabilities	**45.206**	**8.218**	**11.692**	**-**	**-**	**-**	45.504	8.151	13.171	-	-	-
12b. Non-monetary other liabilities	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**1.944.582**	**553.417**	**349.987**	**1.107**	**82**	**-**	**1.669.031**	**575.747**	**272.880**	**37.201**	**57**	**(2)**
14. Trade payables	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
15. Financial liabilities	**5.453.899**	**1.604.805**	**902.592**	**4.954.921**	**-**	**-**	4.602.215	1.268.821	951.708	4.951.728	-	-
16 a. Monetary other liabilities	**81.307**	**314**	**32.105**	**-**	**-**	**-**	84.012	314	35.485	-	-	-
16 b. Non-monetary other liabilities	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	**5.535.206**	**1.605.119**	**934.697**	**4.954.921**	**-**	**-**	4.686.227	1.269.135	987.193	4.951.728	**-**	**-**
18. Total liabilities (13+17)	**7.479.788**	**2.158.536**	**1.284.684**	**4.956.028**	**82**	**-**	**6.355.258**	**1.844.882**	**1.260.073**	**4.988.929**	**57**	**(2)**
19. Net asset/(liability) position of off balance sheet	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
derivative instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19a. Total asset amount hedged	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19b. Total liability amount hedged	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20. Net foreign currency asset/(liability) position (9-18+19)	**(7.077.506)**	**(2.047.301)**	**(1.209.972)**	**(4.956.028)**	**(73)**	**287**	**(5.847.101)**	**(1.658.214)**	**(1.185.953)**	**(4.988.929)**	**413**	**1.614**
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(7.095.665)**	**(2.051.330)**	**(1.214.107)**	**(4.956.028)**	**(77)**	**287**	**(5.868.564)**	**(1.661.437)**	**(1.192.623)**	**(4.988.929)**	**402**	**1.614**
22. Fair value of FX swap financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
23. Hedged amount of foreign currency assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
24. Hedged amount of foreign currency liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

15. Financial risk management objectives and policies (continued)

Explanation on the presentation of financial assets and liabilities at their fair values

The below table summarizes the carrying and fair values of financial asset and liabilities not presented at fair value in the Group's consolidated financial statements.
Due to their short-term nature, the fair value of trade and other receivables represents their book value. The fair value of borrowings with fixed interests is obtained by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of foreign currency denominated borrowings with variable interests is obtained by discounting the projected cash flows using estimated market interest rates.

	Book Value		Fair Value	
	Current Period	Prior Period	**Current Period**	Prior Period
Financial assets				
Cash and cash equivalents	**973.153**	960.788	**973.153**	960.788
Trade and other receivables (including related parties)	**3.151.096**	2.826.348	**3.151.096**	2.826.348
Other current and non-current assets	**1.539**	1.356	**1.539**	1.356
Other financial investments	**11.840**	11.840	**(*)**	(*)
Financial liabilities				
Financial liabilities	**8.363.459**	6.010.044	**8.368.963**	6.012.371
Financial leasing liabilities	**26.752**	27.750	**26.752**	27.750
Trade and other payables	**1.968.564**	2.083.541	**1.968.564**	2.083.541
Other current and non-current liabilities	**153.089**	217.818	**153.089**	217.818

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15. Financial risk management objectives and policies (continued)

Fair value hierarchy table

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at 30 June 2013 is as follows:

Financial assets at fair value through profit or loss:	**Level 1**	**Level 2**	**Level 3**
Swap transactions	**-**	**39.976**	**-**
Financial liabilities at fair value through profit or loss:			
Swap transactions	**-**	**12.145**	**-**
Minority put option liability (Note 12)	**-**	**-**	**467.561**

Fair value hierarchy table as at 31 December 2012 is as follows:

Financial assets at fair value through profit or loss:	**Level 1**	**Level 2**	**Level 3**
Swap transactions	**-**	**3.226**	**-**
Financial liabilities at fair value through profit or loss:			
Swap transactions	**-**	**38.931**	**-**
Minority put option liability (Note 12)	**-**	**-**	**467.561**

15. Financial risk management objectives and policies (continued)

Capital management policies

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders. No changes were made in the objectives, policies or processes during the years 2013 and 2012.

16. Other financial investments and other financial liabilities

Cash flow hedges and derivative financial instruments

Interest rate swaps

Avea has 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 in 2007 and 2008.

As of 28 September 2009, Avea has restructured its interest hedging transaction for the critical term match of the early payment as of 30 September 2009 which has replaced the current interest hedging transaction. As the Amended and Restated Transaction resulted in a change in the hedge structure the effect of the old hedge (which leads to significant negative fair value of the hedge as of inception date- 30 September 2009) and new hedge is separated and the effect of old hedge relating to outstanding borrowing after prepayment is followed up separately. The new hedge is found as effective as result of effectiveness test and effective fair value of the new hedge with an amount of TL 246 is continued to be recognized under equity reserves. The fair value of old hedge as of September 28, 2009, which being recognized under other comprehensive income, (US Dollar 31.8 million) will be amortized until 2015 which is the residual maturity of original hedge relationship. As of 30 June 2013 the unamortized portion of old hedge which is recognized under equity reserves amounts to TL 214.

As of 30 June 2013, notional amount that will be due till 30 September 2013 amounts to US Dollar 22.110 (TL 42.557) and Euro 2.907 (TL 7.307).

As of 30 June 2013, fair value of the interest rate swap transactions of Avea amount to TL 1.434 (31 December 2012 – TL 5.754). As of 30 June 2013, unrealized interest rate swap loss amounting to TL 1.466 (31 December 2012 – TL 1.926) has been recognized under other comprehensive income. For the period ended 30 June 2013, realized interest rate swap loss amounting to TL 4.504 (31 December 2012 – TL 28.059) and unrealized interest rate swap gain amounting to TL 2.853 (31 December 2012 – TL 14.839) has been reflected to consolidated income statements.

The Company has entered into a eight-part interest rate swap transaction between 11 April 2012 and 30 April 2012 with a maturity date on 21 March 2022 and a total notional amount of US Dollar 400.000, in order to hedge a portion of its variable rate long term bank borrowings. In addition the Company has entered into a four-part interest rate swap transaction between 8 April 2013 and 17 April 2013 with a maturity date on 21 August 2023 and a total notional amount of US Dollar 200.000, in order to hedge a portion of its variable rate long term bank borrowings. As of 30 June 2013, fair value of interest rate swap transactions amounts to TL 2.250 has been classified to other current financial liabilities and fair value of interest rate swap transactions amounts to TL 39.976 has been classified to other non-current financial liabilities (31 December 2012 – 33.177).The interest rate swaps are assessed to be effective hedges and a net change in fair value of interest rate swaps amounting to TL 70.903 as at 30 June 2013 has been recognized in other comprehensive income.

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16. Other financial investments and other financial liabilities (continued)

Cash flow hedges (continued)

Interest rate swaps (continued)

Company	Notional Amounts (USD)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 March 2013 (TL)
Türk Telekom	**400.000**	**11 April 2012 – 30 April 2012**	**19 March 2014**	**Pay fixed rates and receive floating rates between March 2012 and March 2014**	**(2.250)**
Türk Telekom	**400.000**	**11 April 2012 – 30 April 2012**	**21 March 2022**	**Pay fixed rates and receive floating rates between March 2014 and March 2022**	**13.864**
Türk Telekom	**200.000**	**8 April 2013 – 17 April 2013**	**21 August 2023**	**Pay fixed rates between 19 August 2015 and 21 August 2023 and receive floating rates.**	**26.112**
Avea	**25.837**	**28 September 2009**	**30 September 2013**	**Pay fixed rates, and receive floating rates, between 31 March 2009 and 30 September 2013**	**(1.434)**
					36.292
Short term interest rate					(3.684)
Long term interest rate					39.976

Company	Notional amounts (US Dollar)	Trade date	Maturity date	Terms	Fair value amount as at 31 December 2012 (TL)
Turk Telekom	**400.000**	**11 April 2012– 30 April 2012**	**19 March 2014**	**Pay fixed rates and receive floating rates between March 2012 and March 2014**	**(2.029)**
Turk Telekom	**400.000**	**11 April 2012– 30 April 2012**	**21 March 2022**	**Pay fixed rates and receive floating rates between March 2014 and March 2022**	**(31.148)**
Avea	**91.940**	**28 September 2009**	**30 September 2013**	**Pay fixed rates, and receive floating rates, between 31 March 2009 and 30 September 2013**	**(5.754)**
					(38.931)
Short term interest rate swaps					(5.754)
Long term interest rate swaps					(33.177)

The Company has also entered into a eight-part cap transactions between 11 April 2012 and 30 April 2012 with a maturity date on 21 March 2022 and a total notional amount of US Dollar 400.000. In addition, the Company has also entered into a four-part cap transactions between 8 April 2013 and 17 April 2013 with a maturity date on 21 August 2023 and a total notional amount of US Dollar 200.000. As of 30 June 2013 fair value of derivative transactions amounting to TL 8.461 (31 December 2012 – 3.226) has been recognised under long term financial liabilities. Unrealised gain on these derivatives amounting to TL 11.687 (31 December 2012- TL 3.226 gain) has been recognised in the consolidated income statement.

16. Other financial investments and other financial liabilities (continued)

Hedge of net investment in a foreign operation

The Company acquired a loan for a total of Euro 150.000 in order to hedge its net investment at a foreign operation with a Euro functional currency. Foreign exchange gain and/or loss resulted from the subsidiary's net investment portion of this loan is re-classed to reserve for hedge of net investment in a foreign operation under equity.