

**Türk Telekomünikasyon**  
**Anonim Şirketi and Its Subsidiaries**  
**30 September 2015**  
Interim Condensed Consolidated  
Financial Statements As At and For  
The Nine Month Period  
Ended 30 September 2015

20 October 2015

*This report contains 47 pages of financial  
statements and explanatory notes.*

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

**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

*(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)*

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT**  
**30 SEPTEMBER 2015**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		<b>Current period</b>	<b>Prior period</b>
		<b>Unaudited</b>	<b>Audited</b>
	<i>Notes</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Assets</b>			
<b>Current assets</b>			
		<b>7.627.742</b>	<b>6.413.004</b>
Cash and cash equivalents	6	2.782.348	2.538.446
Trade receivables			
- Due from related parties	8	12.040	17.757
- Trade receivables from third parties	9	3.496.675	3.115.181
Other receivables			
- Other receivables from third parties		55.653	39.948
Derivative financial instruments	17	408.783	74.032
Inventories		222.327	144.182
Prepaid expenses		344.256	263.072
Current tax related assets		64.724	6.355
Other current assets	12	215.256	187.664
		<b>7.602.062</b>	<b>6.386.637</b>
<b>Assets held for sale</b>	10	25.680	26.367
<b>Non-current assets</b>		<b>13.839.131</b>	<b>13.464.783</b>
Financial investments		11.840	11.840
Trade receivables			
- Trade receivables from third parties	9	37.979	40.113
Other receivables			
- Other receivables from third parties		45.582	45.330
Derivative financial instruments	17	43.938	24.395
Investment property		12.908	13.547
Property, plant and equipment		8.175.371	8.180.932
Intangible assets			
- Goodwill		48.734	48.734
- Other intangible assets		5.046.554	4.789.152
Prepaid expenses		101.434	30.392
Deferred tax assets		288.598	259.308
Other non-current assets	12	26.193	21.040
<b>Total assets</b>		<b>21.466.873</b>	<b>19.877.787</b>

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

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT**  
**30 SEPTEMBER 2015**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		<b>Current period</b>	<b>Prior period</b>
		<b>Unaudited</b>	<b>Audited</b>
		<b>30 September</b>	<b>31 December</b>
	<i>Notes</i>	<b>2015</b>	<b>2014</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>5.490.174</b>	<b>4.225.718</b>
Financial liabilities			
- Bank borrowings	7	489.480	29.414
Short term portion of long term financial liabilities			
- Bank borrowings	7	1.677.200	691.154
- Obligations under finance leases		15.099	12.961
- Bills, bonds and notes issued	7	41.826	4.943
Other financial liabilities			
- Non-controlling interest put option liability	13	-	439.664
Trade payables			
- Due to related parties	8	10.207	7.888
- Trade payables to third parties	9	1.774.696	1.541.161
Employee benefit obligations	12	126.857	275.767
Other payables			
- Other payables to third parties		537.371	463.088
Derivative financial instruments	17	100.461	-
Deferred revenue		126.530	110.709
Income tax payable		58.667	197.574
Short term provisions			
- Short term provisions for employee benefits	11	128.040	160.050
- Other short term provisions	11	349.299	241.259
Other current liabilities	12	54.441	50.086
<b>Non-current liabilities</b>		<b>12.016.143</b>	<b>9.348.729</b>
Financial liabilities			
- Bank borrowings	7	6.765.041	5.837.599
- Obligations under finance leases		1.162	6.995
- Bills, bonds and notes issued	7	3.011.582	2.294.732
Trade payables			
- Trade payables to third parties	9	202.395	613
Other payables			
- Other payables to third parties		600.365	7.619
Derivative financial instruments	17	211.400	84.592
Deferred revenue		282.537	255.555
Long term provisions			
- Provisions for employee termination benefits	11	612.315	555.595
- Long term provisions for employee benefits excluding employee termination benefits	11	77.224	68.907
- Other long-term provisions	11	7.681	7.593
Deferred tax liability		244.441	228.929
<b>Equity</b>		<b>3.960.556</b>	<b>6.303.340</b>
<b>Total equity attributable to parent</b>			
Paid-in share capital		3.500.000	3.500.000
Inflation adjustments to paid in capital (-)		(239.752)	(239.752)
Non-controlling interest put option liability reserve		-	(227.065)
Difference arising from the change in shareholding rate in a subsidiary		(1.320.942)	(858.134)
Share based payment reserve		9.528	9.528
Other comprehensive income items not to be reclassified to profit or loss			
- Actuarial loss arising from employee benefits		(384.649)	(382.368)
Other comprehensive income/expense items to be reclassified to profit or loss			
- Hedging reserves		(254.721)	(124.116)
- Foreign currency translation reserve		46.912	48.703
Restricted reserves allocated from profits		2.289.384	2.122.798
Retained earnings		446.307	446.307
Net profit / (loss) for the period		(131.511)	2.007.439
<b>Total liabilities and equity</b>		<b>21.466.873</b>	<b>19.877.787</b>

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

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		<b>Current Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Prior Period</b>
		<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January - 30</b>	<b>1 July -30</b>	<b>1 January - 30</b>	<b>1 July - 30</b>
	<i>Notes</i>	<b>September 2015</b>	<b>September 2015</b>	<b>September 2014</b>	<b>September 2014</b>
Sales	5	10.655.445	3.695.564	10.006.407	3.512.077
Cost of sales (-)	5	(5.458.073)	(1.961.945)	(5.070.684)	(1.806.088)
<b>Gross profit</b>		<b>5.197.372</b>	<b>1.733.619</b>	<b>4.935.723</b>	<b>1.705.989</b>
General administrative expenses (-)	5	(1.555.412)	(601.632)	(1.337.485)	(412.551)
Marketing, sales and distribution expenses (-)	5	(1.307.214)	(444.956)	(1.352.900)	(434.204)
Research and development expenses (-)	5	(42.454)	(14.593)	(43.918)	(11.763)
Other operating income	5	282.497	100.485	232.553	68.973
Other operating expense (-)	5	(384.330)	(137.131)	(219.278)	(75.712)
<b>Operating profit</b>		<b>2.190.459</b>	<b>635.792</b>	<b>2.214.695</b>	<b>840.732</b>
Income from investing activities	5	36.764	12.755	193.528	40.850
Expense from investing activities (-)	5	(969)	(102)	(3.726)	(829)
<b>Operating profit before financial expenses</b>		<b>2.226.254</b>	<b>648.445</b>	<b>2.404.497</b>	<b>880.753</b>
Financial income	5	1.799.659	877.564	1.413.281	378.073
Financial expense (-)	5	(4.035.417)	(2.052.069)	(1.894.445)	(842.272)
<b>Profit / (loss ) before tax</b>		<b>(9.504)</b>	<b>(526.060)</b>	<b>1.923.333</b>	<b>416.554</b>
<b>Tax income/(expense)</b>					
- Current tax expense		(156.755)	(16.457)	(484.137)	(103.859)
- Deferred tax income/(expense)		(9.846)	38.096	33.367	(2.367)
<b>Profit / (loss) for the year</b>		<b>(176.105)</b>	<b>(504.421)</b>	<b>1.472.563</b>	<b>310.328</b>
<b>Profit attributable to:</b>					
Non-controlling interests		(44.594)	(10.978)	(30.992)	(8.236)
Attributable to equity holders of the parent		(131.511)	(493.443)	1.503.555	318.564
Earnings/ (loss) per shares attributable to equity holders of the parent from (in full Kuruş)	4	(0,0376)	(0,1410)	0,4296	0,0910
Earnings / (loss) per diluted shares attributable to equity holders of the parent from (in full Kuruş)	4	(0,0376)	(0,1410)	0,4296	0,0910

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		<b>Current Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Prior Period</b>
		<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January - 30</b>	<b>1 July - 30</b>	<b>1 January - 30</b>	<b>1 July - 30</b>
	<i>Notes</i>	<b>September 2015</b>	<b>September 2015</b>	<b>September 2014</b>	<b>September 2014</b>
<b>Profit / (loss) for the period</b>		<b>(176.105)</b>	<b>(504.421)</b>	<b>1.472.563</b>	<b>310.328</b>
<b>Other comprehensive income items not to be reclassified to profit or loss:</b>					
<b>Items not to be reclassified to profit or loss:</b>					
Actuarial loss from employee benefits	11	(569)	(2.095)	(26.788)	(1.481)
Tax effect of actuarial loss from employee benefits		17	322	5.283	296
<b>Other comprehensive income items to be reclassified to profit or loss:</b>					
Change in foreign currency translation differences		(1.791)	6.035	(9.561)	(5.861)
Cash flow hedges-effective portion of changes in fair value	17	(121.443)	(108.091)	(70.754)	2.848
Tax effect of cash flow hedges-effective portion of changes in fair value		24.289	21.618	14.151	(570)
Hedge of net investment in a foreign operation		(41.814)	(30.277)	3.395	6.841
Tax effect of hedge of net investment in a foreign operation		8.363	6.055	(679)	(1.367)
<b>Other comprehensive income / (loss), net of tax</b>		<b>(132.948)</b>	<b>(106.433)</b>	<b>(84.953)</b>	<b>706</b>
<b>Total comprehensive income / (loss)</b>		<b>(309.053)</b>	<b>(610.854)</b>	<b>1.387.610</b>	<b>311.034</b>
<b>Appropriation of total comprehensive income / (loss):</b>					
Non-controlling interest		<b>(44.641)</b>	<b>(10.983)</b>	<b>(31.030)</b>	<b>(8.236)</b>
Attributable to equity holders of the parent		<b>(264.412)</b>	<b>(599.871)</b>	<b>1.418.640</b>	<b>319.270</b>

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

						Other comprehensive income items not to be reclassified to profit or loss in subsequent periods	Other comprehensive income items to be reclassified to profit or loss in subsequent periods			Restricted reserves allocated from profits	Retained earnings		Total equity attributable to parent	Non-controlling interest	Total equity
	Paid-in share capital	Inflation adjustment to paid in capital	Non controlling interest 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	Foreign currency translation reserve		Retained earnings	Net profit / (loss) for the period			
<b>Balance at 1 January 2014</b>	<b>3.500.000</b>	<b>(239.752)</b>	<b>(232.807)</b>	<b>9.528</b>	<b>(858.134)</b>	<b>(366.997)</b>	<b>(70.390)</b>	<b>46.820</b>	<b>58.105</b>	<b>2.049.085</b>	<b>129.106</b>	<b>1.303.045</b>	<b>5.327.609</b>	<b>-</b>	<b>5.327.609</b>
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	1.503.555	1.503.555	(30.992)	1.472.563
Other comprehensive income	-	-	-	-	-	(21.468)	2.716	(56.603)	(9.561)	-	-	-	(84.916)	(37)	(84.953)
Total comprehensive income	-	-	-	-	-	(21.468)	2.716	(56.603)	(9.561)	-	-	1.503.555	1.418.639	(31.029)	1.387.610
Transfer to legal reserves	-	-	-	-	-	-	-	-	-	73.713	317.201	(390.914)	-	-	-
Non-controlling interest before reclassification to minority put option liability	-	-	-	-	-	-	-	-	-	-	-	-	-	251.138	251.138
Non-controlling interest put option liability (Note 13)	-	-	(70.357)	-	-	-	-	-	-	-	-	-	(70.358)	(220.109)	(290.467)
Dividend paid (Note 16)	-	-	-	-	-	-	-	-	-	-	-	(912.131)	(912.131)	-	(912.131)
<b>Balance at 30 September 2014</b>	<b>3.500.000</b>	<b>(239.752)</b>	<b>(303.165)</b>	<b>9.528</b>	<b>(858.134)</b>	<b>(388.465)</b>	<b>(67.674)</b>	<b>(9.783)</b>	<b>48.544</b>	<b>2.122.798</b>	<b>446.307</b>	<b>1.503.555</b>	<b>5.763.759</b>	<b>-</b>	<b>5.763.759</b>
<b>Balance at 1 January 2015</b>	<b>3.500.000</b>	<b>(239.752)</b>	<b>(227.065)</b>	<b>9.528</b>	<b>(858.134)</b>	<b>(382.368)</b>	<b>(63.603)</b>	<b>(60.513)</b>	<b>48.703</b>	<b>2.122.798</b>	<b>446.307</b>	<b>2.007.439</b>	<b>6.303.340</b>	<b>-</b>	<b>6.303.340</b>
Net loss for the period	-	-	-	-	-	-	-	-	-	-	-	(131.511)	(131.511)	(44.594)	(176.105)
Other comprehensive income	-	-	-	-	-	(505)	(33.451)	(97.154)	(1.791)	-	-	-	(132.901)	(47)	(132.948)
Total comprehensive income	-	-	-	-	-	(505)	(33.451)	(97.154)	(1.791)	-	-	(131.511)	(264.412)	(44.641)	(309.053)
Transfer to legal reserves	-	-	-	-	-	-	-	-	-	166.586	-	(166.586)	-	-	-
Non-controlling interest before reclassification to non-controlling interest put option liability	-	-	-	-	-	-	-	-	-	-	-	-	-	212.599	212.599
Difference due to the change in shareholding rate in a subsidiary	-	-	-	-	(462.808)	(1.776)	-	-	-	-	-	-	(464.584)	464.584	-
Non-controlling interest put option liability (Note 13)	-	-	227.065	-	-	-	-	-	-	-	-	-	227.065	(632.542)	(405.477)
Dividend paid (Note 16)	-	-	-	-	-	-	-	-	-	-	-	(1.840.853)	(1.840.853)	-	(1.840.853)
<b>Balance at 30 September 2015</b>	<b>3.500.000</b>	<b>(239.752)</b>	<b>-</b>	<b>9.528</b>	<b>(1.320.942)</b>	<b>(384.649)</b>	<b>(97.054)</b>	<b>(157.667)</b>	<b>46.912</b>	<b>2.289.384</b>	<b>446.307</b>	<b>(131.511)</b>	<b>3.960.556</b>	<b>-</b>	<b>3.960.556</b>

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

## TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED

30 SEPTEMBER 2015

(Currency in thousands of Turkish Lira ("TL") unless otherwise stated, all other currencies are also disclosed in thousands)

		Current Period	Prior Period
		Unaudited	Unaudited
	Notes	1 January - 30 September 2015	1 January - 30 September 2014
<b>Net Profit / (loss)</b>		(176.105)	1.472.563
<b>Adjustments to reconcile net profit / (loss) to cash provided by operating activities:</b>			
Depreciation and amortisation expenses		1.643.241	1.439.278
Impairment		13.246	-
Tax expense		166.603	450.770
Gain on sale of property, plant and equipment		(35.795)	(189.802)
IFRIC 12 construction (revenue) / cost, net		(19.621)	(20.621)
Interest income and (expense), net		64.440	80.353
Unrealised foreign currency exchange differences		2.525.276	362.679
Reversal of doubtful receivables		(157.926)	(121.922)
Allowance for doubtful receivables		372.388	245.523
Provision for employee termination benefits	11	76.259	79.912
Provision for employee benefits, net		116.848	200.556
Change in litigation provision, net		108.126	68.926
Change in unused vacation provision		11.557	7.094
Loss on derivative financial instruments, net		128.968	17.421
Gain on derivative financial instruments, net		(369.142)	(97.667)
Obsolete inventory provision / (reversal), net		107	(3.296)
Other provisions		5.512	530
<b>Operating profit before working capital changes</b>		<b>4.473.982</b>	<b>3.992.297</b>
<b>Net working capital changes in:</b>			
Increases in trade receivables		(581.519)	(334.674)
Increases in other current assets		(120.473)	(1.788)
Decrease/(increase) in inventories		(78.252)	(29.859)
Increases in trade payables		12.824	(379.990)
Decrease/(increase) in other non-current assets		(76.333)	(12.321)
Increases in other current liabilities and provisions		(70.700)	17.891
Increases in other non-current liabilities		(20.728)	(3.630)
Decrease/(increase) in restricted cash		(70.109)	29.795
<b>Cash flow from operating activities</b>			
Payments of employee termination benefits	11	(20.548)	(17.788)
Payments of provisions		(154.216)	(125.610)
Payments of tax		(345.668)	(449.040)
Interest received		91.541	110.698
<b>Net cash provided by operating activities</b>		<b>3.039.801</b>	<b>2.795.981</b>
<b>Investing activities</b>			
Acquisition of subsidiary		(27.500)	-
Proceeds from sale of property, plant, equipment and intangible assets		42.813	234.054
Purchases of property, plant, equipment and intangible assets		(1.378.117)	(1.069.266)
<b>Net cash used in investing activities</b>		<b>(1.362.804)</b>	<b>(835.212)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		2.167.745	2.278.444
Repayment of bank borrowings		(1.689.547)	(4.261.416)
Bills, bonds and notes issued		-	2.130.293
Repayment of obligations under finance leases		(7.905)	(7.265)
Interest paid		(208.900)	(168.933)
Derivative instrument payments / receipts		(8.285)	20.107
Dividends paid	16	(1.840.853)	(912.131)
Interest received		137.461	81.271
<b>Net cash used in financing activities</b>		<b>(1.450.284)</b>	<b>(839.630)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>226.713</b>	<b>1.121.139</b>
FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		(52.921)	(7.512)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2.270.791	697.377
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>2.444.583</b>	<b>1.811.004</b>

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## TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

#### 1. REPORTING ENTITY

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 have 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 Borsa İstanbul 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 September 2015 and 31 December 2014, 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. 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.

#### 4G License

Tender of IMT Services and Infrastructures Authorization, also known as 4.5G tender in public has been held in Ankara on August 26, 2015 by ICTA. In the IMT Service and Infrastructure Authorization Tender done by ICTA, Avea has won the following packages: 2x10 MHz bandwidth in 800 MHz frequency for Euro 380.000, 2x7.6 MHz bandwidth in 900 MHz frequency for Euro 216.819, 2x20 MHz bandwidth in 1800 MHz frequency for Euro 310.000, 2x10 MHz bandwidth in 2600 MHz frequency for Euro 25.859, 1x15 MHz bandwidth in 2600 MHz frequency for Euro 22.000. Total spectrum fee is Euro 954.678. IMT Authorization period is valid until 30 April 2029 and will be able to start rendering services starting from 1 April 2016.

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## 1. REPORTING ENTITY (CONTINUED)

The details of the Company’s subsidiaries as at 30 September 2015 and 31 December 2014 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%)	
				30 September 2015	31 December 2014
TTNet Anonim Şirketi (“TTNet”)	Turkey	Internet service provider	Turkish Lira	100	100
Avea İletişim Hizmetleri A.Ş.(“Avea”)	Turkey	GSM operator	Turkish Lira	100	89,99
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi(“Argela”)	Turkey	Telecommunication solutions	Turkish Lira	100	100
Innova Bilişim Çözümleri Anonim Şirketi (“Innova”)	Turkey	Telecommunication solutions	Turkish Lira	100	100
Assist Rehberlik ve Müşteri Hizmetleri Anonim Şirketi (“AssistTT”)	Turkey	Call center and customer relations	Turkish Lira	100	100
Sebit Eğitim ve Bilgi Teknolojileri A.Ş.(“Sebit”)	Turkey	Web Based Learning	Turkish Lira	100	100
Argela - USA. Inc.	USA	Telecommunications solutions	U.S. Dollar	100	100
Sebit LLC	USA	Web based learning	U.S. Dollar	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
Türk Telekom International AG (“TTINT Austria”)(*)	Austria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Hu Kft (TTINT Hungary)(*)	Hungary	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
S.C. Euroweb Romania S.A.(“TTINT Romania”)	Romania	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Bulgaria EODD (“TTINT Bulgaria”)(*)	Bulgaria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International CZ s.r.o (“TTINT Czech Republic”)	Czech Republic	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT Telcomd.o.o Beograd (“TTINT Serbia”)	Serbia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT Telekomunikacijed.o.o (“TTINT Slovenia”)	Slovenia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International SK s.r.o (“TTINT Slovakia”)	Slovakia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
MTCTR Memorex Telekomunikasyon Sanayi ve Ticaret Limited Şirketi (“TTINT Turkey”)	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	100	100
Türk Telekom International UA TOV (“TTINT Ukraine”)	Ukraine	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Italy S.R.L. (TTINT Italy)	Italy	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT International DOOEL Skopje(“TTINT Macedonia”)	Macedonia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International LLC (“TTINT Russia”)	Russia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
(*)					
Türk Telekomunikasyon Euro Gmbh. (“TT Euro”)	Germany	Mobil service marketing	Euro	100	100
(*)					
Türk Telekom International d.o.o.(*)	Croatia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
(*)					
Türk Telekom International HK Limited (*)	Hong Kong	Internet/data services, infrastructure and wholesale voice services provider	H.K. Dollar	100	100
Net Ekran TV ve Medya Hiz. A.Ş. (“Net Ekran”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
TT Euro Belgium S.A. (*)	Belgium	Mobile service marketing	Euro	100	100
Fleksus Mobil Finans ve Dağıtım (“Fleksus”)	Turkey	Mobile finance	Turkish Lira	100	100
Net Ekran1 TV ve Medya Hiz. A.Ş. (“Net Ekran1”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran2 TV ve Medya Hiz. A.Ş. (“Net Ekran2”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran3 TV ve Medya Hiz. A.Ş. (“Net Ekran3”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran4 TV ve Medya Hiz. A.Ş. (“Net Ekran4”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran5 TV ve Medya Hiz. A.Ş. (“Net Ekran5”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran6 TV ve Medya Hiz. A.Ş. (“Net Ekran6”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran7 TV ve Medya Hiz. A.Ş. (“Net Ekran7”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran8 TV ve Medya Hiz. A.Ş. (“Net Ekran8”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran9 TV ve Medya Hiz. A.Ş. (“Net Ekran9”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
11818 Rehberlik ve Müşteri Hizmetleri A.Ş. (“11818”)	Turkey	Call center and customer relations	Turkish Lira	100	100

(\*) Hereinafter, will be referred as TTINT Group.

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#### 1. REPORTING ENTITY (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 average number of personnel subject to collective agreement as at 30 September 2015 is 12.223 (31 December 2014: 13.280) and the average number of personnel not subject to collective agreement as at 30 September 2015 is 21.433 (31 December 2014: 21.075). The number of personnel as at 30 September 2015 and 31 December 2014 are 34.204 and 34.389, respectively.

#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

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

##### 2.1 Summary of basis of presentation of the interim condensed of consolidated financial statements

###### a) Statement of compliance with TAS

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting” (“Communiqué”) which is published in official gazette, no 28676. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

For the nine month period ended 30 September 2015, the Group prepared its interim condensed 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 at 31 December 2014.

###### b) Preparation of financial statements

The accompanying consolidated financial statements and notes are presented in accordance with the illustrative financial statements published by CMB on 7 June 2013.

The accompanying consolidated financial statements are approved by the Company’s Board of Directors on 20 October 2015. General Assembly and related legal institutions have the right to correct these financial statements and statutory financial statements.

###### c) Correction of financial statements during the hyperinflationary periods

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 “Financial Reporting in Hyperinflationary Economies” is not applied to the consolidated financial statements since 1 January 2005.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.1 Basis of presentation of the interim condensed consolidated financial statements (continued)**

**d) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the property, plant and equipment and investment property acquisitions prior to 1 January 2000 for which the deemed cost method was applied in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies”, derivative financial instruments and non-controlling interest put option liability which have been reflected at their fair values. Investment properties and tangible assets which are recognized with deemed cost method are valued with fair values as of 1 January 2000, non-controlling interest put option liabilities and derivative financial liabilities are valued with fair values as of balance sheet date.

**e) Functional and presentation currency**

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 TL in accordance with Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

Functional currencies of the subsidiaries are presented in Note 1.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by the POA and are presented in TL.

**f) Significant accounting assessments, estimates and assumptions**

In order to prepare financial statements in accordance with TFRS, 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 judgments and critical accounting estimates compared to prior year used in interim condensed consolidated financial statements as 30 September 2015.

**Determination of fair values**

A number of the Group’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**i) Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined at initial recognition and at the end of each reporting period for disclosure purposes.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.1 Basis of presentation of the interim condensed consolidated financial statements (continued)**

**Determination of fair values (continued)**

**ii) Derivatives**

The fair value of interest rate swaps and forward exchange contracts are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

**iii) Bills, bonds and notes issued**

The fair values of bills, bonds and notes issued are determined with reference to their quoted price at the measurement date. Subsequent to initial recognition, the fair values of bills, bonds and notes issued are determined for disclosure purposes only.

**iv) Other non-derivative financial liabilities**

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

**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 consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

***TFRS 9 - Financial Instruments – Classification and measurement***

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. 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 standard on financial position or performance of the Group.

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

### 2.2 Summary of significant accounting policies

#### Standards issued but not yet effective and not early adopted (continued)

##### TAS 16 and TAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments to TAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

##### TFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether TFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard’s definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

##### IFRS 14 Regulatory Deferral Accounts

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

##### Disclosure initiative (Amendments to TAS 1)

The narrow-focus amendments to TAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

##### Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a “business” under TFRS 3 *Business Combinations*. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.2 Summary of significant accounting policies (continued)**

**Standards issued but not yet effective and not early adopted (continued)**

**Equity method in separate financial statements (Amendments to TAS 27)**

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

**Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10, TFRS 12 and TAS 28)**

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

***Annual Improvements to TFRSs – 2012–2014 Cycle***

The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

***TFRS 5 Non-current Assets Held for Sale and Discontinued Operations***

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

***TFRS 7 Financial Instruments: Disclosures***

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to TFRS 7)*.

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### *Annual Improvements to TFRSs – 2012–2014 Cycle (continued)*

##### *TAS 19 Employee Benefits*

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

##### *TAS 34 Interim Financial Reporting*

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report” – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

#### **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 financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. 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.

#### **IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 -IFRS 9 (2013)**

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, the new standard removes the 1 January 2015 effective date of IFRS 9. The new version of IFRS 9 issued after IFRS 9 (2013) introduces the mandatory effective date of 1 January 2018 for IFRS 9, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

#### **IFRS 9 Financial Instruments (2014)**

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.



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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.2 Summary of significant accounting policies (continued)**

**IFRS 15 Revenue from Contracts with customers**

The standard is the result of a joint project and IASB and FASB which replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

**3. SEASONAL CHANGES IN THE OPERATIONS**

The operations of the Group are not subject to seasonal fluctuations.

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**4. EARNINGS PER SHARE**

	1 January - 30 September 2015	1 July - 30 September 2015	1 January - 30 September 2014	1 July - 30 September 2014
Weighted average number of ordinary shares outstanding during the year	350.000.000.000	350.000.000.000	350.000.000.000	350.000.000.000
Net profit / (loss) for the year attributable to equity holders of the Company	(131.511)	(493.443)	1.503.555	318.564
Basic and earnings / (loss) per share ( in full kuruş)	(0,0376)	(0,1410)	0,4296	0,0910

**5. SEGMENT REPORTING**

The Group has two main segments: Fixed line and GSM. Fixed line services are provided by Türk Telekom, TNet, Argela, Innova, Sebit, AssisTT and TTINT 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 adjusting the operating income by i) adding income/expense from investing activities, depreciation, amortization and impairment expenses and ii) deducting exchange gains/losses, interest and rediscount income/expenses on current accounts presented in other operating income and expense. 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:

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**5. SEGMENT REPORTING (CONTINUED)**

	Fixed Line		Mobile		Intra-group eliminations		Consolidated	
	1 January - 30 September 2015	1 January - 30 September 2014	1 January - 30 September 2015	1 January - 30 September 2014	1 January - 30 September 2015	1 January - 30 September 2014	1 January - 30 September 2015	1 January - 30 September 2014
<b>Revenue</b>								
Mobile	–	–	3.684.528	3.156.917	–	–	3.684.528	3.156.917
Broadband and TV	2.872.202	2.716.037	–	–	–	–	2.872.202	2.716.037
Fixed Voice	2.058.451	2.293.667	–	–	–	–	2.058.451	2.293.667
Data service and leased line revenue	1.022.916	858.327	–	–	–	–	1.022.916	858.327
International revenue	400.038	396.066	–	–	–	–	400.038	396.066
Domestic interconnection revenue	252.279	277.244	–	–	–	–	252.279	277.244
IFRIC12 revenue	170.550	179.248	–	–	–	–	170.550	179.248
Rental income from GSM operators	79.337	61.549	–	–	–	–	79.337	61.549
Other	480.197	408.863	–	–	–	–	480.197	408.863
Eliminations	–	–	–	–	(365.053)	(341.511)	(365.053)	(341.511)
<b>Total revenue</b>	<b>7.335.970</b>	<b>7.191.001</b>	<b>3.684.528</b>	<b>3.156.917</b>	<b>(365.053)</b>	<b>(341.511)</b>	<b>10.655.445</b>	<b>10.006.407</b>
Cost of sales and operating expenses (excluding depreciation and amortization)	(3.971.584)	(4.022.095)	(3.101.478)	(2.683.270)	366.396	339.656	(6.706.666)	(6.365.709)
Other income/(expense) and income/(expense) from investing activities	(13.425)	197.124	(39.093)	8.554	(13.520)	(2.601)	(66.038)	203.077
Depreciation and amortization	(974.437)	(850.970)	(669.959)	(587.921)	1.155	(387)	(1.643.241)	(1.439.278)
Impairment on tangible and intangible assets	–	–	(13.246)	–	–	–	(13.246)	–
EBITDA	3.343.325	3.343.826	576.720	475.649	(2.063)	(4.457)	3.917.982	3.815.018
Doubtful receivable provision expense	(66.188)	(63.151)	(148.274)	(60.450)	–	–	(214.462)	(123.601)
Capital expenditure (*)	1.188.643	685.798	582.654	400.365	1.201	2.152	1.772.498	1.088.315
Contribution to the consolidated revenue (**)	7.022.481	6.923.214	3.632.964	3.083.193	–	–	10.655.445	10.006.407
Contribution to the consolidated EBITDA (***)	3.052.237	3.165.628	865.745	649.390	–	–	3.917.982	3.815.018

(\*) Capital expenditures do not include TL 19.621 (1 July 2015 -30 September 2015: TL 7.937 , 30 September 2014: TL 20.621, 1 July 2014 -30 September 2014: TL 15.083) 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.

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**5. SEGMENT REPORTING (CONTINUED)**

	Fixed line		Mobile		Intra-group eliminations		Consolidated	
	1 July - 30 September 2015	1 July - 30 September 2014	1 July - 30 September 2015	1 July - 30 September 2014	1 July - 30 September 2015	1 July - 30 September 2014	1 July - 30 September 2015	1 July - 30 September 2014
<b>Revenue</b>								
Mobile	–	–	1.298.686	1.143.942	–	–	1.298.686	1.143.942
Broadband and TV	969.646	921.981	–	–	–	–	969.646	921.981
Fixed Voice	672.072	755.258	–	–	–	–	672.072	755.258
Data service and leased line revenue	352.726	286.571	–	–	–	–	352.726	286.571
International revenue	152.384	141.189	–	–	–	–	152.384	141.189
Domestic interconnection revenue	90.051	93.781	–	–	–	–	90.051	93.781
IFRIC12 revenue	68.993	131.106	–	–	–	–	68.993	131.106
Rental income from GSM operators	24.227	20.445	–	–	–	–	24.227	20.445
Other	197.020	138.337	–	–	–	–	197.020	138.337
Eliminations	–	–	–	–	(130.241)	(120.533)	(130.241)	(120.533)
<b>Total Revenue</b>	<b>2.527.119</b>	<b>2.488.668</b>	<b>1.298.686</b>	<b>1.143.942</b>	<b>(130.241)</b>	<b>(120.533)</b>	<b>3.695.564</b>	<b>3.512.077</b>
Cost of sales and operating expenses (excluding depreciation and amortization)	(1.417.214)	(1.365.424)	(1.144.165)	(927.275)	138.336	121.133	(2.423.043)	(2.171.566)
Other income/(expense) and income/(expense) from investing activities	873	33.369	(19.506)	1.877	(5.360)	(1.964)	(23.993)	33.282
Depreciation and amortization	(363.789)	(294.375)	(228.961)	(199.234)	363	569	(592.387)	(493.040)
Impairment on FA & IFA	–	–	(7.696)	–	–	–	(7.696)	–
EBITDA	1.114.810	1.146.078	148.034	217.755	5.810	(1.369)	1.268.654	1.362.464
Doubtful receivable provision expense	(29.173)	(24.229)	(93.098)	(19.121)	–	–	(122.271)	(43.350)
Capital expenditure (*)	755.254	327.622	232.677	184.007	4.295	(137)	992.226	511.492
Contribution to the consolidated revenue (**)	2.416.730	2.394.117	1.278.834	1.117.960	–	–	3.695.564	3.512.077
Contribution to the consolidated EBITDA (***)	993.839	1.083.720	274.815	278.744	–	–	1.268.654	1.362.464

(\*) Capital expenditures do not include TL 19.621 (1 July 2015 -30 September 2015: TL 7.937, 30 September 2014: TL 20.621, 1 July 2014 -30 September 2014: TL 15.083 ) 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.

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**5. SEGMENT REPORTING (CONTINUED)**

	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>	<b>1 January - 30 September 2014</b>	<b>1 July - 30 September 2014</b>
Fixed line segment EBITDA	3.343.325	1.114.810	3.343.826	1.146.078
Mobile segment EBITDA	576.720	148.034	475.649	217.755
Inter-segment eliminations	(2.063)	5.810	(4.457)	(1.369)
<b>Consolidated EBITDA</b>	<b>3.917.982</b>	<b>1.268.654</b>	<b>3.815.018</b>	<b>1.362.464</b>
Foreign exchange gains, interest income, discount income on current accounts presented in other operating income	224.965	87.433	161.960	49.193
Foreign exchange losses, interest expense, discount expense on current accounts presented in other operating expense (-)	(260.206)	(107.559)	(133.203)	(37.864)
Financial income	1.799.659	877.564	1.413.281	378.073
Financial expenses (-)	(4.035.417)	(2.052.069)	(1.894.445)	(842.272)
Depreciation, amortisation and impairment	(1.656.487)	(600.083)	(1.439.278)	(493.040)
<b>Consolidated profit / (loss) before tax</b>	<b>(9.504)</b>	<b>(526.060)</b>	<b>1.923.333</b>	<b>416.554</b>

<b>30 September 2015</b>	<b>Fixed Line</b>	<b>Mobile</b>	<b>Eliminations</b>	<b>Other unallocated amounts</b>	<b>Consolidated</b>
Total segment assets	17.659.241	5.828.633	(2.021.001)	-	<b>21.466.873</b>
Total segment liabilities	(15.131.411)	(4.431.237)	2.056.331	-	<b>(17.506.317)</b>

<b>31 December 2014</b>	<b>Fixed Line</b>	<b>Mobile</b>	<b>Eliminations</b>	<b>Other unallocated amounts (*)</b>	<b>Consolidated</b>
Total segment assets	16.031.406	5.511.679	(1.665.298)	-	<b>19.877.787</b>
Total segment liabilities	(11.449.888)	(3.356.732)	1.671.837	(439.664)	<b>(13.574.447)</b>

(\*) Includes non-controlling interest put option liability amounting TL 439.664 as of 31 December 2014.

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**6. CASH AND CASH EQUIVALENTS**

	<b>30 September 2015</b>	<b>31 December 2014</b>
Cash on hand	557	447
Cash at banks– demand deposit	438.714	358.367
Cash at banks– time deposit	2.341.449	2.176.019
Other	1.628	3.613
	<b>2.782.348</b>	<b>2.538.446</b>

As of 30 September 2015, time deposits are all short-term, maturing within one month and denominated in both foreign currencies and TL. The interest rates are between 5,00% - 13,30% for TL deposits, between 0,25% - 2,40% for US Dollar deposits and between 0,15% - 2,00% for Euro deposits (31 December 2014: for TL deposits between 6,00% and 11,90%, for US Dollar deposits between 0,15% and 2,50%, for Euro deposits between 0,10% and 2,15%).

Reconciliation of cash and cash equivalents to the statement of cash flows is as follows:

	<b>30 September 2015</b>	<b>30 September 2014</b>
Cash and cash equivalents	2.782.348	2.088.598
Less: restricted amounts		
- Collection protocols	(332.364)	(272.407)
- ATM collection	(4.203)	(3.267)
- Other	(1.198)	(1.920)
<b>Unrestricted cash</b>	<b>2.444.583</b>	<b>1.811.004</b>

As of 30 September 2015, demand deposits amounting to TL 332.364 (30 September 2014: TL 272.407 ) 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. An additional amount of TL 4.203 arising from collections through automated teller machine (“ATM”) is not available for use at 30 September 2015 (30 September 2014: TL 3.267).

As of 30 September 2015, the Group has bank loans amounting to USD 177.226 which have been committed banks and not utilized yet, having maturity date 31 March 2016 and 2 October 2017 (31 December 2014: USD 45.893).

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7. FINANCIAL LIABILITIES

*Bank borrowings*

	30 September 2015			31 December 2014		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
<b>Short-term borrowings:</b>						
TL bank borrowings with fixed interest rates	9,55	485.185	485.185	11,85	28.503	28.503
<b>Interest accruals:</b>						
TL bank borrowings with fixed interest rates		4.295	4.295		911	911
<b>Short-term borrowings</b>			<b>489.480</b>			<b>29.414</b>
<b>Short-term portion of long-term bank borrowings:</b>						
USD bank borrowings with fixed interest rates	3,04	49.023	149.191	3,04	46.731	108.365
USD bank borrowings with variable interest rates	2,87	375.965	1.144.173	2,95	151.006	350.168
EUR bank borrowings with variable interest rates	1,59	97.331	332.987	1,89	72.952	205.773
<b>Interest accruals of long-term bank borrowings:</b>						
USD bank borrowings with fixed interest rates		1.808	5.504		830	1.925
USD bank borrowings with variable interest rates (*)		11.056	33.645		8.652	20.063
EUR bank borrowings with variable interest rates (**)		3.420	11.700		1.723	4.860
<b>Short-term portion of long-term bank borrowings</b>			<b>1.677.200</b>			<b>691.154</b>
<b>Total short-term borrowings</b>			<b>2.166.680</b>			<b>720.568</b>
<b>Long-term borrowings:</b>						
TL bank borrowings with fixed interest rates	–	–	–	11,84	24.003	24.003
USD bank borrowings with fixed interest rates	3,04	133.796	407.180	3,04	160.751	372.765
USD bank borrowings with variable interest rates (*)	2,87	1.428.736	4.348.073	2,95	1.566.958	3.610.430
EUR bank borrowings with variable interest rates (**)	1,59	587.451	2.009.788	1,89	648.916	1.830.401
<b>Total long-term borrowings</b>			<b>6.765.041</b>			<b>5.837.599</b>
<b>Total financial liabilities</b>			<b>8.931.721</b>			<b>6.558.167</b>

(\*) As at 30 September 2015, interest rate varies between Libor + 0,54% and 3,40% (31 December 2014: Libor + 0,80% ve 3,40%)

(\*\*) As at 30 September 2015, interest rate varies between Euribor + 0,25% and 3,00% (31 December 2014: Euribor + 0,25% ve 3,00%)

As of 30 September 2015, guarantees amounting to USD 400.000 is for financial liabilities of Avea which are amounted to USD 230.000 and EUR 133.125 and EUR 300 amounted guarantee is given for financial liabilities of TTINT Romania by Türk Telekom.

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**7. FINANCIAL LIABILITIES (CONTINUED)**

***Bank borrowings(continued)***

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

	30 September 2015				31 December 2014					
	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
TL bank borrowings with fixed interest rates	306.008	183.472	–	–	489.480	–	29.414	24.003	–	53.417
USD bank borrowings with fixed interest rates	72.273	82.422	407.180	–	561.875	6.265	104.025	361.818	10.947	483.055
USD bank borrowings with variable interest rates	175.533	1.002.285	3.094.611	1.253.462	5.525.891	110.080	260.151	2.622.615	987.815	3.980.661
Euro bank borrowings with variable interest rates	130.748	213.939	1.745.726	264.062	2.354.475	7.867	202.766	1.403.911	426.490	2.041.034
	<b>684.562</b>	<b>1.482.118</b>	<b>5.247.517</b>	<b>1.517.524</b>	<b>8.931.721</b>	<b>124.212</b>	<b>596.356</b>	<b>4.412.347</b>	<b>1.425.252</b>	<b>6.558.167</b>



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**7. FINANCIAL LIABILITIES (CONTINUED)**

*Bill, bonds and notes issued*

	30 September 2015			31 December 2014		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
<b>Bill, bonds and notes issued:</b>						
USD bank borrowings with fixed interest rates	4,54	13.744	41.826	4,54	2.132	4.943
<b>Short-term bills, bonds and notes issued</b>		<b>13.744</b>	<b>41.826</b>		<b>2.132</b>	<b>4.943</b>
<b>Long-term bills, bonds and notes issued:</b>						
USD bank borrowings with fixed interest rates	4,54	989.578	3.011.582	4,54	989.578	2.294.732
<b>Long-term bills, bonds and notes issued</b>		<b>989.578</b>	<b>3.011.582</b>		<b>989.578</b>	<b>2.294.732</b>
<b>Total financial liabilities</b>		<b>1.003.322</b>	<b>3.053.408</b>		<b>991.710</b>	<b>2.299.675</b>

The sales process of USD 500.000 amounted bond issuances with 10 years of maturity, and 4,875% coupon rate based on 4,982% reoffer yield was completed on June 19th, 2014. The bonds are now quoted at Irish Stock Exchange.

The sales process of USD 500.000 amounted bond issuances with 5 years of maturity, and 3,75% coupon rate based on 3,836% reoffer yield was completed on June 19th, 2014. The bonds are now quoted at Irish Stock Exchange.

As of 30 September 2015, maturity period of accrued interests of the short term bonds amounting to TL 41.826 is between 0 to 6 months. Maturity periods of long term bond amounting to TL 1.509.192 is between 1-5 years and TL 1.502.390 is over 5 years.

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**8. DUE FROM AND DUE TO RELATED PARTIES**

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 TAS 24 disclosure requirements, state controlled entities are excluded from general reporting requirements.

Details of balances between the Group and other related parties as at 30 September 2015 and 31 December 2014 are disclosed below:

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Due from related parties</b>		
<b>Parent company</b>		
Saudi Telecom Company ("STC") (2)	10.972	16.602
OTAŞ	38	–
<b>Other related parties</b>		
Oger Telekom Yönetim Hizmetleri Limited Şirketi ("OTYH") (1)	5	37
Oger Systems Company Ltd. (1)	1.025	1.118
	<b>12.040</b>	<b>17.757</b>
<b>Due to related parties</b>		
<b>Parent company</b>		
STC (2)	652	650
<b>Other related parties</b>		
OTYH (1)	9.447	7.154
Oger Telecom Ltd.	91	67
Oger Telecom South Africa (Proprietary) Limited (1)	17	17
	<b>10.207</b>	<b>7.888</b>

(1) a subsidiary of Oger Telecom

(2) shareholder of Oger Telecom

**Transactions with shareholders:**

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 other subsidiaries that are operating in the telecommunications sector are required to pay universal service fund at 1% of revenues and ICTA share at 0,35% of revenues to the Ministry of Transport and Communications under the law Global Service Act numbered 5369.

As of 30 September 2015, unpaid portion of Treasury Share, universal service fund and ICTA share are recorded under other short term liabilities and these expenses are accounted at cost of sales account.

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**8. DUE FROM AND DUE TO RELATED PARTIES (CONTINUED)**

*Guarantees provided to related parties:*

The guarantees given by the Company to support the long term financing of related parties are explained in Note 7.

*Transactions with other related parties:*

Postage services have been rendered by PTT to the Company.

Operational lease expense to PTT by the Company amounts to TL 32.669 in 30 September 2015 and as of 1 July – 30 September 2015 TL 9.572 (30 September 2014: TL 51.170, 1 July – 30 September 2014: TL 17.057). Operational lease agreement has been terminated on 11 April 2015 and the parties are negotiating on a new agreement as of the reporting date.

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 16.473 and TL 729, respectively, as of 30 September 2015 (30 September 2014: TL 514 revenues and TL 23.240 expenses).

*Compensation of key management personnel*

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

	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>	<b>1 January - 30 September 2014</b>	<b>1 July - 30 September 2014</b>
<b>Short-term benefits</b>	<b>87.801</b>	<b>20.609</b>	<b>84.111</b>	<b>18.314</b>
Wage	28.786	11.166	23.615	7.931
Bonus and attendance fees	44.158	3.433	30.661	4.410
Post employment benefits to key management	14.857	6.010	29.835	5.973
<b>Long-term defined benefit plans</b>	<b>1.570</b>	<b>513</b>	<b>1.462</b>	<b>493</b>
Social Security Institution premiums (SSI)	1.570	513	1.462	493
	<b>89.371</b>	<b>21.122</b>	<b>85.573</b>	<b>18.807</b>

Furthermore, OTMSC charged to the Company a consultancy fee amounting to TL 25.074 (30 September 2014: TL 19.740) and an expense fee for an amount of TL 66 (30 September 2014: TL 141), for nine the month period ended 30 September 2015. OTASC’s ultimate shareholder is Saudi Oger. Based on the contract between OTMSC and the Company significant portion of this payment represents salaries of key management personnel. The contract has been renewed on 15 July 2012 for an annual charge of USD 12.000 (prior contract value: USD 8.500) for three years and terminated on 15 April 2015. On 12 May 2015 a new protocol is signed. According to this, the contract is renewed for two years by same amount and will be terminated on 15 May 2017.

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**9. TRADE RECEIVABLES FROM AND PAYABLES TO THIRD PARTIES**

*Trade receivables*

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Short-term</b>		
Trade receivables	4.813.029	4.308.489
Other trade receivables	106.928	92.683
Income accruals	521.388	446.502
Allowance for doubtful receivables (-)	(1.944.670)	(1.732.493)
<b>Total short-term trade receivables</b>	<b>3.496.675</b>	<b>3.115.181</b>
<b>Long-term</b>		
Trade receivables	37.979	40.113
<b>Total long-term trade receivables</b>	<b>37.979</b>	<b>40.113</b>

Trade receivables generally have a maturity term of 30 days on average (31 December 2014: 30 days).

The movement of the allowance for doubtful receivables is as follows:

	<b>1 January 2015 - 30 September 2015</b>	<b>1 January 2014 - 30 September 2014</b>
At January 1	(1.732.494)	(1.532.987)
Provision for the year	(372.182)	(245.021)
Reversal of provision - collections	157.454	121.731
Write off of doubtful receivables	3.042	868
Change in currency translation differences	(490)	162
<b>At 30 September</b>	<b>(1.944.670)</b>	<b>(1.655.247)</b>

The Group waits up to 90 days before initiating legal action for overdue receivables. Based on its previous collection performance from overdue receivables, the Company expects to make significant collections from its overdue receivables. As of 30 September 2015 and 31 December 2014 the analysis of trade receivables that were neither past nor due and past due but not impaired is as follows:

	<b>Total</b>	<b>Neither past due nor impaired</b>	<b>&lt; 30 days</b>	<b>30-60 days</b>	<b>60-90 days</b>	<b>90-120 days</b>	<b>120-360 days</b>	<b>&gt;360 days</b>
30 September 2015	<b>3.534.654</b>	2.420.500	327.763	100.718	89.288	89.581	207.277	299.527
31 December 2014	<b>3.155.294</b>	2.215.446	273.435	117.343	68.512	77.805	162.108	240.645

Receivables guaranteed of the Group are amounted to TL 24.861 (31 December 2014: TL 25.331).

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**9. TRADE RECEIVABLES FROM AND PAYABLES TO THIRD PARTIES (CONTINUED)**

*Trade payables*

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Short-term</b>		
Trade payables	1.172.719	1.238.250
Expense accruals	593.329	293.695
Other trade payables	8.648	9.216
<b>Total short-term trade payables</b>	<b>1.774.696</b>	<b>1.541.161</b>
<b>Long-term</b>		
Trade payables	202.395	613
<b>Total long-term trade payables</b>	<b>202.395</b>	<b>613</b>

Trade payables amounting to TL 17 as at 30 September 2015 (31 December 2014: TL 598) represent payable to suppliers due to Turkish Armed Forces for Turkish Armed Forces Integrated Communication Systems (“TAFICS”) projects (Note 12).

The average maturity term of trade payables is between 30 and 90 days (31 December 2014: 30 and 90 days).

As of 30 September 2015, long term trade payables which have a maturity of more than 1 year, are related with TV broadcasting and license rights.

**10. TANGIBLE, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND NON-CURRENT ASSETS HELD FOR SALE**

The amount of tangible and intangible assets purchased during the nine month period ended 30 September 2015 is TL 1.772.498 (30 September 2014: TL 1.088.315).

Net book value of tangible and intangible assets sold during the nine month period ended 30 September 2015 amounted to TL 7.018 (30 September 2014: TL 44.252).

As of 30 September 2015, based on the decision of Board of Directors to sell 102 different real estates, these assets were classified as held for sale 30 September 2015: TL 25.680 (31 December 2014: TL 26.367). The assets are measured at the lower of their carrying value and fair value less costs to sell.

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**11. PROVISIONS**

*Other short-term provisions*

	<b>30 September 2015</b>	<b>31 December 2014</b>
Litigation, ICTA penalty and customer return provisions	349.299	241.259
	<b>349.299</b>	<b>241.259</b>

The movement of provisions is as follows:

	<b>1 January - 30 September 2015</b>	<b>1 January - 30 September 2014</b>
<b>As at January 1</b>	<b>241.259</b>	<b>233.938</b>
Provisions for the period	110.824	70.912
Settled provisions	(1.294)	(20.451)
Reversals	(2.697)	(1.986)
Foreign currency translation difference	1.207	(124)
<b>As at 30 September</b>	<b>349.299</b>	<b>282.289</b>

*Short-term provisions for employee benefits*

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Short term provisions for employee benefits</b>		
Personnel bonus provision	128.040	160.050
	<b>128.040</b>	<b>160.050</b>

The movement of provisions is as follows:

	<b>1 January - 30 September 2015</b>	<b>1 January - 30 September 2014</b>
<b>As at January 1</b>	<b>160.050</b>	<b>829</b>
Provision for the period	129.304	221.703
Provisions paid	(149.403)	(101.972)
Reversals	(12.456)	(21.148)
Foreign currency translation difference	545	(64)
<b>As at 30 September</b>	<b>128.040</b>	<b>99.349</b>

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**11. PROVISIONS (continued)**

*Long term employee benefits excluding defined benefit obligation*

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Long term provisions for employee benefits</b>		
Unused vacation provisions	77.224	68.907
	<b>77.224</b>	<b>68.907</b>

The movement of provisions is as follows:

	<b>1 January - 30 September 2015</b>	<b>1 January - 30 September 2014</b>
<b>As at January 1</b>	<b>68.907</b>	<b>64.378</b>
Provision for the period	51.608	51.010
Provisions paid	(3.519)	(3.188)
Reversals	(40.051)	(43.916)
Foreign currency translation difference	279	(47)
<b>As at 30 September</b>	<b>77.224</b>	<b>68.237</b>

*Other long-term provisions*

	<b>30 September 2015</b>	<b>31 December 2014</b>
Provision for the investments under the scope of IFRIC 12	7.681	7.593
	<b>7.681</b>	<b>7.593</b>

*Defined benefit obligation*

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment is 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 September 2015 is subject to a ceiling of full TL 3.828,37 (31 December 2014: full TL 3.438,22) per monthly salary for each service year.

In addition to retirement benefits, the Group is liable for certain other long-term employment benefits such as business, service, representation indemnity and jubilee.

	<b>1 January - 30 September 2015</b>	<b>1 January - 30 September 2014</b>
Defined benefit obligation at January 1	555.595	585.394
Service cost	39.846	38.787
Interest cost	36.413	41.125
Actuarial loss (*)	569	26.788
Benefits paid	(20.548)	(17.788)
Foreign currency translation difference	440	(265)
<b>As at 30 September</b>	<b>612.315</b>	<b>674.041</b>

(\*) As at 30 September 2015, actuarial loss amounting to TL 569 (30 September 2014: TL 26.788) is recognized in other comprehensive income.

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**11. PROVISIONS (continued)**

Total expense recognized in the consolidated income statement:

	<b>1 January - 30 September 2015</b>	<b>1 January - 30 September 2014</b>
Service cost	39.846	38.787
Interest cost	36.413	41.125
<b>Total net cost recognized in the consolidated statement of income</b>	<b>76.259</b>	<b>79.912</b>

Principal actuarial assumptions used:

	<b>30 September 2015</b>	<b>31 December 2014</b>
Discount rate	9,5%	9,3%
Expected rate of ceiling increases	5,5%	5,5%

For the years ahead, voluntary employee withdrawal of the Group changes from %0,55 and %5,82 depending on age (31 December 2014: %0,60 and %6,90).



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**12. OTHER ASSETS, OTHER LIABILITIES AND EMPLOYEE BENEFIT OBLIGATIONS**

*Other current assets*

	<b>30 September 2015</b>	<b>31 December 2014</b>
Intermediary services for collection (*)	122.293	95.180
TAFICS projects	45.438	44.793
Value Added Tax ("VAT") and Special Communication Tax ("SCT")	18.256	27.477
Advances given (**)	27.606	18.144
Other current assets	1.663	2.070
	<b>215.256</b>	<b>187.664</b>

(\*) Intermediary services for collections consist of advances given by Avea to its distributors.

(\*\*) Advances given mainly consists of advances given to suppliers.

*Other non-current assets*

	<b>30 September 2015</b>	<b>31 December 2014</b>
Intermediary services for collection	26.185	21.037
Other non-current assets	8	3
	<b>26.193</b>	<b>21.040</b>

*Other current liabilities*

	<b>30 September 2015</b>	<b>31 December 2014</b>
Advances received	43.975	42.731
Other liabilities	10.466	7.355
	<b>54.441</b>	<b>50.086</b>

The Company acts as an intermediary of TAFICS 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.

*Employee benefit obligations*

	<b>30 September 2015</b>	<b>31 December 2014</b>
Social security premiums payable	56.716	41.567
Payables to personnel	21.243	196.783
Employee's income tax payables	48.898	37.417
	<b>126.857</b>	<b>275.767</b>

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**13. NON-CONTROLLING INTEREST 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 within 9 months starting from the first demand.
- c) Within one month following the execution of an IPO, via any of the methods described in sections a and b above, 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. The put option shall solely be exercised following an IPO.

The Company, has signed Share Transfer Agreement with İş Bankası A.Ş., Türkiye Şişe and Cam Fabrikaları A.Ş., Trakya Yatırım Holding A.Ş., Anadolu Hayat Emeklilik A.Ş., Efes Holding A.Ş. and Anadolu Anonim Türk Sigorta Şirketi in order to buy amounting to TL 875.000 representative share of 10,0035% of Avea’s issued capital on 29 April 2015. Upon the transfer of the shares, above mentioned put option liability will be terminated. Non-controlling interest put option liability ended up with share transfer is valid as of the 4 August 2015. “Non-controlling interest put option liability” and “non-controlling interest put option liability reserve” in equity and non-controlling interest in “actuarial loss from employee benefits” is reclassified to “difference due to the change in shareholding rate in a subsidiary”. As of the valid date of share transfer, fair value of purchase price is recognized in short term and long term payables and “difference due to the change in shareholding rate in a subsidiary” in equity.

In order to reflect the non-controlling interest put option liability in the consolidated financial statements, the non-controlling interest (after giving the effect of loss) as at 31 December 2014, amounting to negative TL 212.599 is reclassified from equity to “non-controlling interest put option liability” under short-term liabilities after appropriation of profit / loss to the non-controlling interest for the year. The fair value of non-controlling interest put option liability, has been determined as TL 439.664 and the difference of TL 227.065 is reflected in equity as “non-controlling interest put option liability reserve”, based on the Group’s accounting policy for the acquisition of non-controlling interest.

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**14. COMMITMENTS AND CONTINGENCIES**

Guarantees received and given by the Group are summarized below:

		30 September 2015		31 December 2014	
		Original currency	TL	Original currency	TL
Guarantees received	USD	191.350	582.335	198.592	460.515
	TL	858.767	858.767	791.582	791.582
	Euro	58.361	199.665	7.130	20.111
		<b>1.640.767</b>		<b>1.272.208</b>	
Guarantees given (*)	USD	159.411	485.136	158.138	366.707
	TL	179.417	179.417	152.767	152.767
	Euro	277.897	950.741	182.217	513.980
	AED	–	–	100	61
	Other	34	26	20	13
		<b>1.615.320</b>		<b>1.033.528</b>	

(\*) Guarantees given amounting to US Dollar 151.500 (31 December 2014: US Dollar 151.500) is related to the guarantee provided to the ICTA by Avea with respect to the Avea Concession Agreement and guarantees given amounting to Euro 12.840 (31 December 2014: Euro 12.840) is related with the guarantee provided for 3G license and amounting to Euro 95.559 is related with the temporary guarantee provided for 4G license.

The Company’s guarantee, pledge and mortgage (GPM) position as at 30 September 2015 and 31 December 2014 is as follows:

	30 September 2015	31 December 2014
A. GPMs given on behalf of the Company’s legal personality	1.615.320	1.033.528
B. GPMs given in favor of subsidiaries included in full consolidation	1.155.842	909.929
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	1.485.688	838.067
D. Other GPMs	1.060	–
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	1.060	–
iii. GPMs given in favor of third party companies not in the scope of C above	–	–
<b>Total</b>	<b>4.257.910</b>	<b>2.781.524</b>

Other GPMs given by the Group as 30 September 2015 are equivalent to 0,03% of the Company’s equity (31 December 2014 : None).

Based on law 128/1 of Turkish Code of Obligations, Avea has given guarantee to distributors amounting to TL 1.485.688 for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by Avea (31 December 2014: TL 838.067).

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**14. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*Other commitments*

The Group has purchase commitments for sponsorships and advertising services at the amounting to US Dollar 26.500, Euro 666 and TL 1.358, equivalent to TL 84.283. (31 December 2014: TL 91.234) as at 30 September 2015. Payments for these commitments are going to be made in a 6-year period.

The Group has purchase commitments for fixed assets amounting to US Dollar 69.940, Euro 9.321, GBP 6.136 and TL 800.662, equivalent to TL 1.073.692 .(31 December 2014: TL 437.467) as at 30 September 2015.

*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”)*

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 counsel, as of and for the three months interim period ended 30 September 2015. Total provision in relation to these litigations amounted to TL 95.912, including for principal and interest, as of 30 September 2015 (31 December 2014: TL 91.884).

*Disputes between the Company and its former personnel*

Within 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 retirement and whose service are not needed have been terminated based on the Board of Directors Decision. Accordingly, certain number of those employees has filed re-employment lawsuits against the Company. Some of the lawsuits terminated against the Company while the remaining cases are still ongoing. Provision amounting to TL 13.464 (31 December 2014: TL 11.035) is provided as of 30 September 2015 for the ongoing cases.

*Disputes between the Company and Municipalities*

For contribution to the infrastructure investment and municipality share, municipalities filed against the Company and as at 30 September 2015, total provision including the nominal amount and legal interest charge which is amounting to TL 46.613 (31 December 2014: TL 45.301) is recognized.

*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 September 2015 TL 91.013 provision provided for ICTA penalties and amounts to be repaid to customers due to ICTA resolutions (31 December 2014: TL 38.749).

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**14. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

***Disputes related to Avea’s SCT***

General Directorate of Revenue Administration has started a tax investigation about practice for computation of Special Communication Tax (“SCT”) based on the revenue generated from prepaid cards to distributors and dealers.

As of 30 September 2015, a provision amounting to TL 68.016 is recognized (31 December 2014: TL 30.291).

***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 34.281 as at 30 September 2015 (31 December 2014: TL 23.999). 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.

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15. FINANCIAL RISK MANAGEMENT AND POLICIES

*Market risk*

*Foreign currency risk*

	30 September 2015					31 December 2014				
	TL Equivalent	US Dollar	Euro	GBP	Other	TL Equivalent	USD	Euro	GBP	Other
1. Trade receivables	173.757	22.968	30.263	–	397	165.583	32.415	31.644	2	1.864
2a. Monetary financial assets (Cash and banks accounts included)	1.014.166	204.356	114.652	–	–	209.276	56.734	27.545	5	–
2b. Non-monetary financial assets	–	–	–	–	–	–	–	–	–	–
3. Other	61.049	860	17.079	–	–	49.146	316	17.163	–	–
<b>4. Current assets (1+2+3)</b>	<b>1.248.972</b>	<b>228.185</b>	<b>161.994</b>	–	<b>397</b>	<b>424.005</b>	<b>89.465</b>	<b>76.352</b>	<b>7</b>	<b>1.865</b>
5. Trade receivables	9.263	2.679	61	–	1.112	4.072	1.580	145	–	–
6a. Monetary financial assets	50.171	10.540	5.289	–	–	29.787	8.254	3.775	–	–
6b. Non-monetary financial assets	–	–	–	–	–	–	–	–	–	–
7. Other	68	15	7	–	–	3.177	1.152	145	26	–
<b>8. Non-current assets (5+6+7)</b>	<b>59.502</b>	<b>13.234</b>	<b>5.357</b>	–	<b>1.112</b>	<b>37.036</b>	<b>10.986</b>	<b>4.065</b>	<b>26</b>	–
<b>9. Total assets (4+8)</b>	<b>1.308.474</b>	<b>241.419</b>	<b>167.351</b>	–	<b>1.509</b>	<b>461.041</b>	<b>100.451</b>	<b>80.417</b>	<b>33</b>	<b>1.865</b>
10. Trade payables	672.801	171.316	44.206	42	3	591.481	182.103	59.955	24	2
11. Financial liabilities	1.731.124	451.993	103.776	116	–	706.206	209.851	77.847	–	–
12a. Monetary other liabilities	56.012	7.891	9.352	–	–	18.514	2.834	4.234	–	–
12b. Non-monetary other liabilities	420	4	119	–	–	–	–	–	–	–
<b>13. Short-term liabilities (10+11+12)</b>	<b>2.460.357</b>	<b>631.204</b>	<b>157.453</b>	<b>158</b>	<b>3</b>	<b>1.316.201</b>	<b>394.788</b>	<b>142.036</b>	<b>24</b>	<b>2</b>
14. Trade payables	602	78	91	12	–	84	36	–	–	–
15. Financial liabilities	9.988.023	2.606.102	601.214	–	–	8.030.084	2.680.109	643.521	–	–
16 a. Monetary other liabilities	93.735	–	27.398	–	–	80.432	–	28.515	–	–
16 b. Non-monetary other liabilities	–	–	–	–	–	–	–	–	–	–
<b>17. Long-term liabilities (14+15+16)</b>	<b>10.082.360</b>	<b>2.606.180</b>	<b>628.703</b>	<b>12</b>	–	<b>8.110.600</b>	<b>2.680.145</b>	<b>672.036</b>	–	–
<b>18. Total liabilities (13+17)</b>	<b>12.542.717</b>	<b>3.237.384</b>	<b>786.156</b>	<b>170</b>	<b>3</b>	<b>9.426.801</b>	<b>3.074.933</b>	<b>814.072</b>	<b>24</b>	<b>2</b>
<b>19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)</b>	<b>1.563.015</b>	<b>1.000.000</b>	<b>(432.680)</b>	–	–	<b>70.375</b>	<b>500.000</b>	<b>(386.100)</b>	<b>1</b>	–
<b>19a. Total asset amount hedged</b>	–	–	–	–	–	–	–	–	–	–
<b>19b. Total liability amount hedged</b>	<b>(1.563.015)</b>	<b>(1.000.000)</b>	<b>432.680</b>	–	–	<b>(70.375)</b>	<b>(500.000)</b>	<b>386.100</b>	<b>(1)</b>	–
<b>20. Net foreign currency asset/(liability) position (9-18+19)</b>	<b>(9.671.228)</b>	<b>(1.995.965)</b>	<b>(1.051.485)</b>	<b>(170)</b>	<b>1.506</b>	<b>(8.895.385)</b>	<b>(2.474.482)</b>	<b>(1.119.755)</b>	<b>10</b>	<b>1.863</b>
<b>21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(11.294.940)</b>	<b>(2.996.837)</b>	<b>(635.772)</b>	<b>(170)</b>	<b>1.506</b>	<b>(9.018.083)</b>	<b>(2.975.950)</b>	<b>(750.963)</b>	<b>(17)</b>	<b>1.862</b>
<b>22. Fair value of FX swap financial instruments</b>	<b>308.323</b>	<b>101.312</b>	–	–	–	<b>73.967</b>	<b>31.897</b>	–	–	–
<b>23. Hedged amount of foreign currency assets</b>	–	–	–	–	–	–	–	–	–	–
<b>24. Hedged amount of foreign currency liabilities</b>	<b>1.563.015</b>	<b>1.000.000</b>	<b>(432.680)</b>	–	–	<b>70.375</b>	<b>500.000</b>	<b>(386.100)</b>	<b>(1)</b>	–

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**15. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)**

*Market risk (continued)*

*Foreign currency risk (continued)*

The Group has transactional currency exposures mainly with respect to the financial liabilities and trade payables. Foreign currency denominated borrowings are stated in Note 7.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar and Euro exchange rate, with all other variables held constant, of the Group’s net profit for the year (due to changes in the fair value of monetary assets and liabilities):

30 September 2015	Profit/Loss		Other comprehensive income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Appreciation of USD against TL by 10%:</b>				
1- USD net asset/liability	(607.432)	607.432	–	–
2- Hedged portion of USD risk (-)	–	–	–	–
<b>3- USD net effect (1+2)</b>	<b>(607.432)</b>	<b>607.432</b>	–	–
<b>Appreciation of Euro against TL by 10%:</b>				
4- Euro net asset/liability	(359.734)	359.734	19.058	(19.058)
5- Hedged portion of Euro risk (-)	–	–	–	–
<b>6- Euro net effect (4+5)</b>	<b>(359.734)</b>	<b>359.734</b>	<b>19.058</b>	<b>(19.058)</b>
<b>Appreciation of other foreign currencies against TL by 10%:</b>				
7- Other foreign currency net asset/liability	44	(44)	–	–
8- Hedged portion of other foreign currency (-)	–	–	–	–
<b>9- Other foreign currency net effect (7+8)</b>	<b>44</b>	<b>(44)</b>	–	–
<b>Total (3+6+9)</b>	<b>(967.123)</b>	<b>967.123</b>	<b>19.058</b>	<b>(19.058)</b>

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**15. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)**

*Market risk (continued)*

*Foreign currency risk (continued)*

<b>31 December 2014</b>	<b>Profit/Loss</b>		<b>Other comprehensive income</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Appreciation of USD against TL by 10%:</b>				
1- USD net asset/liability	(805.698)	805.698	(3.469)	3.469
2- Hedged portion of USD risk (-)	–	–	–	–
<b>3- USD net effect (1+2)</b>	<b>(805.698)</b>	<b>805.698</b>	<b>(3.469)</b>	<b>3.469</b>
<b>Appreciation of Euro against TL by 10%:</b>				
4- Euro net asset/liability	(98.034)	98.034	44.065	(44.065)
5- Hedged portion of Euro risk (-)	–	–	–	–
<b>6- Euro net effect (4+5)</b>	<b>(98.034)</b>	<b>98.034</b>	<b>44.065</b>	<b>(44.065)</b>
<b>Appreciation of other foreign currencies against TL by 10%:</b>				
7- Other foreign currency net asset/liability	119	(119)	–	–
8- Hedged portion of other foreign currency (-)	–	–	–	–
<b>9- Other foreign currency net effect (7+8)</b>	<b>119</b>	<b>(119)</b>	<b>–</b>	<b>–</b>
<b>Total (3+6+9)</b>	<b>(903.613)</b>	<b>903.613</b>	<b>40.596</b>	<b>(40.596)</b>



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**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 amounts and fair values of financial asset and liabilities.

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.

	Carrying amount		Fair value	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
<b>Financial assets</b>				
Cash and cash equivalents	2.782.348	2.538.446	2.782.348	2.538.446
Trade and other receivables (including related parties)	3.647.929	3.258.329	3.647.929	3.258.329
Other financial investments (*)	11.840	11.840	(*)	(*)
Derivative financial assets	452.721	98.427	452.721	98.427
<b>Financial liabilities</b>				
Bank borrowings	8.931.721	6.558.167	8.931.721	6.558.167
Bills, bonds and notes issued	3.053.408	2.299.675	2.924.311	2.317.253
Financial leasing liabilities	16.261	19.956	16.261	19.956
Trade and other payables (including related parties)	3.251.891	2.296.135	3.251.891	2.296.135
Other financial liabilities (**)	–	439.664	–	439.664
Derivative financial liabilities	311.861	84.591	311.861	84.591

(\*) Group’s share in Cetel is carried at cost. Information on fair value of share in Cetel is not available.

(\*\*) On 4 August 2015 the Company bought representative shares of 10,0035% of Avea’s issued capital which was recognized as non-controlling interest (Note 13). As at 30 September 2015, noncontrolling interest put option liability is amounted to nil.

*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

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15. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)

*Fair value hierarchy table (continued)*

Fair value hierarchy table as at 30 September 2015 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Financial assets measured at fair value:</b>					
<u>Derivative Financial Assets:</u>					
Cross currency swaps	30 September 2015	408.785	–	408.785	–
Interest rate swaps	30 September 2015	43.938	–	43.938	–
<b>Financial liabilities measured at fair value:</b>					
<u>Derivative Financial Liabilities:</u>					
Interest rate swaps	30 September 2015	211.400	–	211.400	–
Cross currency swaps	30 September 2015	100.461	–	100.461	–
<u>Other financial liabilities:</u>					
Non-controlling interest put option liability	30 September 2015	–	–	–	–
<b>Other financial liabilities not measured at fair value</b>					
Bills, bonds and notes issued	30 September 2015	2.924.311	2.924.311	–	–

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15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

*Fair value hierarchy table (continued)*

Fair value hierarchy table as at 31 December 2014 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Financial assets measured at fair value:</b>					
<u>Derivative Financial Assets:</u>					
Foreign exchange forward contracts	31 December 2014	73.967	–	73.967	–
Interest rate swaps	31 December 2014	24.395	–	24.395	–
Commodity derivative (Copper)	31 December 2014	65	–	65	–
<b>Financial liabilities measured at fair value:</b>					
<u>Derivative Financial Liabilities:</u>					
Interest rate swaps	31 December 2014	84.592	–	84.592	–
<u>Other financial liabilities:</u>					
Non-controlling interest put option liability	31 December 2014	439.664	–	–	439.664
<b>Other financial liabilities not measured at fair value</b>					
Bills, bonds and notes issued	31 December 2014	2.317.253	2.317.253	–	–

*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 2015 and 2014.

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**16. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS**

*Dividends*

During the period 30 September 2015, remaining balance of 2014 distributable profit after assigning first and second legal reserves, which amounted to TL 1.840.853 (a dividend of full kuruş 0,525958 per share) has been distributed in cash to the shareholders as of reporting date.

During the year ended 31 December 2014, remaining balance of 2013 distributable profit after assigning first and second legal reserves, which amounted to TL 912.131 (a dividend of full kuruş 0,2606 per share) has been distributed in cash to the shareholders.

**17. DERIVATIVE FINANCIAL INSTRUMENTS**

**Cash flow hedges and derivative financial instruments**

*Interest rate swaps*

The Company has also entered into an 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 addition, the Company has also 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.

The Company has also entered into a six-part interest rate swap transaction between 29 April -20 May 2014 with a maturity date on 19 June 2024 and a total notional amount of US Dollar 300.000. The Company has also entered into a five-part interest rate swap transaction between 15 - 16 May 2014 with a maturity date on 12 August 2024 and a total notional amount of US Dollar 150.000.

As of 30 September 2015 fair value of derivative transactions amounting to TL 211.400 has been recognised under long term financial liabilities (31 December 2014: TL 84.592). Unrealised loss on these derivatives amounting to TL 121.443 (31 December 2014: TL 133.058 loss) is recognised in other comprehensive income. Unrealised loss on these derivatives' time value amounting to TL 5.365 (31 December 2014: TL 8.948 loss) is recognised in statement of profit or loss.

<b>Company</b>	<b>Notional Amount (USD Dollar)</b>	<b>Trade Date</b>	<b>Maturity Date</b>	<b>Terms</b>	<b>Fair Value Amount as at 30 September 2015 (TL)</b>
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay fixed rates between March 2014 and March 2022, and receive floating rates	(65.294)
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	(29.758)
Türk Telekom	300.000	29 April – 20 May 2014	19 June 2024	Pay fixed rates between June 2016 and June 2024, and receive floating rates	(91.781)
Türk Telekom	150.000	15-16 May 2014	26 June 2024 - 12 August 2024	Pay floating price between June 2016, August 2016 June 2024 and August 2024 and receive fixed premium in certain interest rate corridors through interest option strategies	(24.567)
					<b>(211.400)</b>

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**17. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

**Cash flow hedges and derivative financial instruments (continued)**

*Interest rate swaps (continued)*

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2014 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay fixed rates between March 2022 and March 2014, and receive floating rates	(31.826)
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	(2.379)
Türk Telekom	300.000	29 April – 20 May 2014	19 June 2024	Pay fixed rates between June 2016 and June 2024, and receive floating rates	(40.556)
Türk Telekom	150.000	15-16 May 2014	26 June 2024 - 12 August 2024	Pay floating price between June 2016, August 2016 June 2024 and August 2024 and receive fixed premium in certain interest rate corridors through interest option strategies	(9.831)
					<b>(84.592)</b>

**Hedge of net investment in a foreign operation**

The Company acquired a loan amounting to Euro 150.000 in order to hedge its net investment in a foreign operation with a Euro functional currency. Foreign exchange gain and/or loss resulting from the subsidiary’s net investment portion of this loan is reclassified to reserve for hedge of net investment in a foreign operation under equity.

**Other derivative instruments which are not designated as hedge**

As of 30 September 2015 fair value of the interest rate swap transactions which are not designated as hedge and amounting to TL 43.938 is recognised under long term financial assets (31 December 2014: TL 24.395 assets). Unrealised gain on these derivatives amounting to TL 19.543 (31 December 2014: TL 36.160 gain) is recognised in profit or loss.

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 30 September 2015 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between 19 March 2014 and 21 March 2022, and receive fixed premium (0,24%-0,27%)	14.407
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between 21 August 2015 and 21 August 2023, and receive fixed premium (0,24%-0,27%)	6.171
Türk Telekom	300.000	29 April – 20 May 2014	19 June 2024	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2016 and June 2021, and receive fixed premium (0,44%-0,575%) Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 and June 2024, and receive fixed premium (0,39%-0,45%)	23.360
					<b>43.938</b>

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**17. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

**Other derivative instruments which are not designated as hedge (continued)**

<b>Company</b>	<b>Notional Amount (USD Dollar)</b>	<b>Trade Date</b>	<b>Maturity Date</b>	<b>Terms</b>	<b>Fair Value Amount as at 31 December 2014 (TL)</b>
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between March 2014 and March 2022, and receive fixed premium (0,24%-0,27%)	10.172
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between August 2015 and August 2023, and receive fixed premium (0,24%-0,27%)	3.282
Türk Telekom	300.000	29 April – 20 May 2014	19 June 2024	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2016 and June 2021, and receive fixed premium (0,44%-0,575%) Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 and June 2024, and receive fixed premium (0,39%-0,45%)	10.941
					<b>24.395</b>

The Company has also entered into three-part EUR cross currency transactions at 6 January 2015 and 18 June 2015 with maturity dates on 19 June 2024 with a total notional amount of USD 500.000. The Company converted USD 500.000 debt into EUR debt by this transaction.

The Company has also entered into four-part TL cross currency transactions on 21 April- 9 July 2015 with maturity dates on 19 June 2019 with a total notional amount of USD 500.000. The company converted USD 500.000 debt into TL debt within this transaction.

As of 30 September 2015, fair value of derivative transactions amounting to TL 408.783 (31 December 2014: TL 73.967) is recognized under short term financial assets. Unrealized gain on these derivatives amounting to TL 334.816 (31 December 2014: TL 73.967) is recognized in profit or loss.

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17. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Other derivative instruments which are not designated as hedge (continued)

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 30 September 2015 (TL)
Türk Telekom	175.000	6 January 2015	19 June 2024	Sell EUR at maturity date and buy USD <sup>1</sup>	60.020
Türk Telekom	175.000	30 April 2015	19 June 2024	Sell EUR at maturity date and buy USD <sup>2</sup>	30.741
Türk Telekom	150.000	18 June 2015	19 June 2024	Sell EUR at maturity date and buy USD <sup>3</sup>	29.228
Türk Telekom	125.000	21 April 2015	19 June 2019	Sell TL at maturity date and buy USD <sup>4</sup>	88.693
Türk Telekom	125.000	17 June 2015	19 June 2019	Sell TL at maturity date and buy USD <sup>5</sup>	66.060
Türk Telekom	125.000	23 June 2015	19 June 2019	Sell TL at maturity date and buy USD <sup>6</sup>	64.019
Türk Telekom	125.000	9 July 2015	19 June 2019	Sell TL at maturity date and buy USD <sup>7</sup>	70.022
					<b>408.783</b>

<sup>1</sup> Payment of 3,11% interest on EUR 143.443 in exchange for 4,875% interest on USD 175.000, on the interest payment dates of ten-year bond between 19 December 2014 and 19 June 2014.

-Payment of EUR 143.443 in exchange for USD 175.000 at the maturity date of ten-year bond.

<sup>2</sup> Payment of 2,495 % interest on EUR 157.658 in exchange for 4,875% interest on USD 175.000, on the interest payment dates of ten-year bond between 19 December 2014 and 19 June 2024.

-Payment of EUR 157.658 in exchange for USD 175.000 at the maturity date of ten-year bond.

<sup>3</sup> Payment of 2,76 % interest on EUR 131.579 in exchange for 4,875% interest on USD 150.000, on the interest payment dates of ten-year bond between 19 June 2015 and 19 June 2024.

-Payment of EUR 131.579 in exchange for USD 150.000 at the maturity date of ten-year bond..

<sup>4</sup> On the interest payment dates of the five year bond between 19 December 2014 and 19 June 2019, in exchange for receiving 3,75% interest for 125.000 USD Dollar; the Company will pay 5,45 % interest on notional amount using the foreign exchange rates;

-If USD Dollar / TL rate is below 2,32; TL amount which is calculated by market exchange rate at transaction date

-If USD Dollar / TL rate is between 2,32 and 3,75; TL amount which is calculated by 2,32 exchange rate

-If USD Dollar / TL rate is above 3,75; TL amount which is calculated by extracting 1,43 from market exchange rate

- For capital payments, the Company will pay TL amount which is calculated with exchange rate option strategy indicated above for interest payments in exchange for receiving 125.000 USD Dollar on maturity date.

<sup>5</sup> On the interest payment dates of the five year bond between 19 December 2014 and 19 June 2019, in exchange for receiving 3,75% interest for 125.000 USD Dollar; the Company will pay 4,95 % interest on notional amount using the foreign exchange rates;

-If USD Dollar / TL rate is below 2,60; TL amount which is calculated by effective exchange rate at transaction date

-If USD Dollar / TL rate is between 2,60 and 3,75; TL amount which is calculated by 2,60 exchange rate

-If USD Dollar / TL rate is above 3,75; TL amount which is calculated by extracting 1,15 from market exchange rate

-For principal payments, the Company will pay TL amount which is calculated with exchange rate option strategy indicated above for interest payments in exchange for receiving 125.000 USD Dollar on maturity date.

<sup>6</sup> On the interest payment dates of the five year bond between 19 December 2015 and 19 June 2019, in exchange for receiving 3,75% interest for 125.000 USD Dollar; the Company will pay 5,12 % interest on notional amount using the foreign exchange rates;

-If USD Dollar / TL rate is below 2,60; TL amount which is calculated by effective exchange rate at transaction date

-If USD Dollar / TL rate is between 2,60 and 3,75; TL amount which is calculated by 2,60 exchange rate

-If USD Dollar / TL rate is above 3,75; TL amount which is calculated by extracting 1,15 from market exchange rate

-For principal payments, the Company will pay TL amount which is calculated with exchange rate option strategy indicated above for interest payments in exchange for receiving 125.000 USD Dollar on maturity date.

<sup>7</sup> On the interest payment dates of the five year bond between 19 June 2015 and 19 June 2019, in exchange for receiving 3,75% interest for 125.000 USD Dollar; the Company will pay 4,62 % interest on notional amount using the foreign exchange rates;

-If USD Dollar / TL rate is below 2,60; TL amount which is calculated by market exchange rate at transaction date

-If USD Dollar / TL rate is between 2,60 and 3,75; TL amount which is calculated by 2,60 exchange rate

-If USD Dollar / TL rate is above 3,75; TL amount which is calculated by extracting 1,15 from market exchange rate

- For capital payments, the Company will pay TL amount which is calculated with exchange rate option strategy indicated above for interest payments in exchange for receiving 125.000 USD Dollar on maturity date.

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(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

**17. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

**Other derivative instruments which are not designated as hedge (continued)**

<b>Company</b>	<b>Notional Amount (USD)</b>	<b>Trade Date</b>	<b>Maturity Date</b>	<b>Terms</b>	<b>Fair Value Amount as at 31 December 2014 (TL)</b>
Türk Telekom	500.000	11 September 2014	19 June 2019	The bond amount of USD 500.000 which has five year maturity between 19 June 2015 and 19 June 2019, there will be 3,75% interest recieved in the interest payment date with the exchange of interest payment 2,22% on EUR 386.100. At the payout date, EUR 368.100 will be payment exchange of USD 500.000.	73.967
					<b>73.967</b>

The Company has also entered into cross currency transactions on 6 January and 18 June 2015 with maturity dates on 18 June 2019 and 2024 with a total notional amount of EUR 910.582. As of 30 September 2015, fair value of derivative transactions amounting to TL 100.461 is recognized under short term financial liabilities. Unrealized loss on these derivatives amounting to TL 100.461 is recognized in profit or loss.

<b>Company</b>	<b>Notional Amount (EUR)</b>	<b>Trade Date</b>	<b>Maturity Date</b>	<b>Terms</b>	<b>Fair Value Amount as at 30 September 2015 (TL)</b>
Türk Telekom	910.582	6 January 2015- 18 June 2015	18 June 2019- 19 June 2024	Cross currency transactions	(100.461)
					<b>(100.461)</b>

As of 31 December 2014, the Company had also entered into sixteen-part copper option transactions between 21 August and 27 November 2013 with a total notional amount of 1.000 tonnes. As of 30 September 2015, the option has completely matured on 5 January 2015 and gain on these derivatives amounting to TL 65 is recognised in the consolidated statement of profit or loss.

<b>Company</b>	<b>Notional Amount (tonnes)</b>	<b>Trade Date</b>	<b>Maturity Date</b>	<b>Terms</b>	<b>Fair Value Amount as at 31 December 2014 (TL)</b>
Türk Telekom	1.000	21 August 2013 – 27 November 2013	31 December 2014 - 5 January 2015	Pay floating price between June 2014 and January 2015 and receive fixed price.	65
					<b>65</b>



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

**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

*(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)*

**18. SUBSEQUENT EVENTS**

None.