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

Türk Telekomünikasyon Anonim Şirketi

Interim consolidated condensed financial statements for the period between 1 January – 30 September 2012 together with independent auditors’ review report

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

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

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Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated balance sheet as at 30 September 2012

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

	Notes	Current period Unaudited 30 September 2012	Prior period Audited 31 December 2011
Assets			
Current assets		**4.362.581**	4.031.461
Cash and cash equivalents	6	**1.038.197**	978.676
Trade receivables			
- Due from related parties	7	**9.018**	14.880
- Other trade receivables		**2.118.599**	1.978.584
Other receivables		**82.360**	108.009
Inventories		**94.267**	106.607
Other current assets	11	**1.020.140**	844.705
Asset held for sale	9	**20.445**	-
Non-current assets		**12.442.050**	12.142.946
Trade receivables		**30.836**	83.307
Other financial assets	16	**3.662**	536
Other receivables		**27.029**	1.822
Financial investments		**11.840**	11.840
Investment property	9	**38.627**	257.601
Property, plant and equipment	9	**8.217.990**	7.898.823
Intangible assets	9	**3.768.250**	3.539.914
Goodwill		**53.219**	53.400
Deferred tax asset		**263.378**	261.692
Other non-current assets		**27.219**	34.011
Total assets		**16.825.076**	16.174.407

The accompanying policies and explanatory notes on pages 7 through 33 form an integral part of the interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated balance sheet
as at 30 September 2012
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

	Notes	Current period Unaudited 30 September 2012	Prior period Audited 31 December 2011
Liabilities			
Current liabilities		**5.287.696**	5.607.183
Financial liabilities			
- Bank borrowings	8	**2.537.819**	2.294.597
- Obligations under finance leases		**6.812**	7.080
Other financial liabilities	16	**5.733**	31.643
Trade payables			
- Due to related parties	7	**7.920**	5.602
- Other trade payables		**957.977**	1.545.513
Other payables		**382.791**	455.139
Income tax payable		**180.055**	170.875
Provisions		**280.017**	239.926
Other current liabilities	11	**928.572**	856.808
Non-current liabilities		**5.826.903**	4.797.853
Financial liabilities			
- Bank borrowings	8	**3.912.279**	3.015.765
- Obligations under finance leases		**22.013**	28.718
Other financial liabilities			
- Minority put option liability	13	**667.891**	558.251
- Derivative financial instruments	16	**34.610**	3.475
Trade payables		**30.836**	87.375
Other payables		**14.208**	8.823
Provisions		**7.630**	11.518
Provisions for employee termination benefits	10	**663.862**	562.595
Deferred tax liability		**236.573**	269.913
Other non-current liabilities		**237.001**	251.420
Equity		**5.710.477**	5.769.371
Equity attributable to parent			
Paid-in share capital		**3.500.000**	3.500.000
Inflation adjustments to paid in capital		**(239.752)**	(239.752)
Other reserves		**(1.568.886)**	(1.382.596)
Currency translation reserve		**27.182**	40.831
Restricted reserves allocated from profits		**1.825.257**	1.653.106
Retained earnings		**129.106**	129.106
Net income for the period		**2.037.570**	2.068.676
Total liabilities and equity		**16.825.076**	16.174.407

The accompanying policies and explanatory notes on pages 7 through 33 form an integral part of the interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated balance sheet
as at 30 September 2012
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

		Current Period		Prior Period	
	Notes	**(Unaudited) 1 January 2012 - 30 September 2012**	**(Unaudited) 1 July 2012 - 30 September 2012**	(Unaudited) 1 January 2011 - 30 September 2011	(Unaudited) 1 July 2012 - 30 September 2011
Sales	5	**9.379.363**	**3.237.428**	8.920.858	3.065.820
Cost of sales (-)	5	**(4.396.851)**	**(1.522.862)**	(3.803.162)	(1.301.272)
Gross profit		**4.982.512**	**1.714.566**	5.117.696	1.764.548
Marketing, sales and distribution expenses (-)	5	**(1.359.075)**	**(433.004)**	(1.456.882)	(492.320)
General administrative expenses (-)	5	**(1.125.012)**	**(403.623)**	(1.176.040)	(408.584)
Research and development expenses (-)	5	**(27.414)**	**(6.895)**	(18.502)	(6.531)
Other operating income	5	**192.432**	**50.080**	267.966	94.110
Other operating expense (-)	5	**(114.537)**	**(29.238)**	(78.578)	(35.407)
Operating profit		**2.548.906**	**891.886**	2.655.660	915.816
Financial income	5	**770.647**	**55.192**	407.814	95.894
Financial expense (-)	5	**(716.509)**	**(140.447)**	(1.223.530)	(556.574)
Profit before tax		**2.603.044**	**806.631**	1.839.944	455.136
Tax expense					
Tax expense for the period		**(627.092)**	**(184.560)**	(543.993)	(164.334)
Deferred tax income		**19.239**	**8.308**	44.265	16.959
Net profit		**1.995.191**	**630.379**	1.340.216	307.761
Attribution of net profit					
Attributable to equity holders of the parent		**2.037.570**	**636.370**	1.474.067	359.500
Minority interest		**(42.379)**	**(5.991)**	(133.851)	(51.739)
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)	4	**0,5822**	**0,1818**	0,4212	0,1027
Earnings per diluted shares attributable to equity holders of the parent from (in full Kuruş)	4	**0,5822**	**0,1818**	0,4212	0,1027

The accompanying policies and explanatory notes on pages 7 through 33 form an integral part of the interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated comprehensive income statement
for the period ended 30 September 2012
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

	Notes	**Current Period**		Prior Period	
		(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
		1 January - 30 September 2012	**1 July - 30 September 2012**	1 January - 30 September 2011	1 July - 30 September 2011
Profit for the period		**1.995.191**	**630.379**	1.340.216	307.761
Other comprehensive income:					
Fair value gain/(loss) on hedging instruments transferred to consolidated income statement	16	**12.014**	**3.280**	24.204	7.128
Change in fair value of hedging instrument	16	**(33.284)**	**(12.254)**	(12.732)	(7.098)
Tax effect of hedging instruments	16	**6.922**	**2.447**	--	--
Hedge of net investment in a foreign operation	16	**16.496**	**(4.174)**	(56.967)	(22.408)
Tax effect of hedge of net investment in a foreign operation	16	**(3.299)**	**835**	7.952	7.952
Change in currency translation differences		**(13.649)**	**3.263**	48.476	22.728
Actuarial loss arising from empoyee benefits		**(41.383)**	**--**	(19.889)	--
Tax effect of actuarial loss from empoyee benefits		**8.263**	**--**	4.071	--
Other comrehensive income / (loss) (after tax)		**(47.920)**	**(6.603)**	(4.885)	8.302
Total comprehensive income		**1.947.271**	**623.776**	1.335.331	316.063
Distrubution of total comprehensive income:					
Attributable to equity holders of the parent		**1.987.781**	**629.440**	1.467.217	367.796
Minority interest		**(40.510)**	**(5.664)**	(131.886)	(51.733)

The accompanying policies and explanatory notes on pages 7 through 34 form an integral part of the interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated statement of changes in equity
for the period ended 30 September 2012
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

				Other Reserves											
	Paid-in share capital	Inflation adjustment to paid in capital	Restricted reserves allocated from profits	Minority put option liability reserve	Share based payment reserve	Difference arising from acquisition of subsidiary	Reserve for hedge of net investment in a foreign operation	Cash flow hedge reserve	Actuarial loss arising from employee benefits	Currency translation reserve	Retained earnings	Net income for the period	Total	Minority interest	Total equity
Balance as at 1 January 2011	3.500.000	(239.752)	1.446.210	(582.848)	9.528	(308.634)	(925)	(36.786)	(201.884)	9.885	129.106	2.450.857	6.174.757	--	6.174.757
Net profit for the period	--	--	--	--	--	--	--	--	--	--	--	1.474.067	1.474.067	(133.851)	1.340.216
Other comprehensive income/(loss)	-	-	-	-	-	-	(49.015)	9.507	(15.818)	48.476	-	--	(6.850)	1.965	(4.885)
Total comprehensive income	-	-	-	-	-	-	(49.015)	9.507	(15.818)	48.476	--	1.474.067	1.467.217	(131.886)	1.335.331
Transfer to retained earnings	-	-	206.896	-	-	-	-	-	-	-	-	(206.896)	-	-	-
Minority interest before classification to minority put option liability	-	-	-	-	-	-	-	-	-	-	-	-	-	(56.954)	(56.954)
Minority put option liability (Note 13)	-	-	-	(131.886)	-	-	-	-	-	-	-	-	(131.886)	188.840	56.954
Dividend paid (Note 12)	-	-	-	-	-	-	-	-	-	-	-	(2.243.961)	(2.243.961)	-	(2.243.961)
Balance as at 30 September 2011	3.500.000	(239.752)	1.653.106	(714.734)	9.528	(308.634)	(49.940)	(27.279)	(217.702)	58.361	129.106	1.474.067	5.266.127	--	5.266.127
Balance as at 1 January 2012	**3.500.000**	**(239.752)**	**1.653.106**	**(779.383)**	**9.528**	**(308.634)**	**(37.976)**	**(13.386)**	**(252.745)**	**40.831**	**129.106**	**2.068.676**	**5.769.371**	**--**	**5.769.371**
Net profit for the period	--	--	--	--	--	--	--	--	--	--	--	**2.037.570**	**2.037.570**	**(42.379)**	**1.995.191**
Other comprehensive income/(loss)	-	-	-	-	-	-	**13.195**	**(16.215)**	**(33.120)**	**(13.649)**	-	--	**(49.789)**	**1.869**	**(47.920)**
Total comprehensive income	-	-	-	-	-	-	**13.195**	**(16.215)**	**(33.120)**	**(13.649)**	--	**2.037.570**	**1.987.781**	**(40.510)**	**1.947.271**
Transfer to retained earnings	--	--	**172.151**	--	--	--	--	--	--	--	--	**(172.151)**	--	--	--
Minority interest before classification to minority put option liability	--	--	--	--	--	--	--	--	--	--	--	--	--	**(221.133)**	**(221.133)**
Minority put option liability (Note 13)	--	--	--	**400.318**	--	--	--	--	--	--	--	--	**400.318**	**(288.825)**	**111.493**
Difference due to the chance in shareholding rate in a subsidiary	--	--	--	--	--	**(549.000)**	--	**(885)**	**(583)**	--	--	--	**(550.468)**	**550.468**	--
Dividend paid (Note 12)	--	--	--	--	--	--	--	--	--	--	--	**(1.896.525)**	**(1.896.525)**	--	**(1.896.525)**
Balance as at 30 September 2012	**3.500.000**	**(239.752)**	**1.825.257**	**(379.065)**	**9.528**	**(857.634)**	**(24.781)**	**(30.486)**	**(286.448)**	**27.182**	**129.106**	**2.037.570**	**5.710.477**	**--**	**5.710.477**

The accompanying policies and explanatory notes on pages 7 through 33 form an integral part of the interim condensed consolidated financial statement.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated cash flows statement
as at 30 September 2012
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

	Notes	**(Unaudited) Current period 1 January - 30 September 2012**	(Unaudited) Prior period 1 January - 30 September 2011
Profit for the period before tax		**2.603.044**	1.839.944
Adjustments to reconcile profit before tax to cash provided by operating activities:			
Depreciation and amortization expense	5	**1.255.343**	1.176.257
Gain on sale of property, plant and equipment		**(64.901)**	(23.309)
IFRIC 12 adjustment		**(40.879)**	(10.112)
Foreign currency exchange (income) / expense, net		**(200.158)**	676.110
Interest income and (expense), net		**95.600**	57.457
Reversal of doubtful receivables		**(119.658)**	(113.048)
Allowance for doubtful receivables		**196.699**	210.951
Provision for employee termination benefits		**68.716**	73.842
Litigation provision / (release), net		**56.284**	(19.214)
Loss on derivative financial instruments		**10.178**	37.739
Unused vacation provision / (release), net		**12.395**	27.721
Allowance for inventories		**(5.681)**	(9.539)
Other provisions		**(3.888)**	1.026
Operating profit before working capital changes		**3.863.094**	3.925.825
Net working capital changes in:			
Trade receivables and other receivables		**(163.966)**	(400.850)
Other current assets and inventories		**(127.975)**	(215.552)
Trade payables and other payables		**(639.393)**	(259.631)
Other non-current assets		**(18.439)**	30.072
Other current liabilities and provisions		**(14.500)**	207.409
Other non-current liabilities and provisions		**(1.399)**	29.829
Payments of employee termination benefits		**(8.800)**	(79.725)
Restricted cash		**165.465**	118.577
Provision payments		**(26.636)**	(62.437)
Income taxes paid		**(621.211)**	(520.128)
Net cash provided by operating activities		**2.406.240**	2.773.389
Investing activities			
Interest received		**159.896**	150.050
Proceeds from sale of property, plant, equipment and intangible assets		**87.374**	87.086
Purchases of property, plant and equipment and intangible assets	9	**(1.597.837)**	(1.429.579)
Net cash used in investing activities		**(1.350.567)**	(1.192.443)
Cash flows from financing activities			
Proceeds from bank borrowings	8	**19.347.779**	12.414.919
Repayment of bank borrowings	8	**(18.026.213)**	(11.612.113)
Repayment of obligations under finance leases		**(4.953)**	(4.831)
Interest paid		**(214.696)**	(165.831)
Derivative instrument payments		**(29.356)**	(85.152)
Dividends paid	12	**(1.896.525)**	(2.243.961)
Net cash used in financing activities		**(823.964)**	(1.696.969)
Net decrease in cash and cash equivalents		**231.709**	(116.023)
Foreign exchange differences on cash and cash equivalents at the beginning of the period		**(6.723)**	(26.833)
Cash and cash equivalents at the beginning of the period	6	**226.595**	389.627
Cash and cash equivalents at the end of the period	**6**	**451.581**	246.771

The accompanying policies and explanatory notes on pages 7 through 33 form an integral part of the interim condensed consolidated financial statements.

1. Corporate organization and activities

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

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

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

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

As at 30 September 2012 and 31 December 2011, the ultimate parent and controlling party of the Company is Saudi Oger Ltd ("Saudi Oger"), because of its controlling ownership in Oger Telecom.

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

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

1. Corporate information (continued)

The details of the Company's subsidiaries as at 30 September 2012 and 31 December 2011 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%) 30 September 2012	31 December 2011
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet Service Provider	TL	100	99,96
Avea İletişim Hizmetleri A.Ş.("Avea")	Turkey	GSM Operator	TL	89,99	81,37
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("Argela")	Turkey	Telecommunications Solutions	TL	99,96	99,96
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunications Solutions	TL	100	99,99
Assistt Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssisTT")	Turkey	Call Centre and Customer Relations	TL	99,96	99,96
Sebit Eğitim ve Bilgi Teknolojileri A.Ş. ("Sebit")	Turkey	Web Based Learning	TL	99,96	99,96
Argela - USA. Inc.	USA	Telecommunication Solutions	USD	99,96	99,96
Sebit LLC	USA	Web Based Learning	USD	99,96	99,96
IVEA Software Solutions FZ-LLC ("IVEA")	UAE	Telecommunication Solutions	USD	99,96	99,96
SOBEE Yazılım Ticaret Limited Şirketi ("Sobee")	Turkey	Software gaming services	TL	99,99	99,99
TT International Holding B.V. ("TT International")	Holland	Holding company	Euro	100	100
TT Global Services B.V. ("TT Global")	Holland	Service company	Euro	100	100
Pantel International AG ("Pantel Avusturya")	Austria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Pantel International Hungary Kft ("Pantel Macaristan")	Hungary	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Euroweb Romania S.A. ("Pantel Romanya")	Romania	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Pantel International Bulgaria EODD ("Pantel Bulgaristan")	Bulgaria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Pantel International CZ s.r.o ("Pantel Çek Cumhuriyeti")	Czech Republic	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Pantel Telcom d.o.o Beograd ("Pantel Sırbistan ")	Serbia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Pantel Telcomunikacije d.o.o ("Pantel Slovenya ")	Slovenia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Pantel International SK s.r.o ("Pantel Slovakya ")	Slovakia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
MTCTR Memorex Telekomunikasyon Sanayi ve Ticaret Limited Şirketi ("Pantel Türkiye")	Turkey	Internet/data services, infrastructure and wholesale voice services provider	TL	100	100
Memorex Telex Communications UA Ltd. ("Pantel Ukrayna")	Ukraine	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Pantel International Italia S.R.L. ("Pantel İtalya)	Italy	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Pantel International DOOEL Skopje ("Pantel Makedonya")	Macedonia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Pantel International LLC ("Pantel Rusya")	Russia	infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekomunikasyon Euro Gmbh. ("TT Euro")	Germany	mobile service marketting company	Euro	100	100
Pan Telekom D.O.O.	Croatia	mobile service marketting company	Euro	100	100
Net Ekran TV ve Medya Hiz. A.Ş. ("Net Ekran")	Turkey	TV and radio broadcasting	TL	100	100

1. Corporate information (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 number of personnel of the Group as at 30 September 2012 and 31 December 2011 is 36.665 and 34.886, respectively.

Interim condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on 17 October 2012. The general assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

2. Basis of preparation financial statements

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

2.1 Basis of presentation of the interim condensed consolidated financial statements

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

Excluding the subsidiaries incorporated outside of Turkey which are Argela - USA. Inc., IVEA, Sebit LLC, TT International, TT Global, TT Euro and Pantel Group, functional currency of all entities’ included in consolidation is Turkish Lira (“TL”) and they maintain their books of account and prepare their statutory financial statements in Turkish Lira (“TL”) in accordance with Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

Interim condensed consolidated financial statements of the Group do not include the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group’s annual financial statements as of 31 December 2011.

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

2. Basis of preparation financial statements (continued)

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

As at 30 September 2012 and 31 December 2011, the consolidated financial statements have been prepared on the historical cost basis except with for the property, plant and equipment and investment property for which the deemed cost method was applied in accordance with IAS 16 “Property, Plant and Equipment” for acquisitions prior to 1 January 2000, derivative financial instruments and minority put option liability which have been reflected at their fair values. Property, plant and equipment and investment property for which deemed cost method applied is measured at fair value as of 1 January 2000 and derivative financial instruments and minority put option liability is measured at fair value as of the each balance sheet date.

In order to prepare financial statements in accordance with IFRSs, certain assumptions affecting notes to the financial statements and critical accounting estimations related to assets, liabilities, contingent assets and contingent liabilities are required to be used. Although these estimations are made upon the best afford of the Management by interpreting the cyclical circumstances, actual results may differ from the forecasts. Issues that are complex and needs further interpretation, which might have a critical impact on financial statements.

In accordance with article 5 of the CMB Accounting Standards, companies should apply IFRS as adopted by the European Union (EU). However, again in accordance with the provisional clause 2 of the same standards adoption of the IFRS as adopted by the EU is postponed until the Turkish Accounting Standards Board declares the differences between the IFRS as adopted by the EU and the IFRS as adopted by the International Accounting Standards Board (IASB). Thus, as at and for the year ended 30 September 2012, the Group prepared its interim condensed consolidated financial statements in accordance with IFRS adopted by the IASB.

Additional paragraph for convenience translation to English

As at 30 September 2012, the accounting principles described in Note 2 (defined as CMB Accounting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting and also for certain disclosures requirement of the CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 September 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2012. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

2. Basis of preparation financial statements (continued)

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

The new standards, amendments and interpretations which are effective as at 1 January 2012 are as follows:

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. This amendment had no impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any impact on the financial position or performance of the Company (Group).

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

The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Company (Group).

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 interim condensed consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

2. Basis of preparation financial statements (continued)

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

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

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This standard has not yet been endorsed by the EU. This amendment will not have any impact on the financial position or performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

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

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

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in
(a) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and
(b) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

2. Basis of preparation financial statements (continued)

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

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 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. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

2. Basis of preparation financial statements (continued)

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

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

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

The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This standard has not yet been endorsed by the EU. The interpretation is not applicable for the Company (Group) and will not have any impact on the financial position or performance of the Company (Group).

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

The guidance is effective for annual periods beginning on or after 1 January 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The Company (Group) is in the process of assessing the impact of the guidance on the financial position or performance of the Company (Group).

2. Basis of preparation financial statements (continued)

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

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. *The Company (Group) is in the process of assessing the impact of the project on the financial position or performance of the Company (Group).*

IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

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

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

2.2 Basis of consolidation

As at 30 September 2012, the interim condensed consolidated financial statements include the financial results of Türk Telekom and its subsidiaries listed at Note 1. Control is normally evidenced when the Company owns, either directly or indirectly, more than 50% of the voting rights of a subsidiary's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The results of subsidiaries acquired during the year are included in the consolidated statements of income from the effective date of acquisition as appropriate.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.
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2. Basis of preparation financial statements (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other Group Companies. The interim condensed consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and are prepared for the same chart of accounts of the Company.

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

Minority interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition.

Loses within a subsidiary are attributed to minority interest even if that result in deficit balance. As at 30 September 2012, minority interest in Innova, Argela, AssisTT, Sebit, Sobee, Argela - USA, Inc, IVEA and Sebit LLC have not been recognized in the interim condensed consolidated financial statements due to their immateriality.

Transactions with minority shareholders are treated as a shareholder transaction and accounted within equity without effecting income statement.

On 15 September 2006, the Company, Türkiye İş Bankası A.Ş. (İş Bank) and the companies controlled by İş Bank (altogether will be referred as İş Bank Group) signed an "Amendment Agreement" to the "Shareholder Agreement" and the "IPO and Put Option Agreement" originally dated 15 February 2004. In accordance with the Amendment Agreement, the Company has granted a put option to İş Bank Group, the minority shareholder in Avea, on the shares owned by İş Bank Group. In order to reflect the minority put option liability in the consolidated financial statements, the minority interest is reclassified as minority put option liability as ''long term liabilities' after appropriation to the minority interest of its share of recognized income and expense for the year. The value of the minority interest before the fair value calculation and the fair value amount is classified as 'minority put option liability reserve' based on the Group accounting principles applied for the acquisition of minority shares (Note 13).

3. Seasonal changes in the operations

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

4. Earnings per share

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

	For the nine month period ended 30 September 2012	**For the period between 1 July – 30 September 2012**	For the nine month period ended 30 September 2011	For the period betw een 1 July – 30 September 2011
Weighted average number of shares outstanding during the period (in number)	**350.000.000.000**	**350.000.000.000**	350.000.000.000	350.000.000.000
Net profit for the period attributable to equity holders of parent	**2.037.570**	**636.370**	1.474.067	359.500
Earnings per share (in full kuruş)	**0,5822**	**0,1818**	0,4212	0,1027

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5. Segment reporting

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

	Fixed line		GSM		Eliminations		Consolidated	
	1 January-30 September 2012	1 January-30 September 2011	**1 January-30 September 2012**	1 January-30 September 2011	**1 January-30 September 2012**	1 January-30 September 2011	**1 January-30 September 2012**	1 January-30 September 2011
Revenue								
Domestic PSTN	**2.921.255**	3.119.555	**-**	-	**-**	-	**2.921.255**	3.119.555
ADSL	**2.286.007**	2.182.562	**-**	-	**-**	-	**2.286.007**	2.182.562
GSM	**-**	-	**2.552.946**	2.278.176	**-**	-	**2.552.946**	2.278.176
IFRIC12 revenue	**355.332**	87.901	**-**	-	**-**	-	**355.332**	87.901
Data service revenue	**406.425**	329.106	**-**	-	**-**	-	**406.425**	329.106
International interconnection revenue	**331.412**	344.772	**-**	-	**-**	-	**331.412**	344.772
Domestic interconnection revenue	**230.027**	239.397	**-**	-	**-**	-	**230.027**	239.397
Leased lines	**282.489**	344.345	**-**	-	**-**	-	**282.489**	344.345
Rental income from GSM operators	**71.219**	75.095	**-**	-	**-**	-	**71.219**	75.095
Other	**199.339**	169.200	**-**	-	**-**	-	**199.339**	169.200
Eliminations	**-**	-	**-**	-	**(257.088)**	(249.251)	**(257.088)**	(249.251)
Total revenue	**7.083.505**	6.891.933	**2.552.946**	2.278.176	**(257.088)**	(249.251)	**9.379.363**	8.920.858
Cost of sales and operating expenses (excluding depreciation and amortization)	**(3.639.785)**	(3.494.607)	**(2.266.960)**	(2.027.578)	**253.736**	243.856	**(5.653.009)**	(5.278.329)
Other income / (expense)	**69.873**	189.547	**6.637**	2.017	**1.385**	(2.176)	**77.895**	189.388
Depreciation and amortization	**(782.890)**	(727.961)	**(474.685)**	(449.360)	**2.232**	1.064	**(1.255.343)**	(1.176.257)
Earnings before interest, tax, depreciation and amortization	**3.513.593**	3.586.873	**292.623**	252.615	**(1.967)**	(7.571)	**3.804.249**	3.831.917
Doubtful receivable provision expense	**44.447**	151.587	**35.534**	59.364	**-**	-	**79.981**	210.951
Capital expenditure	**1.248.527**	912.190	**415.832**	593.148	**(2.188)**	(3.606)	**1.662.171**	1.501.732
Contribution to the consolidated revenue (*)	**6.859.099**	6.666.628	**2.520.264**	2.254.230	**--**	--	**9.379.363**	8.920.858
Contribution to the consolidated EBITDA (**)	**3.334.047**	3.394.206	**470.202**	437.711	**--**	--	**3.804.249**	3.831.917

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5. Segment reporting (continued)

	Fixed line		Mobile		Eliminations		Consolidated	
	1 July-30 September 2012	1 July-30 September 2011	**1 July-30 September 2012**	1 July-30 September 2011	**1 July-30 September 2012**	1 July-30 September 2011	**1 July-30 September 2012**	1 July-30 September 2011
Revenue								
Domestic PSTN	**956.993**	1.021.321	**--**	--	**--**	--	**956.993**	1.021.321
ADSL	**775.449**	728.422	**--**	--	**--**	--	**775.449**	728.422
GSM	**--**	--	**909.607**	816.307	**--**	--	**909.607**	816.307
IFRIC12 revenue	**145.585**	55.000	**--**	--	**--**	--	**145.585**	55.000
Data service revenue	**139.567**	115.904	**--**	--	**--**	--	**139.567**	115.904
International interconnection revenue	**125.112**	134.554	**--**	--	**--**	--	**125.112**	134.554
Domestic interconnection revenue	**79.327**	83.503	**--**	--	**--**	--	**79.327**	83.503
Leased lines	**90.719**	110.879	**--**	--	**--**	--	**90.719**	110.879
Rental income from GSM operators	**24.002**	24.348	**--**	--	**--**	--	**24.002**	24.348
Other	**83.872**	60.718	**--**	--	**--**	--	**83.872**	60.718
Eliminations	**--**	--	**--**	--	**(92.805)**	(85.136)	**(92.805)**	(85.136)
Total revenue	**2.420.626**	2.334.649	**909.607**	816.307	**(92.805)**	(85.136)	**3.237.428**	3.065.820
Cost of sales and operating expenses (excluding depreciation and amortization)	**(1.264.822)**	(1.193.113)	**(783.787)**	(703.300)	**90.396**	73.054	**(1.958.213)**	(1.823.359)
Other income / (expense)	**19.095**	48.245	**1.826**	962	**(79)**	9.496	**20.842**	58.703
Depreciation and amortization	**(248.302)**	(238.986)	**(160.256)**	(146.601)	**387**	239	**(408.171)**	(385.348)
Earnings before interest, tax, depreciation and amortization	**1.174.899**	1.189.781	**127.646**	113.969	**(2.488)**	(2.586)	**1.300.057**	1.301.164
Doubtful receivable provision expense	**44.552**	51.060	**13.548**	20.267	**--**	--	**58.100**	71.327
Capital expenditure	**435.157**	423.818	**145.727**	198.033	**95**	(390)	**580.979**	621.461
Contribution to the consolidated revenue (*)	**2.343.600**	2.257.544	**893.828**	808.276	**--**	--	**3.237.428**	3.065.820
Contribution to the consolidated EBITDA(**)	**1.119.888**	1.124.973	**180.169**	176.191	**--**	--	**1.300.057**	1.301.164

(*) "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 IFRS 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 IFRS 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)

	Nine months period ended 30 September 2012	**Three months period ended 30 September 2012**	Nine months period ended 30 September 2011	Three months period ended 30 September 2011
Fixed line segment EBITDA	**3.513.593**	**1.174.899**	3.586.873	1.189.781
GSM segment EBITDA	**292.623**	**127.646**	252.615	113.969
Inter-segment eliminations	**(1.967)**	**(2.488)**	(7.571)	(2.585)
Consolidated EBITDA	**3.804.249**	**1.300.057**	3.831.917	1.301.165
Financial income	**770.647**	**55.192**	407.814	95.894
Financial expenses (-)	**(716.509)**	**(140.447)**	(1.223.530)	(556.574)
Depreciation and amortization	**(1.255.343)**	**(408.171)**	(1.176.257)	(385.349)
Consolidated profit before tax	**2.603.044**	**806.631**	1.839.944	455.136

30 September 2012	**Fixed line**	**Mobile**	**Eliminations**	**Other unallocated amounts**	**Total**
Total segment assets	**12.135.294**	**5.402.294**	**(712.512)**	**-**	**16.825.076**
Total segment liabilities	**(9.581.757)**	**(2.515.043)**	**1.650.091**	**(667.891) (*)**	**(11.114.599)**

31 December 2011	**Fixed line**	**Mobile**	**Eliminations**	**Other unallocated amounts**	**Total**
Total segment assets	15.809.970	5.274.992	(4.910.555)	-	16.174.407
Total segment liabilities	(8.309.437)	(6.462.623)	4.925.275	(558.251) (*)	(10.405.036)

(*) As of 30 September 2012, includes goodwill amounting to TL 667.891 (31 December 2011 – TL 558.251).

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

6. Cash and cash equivalents

	30 September 2012	31 December 2011
Cash on hand	**1.207**	2.495
Cash at banks – Demand deposits	**434.478**	399.447
Cash at banks – Time deposits	**601.725**	575.603
Other	**787**	1.131
	1.038.197	978.676

As of 30 September 2012, 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% - 12,10% for TL deposits, between 0,50% - 4,55% for USD deposits and between 0,25% - 4,50% for Euro deposits. 31 December 2011 – for TL deposits between 3,50% and 12,15% for TL deposits, for USD deposits between 0,50% and 5,10% and for Euro deposits between 1,35% and 5,10%). The time deposits denominated in foreign currencies are specified in Note 15.

As of 30 September 2012, TL 108.310 (30 September 2011 – TL 134.889) of time deposits represents advances received from the Turkish Armed Forces for Turkish Armed Forces Integrated Communication Systems ("TAFICS") projects. The interest income from these time deposits are added to the advances received and not reflected in the condensed consolidated statement of income as per agreement between parties (Note 11). These time deposits are restricted and can only be used for payments related to TAFICS projects.

As at 30 September 2012, a demand deposit amounting to TL 338.852 (30 September 2011 – TL 300.732) is also restricted due to collection protocols signed with banks for receipts from the subscribers, under which proceeds are made available to the Group a certain number of days after the cash is collected. As of 30 September 2012, TL all (30 September 2011 – TL 266.906) of restricted deposits in relation to bank borrowings consist of blocked time deposits related to Avea's bank borrowing agreements, TL 6.022 of demand deposits (30 September 2011 - TL 4.227) arising from collections through automated teller machine ("ATM") is not available for use at 30 September 2012.

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

	1 January - 30 September 2012	1 January - 30 September 2011
Cash and cash equivalents	**1.038.197**	957.574
- TAFICS projects	**(108.310)**	(134.889)
- Collection protocols	**(338.852)**	(300.732)
- Bank Loans	**(122.632)**	(266.906)
- ATM collection	**(6.022)**	(4.227)
- Other	**(10.800)**	(4.049)
	451.581	246.771

Within the context of the Bank Account Pledge Agreement signed by Avea, Avea is required to pledge any new bank account as they are opened and also to inform the Security Trustee on a monthly basis about such new accounts as well as the closed accounts. In addition, Avea provided an account pledge over all of its bank accounts amounting to TL 512.723 at 30 September 2012 (31 December 2011 - TL 472.798) in favor of Security Trustee (Note 8).
Out of TL 1.038.197 (31 December 2011 – TL 978.676) cash and cash equivalents amounting to TL 512.745 (31 December 2011 – TL 472.817) belongs to Avea.

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7. Related party balances and transactions

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated in the interim consolidated statement of income 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 exception given from IAS 24 disclosure requirements, they are excluded from general reporting requirements.

Details of balances as at 30 September 2012 and 31 December 2011 between the Group and other related parties are disclosed below:

	30 September 2012	31 December 2011
Due from related parties		
Parent Company		
Saudi Telecom Company (“STC”) (1)	**8.587**	14.604
Other related parties		
Oger Telecom Yönetim Hizmetleri Limited Company (“OTYH”) (2)	**124**	78
Other	**307**	198
	9.018	14.880
Due to related parties		
Parent Company		
Saudi Telecom Company (“STC”) (1)	**1.520**	667
Other related parties		
OTYH (2)	**6.400**	4.804
Diğer	**-**	131
	7.920	5.602

(1) shareholder of Oger Telecom
(2) an affiliate of Oger Telecom

Transactions with shareholders

During the period ended 30 September 2012, the Company made dividend payment to the Treasury at the amount of TL 600.825 (30 September 2011 – TL 572.210). The dividend payment to OTAŞ amounts to TL 1.043.089 (30 September 2011 – TL 1.234.179).

Avea is required under the terms of Avea's concession agreement to pay 15% share to the Treasury (the Treasury Share) of its monthly gross revenue. Besides, the Company and its subsidiaries that are operating in the telecommunications sector are required to pay 1% of universal service fund and 0,35% of ICTA share to the Ministry of Communications under the law Global Service Act numbered 5389.

As of 30 September 2012, unpaid portion of these liabilities are recorded under short term liabilities (Note 11) and are expensed under cost of goods sold account.

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

7. Related party balances and transactions (continued)

Transactions with other related parties

Postage services have been rendered by PTT to the Group. Besides, PTT is collecting the Company's and TTNet's invoices and in return for these services the Group is paying collection commission to PTT.

Operational lease payment made to PTT by the Company as part of the lease agreement amounts to TL 45.363 (30 September 2011 –TL 54.426).

The Group 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 12.161 and TL 887, respectively, for the nine months period ended 30 September 2011 (30 September 2011 – TL 14.080 revenues and TL 844 expenses)

Guarantees provided to related parties

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

The Company guaranteed EUR 8.000 to support financing of Çalık Enerji Telekomünikasyon Anonim Şirketi ("CETEL").

Compensation of key management personnel

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

	1 January- 30 September 2012	**1 July- 30 September 2012**	1 January- 30 September 2011	1 July- 30 September 2011
Short-term benefits	**47.265**	**9.586**	35.046	7.021
Long-term defined benefit plans	**1.230**	**388**	565	203
	48.495	**9.974**	35.611	7.224

As of 30 September 2012, OTMSC charged to the Company a management fee amounting to TL 14.269 (30 September 2011 – TL 10.604) and an expense fee for an amount of TL 137 (30 September 2011 – TL 104) for the nine months period ended 30 September 2012, based on the contract between OTMSC and the Company. OTMSC's ultimate shareholder is Saudi Oger. Significant portion of this payment represents salaries of key management personnel. The contract has been renewed on 15 April 2012 for an annual charge of USD 12.000 (prior contract value: 8.500 USD) for the three years.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.
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8. Borrowings

Bank borrowings used by the Group during the period ended 30 September 2012 amounts to TL 19.347.779 (30 September 2011 – TL 12.414.919).

The total principal repayment of bank borrowings and financial leases during the period ended 30 September 2012 amounts to TL 18.031.166 (30 September 2012 – TL 11.616.944)

Bank Borrowings

	30 September 2012			31 December 2011		
	Weighted average effective interest rate%	**Original amount**	**TL equivalent**	Weighted average effective	Original amount	TL equivalent
Short-term financial borrowings:						
TL financial liabilities with fixed interest rates	**9,99**	**1.707.893**	**1.707.893**	12,11	755.292	755.292
TL financial liabilities with variable interest rates	**12,65**	**2.200**	**2.200**	-	-	-
Interest accruals:						
TL financial liabilities with fixed interest rates		**31.918**	**31.918**		2.219	2.219
USD financial liabilities with fixed interest rates		**5.067**	**9.043**		1.389	2.624
USD financial liabilities with variable interest rates		**1.827**	**3.261**		7.526	14.216
EUR financial liabilities with fixed interest rates		**70**	**162**		54	132
EUR financial liabilities with variable interest rates		**6.826**	**15.758**		6.035	14.748
JPY financial liabilities with variable interest rates		**1.175**	**27**		-	-
Short-term portion of long-term bank borrowings:						
USD financial liabilities with fixed interest rates	**3,07**	**53.832**	**96.074**	3,00	43.383	81.947
USD financial liabilities with variable interest rates (*)	**3,50**	**186.252**	**332.404**	3,16	403.492	762.159
EUR financial liabilities with fixed interest rates	**6,90**	**2.982**	**6.884**	6,83	11.157	27.265
EUR financial liabilities with variable interest rates (**)	**3,07**	**143.901**	**332.195**	3,92	259.431	633.995
Total short-term borrowings			**2.537.819**			2.294.597
Long-term borrowings:						
USD financial liabilities with fixed interest rates	**3,07**	**385.763**	**688.471**	3,00	344.614	650.940
USD financial liabilities with variable interest rates (*)	**3,50**	**589.953**	**1.052.889**	3,16	433.420	818.689
EUR financial liabilities with variable interest rates (**)	**3,07**	**891.182**	**2.057.294**	3,92	632.677	1.546.136
JPY financial liabilities with variable interest rates	**2,82**	**4.950.106**	**113.625**	-	-	-
Total long-term borrowings			**3.912.279**			3.015.765
Toplam financial liabilities			**6.450.098**			5.310.362

(*) LIBOR + (varies between 0,49 – 3,35) spread
(**) EURLIBOR + (varies between 0,25– 3,25) spread
(***) JPY LIBOR faiz oranı + (%2,5)

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8. Borrowings (continued)

The maturities and contractual cash flows of foreign currency and TL denominated financial liabilities are as follows:

	30 September 2012					31 December 2011				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
TL financial liabilities with fixed interest rates	**1.728.625**	**11.186**	**-**	**-**	**1.739.811**	757.511	-	-	-	757.511
TL financial liabilities with variable interest rates	**2.200**	**-**	**-**	**-**	**2.200**	-	-	-	-	-
USD financial liabilities with fixed interest rates	**56.844**	**48.273**	**568.933**	**119.538**	**793.588**	3.354	81.217	516.028	134.912	735.511
USD financial liabilities with variable interest rates	**110.646**	**225.019**	**987.074**	**65.815**	**1.388.554**	350.269	426.106	742.214	76.475	1.595.064
EUR financial liabilities with fixed interest rates	**7.026**	**20**	**-**	**-**	**7.046**	227	27.170	-	-	27.397
EUR financial liabilities with variable interest rates	**89.395**	**258.558**	**1.729.618**	**327.676**	**2.405.247**	96.483	552.260	1.234.441	311.695	2.194.879
JPY financial liabilities with fixed interest rates	**-**	**27**	**113.625**	**-**	**113.652**	-	-	-	-	-
	1.994.736	**543.083**	**3.399.250**	**513.029**	**6.450.098**	1.207.844	1.086.753	2.492.683	523.082	5.310.362

The following borrowings are secured by a security package as at 30 September 2012 and 31 December 2011:

	30 September 2012			30 December 2011		
	USD	**EURO**	**TL equivalent**	USD	EURO	TL equivalent
Borrowing secured by security package	79.871	9.147	163.662	335.216	20.068	682.232

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

- Commercial Enterprise Pledge on all movable fixed assets of commercial enterprise of İş-TIM and the trade name of Avea, (excluding the movable fixed assets of commercial enterprise of Aycell). The Commercial Enterprise Pledge secures the Senior Secured Financial Indebtedness of Avea up to a maximum amount of TL 1.000.000 (equivalent to USD 560.318 as at 30 September 2012). At 30 September 2012, the total Senior Secured Financial Indebtedness of Avea amounts to approximately TL 176.268 (31 December 2011 - TL 682.232).
- Account pledges on all the bank accounts of Avea, which do not restrict operational usage of the accounts in the normal course of business (30 September 2012 - TL 377.085; 31 December 2011 - TL 472.798)
- Mortgage on the building of AVEA in Ümraniye amounting up to USD 40.600 in favor of the Security Agent.

8. Borrowings (continued)

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

- Debt Service Reserve Fund: Restricted accounts used to ensure that in order to meet debt service of next period (Note 6).

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

1. Financial covenants (ratios):

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

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

2. General undertakings, among others, are:

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

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

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

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

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

b) US Dollar 500.000 “Corporate Guarantee” to be called in an event of default,

c) Pledging shares it owns in Avea,

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

e) Company also provides extra support on demand of Avea due to operational or financial shortage amounting to US Dollar 450.000. (additional support). The support has been wholly used as of 30 September 2012.

f) Türk Telekom provides support amounting to Euro 214.000 for financing of 3G license fee. The support has been wholly used as of 30 September 2012

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

8. Borrowings (continued)

g) Türk Telekom provides support amounting to US Dollar 250.000 for financing acquisition of assets under Ericsson 2G and 3G contract. The support has been wholly used as of 30 September 2012.

Pantel Turkey borrowed Euro 10.000 loan in total from a Turkish bank's Bahrain Branch for the investment of construction of fiber optic lines. In return for this loan, Pantel Turkey assigned its receivables amounting to its outstanding loan balance to the corresponding bank as a guarantee. As of 30 September 2012 loan payable amounts to Euro 2.320.

9. Tangible and intangible assets

The amount of tangible and intangible assets purchased during the nine month period ended 30 September 2012 is TL 1.662.171 (30 September 2011 – TL 1.501.732).

The cost of tangible and intangible assets sold during the nine month period ended 30 September 2012 amounted to TL 239.918 (September 30, 2011 – TL 142.356).

Based on the decision of Board of Directors dated 30 April 2012 to sell 39 pieces of real estate, these assets were classified as held for sale (30 September 2012 – TL 20.445). The assets are measured at the lower of their carrying value and fair value less costs to sell.

Company Management assessed its investment property and decided that only the property whose rented area more than 50% of total area as investment property. As of 30 September 2012, investment property whose net book value TL 210.656 is classified to land and buildings.

10. Employee Termination Benefits

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

The retirement pay liability as at 30 September 2012 is subject to a ceiling of full TL 3.033,98 (31 December 2011 – full TL 2.731,85) per monthly salary for each service year.

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

	1 January-30 September 2012	1 January-30 September 2011
Defined benefit obligation at January 1	**570.298**	622.859
Current service cost	**26.554**	24.234
Interest cost	**35.669**	43.272
Actuarial (loss)/gain (*)	**41.383**	19.758
Benefits paid by the group	**(8.800)**	(79.725)
Foreign currency translation difference	**(33)**	98
Provisions as at 30 September	**665.071**	630.496

(*) As at 30 September 2012, actuarial gain amounting to TL 41.383 (30 September 2011 – TL 19.889) has been reflected to other comprehensive income.

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10. Employee Termination Benefits (continued)

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

	1 January- 30 September 2012	1 January- 30 September 2011
Present value of defined benefit obligations	**665.072**	630.496
Unrecognised past service cost	**(1.210)**	(9.786)
Net liability recognized in the balance sheet	**663.862**	620.710

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

	1 January- 30 September 2012	1 January- 30 September 2011
Current service cost	**26.554**	24.234
Interest cost	**35.669**	43.272
Past service cost	**6.499**	6.467
Total net cost recognized in the consolidated statement of income	**68.722**	73.973

iv) Principal actuarial assumptions use:

	30 September 2012	31 December 2011
Discount rate	**9.5%**	10%
Expected rate of ceiling increases	**5.0%**	5.1%

The average voluntary withdrawal rate for the next year for the remaining employees is estimated to be 3% (2011 - 3%).

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11. Other current assets and liabilities

	30 September 2012	31 December 2011
Income accrual (1)	**437.096**	400.241
Other prepaid expenses	**184.158**	138.770
Intermediary services for collection (2)	**156.946**	75.323
Prepaid rent expense (3)	**111.463**	86.664
Advances given (4)	**89.286**	90.406
VAT and Special Communications Tax (SCT) receivable	**34.564**	49.927
Other current assets	**6.627**	3.374
	1.020.140	844.705

1) Income accruals mainly consists of GSM and ADSL post-paid subscription income accruals and unbilled equipment sales income within the context of campaigns.
2) Intermediary services and sales for collection consist of advances given by Avea to its distributors.
3) Prepaid rent expenses consist mainly of the prepaid rents paid for Avea's base stations and prepaid rent paid to PTT
4) Advances given consist of advances for inventory, tangible and intangible assets purchases and advances given to personnel.

Other current liabilities

	30 September 2012	31 December 2011
Expense accruals (1)	**443.866**	371.839
Advances received (2)	**183.803**	170.744
Accrual for capital expenditures (5)	**48.204**	24.750
Deferred revenue (4)	**72.832**	77.880
Accrual for Universal Service Fund (3)	**78.374**	108.492
Accrual for the Treasury Share	**48.508**	43.405
Accrual for contribution to the ICTA	**40.223**	44.172
Other payables	**12.762**	15.526
	928.572	856.808

1) Expense accruals mainly comprise of accruals for dealer commissions and interconnection services.

2) The Company acts as an intermediary of Ministry of Defense and North Atlantic Treaty Organization (NATO) projects by transferring advances received to the contractors and supports the management of the projects. Expenditures arising from the projects are deducted from the advances received. Advances not used are held as time deposits and the interest earned is credited to the advances received in accordance with the agreement between the parties (Note 6).

11. Other current assets and liabilities (continued)

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

4) Deferred revenue consists of the invoiced but unconsumed minutes’ sales value.

5) Capital expenditure accruals represent the unreceived invoices for the fixed asset purchases that have been received within the agreement.

12. Dividend and accumulated deficit

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

During the six-months period ended 30 September 2011, , the remaining balance of 2010 distributable profit after assigning first and second legal reserves, which amounted to TL 2.243.961 (a dividend of full kuruş 0,6411 per share) has been committed to be distributed and distributed in cash to the shareholders.

13. Minority put option liability

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

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

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

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

At Avea's Extraordinary General Assembly meeting held on 28 February 2012 it has been decided to decrease Avea's share capital which is TL 7.115.000 by netting off TL 3.295.000 of accumulated losses and to subsequently increase it back to TL 7.115.000 with a share premium. In this process, Isbank Group Companies, then holding 18.63% of Avea shares, decided not to exercise their preemptive rights and the Company exercised their unexercised rights, as well as its own rights. With this decision the Company’s share in Avea increased to 89.9965%. The decisions taken in the Extraordinary General Assembly was registered to trade registry on 20 March 2012 and all of capital commitment is paid by the Company as of 30 September 2012.

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13. Minority put option liability (continued)

While determining fair value of minority put option liability as of 30 September 2012, it has been assumed that İş Bankası Group would exercise its option on 1 January 2015. The Company has estimated a value based discounted cash flows after 31 December 2014. The value determined as at 1 January 2015 is then discounted back to 30 September 2012. The fair value of the put option liability as at 30 September 2012 amounts to TL 667.891 (31 December 2011 – TL 558.251). In accordance with Group accounting policies, the change between fair values of minority put option liabilities as of 30 September 2012 and 31 December 2011 has been accounted in other reserves under equity.

In order to reflect the minority put option liability in the consolidated financial statements, the minority interest (after giving the effect of loss) as at 30 September 2012, amounting to negative TL 288.825 (31 December 2011 – TL 221.133), has been reclassified from equity to "minority put option liability" under long-term liabilities after appropriation of profit / loss to the minority interest for the year. The fair value of minority put option liability, has been determined as TL 667.891 (31 December 2011 - TL 558.251), and the difference of TL 379.066 (31 December 2011 - TL 779.384) is reflected in equity as "minority put option liability reserve", based on the Group's accounting policy for the acquisition of minority interest.

The enterprise value used as a base for the minority put option fair value determination has been calculated using cash flow projections from the business plan of Avea covering a five-year plan. Weighted Average Cost of Capital (WACC) used for the discount of cash flows for the period that Avea will pay income tax is 13,9% and 15% for non-taxable period. The valuation is tested at a sensitivity of +2% / -2%. The value in use projections are based on a discounted cash flow (DCF) study implemented until 2029.

14. Commitment and contingencies

Guarantees received and guarantees given by the Group are as follows:

		30 September 2012		31 December 2011	
		Original currency	**TL**	Original currency	TL
Guarantees received	**USD**	**274.073**	**489.138**	230.191	434.808
	TL	**714.426**	**714.426**	707.501	707.501
	Euro	**89.351**	**206.267**	85.316	208.495
	Sterling	**8**	**23**	8	23
			1.409.854		1.350.827
Guarantees given (*)	**USD**	**159.535**	**284.722**	153.539	290.020
	TL	**164.025**	**164.025**	187.042	187.042
	Euro	**15.116**	**34.895**	16.429	40.149
			483.642		517.211

(*) USD 151.500 of the amount (31 December 2011 - USD 151.500) is related with the guarantee provided to the ICTA by Avea with respect to the Avea Concession Agreement and Euro 12.840 (31 December 2011 – Euro 12.840) is related with the guarantee provided for 3G license.

Based on law 128/1 of Turkish Code of Obligations, Avea has given TL 50.000 amounted guarantee to Mobil İletişim A.Ş.for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by Avea.

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14. Commitment and contingencies (continued)

The Company's guarantee, pledge and mortgage (GPM) position as at 30 September 2012 and 31 December 2011 is as follows:

GPMs given by the Company	30 September 2012	31 December 2011
A. GPMs given on behalf of the Company's legal personality	**1.924.835**	2.055.556
B. GPMs given in favor of subsidiaries included in full consolidation	**1.541.856**	1.624.730
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**-**	5.646
D. Other GPMs	**18.468**	19.550
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	**18.468**	19.550
iii. GPMs given in favor of third party companies not in the scope of C above	**-**	-
Total	**3.485.159**	3.705.482

GPMs given by the Group as at 30 September 2012 are equivalent to 0,32% of the Company's equity (31 December 2011 – 0,34%).

Only significant improvements subsequent to 31 December 2011 are explained below:

Legal proceedings of Türk Telekom

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

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

Interconnection tariff and leased line disputes:

The Company and Turkcell have disputes over international interconnection and leased line rates charged by the Company. Because of the contrary developments at the disputes, the Company provided an additional provision amounting to TL 51.261 in the period ended 30 September 2012 and increased the total amount of provision to TL 100.932 (31 December 2011–TL 49.671) in the interim condensed consolidated financial statements.

Disputes between the Company and its former personnel

In the scope of the ongoing restructuring of the personnel organization of the Company in order to achieve the number of personnel identified, the contracts of the employees who are entitled for pension and who are regarded as a surplus to the Company have been terminated based on the Board of Directors Decision. Accordingly, certain part of those employees has filed re-employment lawsuits against the Company. Most of the courts decided against the Company while the remaining cases are still ongoing. Provision amounting to TL 7.151 (31 December 2011 – TL 13.908) has been provided in the interim condensed consolidated financial statements for the ongoing cases.

14. Commitment and contingencies (continued)

Legal proceedings of Türk Telekom

Disputes between the Company and Istanbul Metropolitan Municipality

Total amount filed against the Company by Istanbul Metropolitan Municipality as contribution to the infrastructure investment and municipality share is TL 22.086. A cumulative provision amounting to TL 49.042 (31 December 2011 – TL 69.518) including the nominal amount and legal interest charges has been reflected to interim condensed consolidated financial statements as at 30 September 2012.

Legal proceedings of Avea

Monetary penalties to Avea by Ministry of Finance and penalty provisions

Avea made settlement with Major Taxpayer Office (BMVD) about the SCT assessment over discounts relating to 2006 – December 2009 period. As a result of this settlement, it has been agreed that Avea will pay TL 19.296 (31 December - TL 3.915). As of 30 September 2012, Avea paid the settlement amount therefore no provision is provided in the consolidated financial statements.

The Company has recognized a provision amounting to TL 911 for the ongoing cases in relation to VAT, SCT and Reversed Charge VAT on International Roaming Services and for the years not subject to investigation about the same subjects as of 30 September 2012. (31 December - TL 802).

Treasury Share Assessment Over Roaming Discounts

On 6 June 2012 Undersecretariat of Treasury made an assessment to Avea on this subject. The amount requested based on the letter dated 1 June 2012 and the auditor's report dated 22 March 2012 has been paid by Avea together with the late payment interest on 26 June 2012. The Company has recognized a provision amounting to TL 6.029 at the interim condensed consolidated financial statements as of 30 September 2012 (31 December 2011- None).

Other issues

In relation to the ongoing litigations for which the Group lawyers assess negative outcome probable provision has been provided in the interim condensed consolidated financial statements. The provision for such court cases is amounting to TL 21.121 as at 30 September 2012 (31 December 2011 – TL 22.259). 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 objectives and policies (continued)

Foreign currency position:

	30 September 2012						31 December 2011				
	TL equivalent	**USD**	**Euro**	**GBP**	**JPY**	**Other**	equivalent	USD	Euro	GBP	Other
1. Trade receivables	**202.541**	**34.714**	**60.390**	**-**	**-**	**2.467**	183.181	41.827	42.294	-	1.612
2a. Monetary financial assets (Cash and banks accounts included)	**342.368**	**180.572**	**8.698**	**8**	**-**	**-**	360.911	164.763	20.321	10	-
3. Other	**19.565**	**3.037**	**6.114**	**11**	**-**	**-**	15.966	4.669	2.920	-	21
4. Current assets (1+2+3)	**564.474**	**218.323**	**75.202**	**19**	**-**	**2.467**	560.058	211.259	65.535	10	1.633
5. Trade receivables	**-**	**-**	**-**	**-**	**-**	**-**	2.763	1.399	3	-	222
6a. Monetary financial assets	**201**	**-**	**87**	**-**	**-**	**-**	-	-	-	-	-
7. Other	**614**	**71**	**211**	**-**	**-**	**-**	13	2	5	-	-
8. Non-current assets (5+6+7)	**815**	**71**	**298**	**-**	**-**	**-**	2.776	1.401	8	-	222
9. Total assets (4+8)	**565.289**	**218.394**	**75.500**	**18**	**-**	**2.467**	562.834	212.660	65.543	10	1.855
10. Trade payables	**481.696**	**133.351**	**105.563**	**4**	**-**	**-**	765.914	230.341	135.014	180	597
11. Financial liabilities	**789.923**	**250.096**	**148.818**	**1**	**1.175**	**-**	1.577.071	470.317	280.221	1.332	-
12a. Monetary other liabilities	**28.703**	**6.563**	**7.334**	**21**	**-**	**-**	165.081	34.885	39.806	655	852
13. Short-term liabilities (10+11+12)	**1.300.322**	**390.010**	**261.715**	**26**	**1.175**	**-**	2.508.066	735.543	455.041	2.167	1.449
14. Trade payables	**-**	**-**	**-**	**-**	**-**	**-**	3.392	3.373	19.934	-	-
15. Financial liabilities	**3.838.943**	**976.791**	**858.583**	**-**	**4.950.106**	**-**	3.047.958	781.096	643.484	-	-
16 a. Monetary other liabilities	**79.161**	**470**	**33.928**	**-**	**-**	**-**	86.060	-	35.216	-	-
17. Long-term liabilities (14+15+16)	**3.918.104**	**977.261**	**892.511**	**-**	**4.950.106**	**-**	3.137.410	784.469	698.634	-	-
18. Total liabilities (13+17)	**5.218.426**	**1.367.271**	**1.154.226**	**26**	**4.951.281**	**-**	5.645.476	1.520.012	1.153.675	2.167	1.449
19. Net foreign currency asset/(liability) position (9-18+19)	**(4.653.137)**	**(1.148.877)**	**(1.078.726)**	**(8)**	**(4.951.281)**	**2.467**	(5.082.642)	(1.307.352)	(1.088.132)	(2.157)	406
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)*	**(4.673.316)**	**(1.151.985)**	**(1.085.051)**	**(18)**	**(4.951.281)**	**2.467**	(5.098.621)	(1.312.023)	(1.091.057)	(2.157)	385

16. Other financial investments and other financial liabilities

Cash flow hedges

Interest rate swaps

Avea has entered into three separate interest rate hedging transactions as the First Hedge, Overlay 1 and Overlay 2 to control its exposure to interest rate risk of expected future cash outflows in relation to its floating rate debt in 2007 and 2008.

As of 28 September 2009, Avea has entered into restructuring interest hedging transaction for the critical term match of the early payment as of 30 September 2009 which has replaced the current interest hedging transaction.

Nominal amounts have been decreased and interest rates have been restructured in order to match the nominal amounts as a result of the early payment made as of 30 September 2009 amounting to US Dollar 621.297 and Euro 32.973. US Dollar and Euro denominated principal balances of MTPF have been wholly covered by this new interest rate hedging transaction.

As of 30 September 2012, notional amount that will be due till 30 September 2013 amounts to US Dollar 79.871 and Euro 9.148.

Amendment and restructuring has been designated as cash flow hedge transaction. Avea will pay fixed and receive floating interest for the periods between 31 March 2009 and 30 September 2013.

As of 30 September 2012, fair value of realized interest rate swap transactions amounts to TL 5.733 (31 December 2011 – TL 35.118). As of 30 September 2012, the amount of TL 3.110 unrealized interest rate swap loss has been recognized under equity reserves. For the interim period ended 30 September 2012, realized interest rate swap loss amounting to TL 28.059 (30 September 2011 – TL 50.255) and unrealized interest rate swap loss amounting to TL 16.044 has been classified to consolidated income statements.

The Amended and Restated Transaction resulted in a change in the hedge structure, and the effect of the old hedge (which leads to significant negative fair value) and new hedge is separated The new hedge is determined as effective as result of effectiveness test and fair value of the new hedge with an amount of TL 1.927 is continued to be recognized under other comprehensive income. The fair value of old hedge as of 28 September 2009, which being recognized under other comprehensive income, (US Dollar 31.8 million) will be amortized until 2015 which is the residual maturity of original hedge relationship. The unamortized portion of old hedge which is recognized under other comprehensive income amounts to TL 2.001.

Accordingly the total unrealized loss recognized under other comprehensive income amounts to TL 3.110.

The Company has entered into a eight-part interest rate swap transaction between 11 April 2012 and 30 April 2012 with a maturity date on 21 March 2022 and a total notional amount of US Dollar 400.000, in order to hedge a portion of its variable rate long term bank borrowings. Fair value of TL 34.610 has been classified to comprehensive income statement

Hedge of net investment in a foreign operation

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