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

Türk Telekomünikasyon Anonim Şirketi

Interim condensed consolidated financial statements for the period between 1 January – 30 September 2011 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 2011
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

		Current period	Prior period
		Unaudited	Audited
	Notes	30 September 2011	31 December 2010
Assets			
Current assets		**3.944.899**	3.712.265
Cash and cash equivalents	6	**957.574**	1.219.007
Trade receivables			
- Due from related parties	7	**14.593**	21.407
- Other trade receivables		**1.968.390**	1.700.027
Other receivables		**58.355**	34.417
Inventories		**94.435**	81.444
Other current assets		**851.552**	655.963
Non-current assets		**11.771.633**	11.387.756
Trade receivables		**93.945**	48.890
Other financial assets	14	**455**	3.586
Other receivables		**1.546**	2.148
Financial investments		**11.840**	11.840
Investment property		**261.760**	274.237
Property, plant and equipment	9	**7.596.511**	7.161.063
Intangible assets	9	**3.459.209**	3.516.788
Goodwill		**53.496**	52.873
Deferred tax asset		**263.212**	258.650
Other non-current assets		**29.659**	57.681
Total assets		**15.716.532**	15.100.021

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated balance sheet
as at 30 September 2011
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

	Notes	Current period Unaudited 30 September 2011	Prior period Audited 31 December 2010
Liabilities			
Current liabilities		**5.358.523**	**4.820.529**
Financial liabilities			
- Bank borrowings	8	**2.439.259**	1.863.186
- Obligations under finance leases		**7.054**	5.726
Other financial liabilities	14	**27.502**	46.011
Trade payables			
- Due to related parties	7	**781**	4.239
- Other trade payables		**1.036.566**	1.306.866
Other payables		**366.369**	291.518
Income tax payable		**163.969**	142.405
Provisions		**229.019**	282.396
Other current liabilities	10	**1.088.004**	878.182
Non-current liabilities		**5.091.882**	**4.104.735**
Financial liabilities			
- Bank borrowings	8	**3.277.469**	2.300.849
- Obligations under finance leases		**31.213**	29.628
Other financial liabilities			
- Minority put option liability		**525.894**	525.894
- Derivative financial instruments	14	**7.333**	27.779
Trade payables		**97.131**	80.561
Other payables		**8.429**	13.761
Provisions		**10.971**	9.329
Provisions for employee termination benefits		**620.710**	606.606
Deferred tax liability		**252.383**	301.551
Other non-current liabilities		**260.349**	208.777
Equity		**5.266.127**	**6.174.757**
Equity attributable to parent			
Paid-in share capital		**3.500.000**	3.500.000
Inflation adjustments to paid in capital		**(239.752)**	(239.752)
Other reserves			
- Minority put option liability reserve		**(714.734)**	(582.848)
- Fair value difference arising from acquisition of subsidiary		**(308.634)**	(308.634)
- Hedging reserve		**(77.219)**	(37.711)
- Actuarial loss arising from employee benefits		**(217.702)**	(201.884)
- Share based payment reserve		**9.528**	9.528
Currency translation reserve		**58.361**	9.885
Restricted reserves allocated from profits		**1.653.106**	1.446.210
Retained earnings		**129.106**	129.106
Net income for the period		**1.474.067**	2.450.857
Total liabilities and equity		**15.716.532**	**15.100.021**

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated income statement
for the period ended 30 September 2011
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

		Unaudited		Unaudited	
	Notes	**1 January 2010 - 30 September 2010**	**1 July 2011 - 30 September 2011**	1 January 2010 - 30 September 2010	1 July 2010 - 30 September 2010
Revenue	5	**8.920.858**	**3.065.820**	7.956.901	2.706.962
Cost of sales (-)	5	**(3.803.162)**	**(1.301.272)**	(3.602.893)	(1.223.446)
Gross profit		**5.117.696**	**1.764.548**	4.354.008	1.483.516
Marketing, sales and distribution expenses (-)	5	**(1.456.882)**	**(492.320)**	(1.115.573)	(367.183)
General administrative expenses (-)	5	**(1.176.040)**	**(408.584)**	(1.098.020)	(349.662)
Research and development expenses (-)	5	**(18.502)**	**(6.531)**	(18.387)	(1.468)
Other operating income		**267.966**	**94.110**	309.247	105.475
Other operating expense (-)		**(78.578)**	**(35.407)**	(48.362)	14.465
Operating profit		**2.655.660**	**915.816**	2.382.913	885.143
Financial income		**407.814**	**95.894**	417.037	101.279
Financial expense (-)		**(1.223.530)**	**(556.574)**	(388.872)	(65.851)
Profit before tax		**1.839.944**	**455.136**	2.411.078	920.571
Tax expense					
Tax expense for the period		**(543.993)**	**(164.334)**	(627.747)	(180.889)
Deferred tax income		**44.265**	**16.959**	20.455	(2.877)
Net profit		**1.340.216**	**307.761**	1.803.786	736.805
Attribution of net profit					
Attributable to equity holders of the		**1.474.067**	**359.500**	1.891.739	744.463
Minority interest		**(133.851)**	**(51.739)**	(87.953)	(7.658)
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)	4	**0,4212**	**0,1027**	0,5405	0,2127

The accompanying policies and explanatory notes on pages 7 through 32 form an integral part of the interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated comprehensive income statement
for period ended 30 September 2011
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

		Current Period		Prior Period	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		1 January 30 September 2011	1 July 30 September 2011	1 January 30 September 2011	1 July 30 September 2011
	Notes				
Profit for the period		**1.340.216**	**307.761**	**1.803.786**	**736.805**
Other comprehensive income:					
Profit / (loss) from derivative financial instruments transfered to condensed consolidated income statement	14	**24.204**	**7.128**	72.745	13.050
Change in fair value of derivative financial instruments		**(12.732)**	**(7.098)**	(20.562)	117
Change in fair value of net investment hedge (net off deferred tax)		**(49.015)**	**(14.456)**	--	--
Currency translation gain / (loss)		**48.476**	**22.728**	538	939
Actuarial loss arising from employee benefits		**(19.889)**	-	-	-
Deferred tax effect of actuarial loss		**4.071**	-	-	-
Other comrehensive income (After tax)		**(4.885)**	**8.302**	52.721	14.106
Total comprehensive income		**1.335.331**	**316.063**	1.856.507	750.911
Distrubution of total comprehensive income:					
Attributable to equity holders of the parent		**1.467.217**	**367.796**	1.934.738	756.116
Minority interest		**(131.886)**	**(51.733)**	(78.231)	(5.205)

The accompanying policies and explanatory notes on pages 7 through 32 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 2011
(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	Hedging reserve	Actuarial loss arising from employee benefits	Currency translation reserve	Retained earnings	Net income for the period	Minority interest	Total equity
Balance as at 1 January 2010	3.500.000	(239.752)	1.204.192	(488.749)	9.528	(308.634)	(86.441)	(128.826)	(188)	101.088	1.859.748	-	5.421.966
Net profit for the period	-	-	-	-	-	-	-	-	-	-	1.891.739	(87.953)	1.803.786
Other comprehensive income/(loss)	-	-	-	-	-	-	42.461	-	538	-	-	9.722	52.721
Total comprehensive income	-	-	-	-	-	-	42.461	-	538	-	1.891.739	(78.231)	1.856.507
Transfer to retained earnings	-	-		-	-	-	-	-	-	28.018	(270.036)	-	(242.018)
Transfer to restricted reserves allocated from profits	-	-	242.018	-	-	-	-	-	-	-	-	-	242.018
Minority interest before classification to minority put option liability	-	-	-	-	-	-	-	-	-	-	-	54.354	54.354
Minority put option liability	-	-	-	(78.230)	-	-	-	-	-	-	-	23.877	(54.353)
Dividends paid (Note 11)	-	-	-	-	-	-	-	-	-	-	(1.589.712)	-	(1.589.712)
Balance as at 30 September 2010	3.500.000	(239.752)	1.446.210	(566.979)	9.528	(308.634)	(43.980)	(128.826)	350	129.106	1.891.739	-	5.688.762
Balance as at 1 January 2011	**3.500.000**	**(239.752)**	**1.446.210**	**(582.848)**	**9.528**	**(308.634)**	**(37.711)**	**(201.884)**	**9.885**	**129.106**	**2.450.857**	**-**	**6.174.757**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.474.067**	**(133.851)**	**1.340.216**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(39.508)**	**(15.818)**	**48.476**	**-**	**-**	**1.965**	**(4.885)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(39.508)**	**(15.818)**	**48.476**	**-**	**1.474.067**	**(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	**-**	**-**	**-**	**(131.886)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**188.840**	**56.954**
Dividends paid (Note 11)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(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)**	**(77.219)**	**(217.702)**	**58.361**	**129.106**	**1.474.067**	**-**	**5.266.127**

The accompanying policies and explanatory notes on pages 7 through 32 form an integral part of the interim condensed consolidated financial statement.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated cash flows statement
for the period ended 30 September 2011
(Currency - in Thousands of New Turkish Lira ("TL") unless otherwise indicated)

	Notes	(Unaudited) Current period 1 January- 30 September 2011	(Unaudited) Prior period 1 January- 30 September 2010
Profit for the period before tax		**1.839.944**	2.411.078
Adjustments to reconcile profit before tax to cash provided by operating activities:			
Depreciation and amortization expense	5	**1.176.257**	1.127.709
Gain on sale of property, plant and equipment		**(23.309)**	(31.077)
IFRIC 12 adjustment		**(10.112)**	(4.117)
Foreign currency exchange (income) / expense, net		**676.110**	(182.106)
Interest income and (expense), net		**57.457**	84.912
Reversal of doubtful receivables		**(113.048)**	(145.211)
Allowance for doubtful receivables		**210.951**	223.308
Provision for employee termination benefits		**73.842**	83.263
Litigation provision / (release), net		**(19.214)**	46.199
Loss on derivative financial instruments		**37.739**	70.876
Unused vacation provision / (release), net		**27.721**	100
Allowance for inventory		**(9.539)**	-
Other provisions		**1.026**	1.642
Operating profit before working capital changes		**3.925.825**	**3.686.576**
Net working capital changes in:			
Trade receivables and other receivables		**(400.850)**	(365.519)
Other current assets and inventories		**(215.552)**	57.472
Trade payables and other payables		**(259.631)**	(289.692)
Other non-current assets		**30.072**	6.082
Other current liabilities and provisions		**207.409**	131.202
Other non-current liabilities and provisions		**29.829**	(1.365)
Payments of employee termination benefits		**(79.725)**	(58.726)
Restricted cash		**118.577**	(10.764)
Provision payments		**(62.437)**	(3.769)
Income taxes paid		**(520.128)**	(596.851)
Net cash provided by operating activities		**2.773.389**	**2.554.646**
Investing activities			
Interest received		**150.050**	61.009
Proceeds from sale of property, plant, equipment and intangible assets		**87.086**	49.376
Purchases of property, plant and equipment and intangible assets		**(1.429.579)**	(923.071)
Net cash used in investing activities		**(1.192.443)**	**(812.686)**
Cash flows from financing activities			
Proceeds from bank borrowings	8	**12.414.919**	10.648.459
Repayment of bank borrowings	8	**(11.612.113)**	(10.442.576)
Repayment of obligations under finance leases		**(4.831)**	(3.765)
Interest paid		**(165.831)**	(143.921)
Derivative instrument payments		**(85.152)**	(57.453)
Dividends paid		**(2.243.961)**	(1.589.712)
Net cash used in financing activities		**(1.696.969)**	**(1.588.968)**
Foreign exchange differences arising from balance sheet		**(11.874)**	-
Net decrease in cash and cash equivalents		**(127.897)**	152.992
Foreign exchange differences on cash and cash equivalents at the beginning of th period		**(14.959)**	-
Cash and cash equivalents at the beginning of the period (Note 6)		**389.627**	110.600
Cash and cash equivalents at the end of the period (Note 6)		**246.771**	**263.592**

The accompanying policies and explanatory notes on pages 7 through 32 form an integral part of the interim condensed consolidated financial statement.

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

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

As at 30 September 2011 and 31 December 2010, 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 2011 and 31 December 2010 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%) 31 September 2011	31 December 2010
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet Service Provider	TL	99,96	99,96
Avea İletişim Hizmetleri A.Ş.("Avea")	Turkey	GSM Operator	TL	81,37	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	99,99	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	-
Türk Telekomunikasyon Euro Gmbh. ("TT Euro")	Germany	mobile service marketting company	Euro	100	-
Pan Telekom D.O.O.	Croatia	mobile service marketting company	Euro	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 2011 and 31 December 2010 is 35.614 and 34.138, respectively.

Interim condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on 18 October 2011. The general assembly and certain regulatory bodies have the power to amend the statutory financial statements and these interim condensed consolidated financial statements.

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 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 and Pantel Group companies, Group’s functional currency is Turkish Lira (“TL”) and the Group maintains its books of account and prepares its statutory financial statements in Turkish Lira (“TL”) in accordance with Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

Financial statements of the subsidiaries incorporated outside of Turkey, are prepared according to acts and regulations applicable in those countries in which those subsidiaries operate, and necessary changes and classifications are reflected to those financial statements in order to represent in accordance with CMB Accounting Standards.

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 2010.

2. Basis of preparation financial statements (continued)

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

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 CMB Accounting Standards 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 "Employee Benefits", and the effects of application of International Financial Reporting Standards ("IFRS") 3 "Business Combinations".

As at 30 September 2011 and 31 December 2010, the consolidated financial statements have been prepared on the historical cost basis except for the fixed assets and investment properties acquired until January 1, 2000 which are valued through deemed cost method and derivative financial instruments and minority put option liability which have been reflected at their fair values.

In accordance with article 5 of the communiqué numbered XI-29, companies should apply the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). However, again in accordance with the provisional clause 2 of the same communiqué 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 nine months period ended 30 September 2011, the Group prepared its interim condensed consolidated financial statements in accordance with International Accounting Standards ("IAS") No. 34 "Interim Financial Reporting" as adopted by the IASB.

Classifications applied to financial statements as of 30 September 2010 and 31 December 2010

As a result of amendment in the Group's cost accounts, amounts of TL 39.854, TL (37.679), TL (29.695), TL (120) and TL 27.640 as of September 30, 2010 (For the three month period ended 30 September 2010 – TL 11.452, TL (11.439), TL (7.166), TL 109, TL 7.044 are classified to cost of sales, marketing, sales and distribution, general administration, research and development expenses and other operating income, respectively.

As of 30 September 2010, Group reclassified the deposits that inadvertently classified as free deposits amounting to TL 188.944 to restricted deposits.

The Group adopted the revised IAS 24 "Related Party Disclosures" beginning from 1 January 2011. In accordance with the exemption given from the disclosure requirements of transactions and balances with related parties that are controlled by government, the Group has reclassified balances with state controlled entities and PTT to other trade receivables and other trade payables, which were reported under trade receivables from related parties and trade payables to related parties as at 31 December 2010 at the amount of TL 113.106 and TL 39.822, respectively. As also discussed at Note 7, related parties that are controlled by government are not excluded from the definition of a related party, but in accordance with the exemption given, total amount of transactions and balances with such entities are not disclosed.

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies

New standards and interpretations:

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements as at 30 September 2011 are consistent with those followed in the preparation of the consolidated financial statements of the prior year, except for the adoption of new standards and IFRIC interpretations summarized below.

The new standards, amendments and interpretations which are effective as at 1 January 2011 are as follows:

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)

The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions.

IAS 32 Classifications on Rights Issues (Amended)

This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated.

IAS 24 Related Party Disclosures (Revised)

This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities.

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The amendments that are effective as at 1 January 2011 are as follows:

IFRS 3 Business Combinations

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent with this revision a new related party definition is introduced and it has been clarified in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same reporting entity. Consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

Moreover, this improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets.

Finally, it requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.

IFRS 7 Financial Instruments: Disclosures

This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

IAS 1 Presentation of Financial Statements

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 27 Consolidated and Separate Financial Statements

This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 "The Effect of Changes in Foreign Exchange Rates", IAS "28 Investments in Associates" and IAS 31 "Interests in Joint Ventures".

IAS 34 Interim Financial Reporting

This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements.

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies(continued)

IFRIC 13 Customer Loyalty Programmes

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Except the effects of adoption of revised IAS 24, for which the effects are disclosed under Note 2.1 “Classifications applied to financial statements as of 30 September 2010 and 31 December 2010” section above, these new standards, amendments and interpretations did not have a significant effect on the financial position or the performance of the Group.

Standards issued but not yet effective and not early adopted

Up to the date of approval of the interim condensed consolidated financial statements, certain new standards, interpretations and amendments to existing standards have been published but are not yet effective for the current reporting period and which the Group has not early adopted, 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.

IFRS 9 Financial Instruments – Phase 1 financial instruments, classification and measurement

The new standard is effective for annual periods beginning on or after 1 January 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. The amendments made to IFRS 9 in October 2010 affect the 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.

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

The amendments are mandatory for annual periods beginning on or after 1 January 2012, but earlier application is permitted. 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. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

2. Basis of preparation financial statements (continued)

IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended)

The amendment is effective for annual periods beginning on or after 1 July 2011. 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. This amendment has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements

Standard is effective for annual periods beginning on or after 1 January 2013 and are 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.

IFRS 10 replaces the portion of 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 does not expect that this standard will have a significant impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

Standard is effective for annual periods beginning on or after 1 January 2013 and are 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.

IFRS 12 Disclosure of Interests in Other Entities

Standard is effective for annual periods beginning on or after 1 January 2013 and are 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. Under the new standard it is expected that more comprehensive disclosures will be given for interests in other entities.

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

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.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10, 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.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11, 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 a significant impact on the financial position or performance of the Group.

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 there 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. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IAS 1 Presentation of Financial Statements (Amended)

The amendments are effective for annual periods beginning on or after 1 July 2012. 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.

2. Basis of preparation financial statements (continued)

2.3 Basis of consolidation

As at 30 September 2011, the interim condensed consolidated financial statements include the financial results of Türk Telekom and its subsidiaries which are expressed in 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 are included in the consolidated statements of income from the effective date of acquisition as appropriate.

Where necessary, adjustments are made to the interim condensed consolidated financial statements of subsidiaries to bring their accounting policies in line with those used by other Group Companies. The 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. As at 30 September 2011, 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.

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 interim condensed consolidated financial statements, the minority interest is reclassified as minority put option liability as ''long term liabilities'. The difference between the value of the minority interest before fair valuation and the fair value amount is classified as 'minority put option liability reserve' based on the Group accounting principles applied for the acquisition of the minority shares.

3. Seasonal changes in the operations

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

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

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 2011	**For the period between 1 July 30 September 2011**	For the nine month period ended 30 September 2010	For the period between 1 July 30 September 2010
Weighted average number of shares outstanding during the period (in number)	**350.000.000**	**350.000.000**	350.000.000	350.000.000
Net profit for the period attributable to equity holders of parent	**1.474.067**	**359.500**	1.891.739	744.463
Earnings per share (in full kuruş)	**0,4212**	**0,1027**	0,5405	0,2127

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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. Since information used in the Group management reporting is consistent with consolidated balance sheet and consolidated income statement the Group does not need to perform reconciliation between the consolidated income statement, consolidated balance sheet and the segment reporting disclosure.

	Fixed line		Mobile		Eliminations		Consolidated	
	1 January- 30 September 2011	1 January- 31 September 2010	1 January- 30 September 2011	1 January- 30 September 2010	1 January- 30 September 2011	1 January- 30 September 2010	1 January- 30 September 2011	1 January- 30 September 2010
Revenue								
Domestic PSTN	**3.119.555**	3.181.611	**-**	-	**-**	-	3.119.555	3.181.611
ADSL	**2.182.562**	1.829.258	**-**	-	**-**	-	2.182.562	1.829.258
GSM	**-**	**-**	**2.278.176**	1.967.239	**-**	-	2.278.176	1.967.239
IFRIC12 revenue	**87.901**	35.789	**-**	-	**-**	-	87.901	35.789
Data service revenue	**329.106**	278.013	**-**	-	**-**	-	329.106	278.013
International interconnection revenue	**344.772**	125.504	**-**	-	**-**	-	344.772	125.504
Domestic interconnection revenue	**239.397**	210.416	**-**	-	**-**	-	239.397	210.416
Leased lines	**344.345**	370.566	**-**	-	**-**	-	344.345	370.566
Rental income from GSM operators	**75.095**	75.473	**-**	-	**-**	-	75.095	75.473
Other	**169.200**	99.676	**-**	-	**-**	-	169.200	99.676
Eliminations	**-**	**-**	**-**	-	**(249.251)**	(216.644)	(249.251)	(216.644)
Total revenue	**6.891.933**	6.206.306	**2.278.176**	1.967.239	**(249.251)**	**(216.644)**	8.920.858	7.956.901
Cost of sales and operating expenses (excluding depreciation and amortization)	**(3.494.607)**	(3.163.691)	**(2.027.578)**	(1.762.632)	**243.856**	219.159	(5.278.329)	(4.707.164)
Other income / (expense)	**189.547**	232.818	**2.017**	32.684	**(2.176)**	(4.617)	189.388	260.885
Depreciation and amortization	**(727.961)**	(652.755)	**(449.360)**	(476.190)	**1.064**	1.236	(1.176.257)	(1.127.709)
Earnings before interest, tax, depreciation and amortization	**3.586.873**	3.275.433	**252.615**	237.291	**(7.571)**	**(2.102)**	3.831.917	3.510.622
Doubtful receivable provision expense	**151.587**	157.910	**59.364**	65.399	-	-	210.951	223.308
Capital expenditure	**912.190**	641.702	**593.148**	191.297	**(3.606)**	**(1.586)**	1.501.732	831.413

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

	Fixed line		Mobile		Eliminations		Consolidated	
	1 July-30 September 2011	1 July-30 September 2010	1 July-30 September 2011	1 July-30 September 2010	1 July-30 September 2011	1 July-30 September 2010	1 July-30 September 2011	1 July-30 September 2010
Revenue								
Domestic PSTN	**1.021.321**	1.077.115	**-**	-	**-**	-	**1.021.321**	1.077.115
ADSL	**728.422**	611.308	**-**	-	**-**	-	**728.422**	611.308
GSM	**-**	-	**816.307**	677.214	**-**	-	**816.307**	677.214
IFRIC12 revenue	**55.000**	22.086	**-**	-	**-**	-	**55.000**	22.086
Data service revenue	**115.904**	97.022	**-**	-	**-**	-	**115.904**	97.022
International interconnection revenue	**134.554**	43.643	**-**	-	**-**	-	**134.554**	43.643
Domestic interconnection revenue	**83.503**	72.887	**-**	-	**-**	-	**83.503**	72.887
Leased lines	**110.879**	115.207	**-**	-	**-**	-	**110.879**	115.207
Rental income from GSM operators	**24.348**	24.009	**-**	-	**-**	-	**24.348**	24.009
Other	**60.718**	39.120	**-**	-	**-**	-	**60.718**	39.120
Eliminations	**-**	-	**-**	-	**(85.136)**	(72.649)	**(85.136)**	(72.649)
Total	**2.334.649**	**2.102.397**	**816.307**	677.214	**(85.136)**	(72.649)	**3.065.820**	2.706.962
Cost of sales and operating expenses (excluding depreciation and amortization)	**(1.193.113)**	(1.069.338)	**(703.300)**	(574.531)	**73.054**	74.024	**(1.823.359)**	(1.569.845)
Other income / (expense)	**48.245**	93.583	**962**	27.413	**9.496**	(1.056)	**58.703**	119.940
Depreciation and amortization	**(238.986)**	(216.281)	**(146.601)**	(156.045)	**239**	412	**(385.348)**	(371.914)
Earnings before interest, tax, depreciation and amortization	**1.189.781**	1.126.642	**113.969**	130.096	**(2.586)**	319	**1.301.164**	1.257.057
Doubtful receivable provision expense	**51.060**	56.319	**20.267**	19.046	**-**	-	**71.327**	75.364
Capital expenditure	**423.818**	242.723	**198.033**	71.982	**(390)**	(3.183)	**621.461**	311.522

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

	Nine months ended 30 September 2011	Three months ended 30 September 2011	Nine months ended 30 September 2010	Three months ended 30 September 2010
Fixedline segment EBITDA	**3.586.873**	**1.189.781**	3.275.433	1.126.642
GSM segment EBITDA	**252.615**	**113.969**	237.291	130.096
Inter-segment eliminations	**(7.571)**	**(2.586)**	(2.102)	1.271
Consolidated EBITDA	**3.831.917**	**1.301.164**	3.510.622	1.258.009
Financial income	**407.814**	**95.894**	417.037	101.279
Financial expenses (-)	**(1.223.530)**	**(556.574)**	(388.872)	(65.851)
Depreciaiton and amortisatior	**(1.176.257)**	**(385.258)**	(1.127.709)	(372.866)
Consolidated profit before ta›	**1.839.944**	**455.226**	2.411.078	920.571

30 September 2011	Fixed line	Mobile	Eliminations	Other unallocated amounts	Total
Total segment assets	15.179.392	5.113.949	(4.630.305)	53.496 (*)	15.716.532
Total segment liabilities	(8.409.095)	(5.632.064)	4.116.648	(525.894) (**)	(10.450.405)

31 December 2010	Fixed line	Mobile	Eliminations	Other unallocated amounts	Total
Total segment assets	13.624.941	4.926.645	(3.504.438)	52.873(*)	15.100.021
Total segment liabilities	(7.200.372)	(4.736.921)	3.537.924	(525.894)(**)	(8.925.263)

(*) Includes goodwill amounting to TL 53.496 (2010 – TL 52.873).
(**) Includes minority put option liability amounting to TL 525.894 (2010 – TL 525.894).

6. Cash and cash equivalents

	30 September 2011	31 December 2010
Cash on hand	**1.457**	1.094
Cash at banks – Demand deposits	**349.583**	397.065
Cash at banks – Time deposits	**605.582**	820.483
Other	**952**	365
	957.574	1.219.007

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

As of 30 September 2011, time deposits are all short-term, maturing within one month and denominated in both foreign currencies and TL. The interest rates are between 3,75% - 9,95% for TL deposits, between 0,50% - 4,95% for USD deposits and between 1,60% - 4,95% for Euro deposits. (31 December 2010 – for TL deposits between 4,00 % and 9,50% for TL deposits, for USD deposits between 0,25% and 2,90% and for Euro deposits between 0,50% and 3,60%). The time deposits denominated in foreign currencies are specified in Note 13.

As of 30 September 2011, TL 134.889 (31 December 2010 – TL 169.821) 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. These time deposits are restricted and can only be used for payments related to TAFICS projects.

As at 30 September 2011, a demand deposit amounting to TL 300.732 (31 December 2010 – TL 308.128) 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 2011, TL 266.906 (31 December 2010 – TL 332.851) of restricted deposits in relation to bank borrowings consist of blocked time deposits related to Avea's bank borrowing agreements, TL 4.227 of demand deposits (31 December 2010 - TL 5.227) arising from collections through automated teller machine ("ATM") is not available for use at 30 September 2011.

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

	1 January - 30 September 2011	1 January - 30 September 2010
Cash and cash equivalents	**957.574**	917.449
- TAFICS projects	**(134.889)**	(174.248)
- Collection protocols	**(300.732)**	(280.824)
- Bank Loans	**(266.906)**	(188.944)
- ATM collection	**(4.227)**	(3.142)
- Other	**(4.049)**	(6.699)
	246.771	263.592

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 433.933 at 30 September 2011 (31 December 2010 - TL 609.271) in favor of Security Trustee (Note 8).

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.
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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. As also discussed in Not 2.1, institutions under state control are defined as related party but in accordance with the exception given under IAS 24, they are excluded from general disclosure requirements.

Details of balances as at 30 September 2011 and 31 December 2010 between the Group and other related parties are disclosed below:

	30 September 2011	31 December 2010
Due from related parties		
Saudi Telecom Company (“STC”) (1)	**14.245**	12.675
Oger Telecom Yönetim Hizmetleri Limited Company (“OTYH”) (2)	**104**	84
Oger Telecom	**-**	8.640
Other	**244**	8
	14.593	**21.407**
Due to related parties		
OTYH (2)	**5**	3.904
Saudi Telecom Company (“STC”) (1)	**725**	**-**
Diğer	**51**	335
	781	**4.239**

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

Transactions with shareholders

During the period ended 30 September 2011, the Company made dividend payment to the Treasury at the amount of TL 572.210 (30 September 2010 – TL 476.914). The dividend payment to OTAŞ amounts to TL 1.234.179 (30 September 2010 – TL 874.342).

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.

(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 54.426 (30 September 2010 –TL 75.292).

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 14.080 and TL 844, respectively, for the nine months period ended 30 September 2011 (30 September 2010 – TL 9.715 revenues and TL 680 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 2011	**1 July-30 September 2011**	**1 January-30 September 2010**	**1 July-30 September 2010**
Short-term benefits	**35.046**	**7.021**	30.110	7,185
Long-term defined benefit plans	**565**	**203**	588	201
	35.611	**7.224**	30,698	7,386

OTMSC charged to the Company a management fee amounting to TL 10.604 (30 September 2010 – TL 9.663) and an expense fee for an amount of TL 104 (30 September 2010 – TL 297) for the nine months period ended 30 September 2011, 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 20 October 2009 for an annual charge of USD 8.500 for the three years.

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8. Borrowings

Bank borrowings used by the Group during the period ended 30 September 2011 amounts to TL 12.414.919 (30 September 2010 – TL 10.648.459).

The total principal repayment of bank borrowings and financial leases during the period ended 30 September 2011 amounts to TL 11.616.944 (30 September 2010 – TL 10.446.341)

Bank Borrowings

	30 September 2011			31 December 2010		
	Weighted average effective interest rate%	Original amount	TL equivalent	Weighted average effective interest rate%	Original amount	TL equivalent
Short-term financial liabilities:						
TL financial liabilities with fixed interest rates	10,30%	964.738	964.739	6,39%	669.284	669.284
EUR financial liabilities with fixed interest rates	-	-	-	4,00%	55.104	112.914
Interest accruals:						
TL financial liabilities with fixed interest rates		5.821	5.821		231	231
USD financial liabilities with fixed interest rates		2.390	4.410		1.098	1.698
USD financial liabilities with variable interest rates		1.610	2.971		7.686	11.883
EUR financial liabilities with fixed interest rates		226	569		248	508
EUR financial liabilities with variable interest rates		7.311	18.392		4.432	9.082
Short-term portion of long-term financial liabilities:						
USD financial liabilities with fixed interest rates	2,98%	38.610	71.247	2,94%	132.936	205.519
USD financial liabilities with variable interest rates (*)	3,19%	403.680	744.911	3,15%	301.683	466.402
EUR financial liabilities with fixed interest rates	1,96%	8.000	20.126		-	-
EUR financial liabilities with variable interest rates (**)	4,04%	240.916	606.073	4,07%	188.212	385.665
Total short-term liabilities			**2.439.259**			**1.863.186**
Long-term borrowings:						
USD financial liabilities with fixed interest rates	2,98%	318.905	588.475	2,94%	125.576	194.140
USD financial liabilities with variable interest rates (*)	3,19%	457.643	844.489	3,15%	669.271	1.034.693
EUR financial liabilities with fixed interest rates	1,96%	3.212	8.080	6,83%	11.378	23.315
EUR financial liabilities with variable interest rates (**)	4,04%	729.985	1.836.425	4,07%	511.786	1.048.701
Total long-term liabilities			**3.277.469**			2.300.849

(*) Libor + (varies between 0,35 – 3,75) spread
(**) Eurolibor + (varies between 0,25– 6,90) spread

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

8. Borrowings (continued)

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

	30 September 2011					31 December 2010				
	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	970.560	-	-	-	970.560	666.708	2.807	-	-	669.515
USD financial liabilities with fixed interest rates	39.296	36.361	462.471	126.004	664.132	2.983	204.234	120.690	73.450	401.357
USD financial liabilities with variable interest rates	47.142	700.740	767.705	76.784	1.592.371	181.015	297.270	1.023.959	10.734	1.512.978
EUR financial liabilities with fixed interest rates	569	20.126	8.080	-	28.775	113.422	-	23.315	-	136.737
EUR financial liabilities with variable interest rates	212.462	412.003	1.412.254	424.171	2.460.890	20.896	373.851	952.573	96128	1.443.448
	1.270.029	1.169.230	2.650.510	626.959	5.716.728	985.024	878.162	2.120.537	180.312	4.164.035

The following borrowings are secured by a security package as at 30 September 2011 and 31 December 2010:

	30 September 2011			30 December 2010		
	USD	EURO	TL equivalent	USD	EURO	TL equivalent
Borrowing secured by security package	335.215	20.068	669.058	554.284	30.988	920.420

As of 30 September 2011, no significant changes have occurred compared to December 31, 2010 in terms of the financial and other commitments provided by the Company against secured loans.
Security package for Avea's borrowing 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 541.917 as at 30 September 2011). At 30 September 2011, the total Senior Secured Financial Indebtedness of Avea amounts to approximately TL 669.058 (31 December 2010 - TL 920.420).
- 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 2011 - TL 433.993; 31 December 2010 - TL 609.236)
- 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 USD 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.
- Avea keeps a restricted deposit on a certain bank to secure the repayment of the next installment.

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 2011 loan payable amounts to Euro 4.294.

9. Tangible and intangible assets

The amount of tangible and intangible assets purchased during the nine month period ended 30 September 2011 is TL 1.501.732 (30 September 2010 – TL 831.413).

The cost of tangible and intangible assets sold during the nine month period ended 30 September 2011 amounted to TL 142.356 (September 30, 2010 – TL 23.922).

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10. Other current liabilities

	30 September 2011	31 December 2010
Expense accruals (1)	**500.534**	296.352
Advances received (2)	**194.231**	214.901
Accrual for capital expenditures (3)	**136.220**	72.180
Deferred revenue (4)	**80.501**	109.070
Accrual for Universal Service Fund (5)	**82.651**	99.615
Accrual for the Treasury Share	**43.453**	35.236
Accrual for contribution to the ICTA	**35.158**	43.105
Other payables	**15.256**	7.723
	1.088.004	878.182

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 at the date of the expenditure. Advances not used are held as time deposits and the interest earned is credited to the advances received in accordance with the agreement between the parties (Note 6).
3) Capital expenditure accruals represent the unreceived invoices for the fixed asset purchases that have been received within the agreement.
4) Deferred revenue is composed of the invoiced but unconsumed minutes’ sales value.
5) According to the article numbered 5369 related with “International Service Found” published on 16 September 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.

11. Dividend payment

After the deduction of first and second legal reserves, all of the remained balance of net distributable profit of 2010 amounting to TL 2.243.961 (0,6411 per share in full kuruş n a gross basis) has been committed to be paid as dividend and fully paid in cash in the nine month period ended September 30, 2011.

After the deduction of first and second legal reserves, all of the remained balance of net distributable profit of 2010 amounting to TL 1.589.712 (0,4542 per share in full kuruş n a gross basis) has been committed to be paid as dividend and fully paid in cash in the nine month period ended September 30, 2011.

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12. Commitments and contingencies

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

		30 September 2011		31 December 2010	
		Original currency	**TL**	Original currency	TL
Guarantees received	**USD**	**232.365**	**428.783**	239.378	370.078
	TL	**648.703**	**648.703**	582.650	582.650
	Euro	**87.537**	**220.217**	86.618	177.489
	Other	**8**	**23**	64	152
			1.297.726		1.130.369
Guarantees given (*)	**USD**	**152.396**	**281.216**	152.265	235.402
	TL	**198.216**	**198.216**	156.465	156.465
	Euro	**16.296**	**40.996**	17.359	35.570
	Other	**116**	**67**	-	-
			520.495		427.437

(*) USD 151.500 of the amount (31 December 2010 - USD 151.500) is related with the guarantee provided to the ICTA by Avea with respect to the Avea Concession Agreement and EUR 12.840 (31 December 2010 – EUR 12.840) is related with the guarantee provided for 3G license.

The Company's guarantee, pledge and mortgage (GPM) position as at 30 September 2011 and 31 December 2010 is as follows:

GPMs given by the Company	**30 September 2011**	**31 December 2010**
A. GPMs given on behalf of the Company's legal personality	**1.701.968**	2.081.215
B. GPMs given in favor of subsidiaries included in full consolidation	**1.592.917**	1.243.293
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**17.232**	18.375
D. Other GPMs	**20.126**	16.644
i. GPMs given in favor of parent company	**-**	251
ii. GPMs given in favor of Company companies not in the scope of B and C above	**20.126**	16.393
iii. GPMs given in favor of third party companies not in the scope of C above	**-**	-
Total	**3.332.243**	3.359.527

GPMs given by the Group as at 30 September 2011 are equivalent to 0,38% of the Company's equity (31 December 2010 – 0,27%).

12. Commitments and contingencies (continued)

Only significant improvements subsequent to 31 December 2010 are explained below:

Legal proceedings of Türk Telekom

The Dispute arising out of Turkcell's illegal voice traffic through Millenicom

The lawsuit was filed against Turkcell for the reason that Turkcell carried voice traffic through Milleni.com GmbH, a company based in Germany by breaching the Network Interconnection and Cooperation Agreement between Turkcell and the Company and that caused damage amounting to TL 450.931 to the Company. In the hearing of the lawsuit dated 5 November 2009, the 7th Commercial Court of First Instance of Ankara decided unanimously in favor of the Company and partially accepted the Company's claims.

Consequently, Turkcell was condemned to pay a total of TL 279.227 (TL 137.733 of which is the principal amount and TL 141.494 of which is the default interest) to the Company. Furthermore, beside the default interest to be added to the principal amount which shall be calculated on the basis of Turkish Central Bank commercial advance interest rate as from the filing date namely 5 August 2005, according to clause 12.3 of the Network Interconnection and Cooperation Agreement signed between Turkcell and the Company and amended by clause IX of the Annex Protocol dated 20 September 2003, a default penalty of 10% shall also be applied. In the interim condensed consolidated financial statements, the Company has not accrued income accrual for this case to be prudent, since the case is subject to appeal.

Both parties appealed against this decision of the first instance court. In the appellate review, both the 11th and 13th Civil Chambers of the Supreme Court rendered lack of jurisdiction decisions for their Chambers. For this reason, the Civil Chambers Presidents Council has designated the 19th Civil Chamber as competent Chamber by its decision dated 23 September 2010, numbered E:2010/740 and K:2010/900. The case was then assigned to the 19th Civil Chamber of the Civil Court with case number E:2010/11229, for appellate review. Türk Telekom attended the court hearing held in the 19th Chamber of the Supreme Court of Appeals on 04 April 2011. The 19th Chamber announced its decision No: 2010/11229-2011/4716 on 11 April 2011 and with the decision taken by the Supreme Court of Appeals as a result of the appellate review, it was approved that Türk Telekom is right, stating that Turkcell violated the Company's monopoly right and this is against law and the interconnection agreement between Turkcell and Türk Telekom. In addition, it was stated in the Court decision that the objections by both parties against the expert reports regarding the calculation of compensation and objections to the first instance court are not fully responded and covered thereby and therefore it is decided that the file will be returned to first instance court in order to enable an expert calculation which is in line with Court review. Turkcell on 11 May 2011 and Türk Telekom on 25 May 2011 applied to "revision of decision" mechanism against the aforementioned Supreme Court of Appeals decision which is another legal appeal mechanism according to Turkish adjudication procedure rules. The revision of decision process is still pending as at 30 September 2011.

12. Commitments and contingencies (continued)

Monetary penalties of Ministry of Finance and benefit from law numbered 6111

The Company's 2005, 2006, 2007 and 2008 financial periods have been under investigation by Ministry of Finance General Directorate of Revenue and on 13 September 2010 tax inspection report has been notified to the Company. Based on the inspection report, there were three issues identified by the inspectors: i) incorrect withholding tax computed on dividend distribution for the years 2005 and 2006; ii) incomplete declaration of VAT over roaming invoices, and iii) inaccurate deduction of VAT amounts computed over the donations made to the Ministry of Education.

During 2011, the Company management decided to apply to the tax office to use advantages of law number 6111 (referred to as the "Tax Amnesty law") in order to settle its obligations in relation to this inspection report. After negotiations with the tax office, on 30 June 2011, the Company has paid TL 22.064, including interest and settled the dispute with the tax office.

Other applications for the Company and its subsidiaries concerning the law number 6111

In accordance with the applications under the law numbered 6111, the financial burden amounting TL 20.800 has arose, which in some companies has guaranteed an exemption of investigation for several tax items related to the prior periods and in some others through correction of erroneous tax practices interest payments are limited to some extent.

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13. Financial risk management objectives and policies (contunied)

Foreign currency position:

	30 September 2011					31 December 2010				
	TL equivalent	USD	Euro	GBP	Other	TL equivalent	USD	Euro	GBP	Other
1. Trade receivables	306.157	84.007	60.078	-	-	158.536	36.117	42.422	-	-
2a. Monetary financial assets (Cash and banks accounts included)	289.409	155.695	819	16	-	279.912	152.256	13.467	26	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	40.790	18.234	2.835	0	21	20.487	6.922	3.915	2	21
4. Current assets (1+2+3)	636.356	257.936	63.732	16	21	458.935	195.295	59.804	28	21
5. Trade receivables	421.076	228.184	3	-	56	130	60	3	-	56
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	12	1	4	-	-	11	1	4	-	-
8. Non-current assets (5+6+7)	421.088	228.185	7	-	56	141	61	7	-	56
9. Total assets (4+8)	1.057.444	486.121	63.739	16	77	459.076	195.356	59.811	28	77
10. Trade payables	524.777	149.883	98.636	11	20	406.968	115.702	92.908	25	17
11. Financial liabilities	563.801	276.359	21.400	-	-	1.285.760	449.098	235.672	-	-
12a. Monetary other liabilities	296.005	69.772	65.724	626	211	292.791	77.046	70.484	617	287
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-
13. Short-term liabilities (10+11+12)	1.384.583	496.014	185.760	637	231	1.985.519	641.846	399.064	642	304
14. Trade payables	129	70	-	-	-	228	140	-	-	-
15. Financial liabilities	3.779.429	997.543	770.626	-	-	2.871.840	94.948	563.595	-	-
16 a. Monetary other liabilities	89.997	-	35.774	-	-	85.351	-	36.332	-	-
16 b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	3.869.555	997.613	806.400	-	-	2.957.419	94.962	599.927	-	-
18. Total liabilities (13+17)	5.254.138	1.493.627	992.160	637	231	4.942.938	1.591.466	998.991	642	304
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	68.103	-	27.072	-	-	-	-	-	-	-
19a. Total asset amount hedged **	-	-	-	-	-	-	-	-	-	-
19b. Total liability amount hedged ***	(68.103)	-	(27.072)	-	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(4.128.591)	(1.007.506)	(901.349)	(621)	(154)	(4.483.862)	(1.396.110)	(939.180)	(614)	(227)
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)*	(4.237.406)	(1.025.741)	(931.260)	(621)	(231)	(4.504.360)	(1.403.033)	(943.099)	(616)	(248)
22. Fair value of FX swap financial instruments	(595.073)	(244.482)	(57.221)	8	-	-	-	-	-	-

14. Other financial investments and other financial liabilities

Cash flow hedges

Interest rate swaps

As of 30 September 2011, notional amount of borrowings of Avea, that will be due till 30 September 2013 amounts to USD 444.750 and Euro 25.528. Avea will pay fixed and receive floating interest for the periods between 31 March 2009 and 30 September 2013.

As of 30 September 2011, fair value of realized interest rate swap transactions amount to TL 34.835 (31 December 2010 – TL 72.358). As of 30 September 2011, the amount of TL 34.662 unrealized interest rate swap loss has been recognized under equity reserves. For the f month period ended 30 September 2011, realized interest rate swap loss amounting to TL 50.255 (31 December 2010 – TL 58.326) and unrealized interest rate swap gain amounting to TL 26.976 has been classified to interim consolidated income statement.

Forward contracts

The Company has entered into a five-part interest rate swap transactions between 28 July 2010 and 3 August 2010 with a maturity date on 4 March 2015 and a total notional amount of USD 255.000, in order to hedge a portion of its variable rate long-term bank borrowings. Due to the ineffective result of the effectiveness test, unrealized interest rate swap loss amounting to TL 455 and realized interest rate swap loss amounting to TL 852 have been classified to interim consolidated income statement.

Net investment hedges

The Company has borrowed a loan amounting to EUR 150.000, which has been designated as a hedge of the net investment in the foreign subsidiaries. The foreign exchange loss related to the portion of the loan that is covering the net investment amount, has been reclassified to hedging reserves under equity as of 30 September 2011.