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

Türk Telekomünikasyon Anonim Şirketi

Interim condensed consolidated financial statements for the period between 1 January – 30 June 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

Table of contents

	Page
Independent auditors' review report on interim condensed consolidated financial statements	1
Interim consolidated balance sheet	2 - 3
Interim consolidated income statement	4
Interim consolidated comprehensive income statement	5
Interim consolidated statement of changes in equity	6
Interim consolidated cash flows statement	7
Notes to the interim condensed consolidated financial statements	8 - 30

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

For the period between 1 January-30 June 2011
Independent Auditors' Review Report

To the Shareholders of Türk Telekomünikasyon Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Türk Telekomünikasyon Anonim Şirketi and its subsidiaries (together will be referred to as "the Company") which comprise the interim consolidated balance sheet as at 30 June 2011 and the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated cash flows statement for the six month period then ended. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with financial reporting standards issued by the Capital Market Board. Our responsibility is to express a conclusion based on our review of the interim condensed consolidated financial statements.

Scope of review

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

Conclusion

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

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

Metin Canoğulları, SMMM
Partner

18 July 2011
İstanbul, Türkiye

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated balance sheet
as at 30 June 2011

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

		Current period	Prior period
		Reviewed	Audited
	Notes	**30 June 2011**	31 December 2010
Assets			
Current assets		**3.688.404**	3.712.265
Cash and cash equivalents	6	**857.829**	1.219.007
Trade receivables			
- Due from related parties	7	**11.527**	21.407
- Other trade receivables		**1.845.611**	1.700.027
Other receivables		**67.096**	34.417
Inventories		**86.683**	81.444
Other current assets		**819.658**	655.963
Non-current assets		**11.515.366**	11.387.756
Trade receivables		**92.268**	48.890
Other financial assets	14	**-**	3.586
Other receivables		**1.314**	2.148
Financial investments		**11.840**	11.840
Investment property		**267.305**	274.237
Property, plant and equipment	9	**7.358.523**	7.161.063
Intangible assets	9	**3.439.378**	3.516.788
Goodwill		**53.274**	52.873
Deferred tax asset		**262.167**	258.650
Other non-current assets		**29.297**	57.681
Total assets		**15.203.770**	15.100.021

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

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

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

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

	Notes	Current period Reviewed 30 June 2011	Prior period Audited 31 December 2010
Liabilities			
Current liabilities		**5.452.287**	4.820.529
Financial liabilities			
- Bank borrowings	8	**2.785.339**	1.863.186
- Obligations under finance leases		**6.618**	5.726
Other financial liabilities	14	**30.965**	46.011
Trade payables			
- Due to related parties	7	**305**	4.239
- Other trade payables		**930.285**	1.306.866
Other payables		**322.947**	291.518
Income tax payable		**159.175**	142.405
Provisions		**247.988**	282.396
Other current liabilities	10	**968.665**	878.182
Non-current liabilities		**4.801.418**	4.104.735
Financial liabilities			
- Bank borrowings	8	**2.952.650**	2.300.849
- Obligations under finance leases		**30.647**	29.628
Other financial liabilities			
- Minority put option liability		**525.894**	525.894
- Derivative financial instruments	14	**21.464**	27.779
Trade payables		**104.467**	80.561
Other payables			
- Due to related parties		**22**	-
- Other payables		**8.973**	13.761
Provisions		**10.423**	9.329
Provisions for employee termination benefits		**621.823**	606.606
Deferred tax liability		**276.755**	301.551
Other non-current liabilities		**248.300**	208.777
Equity		**4.950.065**	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		**(663.000)**	(582.848)
- Fair value difference arising from acquisition of subsidiary		**(308.634)**	(308.634)
- Hedging reserve		**(62.787)**	(37.711)
- Actuarial loss arising from employee benefits		**(217.702)**	(201.884)
- Share based payment reserve		**9.528**	9.528
Currency translation reserve		**35.633**	9.885
Restricted reserves allocated from profits		**1.653.106**	1.446.210
Retained earnings		**129.106**	129.106
Net income for the period		**1.114.567**	2.450.857
Total liabilities and equity		**15.203.770**	15.100.021

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

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated income statement for the period ended 30 June 2011

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

		Current Period		Prior Period	
	Notes	(Reviewed) 1 January 2011 - 30 June 2011	(Not reviewed) 1 April 2011 - 30 June 2011	(Reviewed) 1 January 2010 - 30 June 2010	(Not reviewed) 1 April 2010 - 30 June 2010
Revenue	5	**5.855.038**	**2.968.141**	5.249.939	2.666.430
Cost of sales (-)	5	**(2.501.890)**	**(1.301.623)**	(2.379.447)	(1.149.480)
Gross profit		**3.353.148**	**1.666.518**	2.870.492	1.516.950
Marketing, sales and distribution expenses (-)	5	**(964.562)**	**(496.094)**	(748.390)	(399.681)
General administrative expenses (-)	5	**(767.456)**	**(364.683)**	(748.358)	(380.290)
Research and development expenses (-)	5	**(11.971)**	**(3.055)**	(16.919)	(7.664)
Other operating income		**173.856**	**82.457**	203.772	114.690
Other operating expense (-)		**(43.171)**	**(18.807)**	(62.827)	(35.403)
Operating profit		**1.739.844**	**866.336**	1.497.770	808.602
Financial income		**311.920**	**143.869**	315.758	177.447
Financial expense (-)		**(666.956)**	**(377.562)**	(323.021)	(193.261)
Profit before tax		**1.384.808**	**632.643**	1.490.507	792.788
Tax expense					
Tax expense for the period		**(379.659)**	**(169.409)**	(446.858)	(234.480)
Deferred tax income		**27.306**	**(2.068)**	23.332	4.985
Net profit		**1.032.455**	**461.166**	1.066.981	563.293
Attribution of net profit					
Attributable to equity holders of the parent		**1.114.567**	**505.727**	1.147.276	601.021
Minority interest		**(82.112)**	**(44.561)**	(80.295)	(37.728)
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)	4	**0,3184**	**0,1445**	0,3278	0,1717
Earnings per diluted shares attributable to equity holders of the parent from (in full Kuruş)	4	**0,3184**	**0,1445**	0,3278	0,1717

The accompanying policies and explanatory notes on pages 8 through 30 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 June 2011

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

		Current Period		Prior Period	
		(Reviewed)	(Not reviewed)	(Reviewed)	(Not reviewed)
		1 January 2011 - 30 June 2011	1 April 2011 - 30 June 2011	1 January 2010 - 30 June 2010	1 April 2010 - 30 June 2010
	Notes				
Profit for the period		**1.032.455**	**461.166**	1.066.981	563.293
Other comprehensive income:					
Profit from derivative financial instruments transferred to consolidated income statement	14	**17.076**	**4.201**	59.695	28.843
Change in fair value of derivative financial instruments	14	**(5.634)**	**(5.207)**	(20.679)	(10.027)
Change in fair value of net investment hedge for the subsidiary on abroad		**(34.559)**	**(22.821)**	-	-
Change in currency translation differences		**25.748**	**15.369**	(401)	(357)
Actuarial loss arising from employee benefits		**(19.889)**	**(19.889)**	-	-
Deferred tax effect of actuarial loss		**4.071**	**4.071**	-	-
Other comprehensive income/(loss) (after tax)		**(13.187)**	**(24.276)**	38.615	18.459
Total comprehensive income		**1.019.268**	**436.890**	1.105.596	581.752
Distribution of total comprehensive income:					
Attributable to equity holders of the parent		**1.099.421**	**481.639**	1.178.622	615.974
Minority interest		**(80.153)**	**(44.749)**	(73.026)	(34.222)

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

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

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Interim consolidated statement of changes in equity
for the period ended 30 June 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	Total	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	-	5.421.966
Net profit for the period	-	-	-	-	-	-	-	-	-	-	1.147.276	1.147.276	(80.295)	1.066.981
Other comprehensive income/(loss)	-	-	-	-	-	-	31.747	-	(401)	-	-	31.346	7.269	38.615
Total comprehensive income	-	-	-	-	-	-	31.747	-	(401)	-	1.147.276	1.178.622	(73.026)	1.105.596
Transfer to retained earnings	-	-		-	-	-	-	-	-	28.018	(270.036)	(242.018)	-	(242.018)
Transfer to restricted reserves allocated from profits	-	-	242.018	-	-	-	-	-	-	-	-	242.018	-	242.018
Minority interest before classification to minority put option liability	-	-	-	-	-	-	-	-	-	-	-	-	54.354	54.354
Minority put option liability	-	-	-	(73.026)	-	-	-	-	-	-	-	(73.026)	18.672	(54.354)
Dividends paid (Note 11)	-	-	-	-	-	-	-	-	-	-	(1.589.712)	(1.589.712)	-	(1.589.712)
Balance as at 30 June 2010	3.500.000	(239.752)	1.446.210	(561.775)	9.528	(308.634)	(54.694)	(128.826)	(589)	129.106	1.147.276	4.937.850	-	4.937.850
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**	**-**	**6.174.757**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.114.567**	**1.114.567**	**(82.112)**	**1.032.455**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(25.076)**	**(15.818)**	**25.748**	**-**	**-**	**(15.146)**	**1.959**	**(13.187)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(25.076)**	**(15.818)**	**25.748**	**-**	**1.114.567**	**1.099.421**	**(80.153)**	**1.019.268**
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	**-**	**-**	**-**	**(80.152)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(80.152)**	**137.107**	**56.955**
Dividends paid (Note 11)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.243.961)**	**(2.243.961)**	**-**	**(2.243.961)**
Balance as at 30 June 2011	**3.500.000**	**(239.752)**	**1.653.106**	**(663.000)**	**9.528**	**(308.634)**	**(62.787)**	**(217.702)**	**35.633**	**129.106**	**1.114.567**	**4.950.065**	**-**	**4.950.065**

The accompanying policies and explanatory notes on pages 8 through 30 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 June 2011
(Currency - in Thousands of New Turkish Lira ("TL") unless otherwise indicated)

	Current period (Reviewed) 1 January - 30 June 2011	Prior period (Reviewed) 1 January - 30 June 2010
Profit for the period before tax	**1.384.808**	1.490.507
Adjustments to reconcile profit before tax to cash provided by operating activities:		
Depreciation and amortization expense	**790.909**	755.795
Loss/ (gain) on sale of property, plant and equipment	**16.792**	(25.904)
IFRIC 12 adjustment	**(2.690)**	(1.576)
Foreign currency exchange (income) / expense, net	**315.854**	(50.336)
Interest expense, net	**13.526**	12.416
Reversal of doubtful receivables	**(69.310)**	(103.158)
Allowance for doubtful receivables	**139.624**	147.944
Provision for employee termination benefits	**65.035**	55.349
Litigation provision / (release), net	**(20.926)**	41.888
Loss on derivative financial instruments	**31.569**	58.255
Unused vacation provision / (release), net	**39.133**	(2.010)
Provision for inventories	**(9.449)**	-
Other provisions	**746**	1.095
Operating profit before working capital changes	**2.695.621**	2.380.265
Net working capital changes in:		
Trade receivables and other receivables	**(244.235)**	(108.565)
Other current assets and inventories	**(186.213)**	(59.350)
Trade payables and other payables	**(360.322)**	(294.080)
Other non-current assets	**31.232**	9.624
Other current liabilities and provisions	**(5.239)**	36.323
Other non-current liabilities and provisions	**5.598**	(1.531)
Payments of employee termination benefits	**(53.518)**	(9.779)
Restricted cash	**111.948**	(32.338)
Provision payments	**(53.022)**	(2.499)
Income taxes paid	**(356.708)**	(362.576)
Net cash provided by operating activities	**1.585.142**	1.555.494
Investing activities		
Interest received	**103.264**	100.031
Proceeds from sale of property, plant, equipment and intangible assets	**27.325**	31.712
Purchases of property, plant and equipment and intangible assets	**(764.850)**	(610.866)
Net cash used in investing activities	**(634.261)**	(479.123)
Cash flows from financing activities		
Proceeds from bank borrowings (Note 8)	**8.139.198**	7.207.876
Repayment of bank borrowings (Note 8)	**(6.906.358)**	(6.523.259)
Repayment of obligations under finance leases	**(3.068)**	(2.443)
Interest paid	**(86.604)**	(114.170)
Derivative instrument payments	**(80.163)**	(30.193)
Dividends paid	**(2.243.961)**	(1.589.712)
Net cash used in financing activities	**(1.180.956)**	(1.051.901)
Foreign exchange differences from balance sheet	**(10.102)**	-
Net (decrease)/increase in cash and cash equivalents	**(240.177)**	24.470
Foreign exchange differences on cash and cash equivalents at the beginning of the period	**(9.053)**	-
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)	**140.397**	135.070

The accompanying policies and explanatory notes on pages 8 through 30 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 Market Board ("CMB") numbered 22/256, out of TL 3.500.000 nominal amount of capital, 15% of the Company's shares owned by the Treasury corresponding to a nominal amount of TL 525.000 has been issued to the public through an initial public offering with the permission of Directorate of Istanbul Stock Exchange on 15 May 2008.

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

As at 30 June 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 June 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 (%) 30 June 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	-

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 June 2011 and 31 December 2010 is 35.454 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 July 2011. 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 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 June 2011 and 31 December 2010, the consolidated financial statements have been prepared on the historical cost basis except for the 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 six months period ended 30 June 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 June 2010 and 31 December 2010

As a result of updates made at the Group's cost accounts, at the interim consolidated income statement as of 30 June 2010, amounts of TL 28.402, TL (26.240), TL (22.529), TL (229) and TL 20.596 respectively (31 March 2010 – TL 13.147, TL (9.472), TL (10.921), TL (404), TL 7.650) are classified under cost of sales, marketing, sales and distribution, general administration, research and development expenses and other operating income.

As of 30 June 2010, Group reclassified the free deposits amounting to TL 197.142 recognized inadvertently 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 government related entities, 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 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 June 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 effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 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 June 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.

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

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

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.

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.

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

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.

2.3 Basis of consolidation

As at 30 June 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 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.
All other currencies are also expressed in thousands)

2. Basis of preparation financial statements (continued)

2.3 Basis of consolidation (continued)

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. Loses within a subsidiary are attributed to minority interest even if that result in deficit balance. As at 31 December 2010, 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' 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 the minority shares.

3. Seasonal changes in the operations

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

4. Earnings per share

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

	For the six month period ended 30 June 2011	**For the three month period ended 30 June 2011**	For the six month period ended 30 June 2010	For the three month period ended 30 June 2010
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	**1.114.567**	**505.727**	1.147.276	601.021
Earnings per share (in full kuruş)	**0,3184**	**0,1445**	0,3278	0,1717

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

5. Segment reporting

The Group has two main segments: Fixed line and GSM. Fixed line services are provided by Türk Telekom, TTNet and Pantel Group whereas GSM service is provided by Avea. Since information used in the Group management reporting is consistent with the interim consolidated balance sheet and interim consolidated income statement, the Group does not need to perform reconciliation between the interim consolidated income statements, interim consolidated balance sheet and the segment reporting disclosure.

	Fixed line		GSM		Eliminations		Consolidated	
	1 January-30 June 2011	1 January-31 June 2010	**1 January-30 June 2011**	1 January-30 June 2010	**1 January-30 June 2011**	1 January-30 June 2010	**1 January-30 June 2011**	1 January-30 June 2010
Revenue								
Domestic PSTN	**2.098.234**	2.104.496	**-**	-	-	-	**2.098.234**	2.104.496
ADSL	**1.454.140**	1.217.950	**-**	-	-	-	**1.454.140**	1.217.950
GSM	**-**	-	**1.461.869**	1.290.025	-	-	**1.461.869**	1.290.025
IFRIC12 revenue	**32.901**	13.703	**-**	-	-	-	**32.901**	13.703
Data service revenue	**213.202**	171.899	**-**	-	-	-	**213.202**	171.899
International interconnection revenue	**210.218**	81.861	**-**	-	-	-	**210.218**	81.861
Domestic interconnection revenue	**155.894**	137.529	**-**	-	-	-	**155.894**	137.529
Leased lines	**233.466**	255.359	**-**	-	-	-	**233.466**	255.359
Rental income from GSM operators	**50.747**	51.464	**-**	-	-	-	**50.747**	51.464
Other	**108.482**	69.648	**-**	-	-	-	**108.482**	69.648
Eliminations	**-**	-	**-**	-	**(164.115)**	(143.995)	**(164.115)**	(143.995)
Total revenue	**4.557.284**	4.103.909	**1.461.869**	1.290.025	**(164.115)**	(143.995)	**5.855.038**	5.249.939
Cost of sales and operating expenses (excluding depreciation and amortization)	**(2.301.494)**	(2.094.353)	**(1.324.278)**	(1.188.101)	**170.802**	145.135	**(3.454.970)**	(3.137.319)
Other income / (expense)	**141.302**	139.235	**1.055**	5.271	**(11.672)**	(3.561)	**130.685**	140.945
Depreciation and amortization	**(488.975)**	(436.474)	**(302.759)**	(320.145)	**825**	824	**(790.909)**	(755.795)
Earnings before interest, tax, depreciation and amortization ("EBITDA")	**2.397.092**	2.148.791	**138.646**	107.195	**(4.985)**	(2.421)	**2.530.753**	2.253.565
Doubtful receivable provision expense	**100.527**	101.591	**39.097**	46.353	**-**	-	**139.624**	147.944
Capital expenditure	**488.372**	398.979	**395.115**	119.315	**(3.216)**	1.597	**880.271**	519.891

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

5. Segment reporting (continued)

	Fixed line		GSM		Eliminations		Consolidated	
	1 April-30 June 2011	1 April-31 June 2010	**1 April--30 June 2011**	1 April-30 June 2010	**1 April-30 June 2011**	1 April-30 June 2010	**1 April-30 June 2011**	1 April-30 June 2010
Revenue								
Domestic PSTN	**1.043.041**	1.079.479	**-**	-	**-**	-	**1.043.041**	1.079.479
ADSL	**733.511**	616.470	**-**	-	**-**	-	**733.511**	616.470
GSM	**-**	-	**759.036**	642.675	**-**	-	**759.036**	642.675
IFRIC12 revenue	**27.027**	13.171	**-**	-	**-**	-	**27.027**	13.171
Data service revenue	**108.125**	88.175	**-**	-	**-**	-	**108.125**	88.175
International interconnection revenue	**112.535**	40.729	**-**	-	**-**	-	**112.535**	40.729
Domestic interconnection revenue	**80.759**	69.974	**-**	-	**-**	-	**80.759**	69.974
Leased lines	**114.784**	128.525	**-**	-	**-**	-	**114.784**	128.525
Rental income from GSM operators	**25.121**	25.756	**-**	-	**-**	-	**25.121**	25.756
Other	**47.253**	30.682	**-**	-	**-**	-	**47.253**	30.682
Eliminations	**-**	-	**-**	-	**(83.051)**	(69.206)	**(83.051)**	(69.206)
Total revenue	**2.292.156**	2.092.961	**759.036**	642.675	**(83.051)**	(69.206)	**2.968.141**	2.666.430
Cost of sales and operating expenses (excluding depreciation and amortization)	**(1.180.199)**	(1.056.650)	**(691.086)**	(569.201)	**93.019**	70.162	**(1.778.266)**	(1.555.689)
Other income / (expense)	**74.293**	83.753	**1.041**	(2.102)	**(11.684)**	(2.364)	**63.650**	79.287
Depreciation and amortization	**(245.373)**	(220.224)	**(142.229)**	(161.622)	**413**	420	**(387.189)**	(381.426)
Earnings before interest, tax, depreciation and amortization ("EBITDA")	**1.186.250**	1.120.064	**68.991**	71.372	**(1.716)**	(1.408)	**1.253.525**	1.190.028
Doubtful receivable provision expense	**46.891**	46.706	**20.413**	19.456	**-**	-	**67.304**	66.163
Capital expenditure	**348.708**	249.934	**217.492**	63.827	**2**	1.597	**566.202**	315.358

	Six months ended 30 June 2011	**Three months ended 30 June 2011**	Six months ended 30 June 2010	Three months ended 30 June 2010
Fixed line segment EBITDA	**2.397.092**	**1.186.250**	2.148.791	1.120.064
GSM segment EBITDA	**138.646**	**68.991**	107.195	71.372
Inter-segment eliminations	**(4.985)**	**(1.716)**	(2.421)	(1.408)
Consolidated Ebitda	**2.530.753**	**1.253.525**	2.253.565	1.190.028
Financial income	**311.920**	**143.869**	315.758	177.447
Financial expenses (-)	**(666.956)**	**(377.562)**	(323.021)	(193.261)
Depreciation and amortization	**(790.909)**	**(387.189)**	(755.795)	(381.426)
Consolidated profit before tax	**1.384.808**	**632.643**	**1.490.507**	**792.788**

30 June 2011	**Fixed line**	**Mobile**	**Eliminations**	**Other unallocated amounts**	**Total**
Total segment assets	**14.348.807**	**4.906.501**	**(4.104.812)**	**53.274(*)**	**15.203.770**
Total segment liabilities	**(8.173.964)**	**(5.146.958)**	**3.593.111**	**(525.894)(**)**	**(10.253.705)**

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 53.274 (2010 – TL 52.873).
(**) Includes minority put option liability amounting to TL 525.894 (2010 – TL 525.894).

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

6. Cash and cash equivalents

	30 June 2011	31 December 2010
Cash on hand	**1.450**	1.094
Cash at banks – Demand deposits	**370.339**	397.065
Cash at banks – Time deposits	**485.989**	820.483
Other	**51**	365
	857.829	1.219.007

As of 30 June 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% - 10,15% for TL deposits, between 0,50% - 3,75% for USD deposits and between 0,50% - 4,50% 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%).

As of 30 June 2011, TL 149.156 (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 June 2011, a demand deposit amounting to TL 322.253 (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 June 2011, TL 235.793 (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 6.145 of demand deposits (31 December 2010 - TL 5.227) arising from collections through automated teller machine (“ATM”) is not available for use at 30 June 2011.

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

	1 January – 30 June 2011	1 January – 30 June 2010
Cash and cash equivalents	**857.829**	810.501
- TAFICS projects	**(149.156)**	(181.959)
- Collection protocols	**(322.253)**	(287.571)
- Restricted cash against bank borrowings	**(235.793)**	(197.142)
- ATM collection	**(6.145)**	(3.245)
- Other	**(4.085)**	(5.514)
	140.397	135.070

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 367.862 at 30 June 2011 (31 December 2010 - TL 381.564) in favor of Security Trustee (Note 8).

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

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. Sales of goods or services to related parties were made at the Group's usual list prices.

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 June 2011 and 31 December 2010 between the Group and other related parties are disclosed below:

	30 June 2011	31 December 2010
Due from related parties		
Saudi Telecom Company ("STC") (1)	**11.123**	12.675
Oger Telecom	**132**	8.640
Oger Telecom Yönetim Hizmetleri Limited Company ("OTYH") (2)	**-**	84
Cell-C Ltd. (3)	**-**	2
Other	**272**	6
	11.527	21.407
Due to related parties		
OTYH (2)	**2**	3.904
Other	**303**	335
	305	4.239

(1) shareholder of Oger Telecom
(2) an affiliate of Oger Telecom
(3) a subsidiary of Oger Telecom

Transactions with shareholders

During the period ended 30 June 2011, the Company made dividend payment to the Treasury at the amount of TL 572.210 (30 June 2009 – TL 476.914). The dividend payment to OTAŞ amounts to TL 1.234.179 (30 June 2009 – 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 27.213 (30 June 2010 –TL 24.566).

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 10.644 and TL 638, respectively, for the six months period ended 30 June 2011 (30 June 2010 – TL 4.224 revenues and TL 642 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 June 2011	**1 April-30 June 2011**	1 January-30 June 2010	1 April-30 June 2010
Short-term benefits	**28.025**	**10.116**	22.925	14.149
Long-term defined benefit plans	**362**	**182**	387	198
	28.387	**10.298**	23.312	14.347

OTMSC charged to the Company a management fee amounting to TL 6.740 (30 June 2010 – TL 6.579) and an expense fee for an amount of TL 37 (30 June 2010 – TL 201) for the six months period ended 30 June 2011, based on the contract between OTMSC and the Company. OTMSC's ultimate shareholder is Saudi Oger. Significant portion 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.

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

8. Borrowings

Bank borrowings used by the Group during the period ended 30 June 2011 amounts to TL 8.139.198 (30 June 2010 – TL 7.207.876).

The total principal repayment of bank borrowings and financial leases during the period ended 30 June 2011 amounts to TL 6.906.358 (30 June 2010 – TL 6.525.702)

Bank Borrowings

	30 June 2011			31 December 2010		
	Weighted average effective interest rate%	**Original amount**	**TL equivalent**	Weighted average effective nterest rate%	Original amount	TL equivalent
Short-term financial liabilities:						
TL financial liabilities with fixed interest rates	**5,48%**	**1.532.857**	**1.532.857**	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		**2.645**	**2.645**		231	231
USD financial liabilities with fixed interest rates		**1.285**	**2.095**		1.098	1.698
USD financial liabilities with variable interest rates		**8.789**	**14.328**		7.686	11.883
EUR financial liabilities with fixed interest rates		**199**	**466**		248	508
EUR financial liabilities with variable interest rates		**5.770**	**13.555**		4.432	9.082
Short-term portion of long-term financial liabilities:						
USD financial liabilities with fixed interest rates	**2,94%**	**35.474**	**57.830**	2,94%	132.936	205.519
USD financial liabilities with variable interest rates (*)	**3,12%**	**385.342**	**628.184**	3,15%	301.683	466.402
EUR financial liabilities with variable interest rates (**	**4,44%**	**227.047**	**533.379**	4,07%	188.212	385.665
Total short-term liabilities			**2.785.339**			1.863.186
Long-term borrowings:						
USD financial liabilities with fixed interest rates	**2,97%**	**301.062**	**490.791**	2,94%	125.576	194.140
USD financial liabilities with variable interest rates (*)	**3,12%**	**634.741**	**1.034.755**	3,15%	669.271	1.034.693
EUR financial liabilities with fixed interest rates	**6,83%**	**11.268**	**26.470**	6,83%	11.378	23.315
EUR financial liabilities with variable interest rates (**	**4,44%**	**596.218**	**1.400.634**	4,07%	511.786	1.048.701
Total long-term liabilities			**2.952.650**			2.300.849

(*) Libor + (varies between 1,70 – 3,75) spread
(**) Eurolibor + (varies between 0,93– 3,75) 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 June 2011					31 December 2010				
	Up to 3 months	**3 months to 1 year**	**1year to 5 years**	**Over 5 Years**	**Total**	Up to 3 months	3 months to 1 year	1year to 5 years	Over 5 Years	Total
TL financial liabilities with fixed interest rates	**1.534.544**	**958**	**-**	**-**	**1.535.502**	666.708	2.807	-	-	669.515
USD financial liabilities with fixed interest rates	**2.715**	**57.210**	**388.825**	**101.966**	**550.716**	2.983	204.234	120.690	73.450	401.357
USD financial liabilities with variable interest rates	**274.783**	**367.729**	**946.139**	**88.616**	**1.677.267**	181.015	297.270	1.023.959	10.734	1.512.978
EUR financial liabilities with fixed interest rates	**467**	**-**	**26.470**	**-**	**26.937**	113.422	-	23.315	-	136.737
EUR financial liabilities with variable interest rates	**92.842**	**454.092**	**1.193.134**	**207.500**	**1.947.568**	20.896	373.851	952.573	96.128	1.443.448
	1.905.351	**879.989**	**2.554.568**	**398.082**	**5.737.990**	985.024	878.162	2.120.537	180.312	4.164.035

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

	30 June 2011			31 December 2010		
	USD	**EURO**	**TL equivalent**	USD	EURO	TL equivalent
Borrowings secured by security package	**444.749**	**25.528**	**785.001**	554.284	30.988	920.420

As of 30 June 2011, no significant changes have occurred in terms of the financial and other commitments provided by the Company against secured loans.

Pantel Turkey borrowed Euro 10.000 loan in total from a Turkish bank's Bahrain Branch for the investment of construction of fiber optic lines. In return for this loan, Pantel Turkey assigned its receivables amounting to its outstanding loan balance to the corresponding bank as a guarantee. As of 30 June 2011 loan payable amounts to Euro 4.787.

9. Tangible and intangible assets

The amount of tangible and intangible assets purchased during the six month period ended 30 June 2011 is TL 880.271 (30 June 2010 – TL 519.891).

The cost of tangible and intangible assets sold during the six month period ended 30 June 2011 amounted to TL 114.179 (June 30, 2009 – TL 11.833).

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

10. Other current liabilities

	30 June 2011	31 December 2010
Expense accruals (1)	**355.148**	296.352
Advances received (2)	**198.284**	214.901
Accrual for capital expenditures (3)	**188.429**	72.180
Deferred revenue (4)	**91.224**	109.070
Accrual for Universal Service Fund (5)	**55.610**	99.615
Accrual for the Treasury Share	**43.107**	35.236
Accrual for contribution to the ICTA	**25.036**	43.105
Other payables	**11.827**	7.723
	968.665	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 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.

11. Dividend and accumulated deficit

During the six-month period ended 30 June 2011, net dividend payment -of the 2010 net income- amounting to TL 2.243.961 (earning per share 0,6411 in full kuruş on a gross basis) has been committed and fully paid in cash.

In the six-month period ended 30 June 2010, net dividend payment -of the 2009 net income- amounting to TL 1.589.712 (earning per share 0,4542 in full kuruş on a gross basis) has been committed and fully paid in cash.

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

12. Commitments and contingencies

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

		30 June 2011		31 December 2010	
		Original currency	**TL**	Original currency	TL
Guarantees received	**USD**	**234.961**	**383.033**	239.378	370.078
	TL	**650.120**	**650.120**	582.650	582.650
	Euro	**88.515**	**207.939**	86.618	177.489
	Sterling	**8**	**21**	64	152
			1.241.113		1.130.369
Guarantees given (*)	**USD**	**152.823**	**249.132**	152.265	235.402
	TL	**163.830**	**163.830**	156.465	156.465
	Euro	**17.601**	**41.348**	17.359	35.570
			454.310		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 June 2011 and 31 December 2010 is as follows:

GPMs given by the Company	**30 June 2011**	31 December 2010
A. GPMs given on behalf of the Company's legal personality	**1.578.590**	2.081.215
B. GPMs given in favor of subsidiaries included in full consolidation	**1.413.128**	1.243.293
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**20.304**	18.375
D. Other GPMs	**18.794**	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	**18.794**	16.393
iii. GPMs given in favor of third party companies not in the scope of C above		-
Total	**3.030.816**	3.359.527

GPMs given by the Group as at 30 June 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 March 2011 and Türk Telekom on 25 March 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 June 2011.

12. Commitments and contingencies (continued)

Investigation of the ICTA

An investigation was conducted against Turk Telekom by the decision taken on 22 February 2011 by ICTA concerning 18th article of "Customer Right Regulations in Electronic Communication Sector" according to which authorized dealers of the Company should accept cancellation requests of services. Since not only management's legal arguments were presented to the ICTA but also it is stated that it is not accepted as a contradiction to law and in addition to legal arguments an action plan which indicated a commitment to let dealers of the Company to accept requests to start the cancellation process was presented. The Company management cannot estimate whether it will be fined in relation to this issue and if so, cannot also estimate the amount of fine issued, accordingly at the interim condensed consolidated financial statements as of 30 June 2011 no provision established concerning this subject.

Monetary penalties of Ministry of Finance

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.

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

13. Financial risk management objectives and policies

Foreign currency position:

	30 June 2011					31 December 2010				
	TL equivalent	**USD**	**Euro**	**GBP**	**Other**	TL equivalent	USD	Euro	GBP	Other
1. Trade receivables	**158.536**	**36.117**	**42.422**	**-**	**-**	515.749	299.388	25.814	-	-
2a. Monetary financial assets (Cash and banks accounts included)	**279.912**	**152.256**	**13.467**	**26**	**-**	440.450	178.209	80.462	27	-
2b. Non-monetary financial assets	**-**	**-**	**-**	**-**	**-**	40	-	-	-	27
3. Other	**20.487**	**6.922**	**3.915**	**2**	**21**	49.420	27.247	3.426	99	27
4. Current assets (1+2+3)	**458.935**	**195.295**	**59.804**	**28**	**21**	1.005.659	504.844	109.702	126	54
5. Trade receivables	**130**	**60**	**3**	**-**	**56**	8	4	1	-	-
6a. Monetary financial assets	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
6b. Non-monetary financial assets	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
7. Other	**11**	**1**	**4**	**-**	**-**	-	-	4	-	-
8. Non-current assets (5+6+7)	**141**	**61**	**7**	**-**	**56**	8	4	5	-	-
9. Total assets (4+8)	**459.076**	**195.356**	**59.811**	**28**	**77**	1.005.667	504.848	109.707	126	54
10. Trade payables	**406.968**	**115.702**	**92.908**	**25**	**17**	591.135	179.230	153.129	105	12
11. Financial liabilities	**1.285.760**	**449.098**	**235.672**	**-**	**-**	1.131.475	471.709	196.287	-	-
12a. Monetary other liabilities	**292.791**	**77.046**	**70.484**	**617**	**287**	63.495	15.570	19.239	-	-
12b. Non-monetary other liabilities	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**1.985.519**	**641.846**	**399.064**	**642**	**304**	1.786.105	666.509	368.655	105	12
14. Trade payables	**228**	**140**	**-**	**-**	**-**	-	-	-	-	-
15. Financial liabilities	**2.871.840**	**949.480**	**563.595**	**-**	**-**	2.668.028	1.027.942	526.490	-	-
16 a. Monetary other liabilities	**85.351**	**-**	**36.332**	**-**	**-**	78.459	5.941	33.807	-	-
16 b. Non-monetary other liabilities	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
17. Long-term liabilities (14+15+16)	**2.957.419**	**949.620**	**599.927**	**-**	**-**	2.746.487	1.033.883	560.297	-	-
18. Total liabilities (13+17)	**4.942.938**	**1.591.466**	**998.991**	**642**	**304**	4.532.592	1.700.392	928.952	105	12
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
19a. Total asset amount hedged **	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
19b. Total liability amount hedged ***	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	**(4.483.862)**	**(1.396.110)**	**(939.180)**	**(614)**	**(227)**	(3.526.925)	(1.195.544)	(819.245)	21	42
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)*	**(4.504.360)**	**(1.403.033)**	**(943.099)**	**(616)**	**(248)**	(3.576.385)	(1.222.791)	(822.675)	(78)	(12)
22. Fair value of FX swap financial instruments	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

14. Other financial investments and other financial liabilities

Cash flow hedges

Interest rate swaps

As of 30 June 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 June 2011, fair value of realized interest rate swap transactions amount to TL 52.306 (31 December 2010 – TL 72.358). As of 30 June 2011, the amount of TL 34.692 unrealized interest rate swap loss has been recognized under equity reserves. For the six month period ended 30 June 2011, realized interest rate swap loss amounting to TL 25.686 (31 December 2010 – TL 58.326) and unrealized interest rate swap gain amounting to TL 9.535 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 307 and realized interest rate swap loss amounting to TL 471 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 subsidiaries abroad. 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 June 2011.

15. Subsequent events

On 23 June 2011, the Board of Directors of Avea has decided to decrease its share capital by TL 3.615.000 to TL 3.500.000 through transfer of accumulated losses of prior years and also decided to subsequently increase back the share capital at the same amount resulting a share capital at the amount of TL 7.115.000. This decision is announced in the Trade Registry Gazette on 14 July 2011 and is subject to approval of the Extraordinary General Assembly of Avea at the meeting dated 29 July 2011.