(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 2010 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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(Convenience translation of a report and financial statements originally issued in Turkish)

For the period between 1 January-30 June 2010
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 condensed consolidated balance sheet as at 30 June 2010 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with financial reporting standards issued by Capital Markets 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 Capital Markets Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing issued by Capital Markets 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 accordance with all material respects in financial reporting standards issued by Capital Markets Board.

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

Metin Canoğulları, SMMM
Partner

19 July 2010
İstanbul, Türkiye

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Reviewed condensed consolidated balance sheet
As at 30 June 2010
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

	Notes	Current period (Reviewed) 30 June 2010	Prior period (Audited) 31 December 2009
Assets			
Current Assets		3.020.333	2.844.599
Cash and cash equivalents	6	810.501	753.693
Trade receivables			
- Trade receivables from related parties	7	125.043	90.992
- Other trade receivables		1.425.710	1.396.175
Other receivables		38.755	33.309
Inventories		81.497	62.920
Other current assets		538.827	507.510
Non-current assets		10.278.953	10.556.763
Other receivables		642	676
Financial investments		11.840	11.840
Investment property		282.683	291.001
Property, plant and equipment	9	6.484.833	6.629.328
Intangible assets	9	3.195.698	3.286.440
Goodwill		49.172	49.172
Deferred tax asset		245.232	245.125
Other non-current assets		8.853	43.181
TOTAL ASSETS		13.299.286	13.401.362

The accompanying policies and explanatory notes on pages 8 through 26 form an integral part of the consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Reviewed condensed consolidated balance sheet
As at 30 June 2010
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

	Notes	Current period (Reviewed) 30 June 2010	Prior period (Audited) 31 December 2009
Liabilities			
Current liabilities		4.447.549	4.664.947
Financial liabilities			
- Bank borrowings	8	2.173.069	2.154.838
- Obligations under finance leases		5.068	5.446
Other financial liabilities			
- Derivative financial instruments	14	53.667	58.835
Trade payables			
- Trade payables to related parties	7	23.281	23.820
- Other trade payables		564.517	858.058
Other payables		38.415	39.903
Income tax payable		234.263	149.982
Provisions		285.973	248.595
Other current liabilities	10	1.069.296	1.125.470
Non-current liabilities		3.913.886	3.314.449
Financial liabilities			
- Bank borrowings	8	2.367.118	1.777.309
- Obligations under finance leases		30.395	36.483
Other financial liabilities			
- Minority put option liability		543.103	543.103
- Derivative financial instruments	14	42.391	48.179
Other payables		8.536	8.942
Provisions		8.234	7.139
Provisions for employee termination benefits		679.741	634.171
Deferred tax liability		229.414	252.638
Other non-current liabilities		4.954	6.485
Equity		4.937.851	5.421.966
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 (-)		(561.774)	(488.749)
- Fair value difference arising from acquisition of subsidiary (-)		(308.634)	(308.634)
- Unrealized loss on derivative financial instruments (-)		(54.694)	(86.441)
- Share based payment reserve		9.528	9.528
Currency translation gain/(loss)		(589)	(188)
Restricted reserves allocated from profits		1.446.210	1.204.192
Retained earnings/(accumulated deficit)		280	280
Net profit for the period/year		1.147.276	1.831.730
Total liabilities and equity		13.299.286	13.401.362

The accompanying policies and explanatory notes on pages 8 through 26 form an integral part of the consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Reviewed condensed consolidated income statement
For the period ended 30 June 2010
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

		Current Period		Prior Period	
	Notes	**(Reviewed) 1 January 2010 - 30 June 2010**	**(Not reviewed) 1 April 2010 - 30 June 2010**	(Reviewed) 1 January 2009 - 30 June 2009	(Not reviewed) 1 April 2009 - 30 June 2009
Revenue	5	5.249.939	2.666.430	5.149.363	2.641.645
Cost of sales (-)	5	(2.351.045)	(1.134.225)	(2.481.042)	(1.330.162)
Gross profit		2.898.894	1.532.205	2.668.321	1.311.483
Marketing, sales and distribution expenses (-)	5	(774.630)	(416.449)	(640.886)	(332.935)
General administrative expenses (-)	5	(770.887)	(391.898)	(825.576)	(422.359)
Research and development expenses (-)	5	(17.148)	(7.489)	(17.252)	(10.619)
Other operating income		224.368	127.636	190.274	91.704
Other operating expense (-)		(62.827)	(35.403)	(66.270)	(10.074)
Operating profit		1.497.770	808.602	1.308.611	627.200
Financial income		315.758	177.447	176.909	41.378
Financial expense (-)		(323.021)	(193.261)	(447.957)	1.215
Profit before tax		1.490.507	792.788	1.037.563	669.793
Tax expense					
Tax expense for the period		(446.858)	(234.480)	(394.547)	(192.903)
Deferred tax income		23.332	4.985	92.949	38.847
Net profit		1.066.981	563.293	735.965	515.737
Attribution of net profit					
Attributable to equity holders of the parent		1.147.276	601.021	820.952	529.853
Minority interest		(80.295)	(37.728)	(84.987)	(14.116)
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)	4	0,3278	0,1717	0,2346	0,1514
Earnings per diluted shares attributable to equity holders of the parent from (in full Kuruş)	4	0,3278	0,1717	0,2346	0,1514

The accompanying policies and explanatory notes on pages 8 through 26 form an integral part of the consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Reviewed condensed consolidated comprehensive income statement
For period ended 30 June 2010
(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

		Current Period		Prior Period	
		(Reviewed)	(Not reviewed)	(Reviewed)	(Not reviewed)
		1 January 2010 - 30 June 2010	1 April 2010 - 30 June 2010	1 January 2009 - 30 June 2009	1 April 2009 - 30 June 2009
	Notes				
Profit for the period		1.066.981	563.293	735.965	515.737
Other comprehensive income:					
Profit / (loss) from derivative financial instruments transfered to condensed consolidated income statement	14	59.695	28.843	115.823	109.376
Change in fair value of derivative financial instruments	14	(20.679)	(10.027)	28.406	47.665
Currency translation gain / (loss)		(401)	(357)	146	81
Other comrehensive income (After tax)		38.615	18.459	144.375	157.122
Total comprehensive income		1.105.596	581.752	880.340	672.859
Distrubution of total comprehensive income:					
Attributable to equity holders of the parent		1.178.622	615.974	938.059	657.288
Minority interest		(73.026)	(34.222)	(57.719)	15.571

The accompanying policies and explanatory notes on pages 8 through 26 form an integral part of the consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Reviewed condensed consolidated statement of changes in equity
for the period ended 30 June 2010
(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	Fair value difference arising from acquisition of subsidiary	Unrealised loss on derivative financial instruments	Currency translation gain /(loss)	Retained Earnings/ (accumulated deficit)	Net profit for the period	Minority interest	Total Equity
Balance as at 1 January 2009	3.500.000	(239.752)	1.231.408	(386.719)	9.528	(294.065)	(169.957)	(57)	(288.991)	1.752.212	--	5.113.607
Transfer to retained earnings	--	--	--	--	--	--	--	--	1.752.212	(1.752.212)	--	--
Transfer to restricted reserves allocated from profits	--	--	261.775	--	--	--	--	--	(261.775)	--	--	--
Transfer to restricted reserves allocated from accumulated deficit (Not 11)	--	--	(288.991)	--	--	--	--	--	288.991	--	--	--
Minority interest before classification to minority put option liability	--	--	--	--	--	--	--	--	--	--	199.720	199.720
Total comprehensive income / loss	--	--	--	--	--	--	116.961	146	--	--	27.222	144.329
Minority put option liability	--	--	--	(25.009)	--	--	--	--	--	--	(141.955)	(166.964)
Dividend paid (Not 11)	--	--	--	--	--	--	--	--	(1.490.157)	--	--	(1.490.157)
Net profit for the period	--	--	--	--	--	--	--	--	--	820.952	(84.987)	735.965
Balance as at 30 June 2009	3.500.000	(239.752)	1.204.192	(411.728)	9.528	(294.065)	(52.996)	89	280	820.952	--	4.536.500
Balance as at 1 January 2010	**3.500.000**	**(239.752)**	**1.204.192**	**(488.749)**	**9.528**	**(308.634)**	**(86.441)**	**(188)**	**280**	**1.831.730**	**--**	**5.421.966**
Transfer to retained earnings	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**1.831.730**	**(1.831.730)**	**--**	**--**
Transfer to restricted reserves allocated from profits	**--**	**--**	**242.018**	**--**	**--**	**--**	**--**	**--**	**(242.018)**	**--**	**--**	**--**
Minority interest before classification to minority put option liability	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**54.354**	**54.354**
Total comprehensive income / loss	**--**	**--**	**--**	**--**	**--**	**--**	**31.747**	**(401)**	**--**	**--**	**7.269**	**38.615**
Minority put option liability	**--**	**--**	**--**	**(73.025)**	**--**	**--**	**--**	**--**	**--**	**--**	**18.672**	**(54.353)**
Dividend paid (Not 11)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**(1.589.712)**	**--**	**--**	**(1.589.712)**
Net profit for the period	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**1.147.276**	**(80.295)**	**1.066.981**
Balance as at 30 June 2010	**3.500.000**	**(239.752)**	**1.446.210**	**(561.774)**	**9.528**	**(308.634)**	**(54.694)**	**(589)**	**280**	**1.147.276**	**--**	**4.937.851**

The accompanying policies and explanatory notes on pages 8 through 26 form an integral part of the consolidated financial statements

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Reviewed condensed consolidated cash flow statement for the period ended 30 June 2010

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

	(Reviewed) Current period 1 January - 30 June 2010	(Reviewed) Prior period 1 January - 30 June 2009
Profit for the period before tax	1.490.507	1.037.563
Adjustments to reconcile profit before tax to cash provided by operating activities:		
Depreciation and amortization expense	755.795	864.453
Gain on sale of property, plant and equipment	(25.904)	(5.775)
IFRIC 12 adjustment	(1.576)	-
Foreign currency exchange (income) / expense, net	(50.336)	44.503
Interest income and (expense), net	12.416	28.524
Reversal of doubtful receivables	(103.158)	(120.733)
Allowance for doubtful receivables	147.944	196.438
Provision for employee termination benefits	55.349	40.187
Litigation provision / (release), net	41.888	15.219
Loss on derivative financial instruments	58.255	108.913
Unused vacation provision / (release), net	(2.010)	16.944
Other provisions	1.095	460
Operating profit before working capital changes	**2.380.265**	**2.226.696**
Net working capital changes in:		
Trade receivables and other receivables	(108.565)	(247.797)
Other current assets and inventories	(59.350)	(62.076)
Trade payables and other payables	(294.080)	(331.960)
Other non-current assets	9.624	(843)
Other current liabilities and provisions	36.323	(892)
Other non-current liabilities and provisions	(1.531)	(1.518)
Payments of employee termination benefits	(9.779)	(9.288)
Restricted cash	(42.273)	(9.502)
Provision payments	(2.499)	-
Income taxes paid	(362.576)	(296.251)
Net cash provided by operating activities	**1.545.559**	**1.266.569**
Investing activities		
Interest received	100.031	99.378
Proceeds from sale of property, plant, equipment and intangible assets	31.712	13.380
Purchases of property, plant and equipment and intangible assets	(610.866)	(1.066.076)
Net cash used in investing activities	**(479.123)**	**(953.318)**
Cash flows from financing activities		
Proceeds from bank borrowings (Note 8)	7.207.876	7.464.677
Repayment of bank borrowings (Note 8)	(6.523.259)	(6.460.594)
Repayment of obligations under finance leases	(2.443)	(2.320)
Interest paid	(114.170)	(145.318)
Derivative instrument payments	(30.193)	-
Dividends paid	(1.589.712)	(1.490.157)
Net cash used in financing activities	**(1.051.901)**	**(633.712)**
Net decrease in cash and cash equivalents	14.535	(320.461)
Cash and cash equivalents at the beginning of the period (Note 6)	317.681	616.109
Cash and cash equivalents at the end of the period (Note 6)	**332.216**	**295.648**

The accompanying policies and explanatory notes on pages 8 through 26 form an integral part of the consolidated financial statements.

1. Corporate organization and activities

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

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 OTAŞ become 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 was incorporated as a limited liability company in August 2005 under the laws of Dubai Finance Center.

As at 30 June 2010 and 31 December 2009, the ultimate parent and controlling party of the Company is Saudi Oger Ltd ("Saudi Oger"), the parent company of Oger Telecom.

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

On 18 May 2010 , the Company has signed a share purchase agreement to acquire 100% of Invitel International AG (including its subsidiaries), AT-INVITEL GmbH, Invitel International Hungary Kft and S.C. EuroWeb Romania S.A.v ("Invitel Group") from Invitel Holdings A/S for an enterprise value of 221 million Euro. According to the agreement, the Company will pay Euro 130,1 million to purchase shares of the Company and Euro 67,3 million to finance debt of Invitel Group to its current shareholders. Closing of the deal is subject to custody closing conditions and approval of regulatory bodies. Although the Company has applied to the related authorities for their approvals, as of 30 June 2010 the subject approvals have not been delivered to the Company. Because of this, the financial statements of Invitel Group has not been consolidated to the Company's consolidated financial statements as of 30 June 2010.

(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 2010 and 31 December 2009 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Effective ownership of the Company %	
			30 June 2010	31 December 2009
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet Service Provider	**99,96**	99,96
Avea İletişim Hizmetleri A.Ş.("Avea")	Turkey	GSM Operator	**81,37**	81,37
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("Argela")	Turkey	Telecommunications Solutions	**99,96**	99,96
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunications Solutions	**99,96**	99,96
Assistt Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssisTT")	Turkey	Call Centre and Customer Relations	**99,96**	99,96
Sebit Eğitim ve Bilgi Teknolojileri A.Ş. ("Sebit")	Turkey	Web Based Learning	**99,96**	99,96
Argela - USA. Inc.	USA	Telecommunication Solutions	**99,96**	99,96
Sebit LLC	USA	Web Based Learning	**99,96**	99,96
IVEA Software Solutions FZ-LLC ("IVEA")	UAE	Telecommunication Solutions	**99,96**	99,96
SOBEE Yazılım Ticaret Limited Şirketi ("SOBEE")	Turkey	Software gaming services	**99,96**	99,96

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 2010 and 31 December 2009 is respectively 35.116 and 34.086.

Condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on 19 July 2010. 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 consolidated financial statements are stated below:

2.1 Basis of presentation of the consolidated financial statements

Excluding the subsidiaries incorporated outside of Turkey, 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.

2. Basis of preparation financial statements (continued)

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

The 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.

In accordance with article 5 of the communique 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 communique adoption of the IFRS as adopted by the EU is postponed until the Turkish Accounting Standards Board (TMSK) declares the differences between the IFRS as adopted by the EU and the IFRS as adobted by the International Accounting Standards Board (IASB). Thus, as at and for the period ended 30 June 2010, the Group prepared its condensed consolidated financial statements in accordance with International Accounting Standards ("IAS") No. 34 "Interim Financial Reporting" as adopted by the IASB.

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 2009.

The condensed consolidated financial statements are based on the statutory records of the consolidated subsidiaries, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the CMB and are presented in TL. Such adjustments mainly comprise 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 tangible and intangible assets in accordance with International Financial Reporting Interpretations Committee ("IFRIC") 12, effect of fair value accounting of minority put option liability effects of application for long-term employee benefits according to International Accounting Standards ("IAS") 19, effect of accounting of derivative financial instruments in accordance with IAS 39, accounting for provisions and the effects of application of IFRS 3 "Business Combinations".

As at 30 June 2010 and 31 December 2009, the condensed consolidated financial statements have been prepared on the historical cost basis except with respect to the Company's property, plant and equipment and investment property for which the deemed cost method in accordance with IAS 16 "Property, Plant and Equipment" was applied for acquisitions prior to 1 January 2000, derivative financial instruments and minority put option liability, which have been reflected at their fair values.

Reclassifications made to 30 June 2009 financial tables

Certain reclassifications have been made on the condensed consolidated income statements as at 30 June 2009 to provide consistency with the condensed consolidated income statement as at 30 June 2010.

Unrealized foreign exchange loss amounting to TRY 278.781 (31 March 2009 – TRY 27.390), which was classified as financial expense in the condensed consolidated income statement as at 30 June 2009 has been reclassified to financial income.

Interest component of severance pay expenses, which was classified under cost of sales, marketing, sales and distribution expenses and general administrative expenses amounting to TRY 22.806, TRY 2.619 and TRY 10.384 (31 March 2009 – TRY 11.126, TRY 1.274 ve TRY 5.504), respectively have been reclassified to financial expenses.

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of 1 January 2010, noted below:

Adoption of new and revised international financial reporting standards

The new standards which are effective as of 1 January 2010 and changes and interpretations of current standards are as follows:

New standards and changes that do not have an effect on the financial position or the performance of the Group are summarized below;

Amendments to IFRS 2 'Group cash settled sharebased Payment Transactions': The amendment does not have an impact on group's financial statements.

IFRS 3,'Business Combinations' (Revised) and IAS 27,' and Separate Financial Statements' (Amended):

IAS 39 Financial Instruments: Recognition and Measurement – 'Eligible Hedged Items': The amendment does not have an impact on group's financial statements.

IFRIC 17 'Distributions of Non-cash Assets to Owners': The amendment does not have an impact on group's financial statements.

Amendments to IFRSs (issued in 2008): The amendments does not have an impact on group's financial statements.

Amendments to IFRSs (issued in 2009): The amendments does not have an impact on group's financial statements.

New and amended standards and interpretations issued that are effective subsequent to December 2010 year-end (these amendments have not been agreed by European Union yet):

IFRIC 9, 'Reassessment of Embedded Derivatives' (effective for the periods 1 January 2013and after): The amendment does not have an impact on group's financial statements.

IFRS 9 Financial Instruments (Effective for periods beginning on or after 1 January 2013), brings new criterion for the classification and valuation of financial assets. Group is assessing the effects of the amendment.

IAS 24 Related Party Disclosures (Revised) (Effective for periods beginning on or after 1 January 2011): Group will apply the amendment in the notes to the financial statements for the periods beginning on and after 1 January 2011.

IAS 32 Classification of Rights Issues (Amendment) (Effective for periods beginning on or after 1 February 2010): The amendment does not have an impact on group's financial statements.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment) (Effective for periods beginning on or after 1 January 2011, with earlier application permitted): The amendment does not have an impact on group's financial statements.

2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (Effective for periods beginning on or after 1 July 2010, with earlier application permitted). The amendment does not have an impact on group's financial statements.

IFRS 1 Limited exemption in presentation of IFRS 7 notes (Effective for periods beginning on or after 1 July 2010, with earlier application permitted) (Amendment): The amendment does not have an impact on group's financial statements.

2.3 Basis of consolidation

As of 30 June, 2010, the condensed consolidated financial statements include the financial results of Türk Telekom, TTNet, Avea, Innova, Argela, AssisTT, Sebit, Argela - USA Inc, IVEA, Sebit LLC and SOBEE. Control is normally evidenced when the Group 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 income statement from the effective date of acquisition as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. The condensed consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared for the same chart of accounts as 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 June 2010, the minority interest in TTNet, Innova, Argela, AssisTT, Sebit, Argela USA Inc., IVEA, Sebit LLC and SOBEE have not been presented separately in the 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 consolidated financial statements, the minority interest, which is being presented separately within equity, is reclassified as minority put option liability at each reporting date after appropriation to the minority interest of its share of recognized income and expense for the year. The value of the minority interest reclassified as minority put option liability, is re-measured to the fair value of the put option calculated at each reporting date, and the effect of the re-measurement is reflected in equity, based on the Group's policy on the accounting for the acquisition of minority interest.

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.
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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 2010	**For the period between 1 April – 30 June 2010**	For the six month period ended 30 June 2009	For the period between 1 April – 30 June 2009
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	**1.147.276**	601.021	820.952	529.853
Earnings per share (in full kuruş)	**0,3278**	0,1717	0,2346	0,1514

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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 and TTNet 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		GSM		Eliminations		Consolidated	
	1 January-30 June 2010	1 January-31 June 2009	**1 January-30 June 2010**	1 January-30 June 2009	**1 January-30 June 2010**	1 January-30 June 2009	**1 January-30 June 2010**	1 January-30 June 2009
Revenue								
Domestic PSTN	**2.104.496**	2.395.870	**-**	-	**-**	-	**2.104.496**	2.395.870
ADSL	**1.217.950**	1.021.064	**-**	-	**-**	-	**1.217.950**	1.021.064
GSM	**-**	-	**1.290.025**	1.157.120	**-**	-	**1.290.025**	1.157.120
IFRIC12 revenue	**13.703**	3.419	**-**	-	**-**	-	**13.703**	3.419
Data service revenue	**171.899**	143.993	**-**	-	**-**	-	**171.899**	143.993
International interconnection revenue	**81.861**	104.231	**-**	-	**-**	-	**81.861**	104.231
Domestic interconnection revenue	**137.529**	105.149	**-**	-	**-**	-	**137.529**	105.149
Leased lines	**255.359**	272.507	**-**	-	**-**	-	**255.359**	272.507
Rental income from GSM operators	**51.464**	57.751	**-**	-	**-**	-	**51.464**	57.751
Other	**69.648**	38.482	**-**	-	**-**	-	**69.648**	38.482
Eliminations	**-**	-	**-**	-	**(143.995)**	(150.223)	**(143.995)**	(150.223)
Total revenue	**4.103.909**	4.142.466	**1.290.025**	1.157.120	**(143.995)**	(150.223)	**5.249.939**	5.149.363
Cost of sales and operating expenses (excluding depreciation and amortization)	**(2.111.290)**	(2.144.039)	**(1.191.760)**	(1.105.076)	**145.135**	148.812	**(3.157.915)**	(3.100.303)
Other income / (expense)	**156.174**	121.256	**8.928**	3.370	**(3.561)**	(622)	**161.541**	124.004
Depreciation and amortization	**(436.474)**	(587.698)	**(320.145)**	(277.177)	**824**	422	**(755.795)**	(864.453)
Earnings before interest, tax, depreciation and amortization (“EBITDA”)	**2.148.793**	2.119.683	**107.193**	55.414	**(2.421)**	(2.034)	**2.253.565**	2.173.063
Doubtful receivable provision expense	**101.591**	164.083	**46.353**	32.355	**-**	-	**147.944**	196.438
Capital expenditure	**398.979**	498.260	**119.315**	648.281	**1.597**	1.612	**519.891**	1.148.153

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5. Segment reporting (continued)

	Fixed line		GSM		Eliminations		Consolidated	
	1 April- 30 June 2010	1 April- 31 June 2009	**1 April-- 30 June 2010**	1 April- 30 June 2009	**1 April- 30 June 2010**	1 April- 30 June 2009	**1 April- 30 June 2010**	1 April- 30 June 2009
Revenue								
Domestic PSTN	**1.079.479**	1.190.541	**-**	-	**-**	-	**1.079.479**	1.190.541
ADSL	**616.470**	525.037	**-**	-	**-**	-	**616.470**	525.037
GSM	**-**	-	**642.675**	624.747	**-**	-	**642.675**	624.747
IFRIC12 revenue	**13.171**	2.093	**-**	-	**-**	-	**13.171**	2.093
Data service revenue	**88.175**	72.464	**-**	-	**-**	-	**88.175**	72.464
International interconnection revenue	**40.729**	53.678	**-**	-	**-**	-	**40.729**	53.678
Domestic interconnection revenue	**69.974**	59.067	**-**	-	**-**	-	**69.974**	59.067
Leased lines	**128.525**	136.386	**-**	-	**-**	-	**128.525**	136.386
Rental income from GSM operators	**25.756**	29.417	**-**	-	**-**	-	**25.756**	29.417
Other	**30.682**	30.657	**-**	-	**-**	-	**30.682**	30.657
Eliminations	**-**	-	**-**	-	**(69.206)**	(82.442)	**(69.206)**	(82.442)
Total revenue	**2.092.961**	**2.099.340**	**642.675**	**624.747**	**(69.206)**	**(82.442)**	**2.666.430**	2.641.645
Cost of sales and operating expenses (excluding depreciation and amortization)	**(1.066.121)**	(1.126.858)	**(572.860)**	(609.722)	**70.346**	81.031	**(1.568.635)**	(1.655.549)
Other income / (expense)	**93.041**	80.358	**1.555**	1.703	**(2.363)**	(431)	**92.233**	81.630
Depreciation and amortization	**(220.224)**	(297.722)	**(161.622)**	(143.048)	**420**	244	**(381.426)**	(440.526)
Earnings before interest, tax, depreciation and amortization (“EBITDA”)	**1.119.881**	1.052.840	**71.370**	16.728	**(1.223)**	(1.843)	**1.190.028**	1.067.725
Doubtful receivable provision expense	**46.706**	69.239	**19.457**	18.872	**-**	-	**66.163**	88.111
Capital expenditure	**249.934**	335.044	**63.827**	583.907	**804**	1.599	**314.565**	920.550

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5. Segment reporting (continued)

	Six months ended 30 June 2010	Three months ended 30 June 2010	Six months ended 30 June 2009	Three months ended 30 June 2009
Fixedline segment EBITDA	2.148.793	1.119.881	2.119.683	1.052.840
GSM segment EBITDA	107.193	71.370	55.414	16.729
Inter-segment eliminations	(2.421)	(1.223)	(2.034)	(1.843)
Consolidated Ebitda	2.253.565	1.190.028	2.173.063	1.067.726
Financial income	315.758	177.447	176.909	41.378
Financial expenses (-)	(323.021)	(193.261)	(447.957)	1.215
Depreciaiton and amortisation	(755.795)	(381.426)	(864.452)	(440.526)
Consolidated profit before tax	**1.490.507**	**792.788**	**1.037.563**	**669.793**

30 June 2010	**Fixed line**	**GSM**	**Eliminations**	**Total**
Total segment assets	**11.664.702 (*)**	**4.710.751 (**)**	**(3.076.167)**	**13.299.286**
Total segment liabilities	**(6.099.227)**	**(4.811.925)**	**2.549.717 (***)**	**(8.361.435)**

31 December 2009	Fixed line	GSM	Eliminations	Total
Total segment assets	11.061.499 (*)	4.907.831 (**)	(2.567.968)	13.401.362
Total segment liabilities	(5.405.444)	(4.587.377)	2.013.425 (***)	(7.979.396)

(*) Includes goodwill amounting to TRY 19.477 (2009 – TRY 19.477).
(**) Includes goodwill amounting to TRY 29.695 (2009 – TRY 29.695).
(***) Includes minority put option liability amounting to TRY 543.103 (2009 – TRY 543.103).

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6. Cash and cash equivalents

	30 June 2010	31 December 2009
Cash on hand	**1.978**	964
Cash at banks – Demand deposits	**312.657**	276.441
Cash at banks – Time deposits	**495.567**	476.168
Other	**299**	120
	810.501	753.693

Time deposits of the Group as at 30 June 2010 are all short-term, maturing within one month and denominated in both foreign currencies and TL. The effective interest rates are between 4,00% - 10,50% for TL deposits, 0,05% - 3,50% for USD deposits and 0,36% - 0,50% for Euro deposits. (31 December 2009 - 4% - 10,80% for TL deposits, 0,17 % - 1,50% for USD deposits and 0,29% for Euro deposits). Time deposits held in foreign currencies are disclosed in Note 13.

As at 30 June 2010, TL 181.959 (31 December 2009 - TL 189.404) included in time deposits represents advances received from the Turkish Armed Forces related to the Turkish Armed Forces Integrated Communication Systems (TAFICS) projects. The interest income from these time deposits are added to the advances received and are not reflected in the consolidated income statement as per agreement between parties (Note 10). These time deposits are restricted and can only be used for payments related to TAFICS projects.

As at June 30, 2010, a demand deposit amounting to TL 287.571 (31 December 2009 – TL 236.245) 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. In addition, TL 3.245 of demand deposits (31 December 2009 – TL 3.469) arising from collections through automated teller machine (“ATM”) is not available for use at June 30, 2010.

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

	1 January – 30 June 2010	1 January – 30 June 2009
Cash and cash equivalents	**810.501**	731.022
- TAFICS projects	**(181.959)**	(193.045)
- Collection protocols	**(287.571)**	(232.310)
- ATM collection	**(3.245)**	(3.706)
- Other	**(5.510)**	(6.313)
	332.216	295.648

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 381.564 at 30 June 2010 (31 December 2009 - TL 337.947) in favor of Security Trustee (Note 8).

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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 condensed 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.

Details of balances as at 30 June 2010 and 31 December 2009 between the Group and other related parties are disclosed below:

	30 June 2010	31 December 2009
Trade receivables due from other related parties (trade receivables, short term)		
State controlled entities	**115.127**	80.122
Cell-C Ltd. (1)	**-**	2
Oger Telecom Yönetim Hizmetleri Limited Şirketi ("OTYH") (2)	**91**	-
PTT	**3.402**	3.051
Saudi Telecom Company ("STC") (3)	**6.409**	7.050
Other	**14**	767
	125.043	90.922
Trade payables due to related parties (trade payables , short term)		
State controlled entities	**14.377**	18.811
OTYH (2)	**4.047**	3.558
PTT	**4.085**	1.063
Other	**772**	388
	23.281	23.820

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

Transactions with shareholders

During the period ended 30 June 2010 the Company made dividend payment to the Treasury at the amount of TL 476.914 (30 June 2009 – TL 447.047). The dividend payment to OTAŞ during the period ended 30 June 2010 is TL 874.342 (30 June 2009 – 819.586TL).

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. For the six months period ended 30 June 2010, Avea expensed TL 182.939 (30 June 2009 – 163.899) as Treasury Share expense. Treasury Share accrual amounted to TL 35.196 (31 December 2009 - 35.444 TL) as at 30 June 2010 (Note 10).

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7. Related party balances and transactions (continued)

Transactions with other related parties (continued)

Postage services rendered by PTT to the Group during the period ended 30 June 2010 amounted to TL 48.533 (30 June 2009 - TL 58.811) while commission for collection of invoices and other services amounted to TL 13.541 (30 June 2009 - TL 15.285).

Operational lease payment made to PTT by the Company as part of the lease agreement amounts to TL 24.566 (30 June 2009 –TL 23.106).

Guarantees provided to related parties

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

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 2010	**1 April-30 June 2010**	1 January-30 June 2009	1 April-30 June 2009
Short-term benefits	**22.925**	**14.149**	16.196	7.166
Long-term defined benefit plans	**387**	**198**	339	152
	23.312	**14.347**	16.535	7.318

	1 January-30 June 2010	**1 April-30 June 2010**	1 January-30 June 2009	1 April-30 June 2009
Short-term benefits	**22.925**	**14.149**	16.196	7.166
Long-term defined benefit plans	**387**	**198**	339	152
	23.312	**14.347**	16.535	7.318

OTMSC charged to the Company a management fee amounting to TL 6.579 and an expense fee for an amount of TL 201 for the six months period ended 30 June 2010 (2009 – TL 9.665), 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.

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8. Borrowings

Bank borrowings used by the Group during the period ended 30 June 2010 amounts to 7.207.876 TL (30 June 2009- 7.464.677 TL).

The total principal repayment of bank borrowings and financial leases during the period ended 30 June 2010 amounts to 6.525.702 TL (30 June 2009- 6.462.914 TL).

Bank borrowings

	30 June 2010			31 December 2009		
	Weighted average effective interest rate%	Original amount	TRY equivalent	Weighted average effective interest rate%	Original amount	TRY equivalent
Short-term financial liabilities:						
TRY financial liabilities with fixed interest rates	5,92	1.185.755	1.185.755	7,54	1.571.182	1.571.182
USD financial liabilities with variable interest rates	3,17	70.000	110.229	3,23	70.000	105.399
Interest accruals:						
TRY financial liabilities with fixed interest rates		7.198	7.198		22.087	22.087
USD financial liabilities with fixed interest rates		1.110	1.748		140	211
USD financial liabilities with variable interest rates		8.223	12.949		5.705	8.590
EUR financial liabilities with variable interest rates		3.039	5.840		389	840
Short-term portion of long-term financial liabilities:						
USD financial liabilities with fixed interest rates	2,94	130.959	206.221	2,90	12.994	19.565
USD financial liabilities with variable interest rates (*)	3,18	225.768	355.517	3,14	168.523	253.745
EUR financial liabilities with variable interest rates (**)	4,24	149.665	287.612	4,44	80.183	173.219
Total short-term liabilities			2.173.069			2.154.838
Long-term borrowings:						
USD financial liabilities with fixed interest rates	2,94	127.001	199.988	2,90	80.038	120.513
USD financial liabilities with variable interest rates (*)	3,18	802.966	1.264.431	3,14	632.005	951.610
EUR financial liabilities with variable interest rates (**)	4,24	469.739	902.699	4,44	326.430	705.186
Total long-term liabilities			2.367.118			1.777.309

(*) Libor + (varies between 2,15 – 3,75) spread
(**) Eurolibor + (varies between 1,20 – 3,75) spread

The maturities of foreign currency and TRY denominated financial liabilities are as follows:

	30 June 2010					31 December 2009				
	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
TRY financial liabilities with fixed interest rates	1.192.953	-	-	-	1.192.953	1.593.269	-	-	-	1.593.269
USD financial liabilities with fixed interest rates	2.330	205.639	103.348	96.640	407.957	466	19.310	120.513	-	140.289
USD financial liabilities with variable interest rates	128.852	349.843	1.264.431	-	1.743.126	119.414	248.320	951.610	-	1.319.344
EUR financial liabilities with variable interest rates	11.836	281.616	902.699	-	1.196.151	7.580	166.479	705.186	-	879.245
	1.335.971	837.098	2.270.478	96.640	4.540.187	1.720.729	434.109	1.777.309	-	3.932.147

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8. Borrowings (continued)

The following borrowings are secured by a security package as at 30 June 2010 and December 31 2009:

	30 June 2010			31 December 2009		
	USD	**EURO**	**TL equivalent**	USD	EURO	TL equivalent
Borrowings secured by security package	**627.887**	**34.108**	**1.054.280**	701.490	37.228	1.136.658

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

- Commercial Enterprise Pledge on all movable fixed assets of commercial enterprise of İş-TIM and the trade name of Avea, (excluding the movable fixed assets of commercial enterprise of Aycell). The Commercial Enterprise Pledge secures the Senior Secured Financial Indebtedness of Avea up to a maximum amount of TRY 1.000.000 (equivalent to USD 635.042 as at 30 June 2010). At 30 June 2010, the total Senior Secured Financial Indebtedness of Avea amounts to approximately TRY 1.054.280 (31 December 2009 - TRY 1.136.658).
- Account pledges on all the bank accounts of Avea, which do not restrict operational usage of the accounts in the normal course of business (30 June 2010 - TRY 381.564; 31 December 2009- TRY 337.947)
- Mortgage on the building of AVEA in Ümraniye amounting up to USD 40.600 in favor of the Security Agent.
- Assignment of Receivables: The material contracts entered into by Avea that results in a revenue or cost to Avea over 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.

In accordance with Amendment Agreement signed between Avea and the lenders on 25 June 2009, financial covenants (ratios) which were under Avea's responsibilities due to its borrowing, has been abolished effective from 30 June 2009 upon the early payment of Avea amounting to USD 621.297 and EUR 32.973 as at 28 September 2009. Such early payment has been financed by long term shareholder loan financed by Türk Telekom. As at 30 June 2010, financial covenants of Türk Telekom are as follows;

8. Borrowings (continued)

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Financial covenants (ratios):

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

b) Türk Telekom consolidated net debt to Türk Telekom consolidated EBITDA Ratio should be 2,00 at maximum.

2. General undertakings, among others, are:

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

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

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

The Group has maintained the financial and general undertakings mentioned above as at 30 June 2010. Other than these undertakings, the Group has financial and general undertakings to be maintained due to its other borrowings. The Company meets these covenants as at 30 June 2010.

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

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

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

c) Pledging shares it owns in Avea,

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

e) Company also provides extra support on demand of Avea due to operational or financial shortage amounting to USD 450.000. (the support has been wholly utilized as at 30 June 2010)

f) Türk Telekom provides support amounting to EURO 214.000 for financing of 3rd Generation (3G) licence fee. (the support has been wholly utilized as at 30 June 2010)

g) Türk Telekom provides support amounting to USD 250.000 for financing acquisition of assets under Ericsson 2nd Generation (2G) and 3rd Generation (3G) contract. (USD 161.923 has been utilized as at 30 June 2010)

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9. Tangible and intangible assets

The amount of tangible and intangible assets purchased during the six month period ended 30 June 2010 is TL 518.052 (June 30, 2009 – TL 1.158.204).

The cost of tangible and intangible assets sold during the six month period ended 30 June 2010 amounted to TL 11.833 (June 30, 2009 – TL 25.656).

10. Other current liabilities

	30 June 2010	31 December 2009
Taxes and duties payable	**264.392**	221.436
Expense accruals	**242.971**	202.690
Advances received (3)	**234.955**	205.061
Deferred revenue (2)	**101.419**	102.752
Accrual for capital expenditures (4)	**67.680**	162.072
Accrual for Universal Service Fund (1)	**48.506**	97.364
Accrual for the Treasury Share	**35.196**	35.444
Social security premiums payable	**26.882**	19.306
Accrual for contribution to be paid to the ICTA	**25.374**	49.348
Due to personnel	**3.094**	23.624
Other payables	**18.827**	6.373
	1.069.296	1.125.470

1) According to the article numbered 5369 related with “International Service Found” published on June 16, 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.

2) Deferred revenue is composed of the invoiced but unconsumed minutes’ sales value.

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

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

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11. Dividend and accumulated deficit

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

In the six-month period ended 30 June 2009, net dividend payment -of the 2008 net income- amounting to TRY 1.490.157 (earning per share 0,4258 in full kuruş on a gross basis) has been committed and fully paid in cash.

12. Commitments and contingencies

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

		30 June 2010		31 December 2009	
		Original amount	**TL**	Original amount	TL
Guarantees received	**USD**	**191.878**	**302.151**	186.841	281.326
	TL	**503.126**	**503.126**	490.591	490.591
	EUR	**70.302**	**135.099**	64.008	138.276
	Other	**-**	**-**	-	-
			940.376		910.193
Guarantees given (*)	**USD**	**152.066**	**239.458**	151.987	228.847
	TL	**153.863**	**153.863**	116.151	116.151
	EUR	**13.377**	**25.707**	13.300	28.732
	Other	**-**	**-**	-	-
			419.028		373.730

(*) USD 151.500 of the amount (31 December 2009 - 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 2009 – EUR 12.840) is related with the guarantee provided for 3G license.

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

12. Commitments and contingencies (continued)

The Company's guarantee, pledge and mortgage (GPM) position as at 30 June 2010 and 31 December 2009 is as follows:

GPMs given by the Group	**30 June 2010**	31 December 2009
A. GPMs given on behalf of the Company's legal personality	**1.572.281**	1.478.950
B. GPMs given in favor of subsidiaries included in full consolidation	**1.398.691**	1.417.766
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**15**	15
D. Other GPMs	**15.374**	17.282
i. GPMs given in favor of parent company	-	-
ii. GPMs given in favor of Company companies not in the scope of B and C above	**15.374**	17.282
iii. GPMs given in favor of third party companies not in the scope of C above	-	-
Total	**2.986.361**	2.914.013

GPMs given by the Group as at 30 June 2010 are equivalent to 60,48% of the Company's equity (31 December 2009 – 53,74%).

(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 2010					31 December 2009				
	TL Equivalent	**USD**	**EUR**	**GBP**	**Other**	TL Equivalent	USD	EUR	GBP	Other
1. Trade receivables	**150.645**	**67.123**	**23.389**	**-**	**-**	164.782	70.278	27.294	-	-
2a. Monetary financial assets (Cash and banks accounts included)	**210.167**	**130.333**	**2.552**	**12**	**-**	228.426	136.987	10.256	4	-
2b. Non-monetary financial assets	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
3. Other	**34.133**	**16.989**	**3.685**	**80**	**75**	32.315	15.967	3.789	34	4
4. Current assets (1+2+3)	**394.945**	**214.445**	**29.626**	**92**	**75**	425.523	223.232	41.339	38	4
5. Trade receivables	**-**	**-**	**-**	**-**	**-**	175	-	81	-	-
6a. Monetary financial assets	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
6b. Non-monetary financial assets	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
7. Other	**83**	**8**	**1**	**-**	**-**	2.303	1.447	21	-	179
8. Non-current assets (5+6+7)	**83**	**8**	**1**	**-**	**-**	2.478	1.447	102	-	179
9. Total assets (4+8)	**395.028**	**214.453**	**29.627**	**92**	**75**	428.001	224.679	41.441	38	183
10. Trade payables	**239.883**	**94.451**	**47.151**	**221**	**11**	359.943	112.984	87.276	524	12
11. Financial liabilities	**984.651**	**436.316**	**154.855**	**-**	**-**	567.015	257.703	82.855	-	-
12a. Monetary other liabilities	**100.119**	**44.761**	**15.421**	**-**	**-**	159.082	77.392	19.698	-	-
12b. Non-monetary other liabilities	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**1.324.653**	**575.528**	**217.427**	**221**	**11**	1.086.040	448.079	189.829	524	12
14. Trade payables	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
15. Financial liabilities	**2.395.123**	**930.716**	**483.699**	**-**	**-**	1.813.792	713.244	342.480	-	-
16 a. Monetary other liabilities	**4.438**	**2.492**	**268**	**-**	**-**	16	11	-	-	-
16 b. Non-monetary other liabilities	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
17. Long-term liabilities (14+15+16)	**2.399.561**	**933.208**	**483.967**	**-**	**-**	1.813.808	713.255	342.480	-	-
18. Total liabilities (13+17)	**3.724.214**	**1.508.736**	**701.394**	**221**	**11**	2.899.848	1.161.334	532.309	524	12
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	**(96.059)**	**(57.094)**	**(3.202)**	**-**	**-**	(107.014)	(65.972)	(3.555)	-	-
19a. Total asset amount hedged **	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
19b. Total liability amount hedged ***	**96.059**	**57.094**	**3.202**	**-**	**-**	107.014	65.972	3.555	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	**(3.425.245)**	**(1.351.377)**	**(674.969)**	**(129)**	**64**	(2.578.861)	(1.002.627)	(494.423)	(486)	171
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(3.363.402)**	**(1.311.280)**	**(675.454)**	**(209)**	**(11)**	(2.506.465)	(954.069)	(494.678)	(520)	(12)
22. Fair value of FX swap financial instruments	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

14. Other financial investments and other financial liabilities

Cash flow hedges

Interest rate swaps

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

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

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

As of 30 June 2010, notional amount that will be due till 30 September 2013 amounts to USD 621.887 and EUR 34.108.

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

As of 30 June 2010, fair value of interest rate swap transactions amount to TRY 96.059 (31 December 2009 – TRY 106.233). As of 30 June 2010, loss on unrealized interest rate swap has been recognized under equity reserves. For the period ended 30 June 2010, realized interest rate swap loss amounting to TRY 30.853 (31 December 2009 – TRY 105.264) has been classified to consolidated income statement.

Option contracts

In 2009, Avea had foreign currency option transactions for which the total current outstanding nominal amount is USD 110.000 with the exercise dates of 26 – 30 March 2010.

Avea has not designated option contracts for hedge accounting. Accordingly, at 30 June 2010 fair value loss amounting to TRY 660 has been included in the consolidated income statement.